MOL REPORT 2023

Year ended March 31st, 2023

Mitsui O.S.K. Lines

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Editorial Policy

Upon Publication of MOL REPORT 2023

This report is intended to help shareholders, investors, and other stakeholders understand and accept the Group's new mission of "Taking the leap to becoming a global social infrastructure company" and the corporate value it seeks to create, as set forth in its new corporate management plan, BLUE ACTION 2035. While our company's objective is to reform its portfolio to generate stable profits even when shipping markets are sluggish, our company has also taken on the challenge of meeting growing environmental needs and expanding our offshore wind power generation-related businesses, and our company has made every effort to explain in an easy-to-understand manner where we will seek future growth while expanding our strengths in the shipping business, which our company has worked on throughout our long history. The report also describes sustainability issues, focusing on priority areas of safety, environment, human resources, DX, and governance. In particular, the Governance section contains a six-page feature on the Governance Meeting, a direct dialogue between outside directors and shareholders.

We sincerely hope this report serves as a tool that deepens dialogue with shareholders, investors, and other stakeholders, thereby enabling management to receive better feedback and further enhancing disclosure.

Investor Relations Team, MOL Report 2023

Scope of the Report

The MOL Group, comprising Mitsui O.S.K. Lines, Ltd., 385 consolidated subsidiaries, 124 equity-method affiliates, and other affiliated companies (If the subject of activities or data are limited, this is indicated by notes in the report.)

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, bunker prices, tax laws, and other regulations. MOL therefore cautions readers that actual results may differ materially from these predictions.

*As of the end of July, 2023, unless otherwise specified

Vessel on the Cover

The "Sunflower Kurenai," which commenced service on the Osaka-Beppu route in January 2023, not only offers improved transport capacity and convenience for both cargo and passenger transport compared to existing vessels, but also is the first ferry in Japan to be equipped with a high-performance dual-fuel engine that can use both LNG and heavy oil, the first of its kind in Japan. The use of LNG fuel is effective in reducing CO_2, SOx, and NOx emissions by approximately 25%, 100%, and 85%, respectively, thereby reducing the burden on the environment. The Company has already ordered four LNG-fueled ferries for the ferry business, including this vessel, and will continue to accelerate the reduction of total GHG emissions by further expanding the introduction of LNG-fueled vessels, thereby contributing to the realization of a low-carbon society.

LNG-fueled ferry "Sunflower Kurenai"

Communication Map

- MOL Report (Integrated Report)
- Investor Guidebook
- Website "IR Information"
- Website "Sustainability"
- Securities Reports
- Corporate Governance Reports
- Business Performance Briefing Materials

Financial ⟷ Non-Financial

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

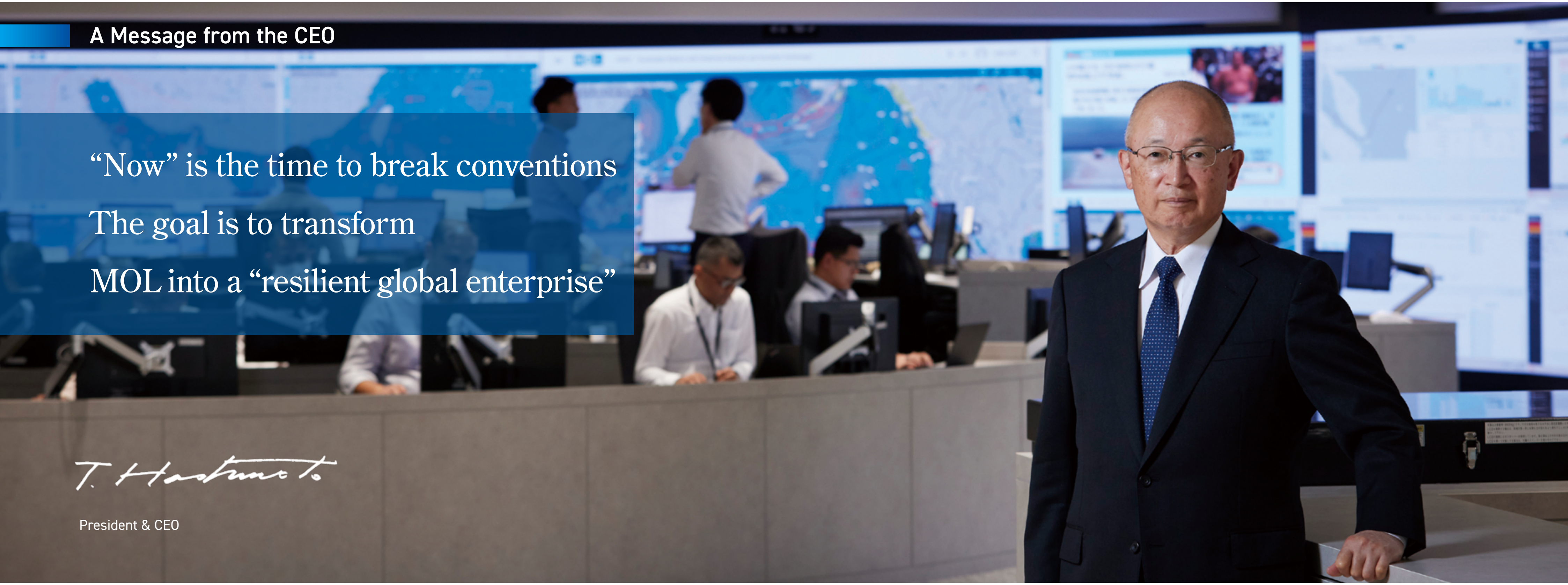
Referenced Guidelines

- "Integrated Reporting Framework," IFRS Foundation
- "Guidance for Collaborative Value Creation," Ministry of Economy, Trade and Industry

Underlined words in this report are explained in the Glossary on page 56.

A Message from the CEO

“Now” is the time to break conventions
The goal is to transform
MOL into a “resilient global enterprise”



T. Hashimoto

President & CEO

Review of Rolling Plan 2022 (Management Plan)

Dramatic Improvement in Financial Indicators Against a Backdrop of Soaring Freight Rates, Especially for Containerships

One of the MOL Group’s major challenges after the introduction of the first Rolling Plan in fiscal 2017 was to improve its financial position. Our financial position had been severely damaged by our efforts to cope with the long-term slump in the shipping market since 2010 caused by oversupply of vessels and our extensive investments in energy and other sectors to secure stable earnings in the future. It was imperative that we recover from this in order to take the next step. Under these circumstances, the booming market conditions in various shipping sectors, especially containerships, from fiscal 2021 to fiscal 2022 allowed us to post huge profits and dramatically improved the company’s financial position, which was a major turning point for the company.

In fiscal 2022, ended March 31, 2023, we saw improvements in our financial indicators as well as positive outcomes related to our portfolio, environmental, and regional strategies that we had put forth as growth strategies. The company’s strategy is to seek growth not by extending the existing businesses, but by reorganizing the priority investment areas and transforming the business portfolio. The company has steadily spread this approach throughout the group, and we have also steadily built-up new businesses that are rooted in our regional strategy, particularly in India. Through these efforts, we have continued to steer the company with a strong awareness of shifting the mindset within the company, from a conservative approach settled under a prolonged market slump to an aggressive stance.

Background of BLUE ACTION 2035

Achieve Both "Business Transformation Toward Achieving Net Zero by 2050" and "Realization of Sustainable Social Infrastructure Business"

Since the 2008 global financial crisis, a series of events, including the Great East Japan Earthquake and trade frictions between the U.S. and China have made it difficult to foresee the future. Under such business environment, the company has concluded that a conventional approach of analyzing global economic trends, forecasting shipping demand and supply, and formulating a medium-term management plan to conform to these forecasts would no longer work. Therefore, the Group has adopted a single-year management plan since fiscal 2017, to take the most appropriate and flexible actions according to the circumstances. However, when we look at the future from a wider perspective, the entire global economy is undergoing significant long-term changes, and major structural changes are underway that cannot be captured from a single fiscal year analysis.

The most extreme is addressing environmental issues. While a major global consensus is emerging that the economy must be managed with a strong awareness of the environment and sustainability to survive, we have set a goal of achieving net zero emissions by 2050, ahead of other companies in the shipping industry. This goal is far from achievable through the series of single-year plans alone. Currently, we consume 4-5 million tons of fuel oil annually and emit over 10 million tons of GHGs. To achieve net zero emissions by 2050, a long-term effort that mobilizes a variety of measures is required. In the world of marine fuels, there are many options for decarbonization, including biofuels, ammonia, hydrogen, and batteries, and we need to identify the right options. In addition, long-term planning is necessary to transform the business by seizing business opportunities arising from the major changes in freight transportation demand and logistics that will accompany the decarbonization of the industry.

As we strive towards decarbonization, we must also continue to provide stable and continuous transportation services. Since 2020, the global logistics witnessed disruption due to the COVID-19 pandemic and the Russia-Ukraine conflict, which directly had an impact on the lives of people. We realized the criticality of international logistics and the risk of paralyzing entire global economy. As a social infrastructure company, we aim to establish a stable foundation that enables us to continue our business even under challenging conditions, and the formulation of the new management plan addresses this need.

Based on this understanding, we deliberated on our future state of growth, and concluded to break from our rolling, single-year management plan that had been in place since fiscal 2017, and we formulated a new mid to long-term management plan, BLUE ACTION 2035, using the backcasting method to determine our policies based on the vision for 2035. Although this is a long-term frame for a typical management plan, we set targets for 2035 as our intermediate point to achieve our goal of net zero emissions by 2050.

BLUE ACTION 2035 integrates our business plan with our initiatives to address sustainability issues. We believe that, for growth opportunities and to be relevant in the global economy, we will have to address sustainability issues and contribute to solving social issues. The plan is divided into three phases over the 13 years to 2035, with core KPIs for both financial and non-financial aspects, and clear milestones to be achieved by 2035. In addition, Phase 1, a three-year plan up to 2025, is an elaborate plan, and the plan is to refine the details beyond with time. We shall devote all our efforts to ensuring the realization of these plans.

Point 1 of BLUE ACTION 2035

Portfolio Reform to Achieve Stable Growth with Marine Transport Business as the Core

The shipping industry is a cyclical industry, its performance greatly influenced by the global economic cycle and is known for its cyclical nature. Market conditions have skyrocketed several times when viewed over a 10- or 20-year range. In addition, unforeseen events such as wars and catastrophes can tighten supply and demand balance and cause freight rates

to soar. The opportunity to enjoy unexpected profits over a long period can be said to be an attractive feature of the shipping business. On the other hand, however, considering the huge capital investment required for consistent fleet renewal to continue the business, the company cannot solely rely on this irregular economic boom.

While the shipping business will continue to be our core business and a source of competitive advantage that generates high returns during market boom, we shall also diversify and invest in other businesses to stabilize our earnings base. If the company is able to ascertain stable cash flow from other businesses even in an unfavorable shipping market, the company will be able to continue to invest in vessels even when market conditions deteriorate, and thus, shall be able to reap rewards in the next economic cycle. In addition, it is also expected to discipline overinvestment in ship types that have experienced favorable market conditions.

Based on this perspective, the approximate investment of ¥1.2 trillion in Phase 1 of BLUE ACTION 2035 will focus on stable revenue businesses, mainly in the non-traditional shipping sector. To date, the Group has worked to strengthen its LNG carrier business and offshore business to increase the ratio of stable earnings. In particular, MOL's LNG carrier business has grown to become one of the world's leading businesses in terms of both scale and competitiveness. Furthermore, the group intends to increase the asset allocation to areas within the shipping industry where long-term contracts can be obtained, such as crude oil carriers and LPG carriers, as well as to businesses different from industrial cargo transport, such as domestic ferries and cruise ships, and to land-based businesses such as real property and warehouses. We aim for the best mix of businesses that can resist recession, maintain stable dividends, and enjoy large profits when market conditions are favorable, by striking a good balance between market driven businesses such as containerships, which offer high returns but also large fluctuations in earnings and stable revenue businesses such as LNG carriers and real estate, which offer relatively low returns but also small fluctuations in earnings. We shall use the concept of "ROA Cost of Capital," introduced as a tool for this purpose, to improve capital efficiency and promote appropriate business portfolio management. P14

Point 2 of BLUE ACTION 2035

Establishing Headquarters of Wellbeing & Lifestyle Business

One of the major changes in our business under BLUE ACTION 2035 is the establishment of the Headquarters of Wellbeing & Lifestyle Business, a unit responsible for businesses including real estate, ferry services and cruises. The purpose is to clarify our stance on nurturing these business groups, which operate in a cycle different from the shipping market, as a new revenue base. We have positioned cruise as one of the new growth areas and have decided to build two new cruise ships to expand this business sector. Prior to the launch of these ships, we are aggressively investing in the purchase of an existing cruise ship. The decision is based on the recognition that the mature domestic market demands high-end services as consumer behavior recovers from the COVID-19 pandemic. We shall provide high quality services while capturing inbound customer demand from overseas as well as solid domestic demand.

In the real property business, another key growth area, consolidated subsidiary DAIBIRU CORPORATION has so far developed its business mainly by leasing office buildings in Japan. Going forward, we will also strengthen our overseas business by leveraging MOL's network and diversify our assets to include restaurants, shopping facilities, hotels, and more. Although the shift from goods consumption to consumption of services is a headwind for the shipping industry, we shall develop a group of businesses that can respond to the growing demand for the consumption of services within the Group and align to the new society of the future.

Point 3 of BLUE ACTION 2035

Growth Through Deepening Regional Strategy

In formulating our management plan, we conducted a megatrend analysis through 2050, and once again strongly felt that each region's economy is at a different stage of development and maturity, and that the fields in which growth can be expected are very different. This means that there is a huge difference in requirements between developed countries with mature economies and the developing economies of Southeast Asia, South Asia, and Africa. As a group, we also need to adopt business strategies that match the characteristics of each economic zone.

In Europe and North America, we should expand with a focus on businesses related to the environment and renewable energy. In Southeast Asia, India, Africa, and other regions, there is still potential in conventional energy, resources, steel, and automobiles, which have been the Group's forte.

Thus, we hope to deepen regional strategies and growth by aligning regional characteristics with our overall strategy. To that end, we have divided the world other than Japan into five regions (East Asia; Southeast Asia and Oceania; South Asia and Middle East; Europe and Africa; and the Americas) and appointed executive officers in charge of each region. We will also boldly strengthen our organizational structure, such as transferring the decision-making authorities from the Tokyo Head Office to each region. P27

Point 4 of BLUE ACTION 2035

Promoting Conversion to LNG Fuel as an "Immediate Action"

The MOL Group has positioned the environmental strategy as one of its key strategies in BLUE ACTION 2035 and has designated ¥650.0 billion, the majority of the total investment in Phase 1, for environment-related investment. In April 2023, MOL announced MOL Group Environmental Vision 2.2, an update from the previous Environmental Vision 2.1, which included the development of interim milestones and specific emission reduction pathways. P31

Among a series of measures based on these policies, one of the Group's distinctive features is its strong emphasis on the conversion to LNG fuels. In the shipping industry, there are calls for clean methanol and biodiesel derived from renewable energy sources, which are alternative fuels that do not require large capital investments, but these alternative fuels are currently available in very small quantities only. In a sense, it may give shipping companies an exemption from environmental measures to maintain ships that can use both methanol fuel and fuel oil, and wait until the supply system is established. However, we do not believe that continuing to use fuel oil while waiting for the supply of new fuel is appropriate from a carbon budget perspective.

LNG fuel is not a completely zero-emission fuel, but it has the advantage of reducing GHG emissions by 20-30% compared to conventional fuel oil, and it produces almost no SOx, NOx, or other air pollutants. The biggest advantage over other alternative fuels is that they are ready to use today because of their substantial production and supply systems and their extensive use history. On the other hand, LNG fuel requires storage at a low temperature of nearly minus 160 degrees Celsius, which makes LNG fueled ships about 20% more expensive. However, we believe that the economic advantage of natural gas will gradually increase through lower gas prices, as abundant reserves of natural gas are confirmed to be dispersed throughout the world, and new gas field developments and new LNG projects are being launched continuously. In fact, we feel that an international consensus is emerging on natural gas and LNG as important fuels during the transition to renewable energy.

The Group is promoting the conversion to LNG fuel as an immediate action. In the future, when a mass production and supply system for fuels that can further reduce GHG emissions is in place, the company shall boldly take the helm again.

Shareholder Return Policy

Raised the Shareholder Return Target to a Dividend Payout Ratio of 30% and a Minimum Dividend of 150 Yen per Share

In light of our significantly improved financial position, in Phase 1 of BLUE ACTION 2035, we raised our target for shareholder returns, setting a dividend payout ratio of 30% and a minimum dividend of ¥150 per share.

Although we have gradually increased the dividend payout ratio from the previous 20%, we recognize that a dividend payout ratio of 30% is still somewhat low compared to the Tokyo Stock Exchange's Prime Market average and global standards. However, the shipping industry requires constant capital investment, and with the prospect of huge future investment in environmental measures, the company needs to allocate a certain amount of retained earnings to new investments. P14

The nature of the business will not change going forward, but the contribution to profits from investments that have already been decided, such as aggressively accumulating assets in the LNG carrier business over the past several years, will make a significant contribution to profits over the next three years. We are, therefore, determined to gradually raise the shareholder return target for Phase 2 and later.

A Message to Stakeholders

Aiming to Transform from the Previous "Japan Inc. Model" to a "resilient global enterprise"

The Group, which will celebrate its 140th anniversary next year, has long expanded its business scale along with the development of the Japanese economy. The basic business style we have established along the way has been to build and manage an organization that provides the best possible service to Japanese customers. The "Japan Inc." model of a well-trained, homogeneous staff working as a team, helping each other, was one of our winning patterns.

To create a company that can grow and develop in the global market while facing environmental challenges, we are moving away from this business style and management that relies on such winning patterns. The success or failure of such a change will depend on a strong promotion of diversity, equity, and inclusion. We must stir up the entire organization and change the corporate culture by inclusion of multinational human resources, including those at the senior management level, active promotion of female staff to executive positions previously held predominantly by male staff, and mutual replacement of Japanese staff in Japan with non-Japanese staff overseas. In addition, in order to attract talented human resources, draw out the commitment of each individual, and allow them to realize their full potential, we must not only make a profit, but as a public entity of society, we must also be able to create new value, clearly positive for the world, and find fulfillment in our own lives. This is also our responsibility as a listed company that continues to operate with funds invested by shareholders.

We are now at the stage where we must change from being a member of "Japan. Inc." to a "resilient global enterprise" that continues to grow within the world. We have not yet reached that point, but we have the potential. We believe that the transformation of the company over the next few years will determine the growth of MOL in the global arena.

We would like to sincerely ask shareholders and other stakeholders for their continued understanding and support.

Value Creation Model

Input

With a world-class fleet of approximately 800 vessels, we have a track record of safely and stably transporting a wide range of goods and energy round the globe for approximately 140 years as a full-line marine transport company.

Strong Partnerships and Relationships of Trust with Customers and Society

- Clients: Approx. 3,000 companies
- Mid- to long-term chartered vessel owners for major ship types: Approx. 120 companies
- Participation in the World Economic Forum

Global Network and Diverse Group Companies

- Group employees: 8,748
- Group companies: 509
- Overseas bases: 44 cities in 31 countries

Strong Financial Base to Ensure Steady Performance of Long-Term Contracts (as of the end of fiscal 2022)

- Equity ratio: 54%
- Free cash flow: ¥267.9 billion
- R&I (Issuer rating): A- (Positive)
- JCR (Long-term issuer rating): A+(Stable)

Our Activities

Sustainability Issues (Materiality)

Safety &Value | Environment | Human & Community | Innovation | Governance

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Corporate Management Plan

BLUE ACTION 2035

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Code of Conduct

MOL CHARTS Our Values

Underlying Profit, Investment, Financial Plan, and Shareholder Return Policy

Reinvestment and the accumulation of knowledge

Output

Fiscal 2022 Results

- Number of MOL voyages completed: Approx. 3,200 (Excluding voyages conducted by time charter-out vessels)
- Iron ore transport volume: Approx. 62.0 million tons
- LNG transport volume: Approx. 73.0 million tons
- Number of automobiles transported: Approx. 3.1 million units
- Container transport volume by Ocean Network Express*1: Approx. 11.1 million TEU
- Total floor area of DAIBIRU-Owned properties: Approx. 690,000 m² (as of the end of fiscal 2022)

Outcome

Fiscal 2022 Results

Financial KPI

- Profit before tax: ¥819.1 billion
- Net gearing ratio*2: 1.01
- ROE: 49.8 %

Non-Financial KPI

Environment

- GHG emissions intensity reduction rate (Compared to 2019) – 5.0 %

Safety

- 4 ZEROES*3: Unachieved (One fatal accident)

Human resources

- Percentage of women in managerial positions (Land-based workers, non-consolidated): 9.2 %
- Percentage of MGKP*4 incumbents
  - Women 4.7 %
  - Non-HQ 18.3 %
  - Under 40s 9.5 %

DX

- Conversion rate to value creation and safety work: —

Vision for 2035

Realization of the MOL Group Vision

Financial KPI

- Profit before tax: ¥400.0 billion
- Net gearing ratio*2: 0.9–1.0
- ROE: 9–10 %

Non-Financial KPI

Environment

- GHG emissions intensity reduction rate (Compared to 2019) – 45.0 %

Safety

- 4 ZEROES*3: Achieve

Human resources

Target for Fiscal 2025

- Percentage of women in managerial positions (Land-based workers, non-consolidated): 15.0 %
- Percentage of MGKP*4 incumbents
  - Women 8.0 %
  - Non-HQ 30.0 %
  - Under 40s 15.0 %

* Set a new target by the end of fiscal 2025

DX

- Conversion rate to value creation and safety work: 30.0 %

*1 An equity-method affiliate responsible for the management of the containership business
*2 The amount of interest-bearing liabilities is assumed to include off-balance assets (approx. ¥900.0 billion) such as charter-hire payment liabilities that should be factored-in after IFRS is adopted.
*3 4 ZEROES = Zero for serious marine incidents, oil pollution, fatal accidents, and serious cargo damage
*4 MOL Group Key Positions, designated as equivalent to General Manager in Head Office, to be appointed and managed centrally across the group

Business Overview Shipping

Dry Bulk Business

Market Driven Business | Stable Revenue Business

We have ships and vessels of various sizes, from small to ultra-large-sized bulk carriers, depending on the volume of cargo and the scale of the port of call. While flexibly responding to various trades around the world, we provide high-quality transportation services for a wide variety of dry cargoes ranging from resources such as iron ore, coal, wood chips, and biomass fuels to intermediate goods and products such as fertilizer, grain, cement, salt, and steel.

Capesize bulker
"JASPER DREAM"

Liquefied Gas Carrier Business

Stable Revenue Business

Demand for liquefied natural gas (LNG) has been rapidly increasing around the world as an environmentally friendly and clean energy source. Since participating in LNG transport in 1983, we have accumulated considerable expertise in this field, and boast the world's leading share in the ownership, management, and operation of LNG carriers. We have also entered the business of transporting ammonia, which is attracting attention as a next-generation clean fuel that does not emit CO_2 when burned.

LNG carrier
"LNG JUNO"

Car Carrier Business

Market Driven Business

Car carriers are designed to efficiently transport self-propelled cargoes ranging from passenger cars to construction machinery, and can transport approximately 5,000 passenger car equivalent units per vessel. The Company offers stable transportation services by precisely meeting the diversified transportation needs of automobile manufacturers. We are also actively working to reduce our environmental impact by reducing wind resistance and ordering LNG-fueled vessels with lower GHG emissions.

Car carrier
"ORCA ACE"

Tanker Business

Market Driven Business | Stable Revenue Business

Tankers are in service around the world depending on the characteristics of the cargo they transport, including large crude oil tankers, product tankers for transporting refined petroleum products such as gas oil and gasoline, and chemical tankers and methanol tankers for transporting liquid chemical products. In addition, this business has the characteristics of both market driven and stable revenue businesses.

Methanol tanker
"MANCHAC SUN"

Containership Business

Market Driven Business

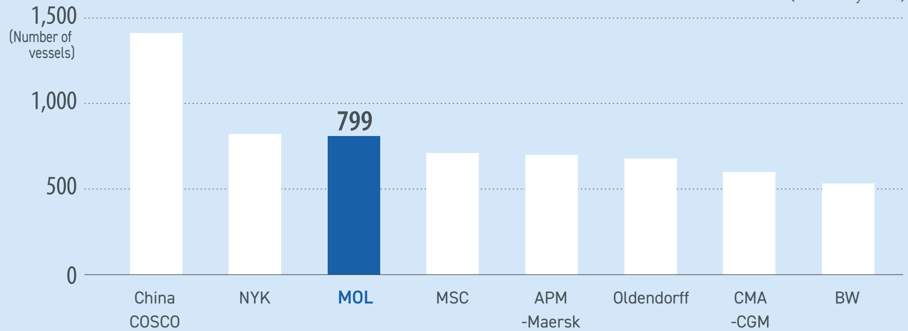
Ocean Network Express, established through the merger of the liner container shipping businesses of the three Japanese shipping companies including MOL, boasts the seventh largest fleet in the world and has built a network of over 120 countries worldwide. The company supports the global supply chain by transporting a wide variety of cargoes such as furniture, clothing, groceries, and electrical appliances in standardized cargo containers.

Containership
"ONE TRUST"

Fleet Sizes of the Major Shipping Companies(Numbers of vessels, all vessel types)

Note: Prepared by MOL based on information disclosed by respective companies

(As of May 2023)



Business Overview Non-Shipping

Offshore Businesses

Stable Revenue Business

Leveraging our experience accumulated in the energy transportation field, we are concentrating investment on not only conventional marine transportation but also offshore businesses that are expected to grow further in the future, such as FPSOs, FSRUs, and Powerships. By expanding our business domain in the energy value chain, we will further broaden our role and meet the global demand for energy.

Terminal and Logistics Businesses

Stable Revenue Business

The Company operates self-operated terminals, which play a key role in the container transport value chain both domestically and internationally, and has developed a comprehensive port business. In the logistics business, which spans a network of 268 bases in 26 countries around the world, in addition to diverse logistics services, we provide one-stop services including optimal transportation using various types of vessels and land transportation to meet a wide range of needs for heavy and oversized cargo transportation.

Ferries and Coastal RoRo Ships Business

Stable Revenue Business

We operate a ferries business that transports passengers, passenger cars, and freight vehicles (trailers, trucks, etc.) together, and a coastal RoRo ship business that specializes in the transport of freight vehicles. We play an indispensable role in transporting industrial raw materials, industrial products, foodstuffs, and other goods by connecting important bases with the largest sea and land transportation network in Japan.

Real Property Business

Stable Revenue Business

With DAIBIRU CORPORATION at the core of its business, the Company manages numerous premium office buildings mainly in Tokyo and Osaka, and is also expanding overseas by leveraging the know-how and Group resources accumulated through its domestic business. With its business characteristics and market cycles that are different from the marine transport business, the real property business helps reduce volatility in the Group's business performance and contributes to stable earnings.

Cruise Business

Stable Revenue Business

In the cruise business, we offer a wide variety of cruise ship services, from casual one-night cruises to cruises around the Japanese archipelago and overseas cruises, with a wide variety of days, ports of call, and themes. In the future, we aim to expand the scale of our fleet and develop international and high-quality services based on new concepts.

World's Largest FSRU "BAUHINIA SPIRIT"

Currently deployed in an LNG import project in Hong Kong. In June, the plant became the first in Hong Kong to accept LNG in its commissioning. After the start of commercial operation, the gas will be supplied to power plants in Hong Kong.

Special Feature: Offshore Wind Power Generation-Related Businesses

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Photo provided by Ørsted

Logistics business network is published in the data book "Investor Guidebook" for investors.

"Investor Guidebook 2023" P23

Challenges of the Overseas Real Property Business

While DAIBIRU CORPORATION has maintained stable management in Japan to date, it is working to expand its overseas business for further growth, and currently owns and operates three office buildings overseas. Completed in Sydney, 275 George Street (right photo) is the first overseas project in which DAIBIRU CORPORATION was involved from the development stage. DAIBIRU CORPORATION has taken a new step forward by becoming a wholly owned subsidiary of the Company in 2022. By further leveraging the Group's network and financial base, we aim to further strengthen our overseas business.

Cruise Fleet Development Plan

- Purchase of existing cruise ship : 1 ship (to be in service by the end of 2024)
- Newly built ships : 2 ships (first ship to be completed around 2027)

Vision for BLUE ACTION 2035

In fiscal 2017, we introduced a rolling management plan, the Rolling Plan, and have been working to improve our financial position and transform our business portfolio toward our vision for 2027.

During the process, we revised our Group Corporate Mission and Group Vision in April 2021 to reflect our expansion into business areas beyond transportation. In addition, as a result of the strong performance of each business of the MOL Group, including the containership business, from fiscal 2021 onward, we have achieved our initial financial targets for fiscal 2027 for the second consecutive year, and our financial position has rapidly improved.

To leap forward to become a global social infrastructure company, we have re-conceived and set the next stage, and formulated a new group management plan BLUE ACTION 2035 to show the roadmap to our ideal state based on our long-term strategy. As we live in an era of rapid change, we believe it is necessary to imagine the medium- to long-term future and then backcast from there to define a plan and steadily implement various actions for changes from the ground up. We have also set the target year of 2035, consistent with our environmental strategy, which sets milestones for the introduction of net-zero emission vessels and GHG emissions intensity reduction targets.

BLUE ACTION 2035 combines elements of the Rolling Plan and the MOL Sustainability Plan, both of which have been promoted in parallel, and expresses our sustainability management even more strongly. The Group's sustainability management is based on a long-term strategy to achieve sustainable growth that is acceptable in terms of social issues and the environment. In addition to the three financial KPIs, five non-financial KPIs have been established in the Core KPIs that measure the degree of achievement of the management plan.

In addition, BLUE ACTION 2035 sets forth the goals of "transforming the portfolio into a profitable one, even during weak shipping markets" and "achieving a balance between growth investment and fulfilling our shareholders' expectations (ROE of 9.0-10.0%)." Specifically, we aim to achieve a business scale of ¥400.0 billion in profit before tax and ¥7.5 trillion in total assets, and an asset ratio of 40:60 based on two classifications of businesses: the market driven business and the stable revenue business. In line with our group vision to develop social infrastructure businesses centered on the shipping businesses, we will further invest in non-shipping businesses as a new growth driver, while developing the strengths of the shipping businesses.

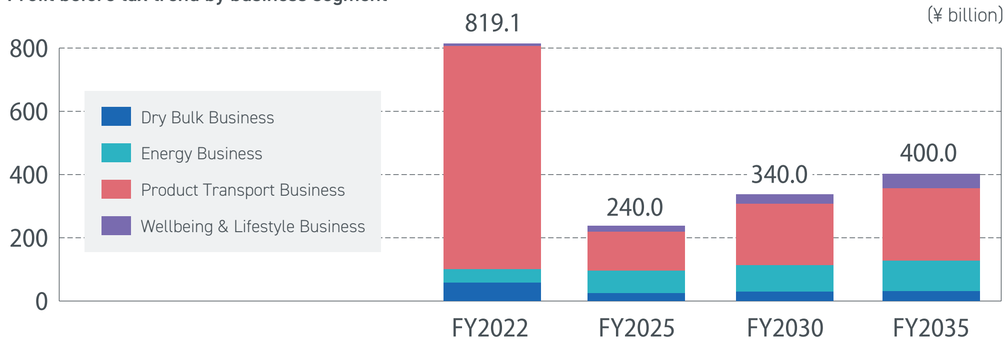
Group Vision for 2035

We will develop a variety of social infrastructure businesses in addition to traditional shipping businesses, and will meet 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

	Targets		FY2022 Results	Phase 1 FY2025	Phase 2 FY2030	Phase 3 FY2035
Financial KPIs	Profit before tax		¥819.1 billion	¥240.0 billion	¥340.0 billion	¥400.0 billion
	Net gearing ratio*1		1.01	0.9–1.0		
	ROE		49.8%	9–10%		
Non-financial KPIs	Environment	GHG emissions intensity reduction rate (Compared to 2019)	-5.0%	–	–	-45%
	Safety	4 ZEROES*2	Unachieved (One fatal accident)	Achieved		
	Human Capital	Percentage of women in managerial positions (Land-based personnel, non-consolidated)	9.2%	15%	(Reset by the end of Phase 1)	
		Percentage of MGKP*3 incumbents (Female/Non-HQ/Under 40s)	4.7%/18.3%/9.5%	8%/30%/15%		
	DX	Conversion rate to value creation and safety work (cumulative)	–	10%	20%	30%

*1 The amount of interest-bearing liabilities is assumed to include off-balance assets (approx. ¥900 billion) such as charter hire liabilities that should be factored-in after IFRS is adopted.
*2 4 ZEROES = Zeroes for serious marine incidents, oil pollution, fatal accidents, and serious cargo damage.
*3 MOL Group Key Positions, designated as equivalent to General Manager in Head Office, to be appointed and managed centrally across the group.

Profit before tax trend by business segment



Portfolio Reform

In BLUE ACTION 2035, we aim to raise company-wide ROA (profit before tax divided by total assets*) to 5.3% by fiscal 2035. This is a higher-level setting than the financial targets set in the Rolling Plan, which requires the company-wide improvement of profit margin.

In this portfolio reform, we categorize each business into the market driven business and the stable revenue business, and control asset allocation based on the target ROA for each business.

* In addition to total assets under Japanese GAAP, this is the sum of lease contracts and other assets that are off-balance under Japanese GAAP but are required to be on-balance under International Financial Reporting Standards.

Market Driven Business

The market driven businesses are defined as those with relatively short contract terms and high-performance correlation with the volatile shipping market, specifically the containership business and the car carrier business, and a portion of the dry bulk and tanker business. Through two structural reforms, we have focused our efforts on reducing market exposure and have secured stable profits that are not excessively affected by shipping market fluctuations. Building on this foundation, we will enhance our business model to one that still allows us to gain high returns when shipping markets are favorable by strategically taking market exposure in our market driven businesses, thus improving profits across the company.

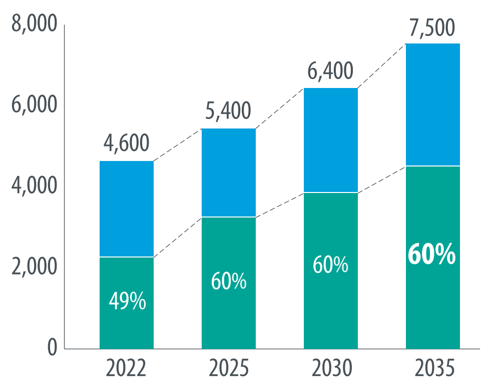
Stable Revenue Business

On the other hand, businesses with relatively long contract terms that are not affected by shipping market volatility and non-shipping businesses that are affected by market conditions different from those of the shipping market are collectively defined as businesses with stable revenue. We aim to expand our operations by accelerating investment in the low/decarbonization energy business, which is expected to have high growth potential, and the real property business and logistics business, which have been our focus businesses since the Rolling Plan.

By expanding the stable revenue business while increasing the market exposure of the market driven business, we expect the stable revenue business to serve as an anchor to support the Group's profits even when the shipping market is weak and the market driven business is in the red for a period of time.

Field	Our Business	Correlation with shipping market
Shipping	Containership, Car Carrier	Market Driven Business (Highly correlated) = High volatility
	Dry Bulk, Tanker	
	Liquefied Gas Carrier	Stable Revenue Business (Low correlation) = Low volatility
Non-Shipping	Offshore Business, Offshore Wind Power, Alternative Fuel Business, Logistics, Real Property, Ferries, Cruises	

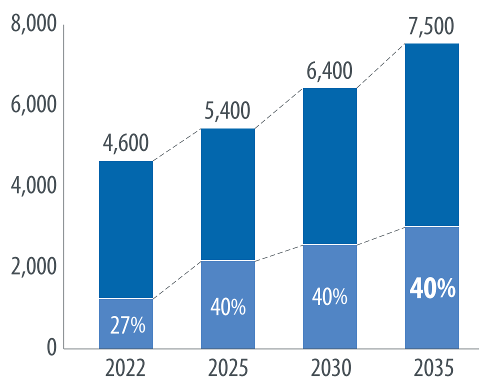
Asset Ratio [Market Driven: Stable Revenue] Trend (¥ billion)



Market Driven: Stable Revenue
Asset ratio in FY2035 40:60 (Profit ratio 60:40)

Market Driven Business | Stable Revenue Business

Asset Ratio [(Reference) Shipping: Non-Shipping] Trend (¥ billion)



(Reference) Shipping: Non-Shipping
Asset ratio in FY2035 60:40 (Profit ratio 70:30)

Shipping | Non-Shipping

Portfolio Strategy (⇒ P17) | Environmental Strategy (⇒ P22) | Regional Strategy (⇒ P27)

ROA and ROA Cost of Capital

For BLUE ACTION 2035, we plan to set ROA for each business segment as an indicator for business portfolio management, and to change the individual investment criteria to meet them. By doing so, we aim to achieve a balance between the expansion of profit scale and improvement of capital efficiency, and to achieve ROA that exceeds the ROA Cost of Capital as a whole.

In many of the Group's businesses, financing is tied to each asset. The profitability evaluation at the time of investment decision also employs profit/loss after interest, and tax strategies are formulated to achieve overall optimization, including tonnage taxation.

For these reasons, among others, profit before tax after interest is used as the numerator.

By including assets such as chartered and leased vessels, which are currently off-balance sheet assets, in the denominator of total assets, we can evaluate actual returns on invested capital.

Please also refer to A Message from the CFO (P14).

By transforming our portfolio so that company-wide ROA exceeds ROA Cost of Capital, we aim to achieve our targets for the three financial KPIs set forth in BLUE ACTION 2035: profit before tax, net gearing ratio, and ROE.

Return

Definition

$$\text{ROA (\%)} = \frac{\text{Profit before tax}}{\text{Total assets}}$$

Cost

Definition

$$\text{ROA Cost of Capital (\%)} = \overbrace{\frac{\text{WACC}}{\text{(1-Tax)}}}^{\text{Capital cost before tax}} \times \overbrace{\frac{\text{(Net debt + shareholders' equity)}}{\text{Total assets}}}^{\text{Convert to a total asset basis}} - \overbrace{\frac{\text{Interest expense}}{\text{Total assets}}}^{\text{Deduct interest expense}}$$

Calculate the company-wide ROA Cost of Capital based on the formula above.

ROA targets for each business segment are allocated so that the company-wide ROA exceeds the company-wide ROA Cost of Capital.

Rebalancing Plan

For BLUE ACTION 2035, we have created an asset rebalancing plan that balances risk-taking through investment expansion with the stability to maintain profitability even during shipping market recessions, while taking into account the growth potential and environmental strategy of each business.

Looking back at the pre-pandemic period from fiscal 2015 to fiscal 2019, the performance of containerships, car carriers, and dry bulk, which we classified as market driven businesses, was sluggish, and the scale of stable revenue businesses was also small, the business portfolio was highly volatile relative to the size of the Group's overall profit and loss.

Given this, the rebalancing plan aims to build a company-wide portfolio that balances profitability and volatility by expanding the scale of businesses with stable revenue and improving the profitability of market driven businesses. Although the fluctuation of the Group's profit and loss will be slightly larger than before resulting from the increased volume of assets in the market driven businesses, with the support of the expanded profit from the stable revenue businesses, we aim to decrease the volatility of the Group's financial performance and make the Group's profitability exceed its ROA Cost of Capital.

Long-Term Megatrend Analysis

The business environment surrounding the Group is changing rapidly. In BLUE ACTION 2035, we conducted a long-term megatrend analysis looking beyond 2035 to 2050, and analyzed how long-term changes in the macro external environment would affect the Group's business environment. The results of this analysis are used to formulate key strategies through 2035 for our BLUE ACTION 2035.

Key points of the long-term megatrend analysis

Long-term changes in macro external environment		Impact on our group's business environment
Slow growth in global economy	►	Slow growth in demand for transportation
Countermeasure to climate change Energy shift (progress in electrification: increase of renewable energy) Advances in technology	►	Strengthening environmental regulations Development of circular economy and local production for local consumption Improved energy efficiency, shrinking demand for fossil fuel
Population growth/ Change in population percentage in regions	►	Shift in the center of gravity of economic growth
Increased geopolitical risks	►	The rise of protectionism Rebuilding the supply chain
Change and diversification of people's values	►	Growing share of intangible service consumption in economic growth People's shift from quantitative wealth to qualitative affluence Expansion of impact investments

A Message from the CFO

We will flexibly make the necessary investments for growth and environmental responsiveness, while striving to continuously enhance shareholder returns.

Hisashi Umemura
Director, Managing Executive Officer
Chief Financial Officer (CFO)

Fiscal 2022 Review

In fiscal 2022, ended March 31, 2023, MOL posted profit attributable to owners of parent of ¥796.0 billion, surpassing fiscal 2021 profit and reaching a record high. As a result, shareholders' equity increased to ¥1,925.3 billion and we were able to pay a dividend of ¥560.0 per share.

From a financial standpoint, the Company is sufficiently sound to implement every strategy under BLUE ACTION 2035.

Increasing Corporate and Shareholder Value Through BLUE ACTION 2035

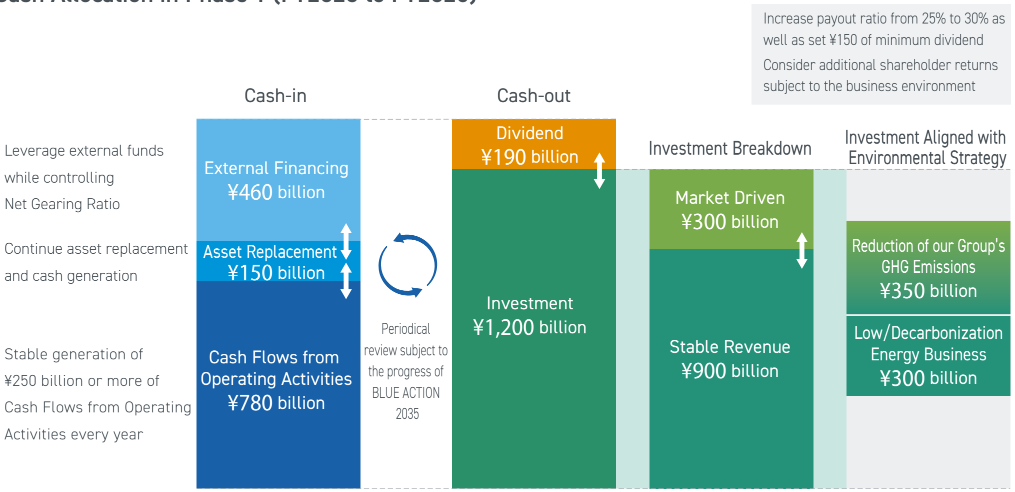
"We shall continue to achieve ROE that exceeds the cost of capital, thereby increasing shareholder value." This is a commonplace statement that has always been uttered. However, many Japanese companies are now required to seriously address this proposition. To this end, it is necessary to exercise investment discipline and create a system that prevents reckless and unprofitable investments and to realize this, we practice management with ROA and ROA Cost of Capital. Of course, when entering a new business or a new geographic area, especially in the non-maritime sector, our cost competitiveness may fall behind the market level at the initial stage. In these cases, we may have to make a big-picture decision to justify low profitability in an individual project. However, even in such a situation, we need to make decisions judiciously after considering whether the initial low profitability will truly lead to future business expansion and whether the Company can survive in that business area. As CFO, I will fulfill my responsibility in securing the soundness of this decision-making process of investment and increasing corporate and shareholder value.

Shareholder Returns

As a new shareholder return policy in Phase 1 (from fiscal 2023 to fiscal 2025) of BLUE ACTION 2035, we have adopted a dividend payout ratio of 30.0% and a minimum dividend of ¥150.0 per share.

Although we have raised the dividend payout ratio to 30.0% from the planned 20.0% in fiscal 2021 and 25.0% in fiscal 2022, we recognize that it is still below the average of the Tokyo Stock Exchange's Prime Market. However, looking at the current situation of our business, particularly the shipping industry, from a high-level perspective, we believe that it is imperative to take the first steps toward decarbonization, win the trust of our customers, and ensure the growth of our decarbonization-related business. In Phase 1, we hope it is understood that our cash allocation will be focused on investment giving priority to expand these business opportunities.

Cash Allocation in Phase 1 (FY2023 to FY2025)



At the same time, it is important to show short-term results while continuing to invest for mid to long-term growth. During the challenging times of the 2010s, we wiped out unrealized losses on assets and contracts while making progress in managing exposures in each business area. As a result, we are confident that even after the containership business, which was the source of our strong performance over the past two years, returns to its normal, the contributions of other segments have led to laying the foundation to secure a certain level of overall profitability. The impact of the booming containership business in fiscal 2021 and fiscal 2022 was so great that the situation of other businesses has inevitably become unremarkable, however, we have decided to introduce a minimum dividend of ¥150.0 per share to visibly show our confidence in our performance during Phase 1 and to reassure our shareholders.

Many shareholders and investors have asked us, "Why don't you buy back your own shares?" If the essence of the share buyback is to maintain and improve EPS (earnings per share), we believe that this can be fully achieved through profit growth based on the normal investment-recovery cycle, and since the shipping industry is a market-driven industry and profit growth cannot be achieved in a steady and uninterrupted manner, we believe that taking measures that directly contribute to ensuring earnings stability, i.e., expanding the stable revenue business, is a better direction at this point. The problem with our stock valuation is the low P/E ratio, and to overcome this situation, we will have to enhance the quality and stability of our profit, and our groundwork to ensure that "we can earn a certain level of profit under any circumstances, even when the market is weak." Based on this belief, we do not promise to buy back shares during the Phase 1 period but rather position it as a case-by-case decision as a means of capital control if our capital builds up beyond expectations. Of course, we are fully aware of the message having in share buybacks that they are proactive actions by the company when the share price is undervalued.

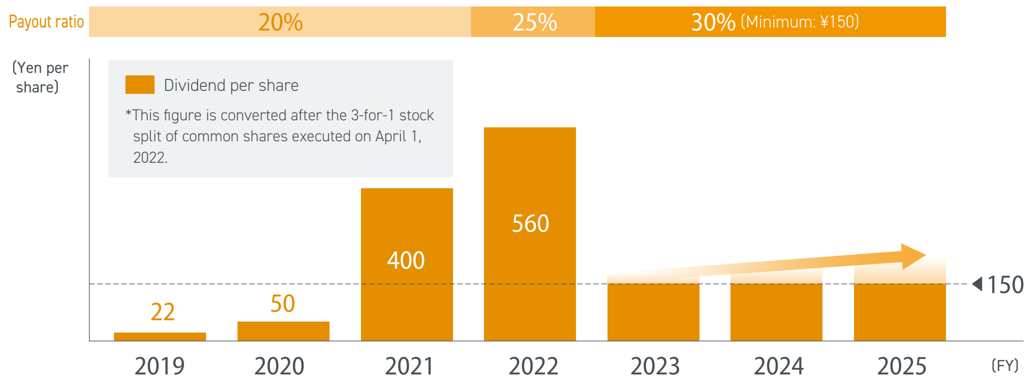
Shareholder Return Policy in Phase 1 (FY2023 to FY2025)

Policy in Rolling Plan 2022

- Payout ratio: 25%

Policy in Phase 1 of BLUE ACTION 2035

- Payout ratio: 30%
- Minimum dividend: ¥150.0 per share
- Potential share buybacks subject to business environment



Ideas behind return policy

- Promote active investments with accumulated profits, which will lead to profit expansion and corporate value increase.
- Increase payout ratio to 30% and return the outcome of growth to shareholders.
- Introduce minimum dividend to prevent underpayments even if lower shipping market cycles occur.
- When profits exceed original expectations, capital controls such as additional shareholder return may be implemented with 9-10% of ROE target in mind.

Introduction of International Financial Reporting Standards (IFRS)

We have organized an in-house expert team to implement the International Financial Reporting Standards as soon as possible after the completion of Phase 1. The shipping industry, which is the core of our business, is competitive in the single world market, and we are also looking to expand our non-shipping businesses in overseas markets. We would like to adopt the IFRS as soon as possible, as different accounting standards make it difficult to make comparisons with global competitors.

In addition, even before the introduction of the IFRS, we will strive to enhance the information disclosed to shareholders and investors and improve the quality of dialogue by disclosing our own estimates of the financial impact of time charter contracts and operating lease contracts, which are off-balance sheet under the Japanese GAAP, based on the same approach as under the IFRS.

Together with Domestic and Overseas Partners

As CFO, I am in charge of the Finance Division, the Accounting Division, and the Corporate Communications Division. In addition to shareholders and investors, we have a variety of stakeholders in Japan and overseas, including financial institutions represented by commercial and investment banks, auditing firms, and accounting consulting companies. In the past, as long as we were engaged in traditional price competition with a limited number of competitors in the closed world of the shipping industry, where change is limited, perhaps a point-to-point relationship in a specific area such as financing or bond issuance would have been acceptable. However, the competitive environment itself is changing in all industries, such as calls for decarbonization and DE&I, and we are working to change our business structure in this context. There are limits to what one company can do and what one company can know, so it is also my important responsibility to enhance cooperation with these domestic and international partners in the financial sector. I look forward to your continued support.

Background on Using ROA and ROA Cost of Capital

While return on invested capital (ROIC) is a widely known method for managing investment efficiency, we have chosen to use ROA and ROA Cost of Capital for the following reasons.

- Due to the business structure, some of the core businesses are recorded as equity in earnings of affiliates, so, the operating profit base is not suitable.
- Recognize extraordinary profit and loss resulting from the replacement of assets, including ships, that occur in business operations.
- As a capital-intensive industry, the proportion of non-business assets is relatively small, and there is little harm in using total assets as the denominator.

Although there are differences in the appearance of the formulas and the indicators calculated, there is no difference in expressing the profit-generating capacity of the core business in relation to the invested capital.

The specific calculation results for ROA and ROA Cost of Capital as of the end of March 2023 are as follows.

Return — Definition

$$\text{ROA (\%)} = \frac{\text{Profit before tax}}{\text{Total assets*}}$$

Cost — Definition

Capital cost before tax / Convert to a total asset basis / Deduct interest expense

$$\text{ROA Cost of Capital (\%)} = \frac{\text{WACC}}{(1\text{-Tax})} \times \frac{(\text{Net debt} + \text{shareholders' equity})}{\text{Total assets}} - \frac{\text{Interest expense}}{\text{Total assets}}$$

Calculate the company-wide ROA Cost of Capital based on the formula above.

ROA targets for each business segment are allocated so that the company-wide ROA exceeds the company-wide ROA Cost of Capital.

(Reference) ROIC = Operating profit after tax / Invested capital = Operating profit after tax / (Interest-bearing debt + Equity)

ROA

Profit before tax	¥819.1 billion
Total assets*	¥4,686.6 billion
ROA	17.48%

ROA Cost of Capital

WACC	4.77%
Tax	28.70%
Net Debt	¥1,939.7 billion
Shareholders' Equity	¥1,925.3 billion
Total assets	¥4,686.6 billion
Interest expense	¥17.3 billion
ROA Cost of Capital	4.91%

*Total assets under the Japanese GAAP plus lease contracts and other assets, which are off-balance sheet under the Japanese GAAP but required to be on-balance sheet under the International Financial Reporting Standards. In some cases, when a company borrows to finance the construction of a ship, the company guarantees the financial obligations of the ship-owning company that is the borrower. If the ship-owning company is a consolidated subsidiary, then the obligation is recorded as a liability on the Company's consolidated balance sheet as a result of incorporating all of the subsidiary's assets and liabilities. Under the Japanese GAAP, however, monetary obligations owed by unconsolidated subsidiaries and affiliates are not recorded as liabilities regardless of whether they are guaranteed. On the other hand, under the International Financial Reporting Standards (IFRS), guaranties are individually classified and determined whether these need to be recorded as the guarantor's liability according to the likelihood that it will be obligated to make repayment on behalf of the guarantee. At this time, we have not performed this classification process, and therefore, for convenience, we have treated all guaranties for monetary obligations owed by unconsolidated subsidiaries and affiliates as being included in the "off-balance sheet liabilities" in the denominator of the ROA calculation. If we actually adopt IFRS, we will determine how to treat these guaranty obligations in the ROA calculation in parallel with the IFRS adoption process itself.

Portfolio Strategy

Taking into account the growth potential and the alignment with our environmental strategy for each business, we will proceed with asset rebalance so that the profitability of the entire company exceeds the volatility, and achieves both risk taking through increased investment and a business portfolio that can maintain profitability even during recessions in the shipping market.

Business Headquarters – Vision 2035

Also refer to Overview of Operations by Business Headquarters (P18–21).

Dry Bulk Business

We aim to become a global partner that supports society as a key infrastructure supplier for strong and flexible marine transport by responding to changes in diverse industries and by mobilizing our comprehensive transport management capabilities. We shall proactively capture the demand for biomass fuels and nonferrous raw materials required for electrification, which will be created by the development of a decarbonized and low-carbon society, as well as infrastructure and food-related cargo transportation, which is expected to expand. We will also establish a system to earn high returns during shipping market booms by dealing appropriately with changes in cargo demand, trade patterns, and shipping capacity supply and demand, and by taking strategic market exposures through enhanced intelligence functions.

Energy Business

We will continue to transport energy as a social infrastructure supplier in a manner that meets the needs of the times. We will focus on project-based businesses like the offshore business and the offshore wind power generation business while aiming to become a growth driver of the Group by continuously generating stable profits throughout the value chain. In order to achieve this, we will define areas where we will be aggressive and where we will be defensive as well as what we will begin, change or stop. That will allow us to operate the headquarters in a highly convincing manner. We will promote cooperation with other business headquarters and regional organizations to avoid partial optimization within the headquarters.

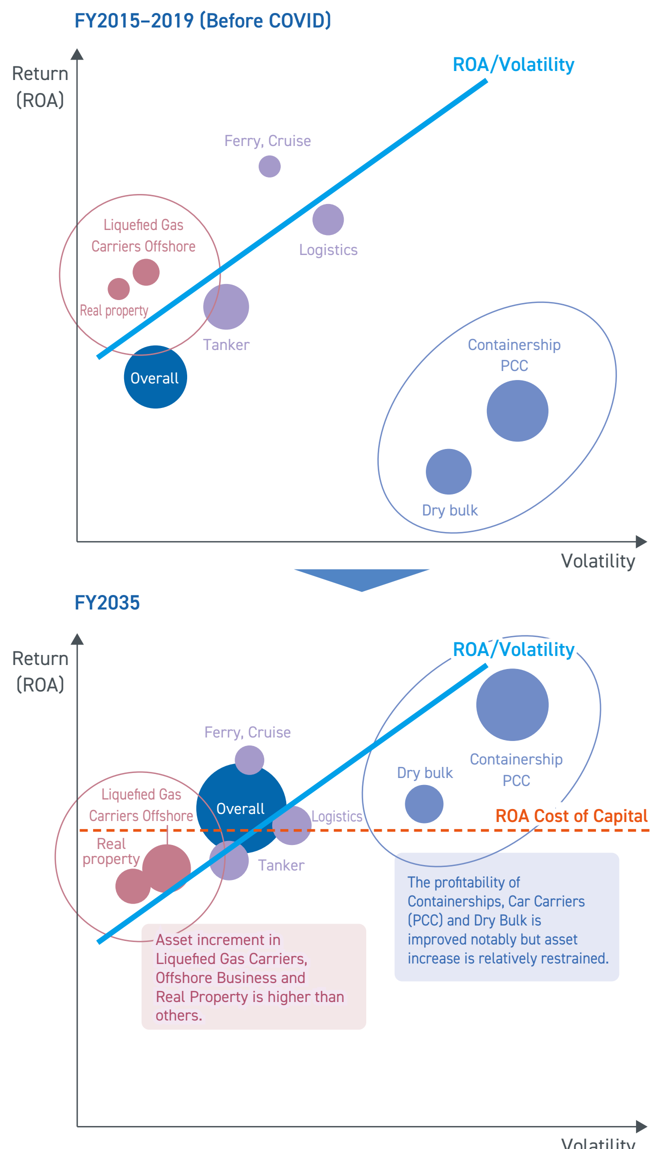
Product Transport Business

The car carrier business will enhance its competitiveness by providing a lineup of environmentally friendly vessels that meet customers' needs to reduce GHG emissions, and strengthen its resilience to market fluctuations by rearranging its service network according to changes in cargo movements. The containership business will maintain and pursue economies of scale by expanding its fleet of Ocean Network Express vessels, and build further advantages by focusing on environmental and digital strategies. The logistics business will shift to the offensive. In addition to organic growth that leverages the strengths of the core companies, like the expansion of MOL Logistics' global sales network and Utoc's expansion of heavy-lift logistics, MOL Logistics will also work on large-scale M&A in forwarding and expansion into logistics real estate by leveraging synergies with DAIBIRU in order to achieve discontinuous growth.

Wellbeing & Lifestyle Business

Amidst the rapidly changing business environment around the Group, the Wellbeing & Lifestyle Business, a business headquarters with many stable earnings businesses such as real property, ferries, and cruises, will make timely investments by leveraging its strong financial base to support the sustainability of its business. We are committed to a customer-oriented spirit and a steady refinement of safe and reliable operations, and earn the trust of society as well as our customers. We aim to enhance the sustainability of our business and become an indispensable presence in improving corporate value.

Diagram - before and after rebalancing in terms of profitability and volatility



*The size of the circle indicates the amount of total invested assets.

Overview of Operations by Business Headquarters

Dry Bulk Business

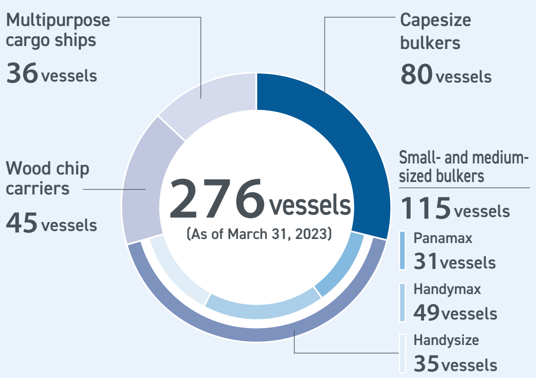
Fiscal 2022 Achievements

Although market conditions were weak compared to the previous year, MOL Drybulk and equity-method affiliate Gearbulk Holdings posted strong results, and the iron ore and coal transport business increased profits, supported by stable margin from term contracts. The dry bulk business is thought to be market driven, but it consists of diversified business models, including small- and medium-sized bulkers, which are market driven, and iron ore and coal carriers and wood chip carriers, which are stable revenue, as well as multi-purpose bulkers, which are niche businesses, and this is the result of solid efforts even when the market was sluggish. In the environmental strategy, a pillar of our business strategy, we are steadily advancing efforts to reduce GHG emissions by adopting Rotor Sail and Wind Challenger, which utilize wind power as propulsion, and signing contracts to build LNG dual-fuel cape-size bulkers, while strengthening our transportation of biomass fuel, wind power generation components, and other cargo that supports a decarbonized society. In our regional strategy, another pillar of our business, we are strengthening our sales in China, Southeast Asia, and the Indian Ocean, yielding positive results. The situation surrounding the company is changing at a pace faster than expected, but we are working to respond to changes in the business environment in a "strong and resilient" manner.

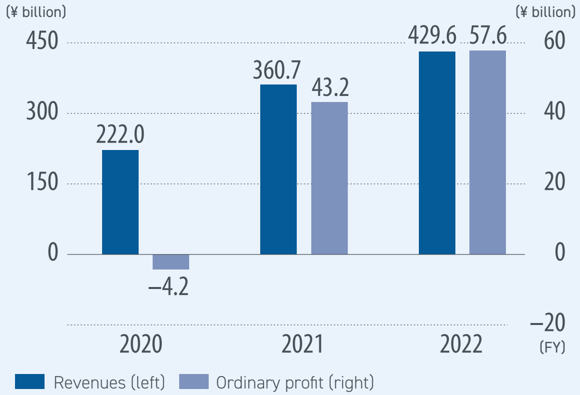
Wood chip carrier "VANGUARDIA"

Highlight

Fleet Breakdown by Vessel Type



Revenues and Ordinary Profit (loss)



Market Environment Analysis

Opportunities

(Short-term) Limited pressures to supply newly built vessels. Selection of operators will become stricter due to quality and environmental requirements.

(Long-term) Creation of new transport demand and changes in supply chain caused by decarbonization. Population growth in emerging economies causing changes in trade structure.

Risks

(Short-term) Economic stagnation in China and persistently high energy costs leading to a decrease in cargo movement and a decrease in cargo to/from Japan.

(Long-term) Disapearing demand for transportation of coal as major cargo, replaced by liquid alternative fuels (hydrogen, ammonia), resulting in reduced demand for transportation of dry cargo.

Assumed changes in the business environment (the Company's forecast)

Change in ocean cargo movement (Movement in 2022=100)

Cargo	2025	2030	2035	2050
Iron ore	98	90	85	68
Coking coal	101	100	96	85
Grain	112	120	127	151

- The decarbonization trend is accelerating mainly in developed countries. Shipments of iron ore and coking coal are on a gradual decline. Grain prices are steady due to the increase in the world population.
- On the other hand, the volume of overall dry bulk cargo remains flat due to an increase in semi-finished products and wood chips.

Position and Main Differentiating Factors

The Dry Bulk Business has been in contact with various industries and has provided high-quality solutions suited to their transportation businesses. These include contract know-how as per transportation mode, types of cargo, port and cargo handling conditions, and maritime technical capabilities to ensure safe voyages in any sea weather, technological capabilities as represented by the Wind Challenger, and proposal-based sales with intelligence and a forward-looking view of the market. These comprehensive transportation management capabilities have been refined based on long-term relationships of trust with our customers, and we are confident that we can provide solutions to the changing needs of society and customers in the wake of decarbonization ahead of our competitors. We also believe that we can fully utilize our experience and expertise as a comprehensive shipping company in dealing with new fuels for environmentally friendly ships. In recent years, the quality standards for shipping and transportation demanded by major overseas customers have become extremely high. We will further raise the standards in terms of both hardware and software not only for our own vessels but also for chartered vessels, aiming to be the first choice of our customers as a partner.

Overview of Operations by Business Headquarters

Energy Business

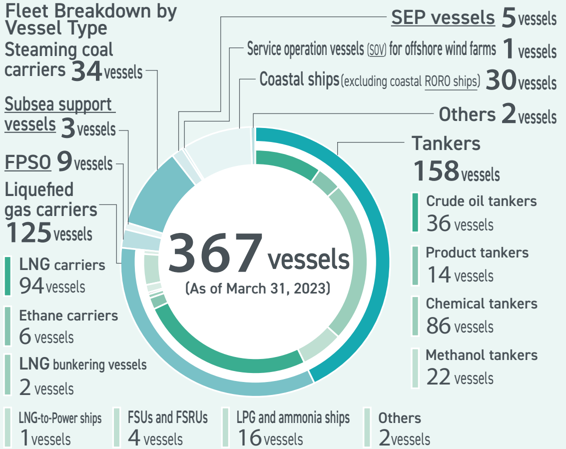
Fiscal 2022 Achievements

We were able to achieve results due to the tailwind of market conditions, steady execution of operations in each business area, and continued safe ship operations. In particular, the methanol tanker and chemical tanker businesses delivered good results due to favorable market conditions and strong demand, while the LNG carrier business supported profits in an environment of heightened awareness of energy security and changes in supply and demand.
In the steaming coal transportation business, the first vessel equipped with a Wind Challenger was completed and became a symbol of our environmentally friendly vessels. As for our medium- to long-term strategy, we are making strategic moves to contribute to future profits by aggressively upgrading our fleet and securing contracts in the shipping business, particularly for LNG carriers, while investing funds and human resources in the offshore business and offshore wind power generation business ahead of others. Unfinished tasks include the promotion of new business projects such as FSRUs, Powerships, liquefied CO_2 carriers, and offshore wind power generation, as well as participation in the value chain from upstream to downstream of new energy sources.

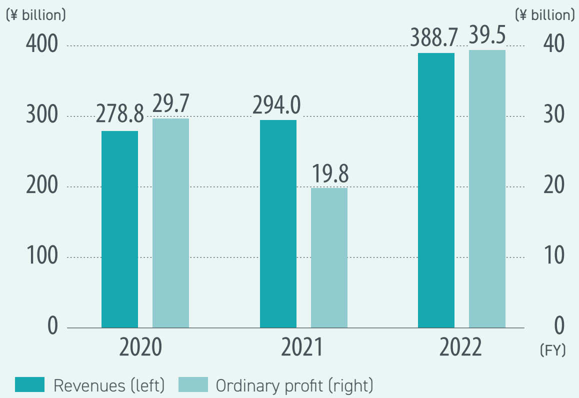
LNG carrier "LNG ROSENROT"

Highlight

Fleet Breakdown by Vessel Type



Revenues* and Ordinary Profit



Market Environment Analysis

Opportunities

(Short-term) Increasing global demand for LNG.A gap between robust demand for new ships and shipbuilding capacity.

(Long-term) Introduction of new energy sources such as ammonia, hydrogen, and synthetic methane. Change of supply and demand due to global population growth. Spread of carbon recycling (CO_2 separation and recovery) use. Expansion of marine energy use.

Risks

(Short-term) Emergence of geopolitical risks. High energy pricescausing a slump in new projects in emerging countries, soaring ship prices, and economic slowdown.

(Long-term) Worldwide transition to a decarbonized society. Fragmentations of nations and regions. Decline of goods and energy consumption.

Assumed changes in the business environment (the Company's forecast)

Change in ocean cargo movement (Movement in 2022=100)

Cargo	2025	2030	2035	2050
Crude oil	108	110	95	53
LNG	105	135	153	103
Steam coal	97	79	66	43

- With the exception of LNG, fossil energy cargoes will gradually decline after 2030.
- LNG will begin to decline after 2035 due to the decarbonization trend.
- Seaborne cargo movement of hydrogen, liquefied CO_2, ammonia, etc. will increase 2030 onwards.

Position and Main Differentiating Factors

Leveraging our challenging spirit and unwavering decision-making, we have expanded our LNG carrier business around the world, and we have aggressively developed new business fields such as FSRU, FPSO, power generation vessels and FLNG, liquefied CO_2 transport, offshore wind power generation. With this organizational culture as a backdrop, we will work to expand our business by investing upstream in the value chain in new energy sources such as ammonia and hydrogen, and in decarbonized fuels, to further differentiate ourselves. We also believe that our strengths lie in our customer-first and partner-oriented approach, as well as our maritime and global ship management capabilities.

*Large parts of LNG carriers and offshore businesses are managed through equity-method affiliates, and those parts of revenues have not been included in the consolidated revenues above.

Overview of Operations by Business Headquarters

Product Transport Business

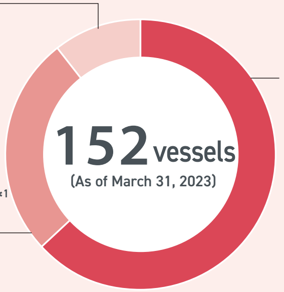
Fiscal 2022 Achievements

As in the previous fiscal year, profits hit a record high level, largely due to equity in earnings of Ocean Network Express (ONE), but other businesses also accurately grasped the wave of favorable market conditions and produced results. It was a year of steady progress on the three strategies in our management plan, including environmental initiatives such as car carriers, and efforts to transform our portfolio through the expansion of our logistics business, including MLG and Utoc, companies which turned into wholly owned subsidiaries. The Product Transport Business's unique feature and strength is that it has a multitude of businesses with different profitability and volatility: car carriers and containerships in the shipping business, and terminal and logistics in the non-shipping business. In FY2023, we will continue to play a major role in achieving a rebalance in the business portfolio of the company as a whole, and we shall continue to manage our operations by balancing risk and numbers while monitoring the status of each business and its correlations.

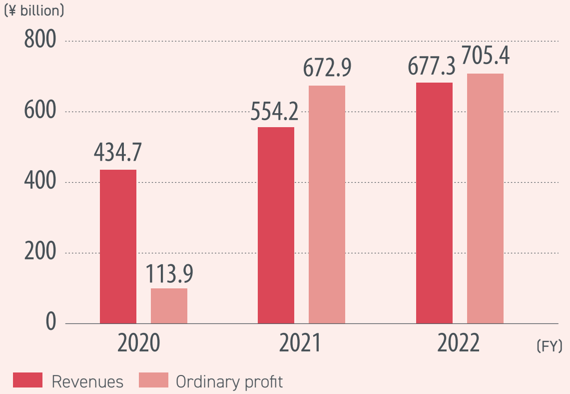
Containership "ONE MAJESTY"

Highlight

Fleet Breakdown by Vessel Type



Revenues*2 and Ordinary Profit



Market Environment Analysis

Opportunities

- (Short-term) Recovery of emerging economies, especially Asian economies, from a sharp drop caused by the COVID-19 pandemic, increasing opportunities for expansion in car carrier and logistics businesses.
- (Long-term) Acceleration of business structure change and industry restructuring due to the spread of awareness of a sustainable society and the progress of digitization.

Risks

- (Short-term) Direct setbacks to the global economy, including the Ukraine conflict and financial instability
- (Long-term) Long-term decline in transportation demand, such as slowdown in containerized cargo growth due to the headwind of globalization expansion and slowdown in completed car cargo movement due to the progress of local production for local consumption

Assumed changes in the business environment (the Company's forecast)

Change in ocean cargo movement (Movement in 2022=100)

Cargo	2025	2030	2035	2050
Automobile	109	111	120	118
Container	105	120	135	176

- As economy grows, demand for goods will remain strong until around 2035.
- In the long run, maritime cargo growth will be slower than the pace of economic growth due to local production for local consumption (slowing globalization) and technological innovations such as 3D printers.

Position and Main Differentiating Factors

In the car carrier business, we are building a service network that will lead to the next generation by promoting fleet organization with environmentally friendly vessels based on our world-class tonnage and long-term stable transportation contracts with major shippers. ONE operates the 7th largest fleet and belongs to The Alliance, one of the three alliances in the industry, and the company's strength lies in its top-level cost competitiveness and high-quality customer service. In the logistics business, we turned MLG and Utoc into wholly owned subsidiaries to promote the strengthening of group management in the logistics segment. MLG operates a wide range of businesses such as air transport, marine transport and inland transport globally and has strong relationship with Japanese customers. Utoc has built boasts over 130 years of experience with its solid technical capabilities, including expertise in heavy and long cargo. MLG and Utoc plays a leading role in overseas markets and the Japanese market, respectively, to provide market-oriented cargo handling, storage, and transportation services tailored to the needs of customers, especially Japanese companies.

*1 All containerships are chartered to and operated by ONE.
*2 ONE, which is responsible for the containership business, is an equity-method affiliate. Therefore, the revenues of ONE have not been included in the above.

Overview of Operations by Business Headquarters

Wellbeing & Lifestyle Business

Message from New Director General of Business Headquarters

Many of the businesses handled by this newly created business headquarters involves people. This is part of the MOL Group's initiatives to grow businesses that go beyond cargo transport, the mainstay of the Group, and to make them a stable earnings base. Our most urgent challenge is to launch a series of new luxury cruise ships in the cruise business, which we have operated for nearly 30 years with the Nippon Maru at the center of our operations. While inheriting many of the positive aspects of the Nippon Maru, we are working to develop attractive services utilizing these cruise ships by combining the knowledge and experience of the MOL Group with the expertise of external specialists. Next, in the ferry business, the challenge is to consolidate the "Sunflower" brand, which has a 50-year history in both the east and west markets of Japan, and to draw up a major growth strategy. This requires us to make the most of the various ties and associations we have cultivated over our nearly 140-year history, as well as the relationships we have developed with customers and suppliers. We will work with a sense of urgency in close collaboration with new businesses, global human resources recruiting business, and community-based tugboat and coastal shipping businesses that have long been rooted in various parts of Japan.

Tsunemichi Mukai Managing Executive Officer
Director General of Headquarters of Wellbeing & Lifestyle Business

Business	Market Environment Analysis (opportunities and risks)	Position and Main Differentiating Factors
 **Real Property Business** "Corner Stone Building" owned by Daibiru in Vietnam	In addition to the long-standing concerns about the sharp rise in domestic real estate prices and the decrease in the number of office workers due to the declining birth rate, it is also more important than ever to provide offices that meet the needs of customers in the post-COVID-19 era, in light of changing values and behaviors, diversifying work styles, and increasing awareness of sustainability, and accurate investment decisions will be required.	Daibiru's accumulated expertise in the operation and construction of office buildings is its greatest point of differentiation. In Japan, Daibiru has a strong business base in Tokyo and Osaka, and is promoting redevelopment in Sapporo. Overseas, the company owns office buildings in Vietnam and Australia, and plans to expand the scale of its business by targeting Asia, which is expected for a continuous growth.
 **Ferry and coastal RoRo ship business** LNG-fueled ferry "Sunflower Kurenai"	In the short to medium term, domestic marine cargo transportation demand will increase due to the modal shift caused by the 2024 problem*1. On the other hand, the long-term trend of domestic cargo transportation demand needs to be closely monitored due to the declining population. In addition, the possibility cannot be denied that the next modal shift may occur due to technological innovation, such as the practical application of EV trucks and autonomous driving.	We are leading the industry in environmental strategy with the introduction of two LNG-fueled ferries, the first of their kind in Japan. Through the merger of MOL Ferry Co., Ltd. and Ferry Sunflower Limited, we will concentrate our management resources and focus on cargo transport, which is expected to generate stable earnings, while refining the "casual cruise concept"*2 to significantly increase passenger transport earnings.
 **Cruise Business** Cruise ship "Nippon Maru"	The end of the COVID-19 pandemic and the return of the luxury cruise market to a growth trajectory have provided growth opportunities for our cruise business. Expecting our cruise services to be recognized and chosen by both Japanese customers and inbound customers as a new vacation option.	Unlike major foreign cruise lines, which mainly offer large-scale services to the Caribbean and prominent European destinations on large vessels, MOL's cruise services mainly utilize small vessels to visit ports in Japan. We provide high-quality, authentic services that can be realized only because we are based in Japan, and that allow customers to experience the true essence of Japan.

*1 There is concern about a possible shortage of transportation capacity due to overtime caps to be imposed on truck drivers effective April 2024.
*2 The Group proposes an elegant and comfortable cruise that can be enjoyed in casual clothes. (https://www.mol.co.jp/casualcruise-sunflower/)

Environmental Strategy

The need to address environmental issues on a global scale, as manifested by GHG reductions, has created opportunities for new businesses, and has also meant the addition of "environmental preservation" to the traditional needs of our customers (in the shipping industry, safe operation with competitive freight rates, for instance), which is a different perspective than before. Our environmental strategy is to promote efforts to address one of our Sustainability Issues (Materiality), "Environment - preservation for marine and global environment," and at the same time, to link this to the expansion of our business.

Investment in environmental strategies from FY2023 to FY2025 (cash-out basis)

(¥ billion)

	Already decided	New	Subtotal
Reduction of the Group's GHG emissions	190	160	350
Expansion of low-carbon and decarbonization energy projects	190	110	300
Total	380	270	650

Reduction of the Group's GHG emissions

The number of customers who want to make their supply chains cleaner and promote GHG reduction throughout the value chain of their products has steadily increased over the past few years. And even if these trends sometimes come to a standstill, they will not stop as a major trend.

The strategy of using the reduction of GHG emissions from transportation services as a differentiating factor itself is not new, as it is a direction that many shipping companies are pursuing. However, in order to introduce new technologies for this purpose, it is necessary to establish and implement a system that can reliably provide transportation services through strong relationships with suppliers and partners at each stage, from concept creation, basic design, detailed design, construction, and operation, and to have the financial resources necessary for these activities. In addition, when collecting data to promote efficient operation, having a fleet size above a certain level is itself an advantage.

MOL's history of handling various types of vessels and working on numerous projects of high technical difficulty has given us access to influential business partners and suppliers both domestically and internationally. In addition, the booming containership market over the past few years has provided us with a strong financial base that enables us to make aggressive new investments. By leveraging these strengths and taking the lead in introducing technologies to reduce GHG emissions, we aim to be recognized by our customers and become the leader of choice.

Joined the First Movers Coalition* (FMC)
(Second from right: Takeshi Hashimoto, President and Chief Executive Officer)

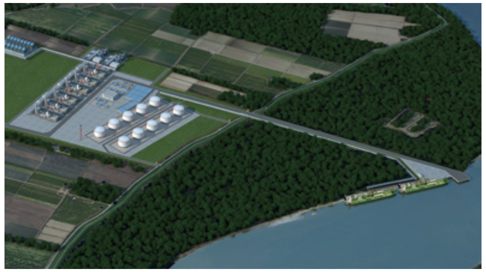
*A group of companies, sponsored by the World Economic Forum, and established to stimulate demand for decarbonizing technologies.

Wind Challenger Project

Please visit the website for more information on the Wind Challenger Project.
https://www.mol.co.jp/en/bam/001/

Expansion of low-carbon and decarbonization energy projects

Various players, including major energy companies, are competing around the world in wind and solar power generation sectors, as well as for green hydrogen and ammonia production projects utilizing such renewable energy. MOL has three different business activities: (1) transportation of such new energy, (2) transportation of materials and personnel required for construction and maintenance of production facilities, and (3) consumption of new energy as marine fuel. Taking advantage of this unique position, we are working to make the low- and zero-emission energy businesses sector a pillar of future earnings, while sometimes investing in production projects themselves.



Site image - Clean Ammonia Production and Transportation Project, Louisiana, USA

Please visit the website for more information on Clean Ammonia Production and Transportation Project.
https://www.mol.co.jp/en/pr/2023/23080.html

Disclosure based on TCFD recommendations

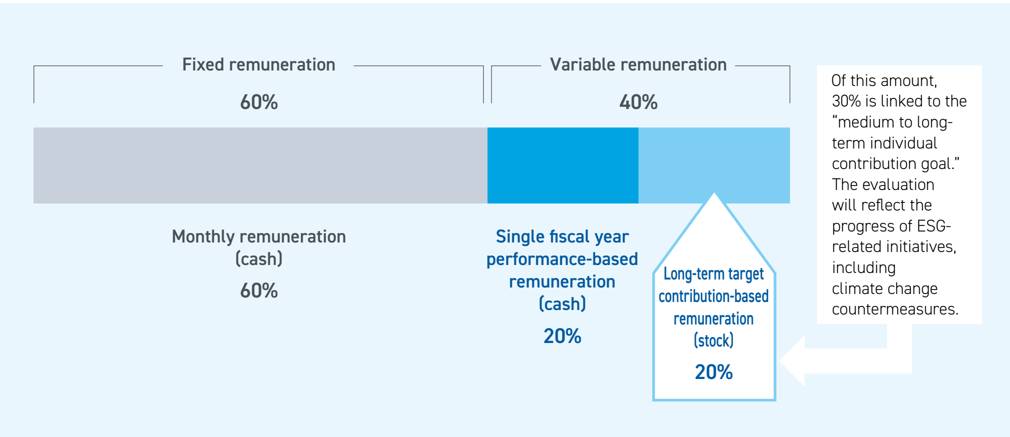
We are conducting scenario analysis using the TCFD framework for the ultra-long-term range up to 2050, and are striving to understand a range of possible risks and opportunities posed by climate change as well as proactively disclose information. In order to implement our environmental strategy and address sustainability issues in an integrated manner, we have developed a management plan consistent with the scenarios we have analyzed and have incorporated climate change impacts into our business strategy.

Governance

The Environment & Sustainability Committee, a subordinate body of the Executive Committee, attended by key executives, has been established to deliberate on issues related to overall sustainability. After deliberations by the committee, important matters are reported, discussed, and resolved at meetings of the Board of Directors and the Executive Committee.

In order to further strengthen the commitment of the executive team, the Company operates a system in which director remuneration is linked to climate change-related results. Of each executive director's long-term target contribution-based remuneration, 30% reflects the progress made in addressing climate change and other ESG-related issues.

Remuneration Structure (Model Remuneration Assuming Achievement of Performance Targets)



Strategy (risk/opportunity)

In order to identify risks and opportunities associated with climate change from a long-term perspective, understand the impact on our business, and incorporate appropriate measures into our management plan, we conduct climate change-related impact assessments through analysis of multiple scenarios, including the 1.5°C scenario, with 2050 as the target year.

	Specific examples of risks and opportunities	Impact Details
Transition risk	Rising carbon prices	• If the European Union Emissions Trading Scheme (EU-ETS) is applied to international shipping, it is estimated that about ¥5.0 billion will be charged annually. • In addition to the substantive measures to reduce emissions through the introduction of alternative fuel vessels described below, it is possible to mitigate the cost increase by reflecting it in shipping rates in light of past business practices, therefore, the risk is not expected to be significant.
Physical risk	Flood/typhoon	Although there is a possibility of a decrease in transportation volume due to the disruption of supply networks caused by floods and typhoons, we believe the impact will be minimal, as business risks are generally hedged through contractual arrangements such as time-charter contracts and securing alternative routes.
	Decrease in forest area	Even if a fire were to occur in one region and reduce the forest area, which could result in a decrease in timber cargoes, it would have minimal impact on the volume of transportation, unless it occurs simultaneously around the world, since it is believed that another production area can replace that forest area.
	Rise in sea level	Due to the rise in sea level, there is a possibility that the draft restrictions at the port may be relaxed, which could slightly increase the amount of cargo that can be loaded, but the impact on the business will be small.
Opportunity	Introduction of alternative fuel vessels	We believe that the sequential introduction of LNG and ammonia/hydrogen-fueled vessels will mitigate the impact of rising carbon and fuel prices, and conversely lead to a competitive advantage in the low-carbon-oriented market.
	Increased demand for efficient operation and energy-saving equipment	We believe that by offering a comprehensive combination of our efficient navigation technology and energy-saving know-how, we can gain a competitive advantage in the low-carbon-oriented market.
	New business opportunities associated with clean energy	As new supply chains for clean energy such as offshore wind power generation, ammonia, and hydrogen are established, we assume that we can find opportunities for new businesses anywhere that have a high affinity with the expertise we have developed in our existing businesses.

Strategy (financial impact)

We also assess the quantitative impact on our business if each scenario were to materialize. Specifically, we focus on our assessment of the following factors, which are considered to have an impact on our business:

(1) Changes in cargo movements, (2) fuel costs, (3) carbon tax,
(4) introduction of alternative fuel vessels, and (5) new business opportunities.

In either scenario, we verified that the transition plan set forth in Environmental Vision 2.2 would function as an appropriate mitigation measure and demonstrate sufficient resilience.

Particularly Significant Risks and Opportunities Identified through Scenario Analysis

Projected effects on profit through 2050 under the 1.5°C scenario

Change in marine cargo movements	Introduction of carbon tax	Change in fuel costs
-¥10.0 billion	-¥270.0 billion*	+¥40.0 billion

*Monetary impact if all vessels continued to use oil fuels until 2050

Specific measures in the transition plan of MOL Group Environmental Vision 2.2 and the effect on ordinary profit in 2050

Introduction of clean alternative fuels Mitigation of the carbon tax impact through emission reductions	Expansion of low- and zero-emission energy businesses Offshore wind power generation-related businesses and ammonia and hydrogen transport, etc.	Reflection of higher costs in freight rates	Introduction of energy-saving technologies Boosting of vessel operating efficiency
+¥120.0 billion	+¥30.0 billion	+¥110.0 billion	+Further improvement of profits

Ensuring resilience to climate change-related risks by implementing the mitigation measures set forth in MOL Group Environmental Vision 2.2

Strategies (example of response measures: basic concepts related to physical risks)

Vessels are inherently resistant to direct physical risks due to their ability to freely navigate the seas, and the risks to be considered are mainly indirect risks, such as the impact of supply chain disruptions on transportation demand. Since the degree of impact on our business in the event of indirect risks varies greatly on the cargo to be transported and the risks that emerge, therefore, we proceed with our analysis after identifying and organizing the major cargoes and risk events as comprehensively as possible.

When an event such as a supply chain disruption occurs, it often affects many areas of the shipping industry and has compounding consequences, which may not necessarily have a negative impact on our business. Please refer to the relevant page on our website for detailed disclosure regarding the examination of physical risks that take into consideration the characteristics of the industry.

More detailed information on disclosures based on TCFD recommendations can be found on our website.
https://www.mol.co.jp/en/sustainability/environment/tcfd/

Risk Management

By classifying major risks related to our overall businesses and mapping these risks based on their impact level and likelihood of occurrence, we are preparing to identify important issues. Identified as a major risk through this process, climate change is being further classified and assessed by the Environment & Sustainability Committee.

Indicators and Targets

MOL conducts management based on a variety of indicators and targets. For example, we disclose emissions intensity and Scope 1, 2, and 3 GHG emissions, and we have incorporated these indicators into the medium- and long-term targets set out in MOL Group Environmental Vision 2.2. Also, we set quantitative targets in management plans for investments in low-carbon and decarbonization fields and conduct related performance management. Further, our decisions on investments reflect carbon prices that are calculated by using internal carbon pricing.

Special Feature: MOL Group's Offshore Wind Power Generation-Related Business

The offshore wind power generation-related business is an area with synergies with the Group's existing businesses and has the potential for sustainable growth amid the rapid shift from fossil fuels to renewable energy. For the Group, which is engaged in the shipping businesses, responding to climate change is an unavoidable and urgent issue. The Group will not only reduce its own GHG emissions, but also contribute to reducing the emissions of society through the expansion of our low- and zero-emission energy businesses. This special feature highlights the competitive advantages of the Group in the offshore wind power generation-related business, as well as the specific initiatives it has undertaken.


Offshore wind farm


Marine consulting


Heavy goods transport


Installation of power generation equipment (SEP vessels)


Provided by KDDI Cableships & Subsea Engineering Inc.

Power cable laying vessel business


Maintenance (technician transport)

Competitive advantage in offshore wind power generation-related business

1 Affinity with the knowledge of the MOL Group, which has been working at sea for nearly 140 years

Offshore wind power generation is a wide-range industry, with much of its supply chain extending offshore. The MOL Group consists of a number of operating companies active in areas peripheral to offshore wind power generation, including marine consulting, towing, coastal shipping, heavy goods transport, and logistics. We expect synergies with the knowledge and resources we have developed as a group for the entire offshore wind power generation value chain. In addition, our worldwide network and good relationships with domestic and overseas partners in the marine transport business will help us to enter not only the domestic market, which is expected to expand rapidly, but also the European market, which is leading in offshore wind power, and the emerging markets, which are expected to develop in the future.

2 Enhancing the sophistication and quality of peripheral business services by participating in the power generation business

In order to anticipate the standards and needs of the offshore wind industry, we believe that our involvement in the power generation business itself, which is the core of this industry, will enable us to enhance the sophistication and quality of our peripheral business services, which is one of the strengths of our Group. By combining and packaging these peripheral businesses, we will provide comprehensive services and one-stop services that can only be offered by our Group. For example, fixed-bottom offshore wind farms are currently the mainstream, but floating offshore wind power* projects are highly promising. We are the only company in Asia with experience in owning and operating FSRUs, and the floating offshore wind power business is an area where we can utilize our knowledge and expertise in offshore businesses and offshore structure operation. As the floating offshore wind turbines are installed at a longer distance from the coast, their supply chains are also expected to be longer and larger. We are positive that our strengths can be utilized throughout the entire process, including towing, installation, mooring, maintenance, and operation of wind turbine components and foundations (floating structures).

*It is said that the water depth at which fixed-bottom wind turbines can be installed is generally about 50 meters, so the available sea area is limited. Large-scale offshore wind farms can be developed by utilizing floating wind turbines, which are not limited by water depth.


SOV transporting maintenance technicians to an offshore substation

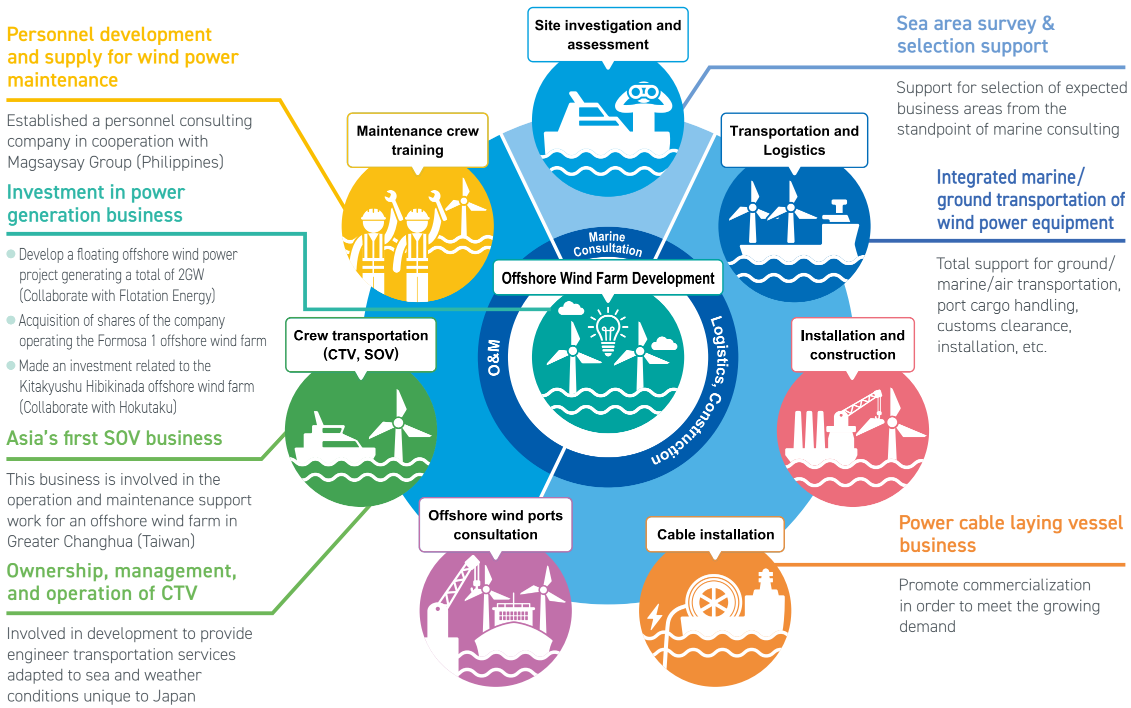
Photo provided by Ørsted

Overview of the entire value chain of the offshore wind power generation business and the Group's initiatives

The value chain for offshore wind power generation consists mainly of the development and operation of power generation projects, and the MOL Group provides a wide range of services in peripheral business fields, from project startup to maintenance and operation. In the development stage, our marine consulting company conducts surveys and assists in selecting the potential project area.
In the transportation of wind power generation equipment, we provide integrated sea and land transportation services for heavy cargo such as wind turbines and foundation components, as well as loading and unloading services in ports. In the construction and installation phases, we have accumulated knowledge through indirect ownership of shares in a company that owns and operates SEP vessels. We are also considering the commercialization of power cable laying vessels based on our more than 50 years of experience in ship management and operation of telecommunication cable laying vessels. At the maintenance and operation phase after the start of operation, we provide Service Operation Vessels (SOVs) and Crew Transfer Vessels (CTVs) as transportation for maintenance technicians (see Pickup Column). For the development of offshore wind power maintenance personnel, we plan to construct a training facility dedicated to the operation and maintenance of offshore wind power generation jointly with Hokutaku, a company specializing in maintenance for wind power generation facilities, and provide training that assumes the unique risks associated with offshore wind power generation.

The Group is actively expanding its business beyond transportation and is the first in the Japanese shipping industry to participate in an offshore wind power generation business. It is also the first company in Asia to own and operate a newly built SOV. While refining the advantages we have cultivated through our long history in the shipping industry, we will strive to be recognized as an essential partner by the diverse players in this industry through our group-wide efforts in offshore wind power generation-related businesses.

The overall image of the entire value chain of the offshore wind power generation business and the Group's initiatives



Entry into SOV and CTV businesses


SOV "TSS Pioneer"


CTV "KAZEHAYA"

TSS Pioneer, the first SOV in Asia owned and managed by a joint venture established with a Taiwanese partner, is on a long-term charter to Ørsted, the world's largest offshore wind farm operator, and is engaged in maintenance support for the largest offshore wind farm in Taiwan being developed by the company.

In addition, several CTVs will be engaged in the construction of the Ishikari Bay New Port Offshore Windfarm and the transportation of offshore wind turbines and onshore workers. In addition, our CTV is the first coastal CTV certified under the ISM Code, an international standard for the safe management and operation of ships, and provides world-class safe operational quality.

Regional Strategy

The essence of our Regional Strategy in BLUE ACTION 2035 is to enable growth in the future key economic regions of the world. We do this by empowering our local offices, strengthening market focus, and ensuring speed and quality of decision-making. We started this initiative in 2022, with India as a model case.

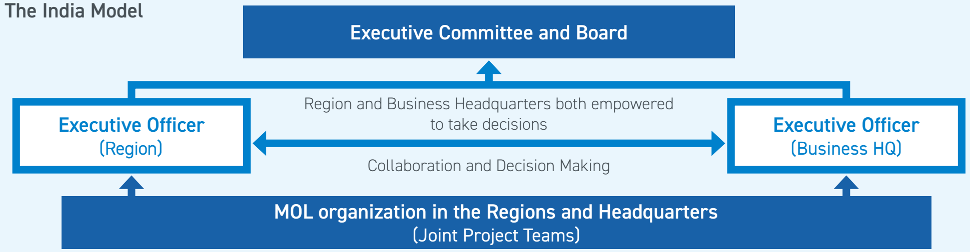
India is growing strongly and is expected to become the world's third-largest economy this decade. Improved governance, a dynamic business sector, widespread adoption of digital technologies, talented human resources and balanced foreign relations make it an attractive destination for long-term investment.

We introduced a new organization structure in 2022, with an empowered regional team and a joint working arrangement between region and head office.

Sakura Energy's first ship, the VLGC Hisui

CEO Hashimoto inaugurates new Mumbai office extension

The India Model



After careful review, we decided to adopt the 'India Model' globally from 2023. We expect to see more initiatives led by each of the other regions: Asia-Oceania, Europe & Africa and North & South America.

Major achievements in FY2022 under our strategy for the business in India

- Additional four vessels deployed through our Indian subsidiary, Sakura Energy Transport (total 9).
- Entry into new segment, i.e. product tankers. Leveraging India's unique position as a major petroleum refiner and exporter of products to the Middle East, Europe and elsewhere.
- Substantial increase in volume of pure car carrier (PCC) business with auto-makers in India, for export of their vehicles to the Middle East and elsewhere.
- Over 15% growth in the logistics forwarding business, with 2 new offices opened and a substantial increase in staff.
- Transfer of LPG vessels to our Mumbai-based ship management team, utilizing our Indian maritime human resource pool, potentially opening up new avenues for our global fleet management

Learning from the experience in India

Our objective is to enhance our competitiveness as a modern organization delivering excellent service to customers. Our India experience has helped us identify many opportunities to improve our global work practices.

- Merging multiple local subsidiaries to break down silos and leverage the MOL brand
- Nurturing talent, developing skills, rewarding performance and improving management practices
- Implementing a 'One MOL' HR system across businesses to develop a customer-focused workforce

Ajay Singh, Managing Executive Officer (South Asia – Middle East Region)

"Retaining the trust and affection of customers through service that efficiently meets their needs is fundamental to success in any business.
MOL's regional strategy places the customer at the center of everything we do. It aims to accurately identify customer needs, correctly judge the business environment, swiftly develop opportunities and deliver high-value service. All else – including our internal arrangements – is to be organized to achieve this goal. We grow by facing and solving problems, reviewing work practices, trying new ways and learning from setbacks. This is the spirit of MOL's team."

Wataru Funabiki (right), **leader of Indian Ocean Rim Strategy of Car Carrier Business in FY2022**

"After working in India for 4.5 years, I've come to appreciate the significant potential of the Indian market. I've gained insights into the competitive landscape, unique customer preferences, and local business practices. More importantly, as an expat, I've been able to effectively relay these insights to our head office, contributing to the development of our regional strategy. This strategy now serves as our roadmap for resource allocation and sales & operations planning. In line with this strategy, we've been able to expand our service network in the region, more than tripling its size* in the past 3 years"

*Number of voyages

Sustainability Issues (Materiality)

We have identified five "Sustainability Issues" (materiality), which are social issues that should be prioritized throughout our business. This was identified with an awareness of two aspects (double materiality): not only the impact that the environment and society have on the Group, but also the impact that the Group has on the environment and society.

In BLUE ACTION 2035, we have positioned "Safety," "Environment," "Human Capital," "DX," and "Governance" as the five most important sustainability issues to further promote our efforts to address sustainability issues and have formulated a vision that defines our basic approach and the desired image. By integrally promoting management plans and addressing issues, we will strive to improve the corporate value of the Group through the realization of the Group vision and contribute to the realization of a sustainable society.

Sustainability Issues

Safety & Value

Provide added value through safe transportation and our social infrastructure business

Initiative themes

- Value through our core business
- Safety levels
- Creation of new added value

Safety vision (under development)

P29

Environment

Conservation for marine and global environment

Initiative themes

- Climate change countermeasures
- Preservation of marine environment
- Protection of biodiversity
- Prevention of air pollution

MOL Group Environmental Vision 2.2

P31

Human & Community

Contributing to the growth and development of people and communities

Initiative themes

- Diversity, Equity & Inclusion
- Mutually empowered
- Highly engaged
- Growing together with local communities

MOL Group Human Capital Vision

P33

Innovation

Innovation for development in marine technology

Initiative themes

- Groupwide adoption of clean energy
- Increasing the energy efficiency of vessels
- ICT utilization for safe, efficient operation
- Digital transformation (DX)

MOL Group DX Vision

P35

Governance

Governance and compliance to support businesses

Initiative themes

- Management transparency
- Information security
- Responsible procurement
- Respect for human rights
- Fair trade
- Bribery prevention

MOL Group Corporate Governance Policy

P43

Sustainability Plan

We have developed a sustainability plan, "MOL Sustainability Plan," which sets targets, KPIs, and action plans for each sustainability challenge. By addressing sustainability issues and incorporating specific action plans as part of the management plan, we are working to further integrate our sustainability initiatives into management. By steadily implementing the "MOL Sustainability Plan," we will strengthen our efforts to resolve sustainability issues, appropriately measure the effectiveness of our efforts, and implement appropriate improvement activities.

For details, please refer to our sustainability website.
https://www.mol.co.jp/en/sustainability/management/issues/

Initiatives for Sustainability Issues (Safety)

Expanding the Scope of Safety Initiatives "Safety Vision"

The Group has leveraged the knowledge and networks it has cultivated in the shipping business to develop various social infrastructure businesses that go beyond marine transportation, such as offshore businesses. These new businesses must also be based on "safety," the most important foundation of our value creation. For this reason, we will expand the scope of our safety efforts and formulate a new safety guideline "Safety Vision" that encompasses not only shipping but also non-shipping businesses, as well as a concrete action plan for this new safety guideline by the end of this fiscal year.

One of the pillars of this plan is the advancement of safety levels through technological innovation. By proactively adopting new technologies and utilizing digital technology, we will reduce the burden on various sites, including onboard vessels, and create an environment that enables us to focus on safe navigation and operations. In new business areas, human resources with know-how and a high level of expertise cultivated in the field are indispensable. In marine transport, there is an ever-expanding field that requires expertise learned on the ground, such as the introduction of new fuels to achieve net zero emissions, not to mention the conventional management of vessels. As we transform our business portfolio, we will work to further improve safety levels in conjunction with human capital and DX initiatives.

Changes in the internal environment

- Expansion of business areas in both shipping and non-shipping
- Expansion of the fields where seamen are expected to be involved

Changes in the external environment

- Stakeholder requirements for safety and security
- Increased risks in terms of geopolitics, natural disasters and security (including cyber risks), etc.
- Evolution of Technology

Direction of MOL Group Safety Vision

Establish a culture of safety across regions and business units

1 Outstanding capability in risk and crisis management

2 Training and recruitment of seamen, and appropriate allocation

3 Evolution and innovation of safety quality by "technology innovation"

"S" in MOL CHARTS = Safety
Pursue the world's highest level of safety culture

- Maintain a safety first attitude and strive to reinforce safety awareness
- Return to basics by comprehending workplace safety

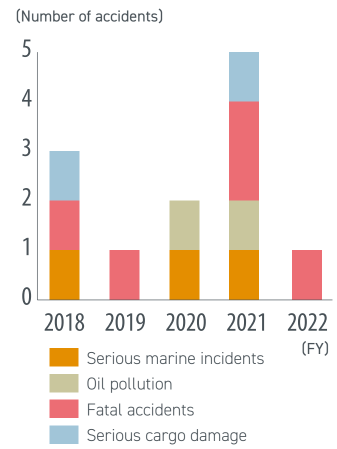
ZERO TOLERANCE FOR FATAL ACCIDENTS AND SERIOUS MARINE ACCIDENTS

- Eradication of fatal accidents and serious marine accidents

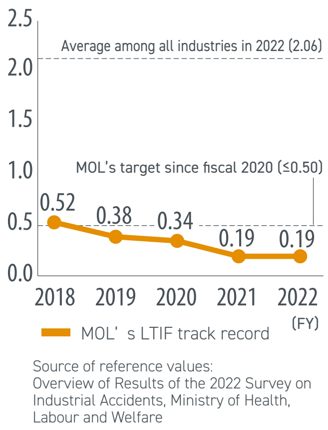
Safety Levels Improvement Initiatives (1) (Quantitative Evaluation of Safety Levels)

To quantitatively evaluate safety levels and visualize the process of achieving it, we use the "4 ZEROES" ((1) Zero serious marine incidents, (2) Zero oil pollution, (3) Zero fatal accidents, and (4) Zero serious cargo damage), LTIF (lost time injury frequency),*1 average downtime,*2 and downtime frequency rate*3 as ongoing targets and indicators.

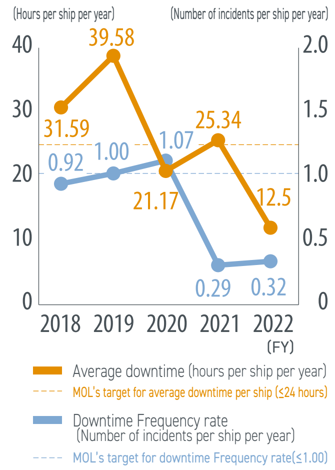
4 ZEROES Note: All items that apply to a single accident are counted, including chartered vessels



Lost Time Injury Frequency



Average Downtime/ Downtime Frequency Rate



*1 The number of work-related accidents per one million hours worked.
*2 The amount of downtime due to mechanical malfunctions or incidents per ship per year.
*3 The number of mechanical malfunctions or incidents that result in downtime per ship per year.

From fiscal 2021, the scope of the data has been expanded to include all vessels operated by the MOL Group (approximately 800 vessels), including vessels owned and managed by MOL and chartered vessels. Given the magnitude of the impact caused on the environment and local communities due to accidents, and the need to pursue high-quality transportation services regardless of the type of vessel ownership, we should be proactively involved in the safety management of chartered vessels, and we will ensure the safety levels of all vessels in operation by using the same indicators to measure both owned and chartered vessels. In addition, we will place importance on the safety of "PEAR" (People, Environment, Asset, and Reputation) with respect to a wider range of safety issues, including non-shipping operations, in light of future business development.

Safety Levels Improvement Initiatives (2) (Operational Support from Land)

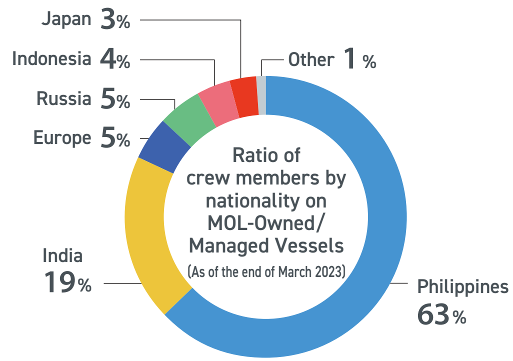
Since its establishment in 2007, the Safety Operation Supporting Center ("SOSC") has provided operational support for all MOL-affiliated vessels on a 24/7 basis by on-duty personnel including experienced captains. In March 2023, the facility was renovated with the installation of a large video wall system and is now operating as the center of safety operations and crisis management for our fleet.

SOSC

Crisis Response Room

The SOSC is capable of simultaneously displaying on a large screen a large number of information necessary to support the safe operation of the approximately 800 vessels operated by MOL, including chartered vessels. The information monitored by the SOSC is not limited to vessel location information, but also includes weather and sea conditions, information on piracy damage, military exercises, etc., navigation plans for MOL-operated vessels, and advance detection of intrusion into waters with high stranding risk. Based on this composite information, we monitor the movements of our vessels while assessing risks, and contribute to safe operations by providing necessary information to the vessels and other related parties in a timely manner. On the same floor is the Crisis Response Room, which is used for serious maritime accidents and other similar incidences, and it works as a system that enables seamless sharing of information on the situation at the site monitored by the SOSC.

Recruiting and training seafarers from different nationalities



We employ a wide range of crew members from various nationalities in Asia, mainly from the Philippines and India, as well as Europe, so that we can flexibly respond to the assignment of high value-added vessels such as LNG carriers and to changes in the business environment. As for seafarer education, we are implementing a comprehensive seafarer education and training program for new seafarers to captains and chief engineers, utilizing resources such as training facilities located at six sites across the world, with the aim of developing seafarers who can achieve the world's highest standards of safe ship operation. The effectiveness of this program has been recognized and certified by the Norwegian classification society Det Norsk Veritas AS (DNV).

The MOL Magsaysay Maritime Academy (MMMA), a self-operated merchant marine academy opened in the Philippines, is further promoting the education of new Filipino staff who will play a part as a source of seafarers for our fleet. MMMA trains not only seafarers who can be immediately effective on board, but also trains those who can utilize the know-how cultivated in the field to play an active role in a wide range of business fields in the future. Specifically, we employ a coaching style of education that encourages students to think, understand, and act proactively, and we focus on education that fosters leadership and a sense of contribution through proactive participation in community contribution activities by the students themselves. Approximately 200 of the 1st and 2nd batch of students who enrolled at the time of the school's opening are currently undergoing practical training on vessels owned by MOL (as of June 2023). The first group of students will be onboard in early 2024 as third officers and third engineers with immediate effect.

Education at MMMA

Initiatives for Sustainability Issues (Environment)

Climate change and other environmental issues are our top priorities in order to enhance our corporate value and realize our group vision. MOL has formulated the MOL Group Environmental Vision, a comprehensive policy for addressing environmental issues, and has become the first in the shipping industry to set a goal of net zero emissions by 2050 and disclose a specific roadmap in line with the Paris Agreement's 1.5-degree target. As one of the first movers in marine transportation, which is indispensable to the global economy, we will contribute to the sustainable development of society and establish a competitive advantage in a low-carbon and decarbonized society by being among the first to provide transportation services with reduced GHG emissions.

Overview of Environmental Vision 2.2

In our Environmental Vision, we have set five actions to achieve our mid- to long-term targets and are steadily reducing GHG emissions and emissions intensity. In April 2023, the MOL Group Environmental Vision 2.2 was updated to include the development of interim milestones and specific emission reduction pathways, and the progress of each action is quantified and visualized to enhance the effectiveness of our efforts.

For more information on MOL Group Environmental Vision 2.2, please visit our website.
https://www.mol.co.jp/en/sustainability/environment/vision/

Medium- to long-term targets

- **In the 2020s** — Deploy net zero emissions ocean-going vessels
- **By 2035** — Reduce GHG emissions intensity by 45%
- **By 2050** — With the concerted effort throughout the Group, achieve net zero GHG emissions

Five actions to achieve medium- to long-term targets

- ACTION 01 Adopt clean energy
- ACTION 02 Further adopt energy-saving technologies
- ACTION 03 Efficient operations
- ACTION 04 Build business models that enable net zero emissions
- ACTION 05 Expand low-carbon /decarbonized business by leveraging the Group's collective strengths

KPI and milestones to measure progress of actions

Environmental Vision 2.2 Overall
- Amount of environmental investment: ¥650.0 billion (Cumulative from FY2023) [2025]
- Total amount of GHG emissions: 23% reduction (compared to 2019) [2030]

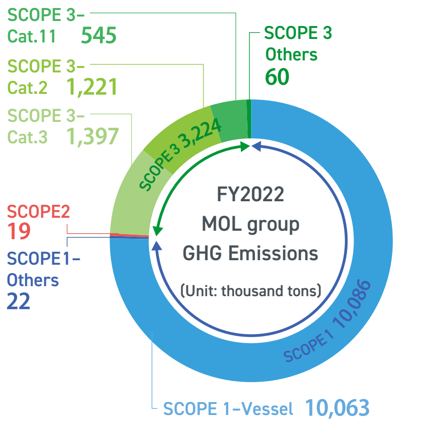
ACTION 01
- No. of LNG/methanol-fueled ocean-going vessels: 90
- Ratio of zero-emission fuel used: 5%
- Ratio of power from renewable energy for Scope 2: 100% [2030 for the above]
- No. of net zero emissions ocean-going vessels: 130 [2035]

ACTION 02
- No. of vessels equipped with Wind Challenger: 25 [2030]
- No. of vessels equipped with Wind Challenger: 80 [2035]

ACTION 03
- Improve fuel efficiency by 5% (compared to 2019) [2025]

ACTION 04
- Amount removal type carbon credits used: 2.20 million t-CO_2e (cumulative) [2030]

Total GHG emissions



- SCOPE 3-Cat.3: Emissions from the production of fuel consumed
- SCOPE 3-Cat.11: Emissions from fuel sold by the Group
- SCOPE 3-Cat.2: Emissions from the building of MOL's owned vessels
- Scope 3 Others: Total of Cat.1, 5, 6, and 7

FY2019 (base year) **14.3** million tons → Down **7%** → FY2022 **13.3** million tons

Clarifying the "Pathway to Net Zero Emissions"

The Environmental Vision 2.2 has the resolution of the GHG emissions reduction pathway toward 2050 Net Zero improved from the previous version, and the contribution of each action is quantified.

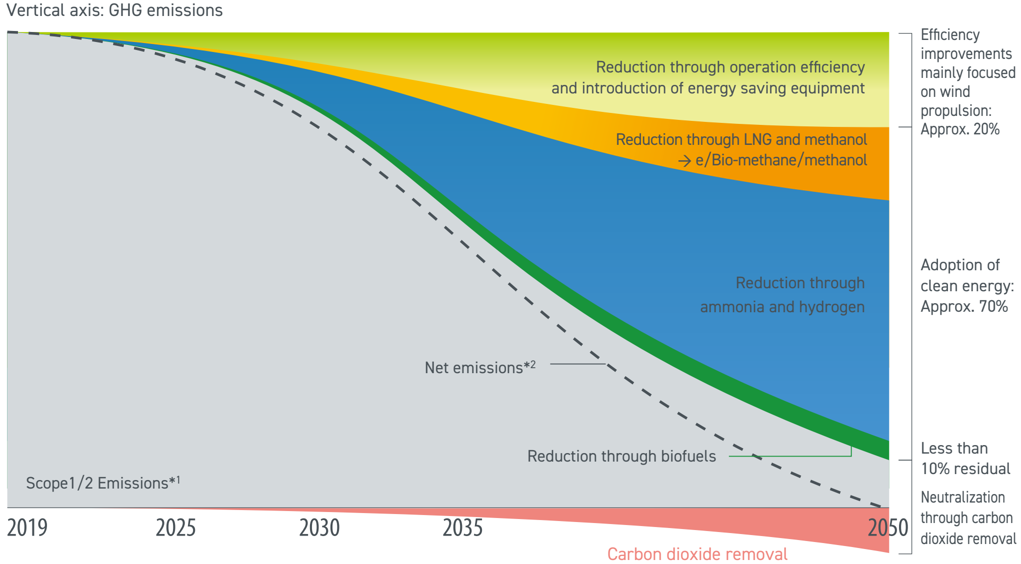
1 Efficiency improvements mainly focused on wind propulsion:

Wind, a clean and inexhaustible energy source, is used as the driving force. The Wind Challenger, a wind-powered propulsion auxiliary device developed by MOL, is expected to reduce emissions by approximately 5% to 8% on the first 100,000-ton bulk carrier, although the effect will vary depending on the size of the ship. It does not interfere with the mainstream underwater energy-saving devices that have been used in the past, and its effects can be maximized for GHG reduction by utilizing it in conjunction with measures to improve operational efficiency and fuel conversion. The first vessel has been operational since the fall of 2022, and we aim to equip a total of 80 vessels by 2035.

Watch the completion of the first ship with Wind Challenger.
https://youtu.be/3gILS7NmGZs

2 Adoption of clean energy

The adoption of clean alternative ship fuels plays the most significant role in reducing GHG emissions. There is an upper limit to the amount of GHG emissions that can be emitted globally to limit temperature rise to a certain level, and there is not much carbon budget left to achieve 1.5 degrees. On the other hand, a stable global supply system for future zero-emission fuels such as ammonia and hydrogen has not yet been established to meet the demand in oceangoing shipping, which requires a large amount of fuel. In order to be carbon budget conscious and reduce cumulative GHG emissions by 2050, we will not postpone measures, but will aggressively shift to LNG and methanol fuels, which are low-emission marine fuels that can be utilized immediately, from the ground up to ensure emissions reductions until zero-emission fuels become widely available. (See previous page for clean energy deployment milestones.) In addition, we expect that promoting a quick transition to low-emission fuels will reduce the financial impact of carbon pricing, which is anticipated to spread further in the future.



*1 Scope: MOL and all consolidated subsidiaries. Scope 3 emissions are also included in the 2050 net zero target.
*2 For the calculation of emissions for years prior to the target year of 2050, emissions will not be offset with carbon dioxide removal.

3 Neutralization through carbon dioxide removal

We aim to contribute to the removal of a cumulative 2.2 million tons of CO_2 from the atmosphere by 2030 by promoting negative emissions initiatives that remove and store CO_2 from the atmosphere through both nature-based approaches that increase CO_2 absorption by the nature, such as mangrove regeneration and conservation, and technology-based approaches that use chemical engineering techniques to remove CO_2 from the atmosphere. Furthermore, in accordance with the framework presented in the SBTi Corporate Net-Zero Standard, the Group will not offset emissions with carbon dioxide removal when calculating emissions in the years leading up to the net-zero target year (2050), but we will give priority to reducing our own emissions.

Initiatives for Sustainability Issues (Human Resources)

Basic Approach to Human Resources Strategy

In line with our BLUE ACTION 2035 corporate management plan, we have formulated our basic approach to the Group's human resources policies under the theme of "All on Board, Success through Growth," which we have then announced as the MOL Group Human Capital (HC) Vision. BLUE ACTION 2035 depicts the Group's efforts to achieve new growth through the expansion of the fields in which it operates as a sea-based social infrastructure business. We recognize that to this end, it is essential that we transform our Human Resources system, which is focused on generalists hired by the Group headquarters, overcome barriers, including the traditional organization and region, and that we build an environment in which diverse human resources can play an active role throughout the Group. In HC Vision, we set out the three basic principles of our human resources policies: Diversity, Equity & Inclusion, Mutually Empowered, and Highly Engaged, which are in line with the BLUE ACTION 2035. After having a better understanding of the gap between the current reality and what we aspire to be, we will set our targets and then monitor and disclose externally the progress of our initiatives toward achieving the targets.

Current Situation	Requirements to Achieve the Corporate Management Plan	
Headquarters play a central role and lead the entire group	**Diversity, Equity & Inclusion** The success of diverse human capital	● Enable a diverse range of human capital to flourish, regardless of nationality, gender or age ● Support various types of employment ● Ensure the right people are placed in the right positions Groupwide
Company-led human resource allocations Model focused on cultivating generalists	**Mutually Empowered** Create and run the future together	● Engage in dialogue to instill management strategies ● Develop environments and systems for each individual to autonomously enhance their expertise and improve their skills ● Keep accurate track of information on talent, giving consideration that respects the will of each individual
Study and monitor the corporate culture	**Highly Engaged** Improve engagement	● Work to enhance Groupwide engagement based on a more open culture and flatter organization

Phase 1 (FY2023 to FY2025) Targets

Looking ahead to FY2035, the target year of BLUE ACTION 2035, HC Action 1.0, which is the action plan of HC Vision, consolidates the priority human resources measures and their targets for the years FY2023 through FY2025. Specifically, we are aiming to develop and strengthen our basic systems relating to human resources, including establishing a skill matrix, which is a Group-wide set of criteria for measuring the capabilities of human resources, establishing and building a database of evaluation methods, setting definitions of job positions and implementing uniform appointments, and strengthening the capabilities of divisions managing human capital in line with the three basic principles of HC Vision.

At the same time, we are also aiming to offer up new role models. We have already incorporated elements of an open-type system for making submissions into our corporate venturing program for suggesting new business ideas. Added to this, we intend to introduce a full-fledged open job application system for positions within the Group. In June of this year, we conducted a trial of the open job application system in three departments at the Group headquarters. Measures based on HC Action 1.0 are initiatives that aim to transform the Group into a corporate group that appeals to a wide range of human resources as a place in which they can play an active role. The Group regularly reviews the effectiveness of these measures via the results of engagement surveys and updates the details of the measures, as necessary.

MOL Group HC Action 1.0

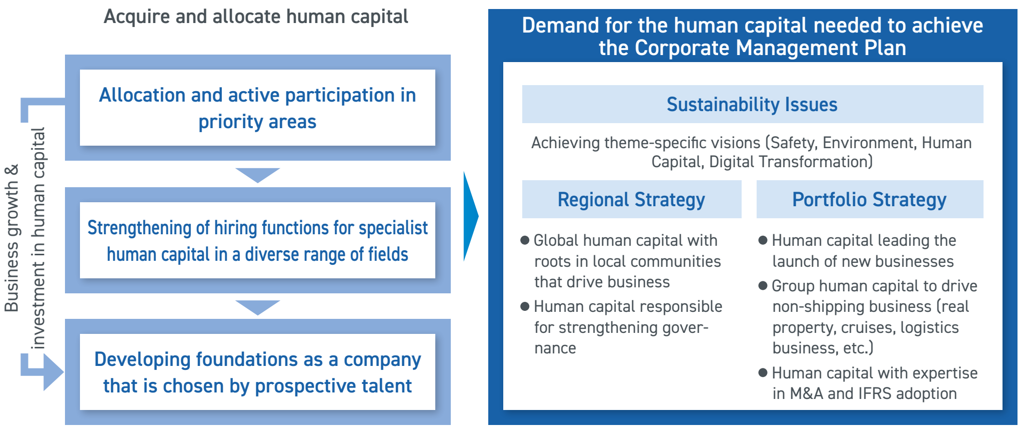
(1) Implementation of human capital acquisition and allocation
(2) Achieving the right people in the right place
(3) Implementing talent management with the use of technology
(4) Supporting autonomous career development
(5) Improvement of employees' engagement
(6) Strengthening the capabilities of divisions managing human capital
(7) Enhancement of attractiveness for Seafarers

Targets to achieve by the end of FY2025

Target	
Composition of people filling MGKP	
(1) Percentage who are women:	8%
(2) Percentage who are not from headquarters:	30%
(3) Percentage who are in their 40s or younger:	15%
(Non-consolidated) Office workers: Percentage of managerial positions filled by women:	15%
Communication implementation rate aimed at achieving and practicing the Group Corporate Mission, Vision, Values	100%
Number of transfers due to the open recruitment of positions Groupwide (cumulative figure over three years)	50 cases
Engagement Survey (ES) response rate (all Group companies)	90%
Percentage of organizations where the KPI score for "Engagement" improved in the ES (all Group companies)	70%

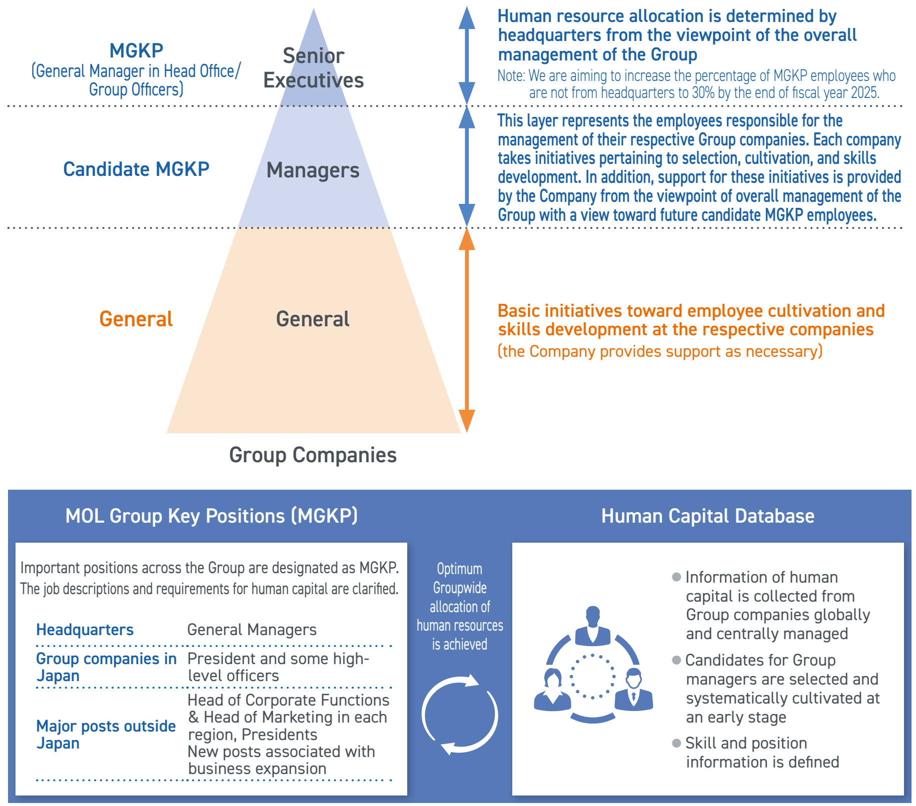
"Implementation of human capital acquisition and allocation" and "achieving the right people in the right place"

In HC Action 1.0, we have set out "Implementation of human capital acquisition and allocation" and "achieving the right people in the right place" as priority measures. Thus far, headquarters have led the entire Group. However, as we move toward a transition in our business portfolio in accordance with BLUE ACTION 2035, it will be important from here on out that we identify the necessary positions and the duties of such positions for the entire Group and realize the placement of the right people in the right places.



To this end, we will establish a skill matrix as a Group-wide set of criteria for measuring the capabilities of human resources. The skill matrix will set out the skills required of employees to work in the Group, and it will comprise the following three elements required for the respective position types: specialization, management skills, and mindset. We believe that this is a necessary measure if we are to promote integration on the human resources front through M&A-driven business expansion, which we expect to achieve moving forward. On the basis of this skill matrix, we will clarify definitions for job requirements for major MOL Group Key Positions (MGKP) that drive business execution across the Group, and evaluate the skills of candidate human resources, aiming to promote human resources regardless of the number of years of service or the departments to which they belong.

Reference Visualization of Skill Management System



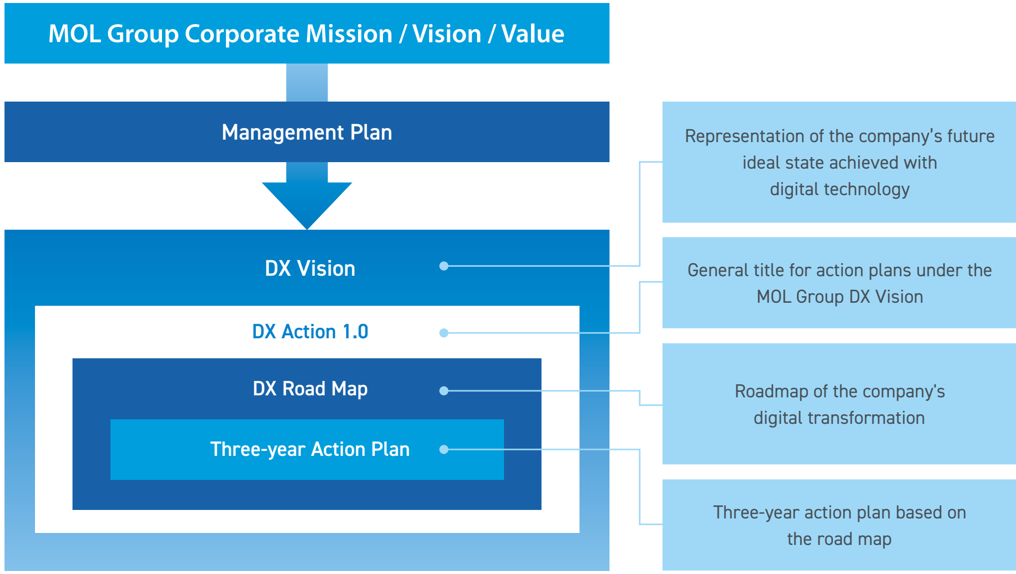
Furthermore, we intend to introduce a talent management system with a human resources database in this fiscal year that will enable us to better visualize the skills and experience of our employees. With this, we aim to identify and pool MGKP candidates as well as formulate training plans, including skills development and selection of junior employees bound for management positions at an early stage, while also enabling us to be more flexible in how we respond to human resource issues as we move to transform our portfolio. With regards to post-recruitment handling of employees, we will make revisions to the relevant systems, starting with those at the Group headquarters, as we seek to improve the appeal of the Group.

Initiatives for Sustainability Issues (DX)

Positioning within BLUE ACTION 2035

The business environment of today is changing rapidly, with it now being necessary for companies to optimize their business processes and business models and increase their efficiency and competitiveness through digital transformation (DX). The Group has been engaged in efforts to resolve sustainability issues through digital means, including issues pertaining to safety and the environment, as well as efforts to strengthen our competitiveness in the global market and to create new business models. For example, we have worked to optimize operations and fuel efficiency using ship operating data and AI.

In order to realize BLUE ACTION 2035, the Group is proactively engaged in digital transformation activities. In March 2023, we formulated the MOL Group DX Vision as an expression of the Group's ambitions and the MOL Group DX ACTION 1.0 action plan. With DX ACTION 1.0, we are driving change in both business and culture, making efforts toward the realization of the various strategies set out in BLUE ACTION 2035, and contributing to the successful implementation of efforts geared toward resolving sustainability issues.



Ambitions

In DX Vision, we have formulated three core concepts with regard to DX promotion by the Group.

(1) Shift from routine work to value creation and safety work
(2) Further use of integrated data infrastructure
(3) Provide training programs to all employees to nurture Change Leaders* for the future business transformation

*A person promoting changes in business models, business processes, corporate culture, etc.
A person who understands business and process issues, is able to envision the ideal state and lead the change.

We are aiming to have gone fully digital and to have optimized our business operations and organization by the end of 2025 and to have become a leading company with regard to helping resolve social issues relating to shipping and beyond through the use of digital technologies by 2035.

We believe that efforts to shift to the value creation of human resources as well as safety and environment-related initiatives, which are the mission of our marine transport business, are key. Therefore, we have set conversion rates in the form of Core KPIs for these business operations as targets for promoting DX in the Group.

Target		Phase 1 FY2025	Phase 2 FY2030	Phase 3 FY2035
DX	Conversion rate to value creation and safety work (cumulative)	10%	20%	30%

Introduction to Initiatives

Under DX Action 1.0, we have co-created a total of eight items relating to sustainability issues in the two areas of Business Transformation and Culture Transformation and initiatives for addressing each of these, which are driving changes.

Business Transformation with Digital **Change business, safety, and service**	
(1) Data	Integrate data to let stakeholders discuss effectively based on the same data set.
(2) Business Process	Create time for new opportunities and value creation through standardization, optimization and automatization of business processes.
(3) Business Management	Assure quick decision making by using daily updated information.
(4) Onboard Routine Tasks	Digitize manual routine tasks onboard and create time for safe operation.
(5) Shore – Vessel Communication	Speed up sea-shore communications and use video, MR(mixed reality) technology to improve operation and safety level.
Culture Transformation with Digital **Change people, organization, and culture**	
(6) Global Human Capital Management	Integrate corporate skills/talent information to start effectively managing the global human capital.
(7) Crews' QOL	Speed up offshore communications and provide a living environment that allows instant connection with the shore to increase seafarers' engagement level.
(8) Nurturing New Value in Employees	Provide training programs to share the skills and knowledge that lead to value creation and nurture Change-Leaders.

Introduction to Results of Initiatives

Construction of vessel owner information dashboard supporting chartering chain management

As part of our efforts toward sustainable business activities, the Group is engaged in chartering chain management activities to ensure appropriate governance in chartered vessel procurement, to improve safety levels and sustainability, and to pursue overall optimization of the Group's chartered vessels. To support the efforts, we built a vessel owner information dashboard in June of this year that comprehensively integrates both in-house and external information and collates indices for use as reference.

Traditional vessel owner evaluations were based on information obtained through Group owned and managed vessels, and had the issue in which the records of all vessels owned by shipowners were difficult to access. By incorporating global shipping data, accident information, and port state control (PSC)* information that are provided by external organizations, it has become possible to comprehensively check information that conforms to a certain standard; from basic information such as the Group's share and positioning from the perspective of the various vessel owners and the ages of Group-owned vessels to the relative positioning of each vessel owners appointed by the Group based on the accident and PSC history of Group-owned vessels. Furthermore, by putting in place a mechanism for storing the primary data sources that the Group uses in MOL PEARL—the Group's integrated platform—we have been able to automate updates and make it possible to view the latest information at all times.

In the future, our goal is to use this dashboard to quantitively evaluate the safety levels adhered to by vessel owners, including confirming whether the safety levels of vessels, vessel owners, and vessel management companies meet the standards demanded by the Group during charters and evaluating their performance after the charter. Those vessel owners who maintain a high quality of service based on the said evaluations are positioned by the Group as strategic partners with whom, based on the spirit of long-term partnership, we will work together to ensure world-leading safety levels.

*On-board inspections of foreign vessels that dock at ports. An inspector from the port country boards the foreign vessel to check whether the standards stipulated in the relevant treaty are being met; if the standards are not met, the inspector orders repairs or corrective actions.

Special Feature: Governance Meeting Dialogue Between Outside Directors and Shareholders

Outside Directors

To realize the sustainable enhancement of corporate value,
Mitsui O.S.K. Lines, Ltd. has an effective Board of Directors
that guarantees appropriate decision-making.
This special feature presents a dialogue in which MOL's outside directors
discuss their thoughts on a broad range of topics,
with a focus on the Company's governance.

Shareholders

Hideto Fujii	Outside Director [Independent Officer]
Etsuko Katsu	Outside Director [Independent Officer]
Masaru Onishi	Outside Director [Independent Officer]
Junichiro Ikeda	Chairman of the Board
Yuuichi Tezuka	Sumitomo Mitsui Trust Asset Management
Yasushi Arakawa	Asset Management One
Yasushi Kondo	Resona Asset Management
Masamichi Fujisawa	BlackRock Japan
Nariaki Hirano	Nomura Asset Management

In fiscal 2022, MOL held its Governance Meeting for the first time,
providing an opportunity for the outside directors and the chairman of the Board to have a face-to-face dialogue and exchange views with major shareholders.
Three outside directors and MOL's chairman of the Board, Junichiro Ikeda, responded to forthright questions from five institutional investors,
about topics such as the development and supervision of management strategies, remuneration and nomination, risk management, and the next management plan.

Q1 As an outside director of Mitsui O.S.K. Lines, what do you pay particular attention to and emphasize on a daily basis?

Fujii: As MOL's outside director, there are two points that are particularly important.

One is the fact that MOL operates a social infrastructure business that plays a role in economic security. It is necessary to comprehensively consider not only business profitability but also its social significance, as well as how the Company responds in the event of unforeseen circumstances. Unfortunately, although not fully acknowledged, there is a stronger need than ever for awareness of marine transport's position as part of economic security, not only by the government but also by society at large.

In the past, MOL was exposed to too much risk compared with its capital, and the focus was on how to confine those risks to within a controllable range. However, with the recent favorable financial performance, the positions of capital and risk quantity have been reversed. How to make effective use of the earned capital will be focused in the upcoming management plan.

My other emphasis is on accountability. I see this as the responsibility to make efforts to provide information in a format that is easily comprehensible for all stakeholders, not in a self-centered way. From that perspective as well, I hope that the institutional investors here today will give their frank opinions about information they have a strong interest in, and about the best ways of communicating it.


Hideto Fujii, Outside Director

Katsu: What I constantly keep in my mind as an outside director is to supervise management from an independent position representing the shareholders and investors. From that perspective, when I look back on my years as an outside director since 2016, my impression is that the MOL Board of Directors has made great strides in its effectiveness year after year. I have also seen a major increase in opportunities and time for discussions beyond the Board of Directors, such as the Nomination Advisory Committee and the Remuneration Advisory Committee, and the Corporate Governance Council. At the same time, the agenda setting of the various meetings has also become more effective, and I truly feel that the role of the Board of Directors is clearly shifting toward a greater focus on the examination and determination of strategies and on its supervisory role.

Another point that I personally emphasize is the upgrading of ESG to realize the medium- to long-term expansion of corporate value. MOL has set innovative net zero targets for reducing GHG emissions in the marine transport area, and in addition to environmental issues, MOL is closely watching social issues, such as the working conditions of seafarers.

In addition, in terms of risk management, I believe that it has become even more important to prepare for unpredictable risks that cannot be sufficiently assessed by conventional quantitative methods.

Onishi: I see my roles as an outside director as fulfilling our commitments to our various stakeholders in open and honest ways and providing full accountability in the event of unfavorable outcomes. Also, as someone who used to work for an airline, even with the differences between marine transport and air transport, from the outset, I have been vocal about safety culture and environmental measures. I am pleased to say that my opinions have been met with extremely positive responses, and most of my recommendations have been fulfilled. It was a different culture for me coming from outside the Company, so to speak, but people in MOL always show a willingness to listen. I sense that MOL has a free and open corporate culture that encourages active exchanges of opinion, generosity toward different cultures, and a visionary ethos.


Yuuichi Tezuka, Sumitomo Mitsui Trust Asset Management

Q2 Could you tell us about the reforms of the remuneration plan implemented in fiscal 2020? Also, do you think that climate change responses should be added to the evaluation criteria for directors' remuneration?

Onishi: In fiscal 2020, the director remuneration plan was revised for the first time in twenty years. Because MOL's market-oriented business has held a particularly high weight in its business portfolio until now, meaning that its performance is impacted by the circumstances at any given time, the prevailing view was that an evaluation method based on single fiscal year performance is not suitable for the business characteristics

For this reason, in the recent revisions, variable remuneration, which accounts for 40% of the whole, was divided equally between remuneration based on single fiscal year performance and remuneration commensurate with contribution to long-term targets. In addition, the latter is paid in the form of stock grants instead of monetary remuneration. As a result, it became possible that current efforts towards long-term goals were reflected in evaluations, and I feel that it has come closer to the perspective of shareholders. We have also been able to further strengthen awareness of safety by incorporating *safety*-related results in all directors' evaluations.

Katsu: I also believe that it is crucial to incorporate climate change responses into the evaluation criteria. Climate change response is already assessed in the current system, but in actual practice, it has been limited to qualitative evaluation in terms of the medium- to long-term targets of individual directors, along with other ESG initiatives.

Given its focus on marine shipping, MOL emits large volumes of GHG through the use of fuel on its vessels. Consequently, I recognize the addition of indicators related to GHG reductions in both the short-term and long-term incentive elements of the remuneration plan to further encourage countermeasures and, moreover, the disclosure of those indicators, to be key issues.

Q3 When the Nomination Advisory Committee and the Remuneration Advisory Committee evaluate the president, do you have an arrangement for the president himself to leave the room to ensure transparency?

Katsu: Because the evaluation criteria for directors related to single fiscal year performance-based remuneration are quantitative indicators, evaluation can proceed whether the person being evaluated is present or not. I assume that your question refers to whether or not the president himself should be present

Etsuko Katsu, Outside Director

during deliberations regarding the "targets for individual directors" portion of remuneration based on contribution to long-term targets, which requires qualitative judgments. Currently, the president conducts evaluations of individual directors and submits them as proposals to the Remuneration Advisory Committee. For the president's evaluation alone, the chairman confirms the contents before submission.

There is currently no arrangement for the president to leave the room while his remuneration is being deliberated, but an awareness of this as an issue has emerged internally, so we ameliorate this issue from fiscal 2023 onward.

Fujii: I agree with your suggestion considering what form would better satisfy our stakeholders. On the other hand, as you may have sensed from the discussions so far, we outside directors do not shrink from expressing severe opinions in Board of Directors meetings. We would certainly not hold back in our comments, just because the president being evaluated is present.

Q4 Could you tell us about the formulation of the succession plan for the selection of the next president?

Onishi: We have summed up the basic policy of the president's succession plan from two fronts, namely "the approaches, values, and attitudes that would lead to the results expected of the president" and "competencies." The selection of the president, Mr. Hashimoto, went very smoothly based on this approach, and I believe that we have been able to develop well-functioning mechanisms.

Fujii: A key outcome of the formulation of the succession plan has been the codification of the profile and expertise required for the next president. The members of the Nomination Advisory Committee and the Board of Directors now have a clear common understanding of what is required, including the selection process.

Employing an independent advisory committee for the nomination of the president is one way. However, I believe that people from within the Company would have a better image of the most suitable person to inherit MOL's DNA as a company engaged in social infrastructure, in addition to the character of the candidates. At this juncture, I believe that the Nomination Advisory Committee, consisting of both internal and outside directors, is the best option for conducting grounded discussions about candidate selection

Yasushi Arakawa, Asset Management One

Q5 Could you describe the development of the skills matrix and your approaches to future board succession?

Onishi: Our approach to the skills matrix was to ask ourselves what are the necessary skills in the Board of Directors of MOL. Accordingly, we have also included skills that are not being fully satisfied by the current members of the Board. In our consideration of board succession going forward, we will seek out people who will be able to fill those gaps in the Board's skills.

Fujii: At that time, accountability for easy understanding will be another key consideration. The skills matrix is simultaneously both a guideline for selecting directors and a tool for indicating how the Board of Directors will use its skills framework to address corporate governance and business. The matrix must be used to explain in ways that will engender the confidence of stakeholders.

Board succession is also one of our key issues. Having said that, to avoid misunderstandings, I would add that, in practice, the Nomination

Advisory Committee cannot be involved directly nor specifically in the individual profiling and selection of the group of junior executive candidates who will lead the next generation. Therefore, I believe it would be more appropriate for the committee to supervise and give advice on the framework for board succession. This would include whether a suitable succession plan has been prepared, how the group of candidates has been secured, and what steps the replacement process will take.

I will also add that, if we consider the appropriate size of the Board of Directors, I do not see the need to retain all the skills in-house. For example, at the moment, we need expertise regarding current geopolitical risks, but that may not necessarily be a permanent requirement. In my view, to meet those skills requirements, a more flexible and realistic arrangement would be to utilize external capabilities according to the situation at hand, for example, by appointing advisors as necessary.

Q6 I understand that you have been considering changes to the governance system to further enhance the effectiveness of the Board of Directors. Could you tell me how far those discussions have progressed?

Onishi: Discussions on changes to the governance system have taken place in the Corporate Governance Council established last fiscal year. Consisting of ten members, namely the three representative directors, three outside directors, and four Audit & Supervisory Board members (internal and outside), it is a small forum that is conducive to the free expression of opinions. As a result of discussions of the ideal Board of Directors we should aspire to, we reaffirmed our policy to move away from a management focus, in which the Board's efforts are concentrated on the deliberation of individual investments, toward a focus on the examination and determination of strategy and its supervisory role.

Masaru Onishi, Outside Director

On that basis, in our consideration of specific policies, to better understand the real-world applications, as opposed to textbook-based knowledge, we invited to the Corporate Governance Council the management executives of three companies that have different governance systems from MOL's current system of a company with an Audit & Supervisory Board, and we held interviews and discussions with them. While this process did give us a more complete understanding of other governance systems that we could adopt, conversely, it also made us realize that it would be possible to realize the desired image of the Board of Directors even with our current system. In conclusion, therefore, we chose to maintain the current governance system. We also discovered many areas for improvement, so we will work on those improvements throughout fiscal 2023.

Ikeda: Please let me add some extra comments. In the realization of a Board of Directors focused on the examination and determination of strategy and on its supervisory role, we faced the issue that, realistically, too much time would be taken up by formalistic agenda items. Under the current governance system, there are many matters that require resolutions due to the requirements of the Companies Act, and a great deal of deliberation is also devoted to individual investment proposals. Unless we significantly narrowed down the proposals presented, it would be impossible to secure enough time for examination and determination of strategy and supervision. As such, we were considering whether we should address this problem with a change of governance system or by keeping the current system but improving the way it is implemented.

The management executives of the companies we invited each gave us the same advice. They said that there was no one-size-fits-all governance system and that we should consider what would be the best model to suit our own company. We also learned that various companies employ different governance systems, but there is no significant difference in their goal, namely, a focus on examination and determination of strategy and on supervision. After thorough discussions on that basis, we concluded that a change of governance system was not necessarily a must at this juncture, and that, even with our current system of a company with an Audit & Supervisory Board, we could still adequately realize our vision for the Board of Directors by exercising ingenuity in how the system is implemented.

For my own part, I believe that the Audit & Supervisory Board has significance as a "final bulwark." MOL is not prone to internal squabbles or scandals, but in the unlikely event that the Board of Directors were to become dysfunctional, there is tremendous value in the existence of the Audit & Supervisory Board as a brake on that dysfunction.

Q7 How, specifically, do you narrow down the number of investment proposals presented to the Board of Directors?

Ikeda: We narrow investment proposals by their monetary scale. Single investments worth over 40 billion yen are matters for resolution by the Board of Directors. In the future, we hope to give some consideration to creating a mechanism for delegating the authority for long-term, stable projects that have a relatively small risk, such as LNG ships, for example.

Conversely, novel investments, even if they do not meet the 40-billion-yen threshold, are subject to proper deliberation. For example, involvement in the upstream areas of the energy business and other projects that are key to our portfolio strategy would not be left up to the executive but would be deliberated by the Board of Directors, which would ask about their strategies.

Q8 Do you consider that your equity-method affiliates, including ONE, which is a major source of GHG emissions, should also be factored into MOL's own reduction targets?

Onishi: This is slightly off-topic, but when I was serving as a director of the International Air Transport Association (IATA), an international organization for the aviation industry, the organization proposed a daring standard of capping GHG emissions at 2020 levels and not increasing them after that. As a result, the aviation industry is now adhering to this rule. This experience led to my personal conviction that, in environmental strategy, it is pre-emptive action that leads to victory, and I have expressed a variety of opinions at MOL to that effect.

They came to understand my point, which led to the formulation of the Environmental Vision 2.1 in 2021. What I found wonderful at that time was that, not only did they appoint an officer responsible for the environment, but they also established the Environment & Sustainability Strategy Division, giving the responsible officer a team for accountability and action. I think that MOL is to be commended for its emphasis on effectiveness of its environmental responsibilities.

Regarding your question about ONE, as an equity-method affiliate, MOL holds 31% of the shares in ONE, and naturally, we certainly do not take our environmental responsibilities lightly. However, the extent of responsibility is dictated by control approach. ONE has established its own environmental targets and criteria, so, at this time, our responsibility is to monitor the company's progress as a shareholder.

Q9 Based on future portfolio strategies and social changes, could you tell us about your human resources plans for the realization of the next management plan?


Yasushi Kondo, Resona Asset Management

Katsu: MOL has quite a unique arrangement, in that the chairs of both the Nomination Advisory Committee and the Remuneration Advisory Committee and the chair of the Corporate Governance Council rotate every year. Speaking from my own experience serving as chair of the Nomination Advisory Committee in fiscal 2020, the development of human resources to realize the next management plan is a key theme for us both in terms of examination and determination of strategy and supervision. In the rebuilding of the business portfolio into market-driven and stable revenue businesses, or into shipping and non-shipping business fields, we have seriously examined how we should allocate our personnel resources among the corporate, sales, and overseas divisions, and what kind of decision-making process we should employ in that regard.

As part of that examination, on January 1, 2023, a new Human Capital Strategy Division was established as an organization to promote and manage human resources strategies to support future business growth. This division will now play a central role in efforts toward HR development by appointing the right people to the right positions under centralized management, including people employed by Group companies and overseas locations. Going forward, we will increase the quantity and quality of our human resources alongside the expansion of the business portfolio. In that process, our priority will be to ensure it aligns with our management plan.

At the same time, in the area of diversity management, such as the promotion of foreign nationals and the empowerment of women in the workplace, we will publicly set KPIs and work toward achieving them. We will also similarly address areas such as training, internal advertising for vacant positions, and employee engagement measures. While feeding these areas back into the medium-term management plan, we will need to further pursue HR development in a way that contributes to the medium- to long-term enhancement of corporate value.


Masamichi Fujisawa, BlackRock Japan

Q10 Your new medium-term management plan will be launched in fiscal 2023. As outside directors, what kind of roles do you see yourselves playing in that plan?

Fujii: Since 2017, MOL has implemented a rolling management plan that is updated annually, focusing on fiscal 2027 targets. Through this approach, we have finally laid the groundwork to embark on a full-scale medium- to long-term management plan. The longer the term of a plan, the more efforts are required to convince stakeholders. In this respect, we will establish a clear vision, as well as action plans and KPIs for each phase to serve as milestones towards achieving that vision, to ensure that the plan presents a full package that is worthy of stakeholders' trust.

Katsu: In recent years, the situation in society has been extremely unpredictable. This is the reason for MOL's adoption of highly flexible rolling management plans. However, we are now at the stage where we can declare a firmer medium- to long-term plan. Management will steer it properly, and I believe that our role as outside directors in supervising management will become more important.

Ikeda: For some years now, we have been conducting Deliberation on Corporate Strategy and Vision session ten or so times a year. This is where a certain theme, such as a specific business, is selected, and we devote about 1.5 hours of the 3-hour Board of Directors meeting to debating strategy and vision related to it. In fiscal 2022, this framework was largely used to discuss the management plan.

Our very first task in that process was to discuss the broad framework of the management plan in the Board of Directors, and the executive officers have now proceeded to develop the specifics based on the discussion results. The work is proceeding, with the specific proposals developed by the executive officers being presented for Board of Directors feedback on a relatively short cycle.

Q11 Finally, could you tell us your thoughts on risk management and on the upgrading of business profitability management, including the introduction of ROIC?

Ikeda: The excellence of ROIC as an indicator is beyond dispute. Until now, shipping has been at the center of our business, and there were only small differences between individual areas, which meant that simple ROA-based management was sufficient for our purposes. However, given that we will be strengthening a wide range of non-shipping businesses, we will need an indicator that shows the extent of return against the size of the balance sheet that is used as a yardstick for comparisons across businesses. We hope to examine this point, including the expansion of the ROA concept, as a key issue going forward.

Onishi: On another topic related to risk management, for the past several years, MOL has been engaged in the interesting initiative of "megatrend prediction." These predictions are based on the World Energy Outlook (WEO) of the International Energy Agency (IEA), coupled with MOL's own expertise. A variety of factors, including environmental factors, economic factors, and demographics, have a tremendous impact on our business. The extent to which society will or is able to demand environmental actions will have a great impact on the marine transport business. Given the wide range of the predictions we make, they could aid in assessing the risk of our owned vessels turning into stranded assets, which is an issue of concern for investors. However, I believe that there is still a long way to go in utilizing them for risk management. There has been visible progress made during my involvement as an outside director, and I look forward to seeing further advances in this regard.

Nariaki Hirano, Nomura Asset Management

Junichiro Ikeda, Representative Director, Chairman Executive Officer

On the conclusion of the Governance Meeting

This was the first time that an opportunity was arranged for institutional investors and outside directors to hold direct dialogue. In my position as chair of the Corporate Governance Council, several points drew my notice.

One is that, thanks to the clear questions that were asked, I was able to reaffirm what areas each of the outside directors emphasize as they engage in the Board of Directors.

I also noticed that MOL's Board of Directors is making steady and confident progress towards strengthening corporate governance, including risk-taking.

However, this dialogue also clearly confirmed for me their awareness of the many issues that remain to be addressed, which I feel has been a tremendous outcome of this initiative.

Outside Director (Masaru Onishi, FY2022 Chair of the Corporate Governance Council)

Corporate Governance

Our Basic Concept of Corporate Governance

Under the slogan of "Taking the leap to becoming a global social infrastructure company," the Group management, whose goal is to expand its footprint in a variety of business domains beyond its conventional marine transport business, must adeptly set our course by accurately grasping the business environment, confronting risks appropriately, and effectively utilizing our management resources by maintaining our offense-defense balance. We believe that the essentials of corporate governance are fostering sustainable growth and enhancing our corporate value by making decisions promptly and boldly, guided by appropriate risk management, while ensuring the transparency and fairness of management by carefully considering the viewpoints of our diverse stakeholders and other various social requests.

Based on this belief, MOL has adopted, and announced to its shareholders, investors, customers, and all other stakeholders, the "MOL Group Three Basic Principles of Corporate Governance," which are described below. These Basic Principles indicate the MOL Group's basic policy on corporate governance and matters that it considers universally important as behavioral guidelines. MOL has also adopted the MOL Group Corporate Governance Policy, which systematically describes policies on specific initiatives based on the spirit of the Basic Principles.

In addition, we see "governance and compliance to support businesses" as one of our five "sustainability issues" (materiality). In doing this, we aim to ensure through enhancement of corporate governance and thorough compliance in order to ensure transparency in Groupwide management, build foundations for its initiatives on social issues through business activities, and establish sustainable value chains based on consideration for human rights, safety, and the environment. Such efforts are important in that they serve as a foundation for tackling other sustainability issues. In accordance with our belief that putting our management plan into action, supported by the Group's Corporate Mission and Group Values, will help lead to the resolution of sustainability issues, which, in turn, will improve our corporate value and help us realize the Group Vision, we will continue to make proactive efforts to improve corporate governance moving forward.

Please visit our website for details on our basic concept of corporate governance.
https://www.mol.co.jp/en/sustainability/governance/corporate/policy/pdf/governance-policy.pdf

MOL Group Three Basic Principles of Corporate Governance

Article 1 (Framework and Operation)
Based on the MOL Group Corporate Mission, the MOL Group Vision, and the MOL Group Values, Code of conducts (MOL CHARTS), we, the MOL Group, grow globally by enhancing corporate governance and leveraging the collective strengths of the MOL Group.

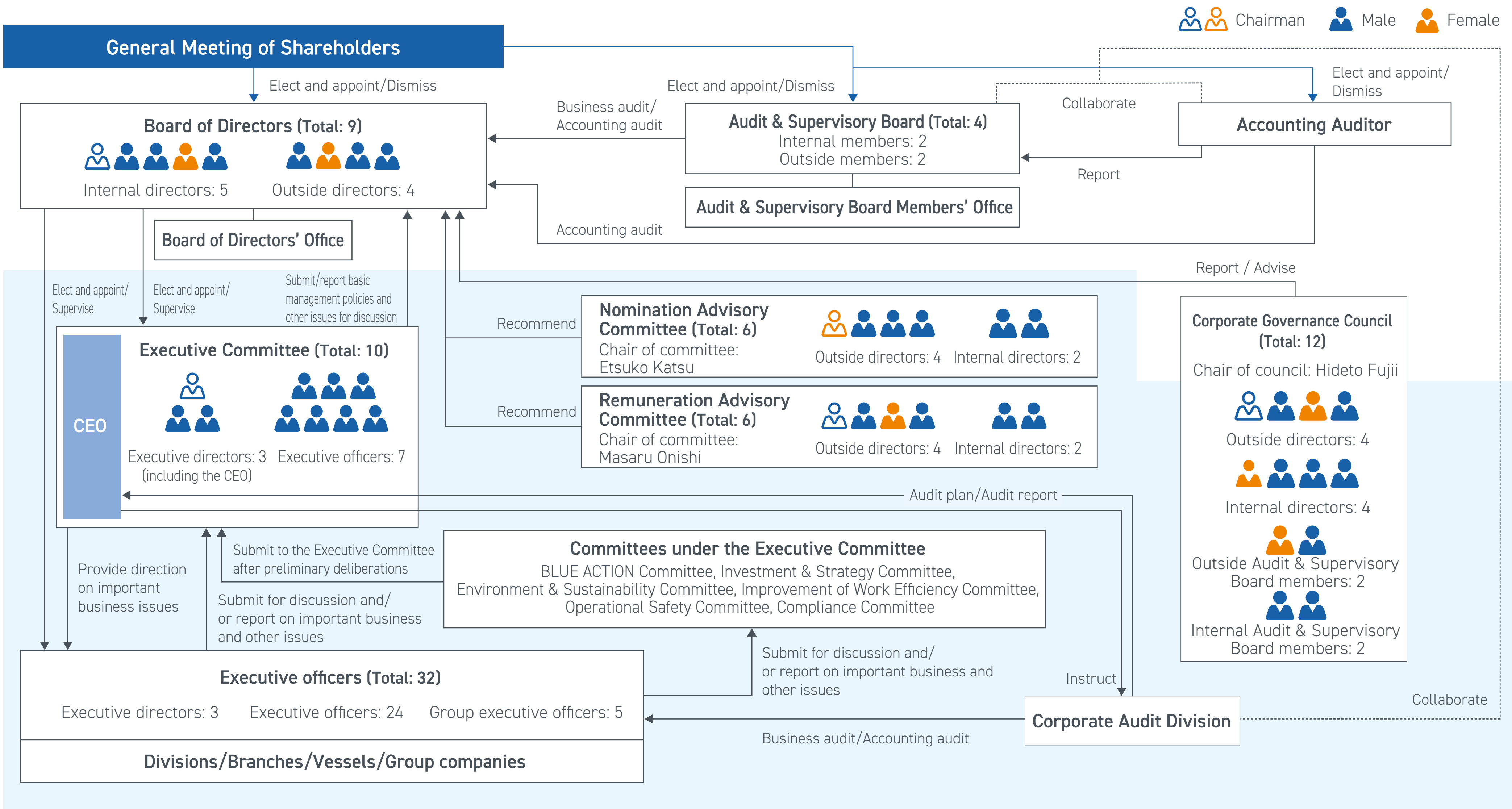
Article 2 (System)
We, the MOL Group, have established a highly effective corporate governance system befitting a strong and resilient corporate group that is growing globally to increase corporate value over the medium and long term.

Article 3 (Dialogue)
We, the MOL Group, provide new value through highly transparent dialogue with all of our stakeholders, including shareholders, investors, employees and customers.

Corporate Governance Organizational Structure

We believe that the appropriate form of governance should achieve legality, appropriateness, and efficiency of business operations by ensuring an effective supervisory framework for the Board of Directors. This is accomplished by having a mutual supervision and check mechanism among inside directors (three out of five inside directors also serve as executive officers as of June 20, 2023) who carry out business operations and by forming a Board of Directors that consists of inside directors who also carry out business operations and nonexecutive inside directors and outside directors who specialize in strategy deliberation functions and supervisory functions. The structure also secures the audit function of the Audit & Supervisory Board, which is independent of the Board of Directors. Based on this view, MOL has become a company with an Audit & Supervisory Board as prescribed in the Companies Act. The Board of Directors, by its resolution, has established a basic policy for developing a system to secure the properness of operations (internal control system). The MOL Group's officers and employees, under the president serving as the chief executive officer for management, carry out business operations in accordance with the management policy set by the Board of Directors and the above-mentioned basic policy, while being subject to supervision by the Board of Directors and audits by the Audit & Supervisory Board.

Corporate Governance Organization (as of June 20, 2023)



Board of Directors and Audit & Supervisory Board Members (as of June 20, 2023)

Please visit our website for details on the positions and duties of executive officers and Group executive officers.
https://www.mol.co.jp/en/corporate/executive/index.html

Remuneration Advisory Committee member
Nomination Advisory Committee member

Internal Directors

Director, Chairman of the Board
Junichiro Ikeda
Number of the Company's shares held: 122,591 shares
Attendance at the Board of Directors' meetings: 15 of 15 (Attendance rate: 100%)
Number of years as Director: 10 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
Apr. 2023 Director, Chairman of the Board (to present)

Representative Director
Takeshi Hashimoto
Number of the Company's shares held: 72,291 shares
Attendance at the Board of Directors' meetings: 15 of 15 (Attendance rate: 100%)
Number of years as Director: 8 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)

Representative Director
Toshiaki Tanaka
Number of the Company's shares held: 41,013 shares
Attendance at the Board of Directors' meetings: 15 of 15 (Attendance rate: 100%)
Number of years as Director: 3 years

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
Apr. 2022 Representative Director, Executive Vice President Executive Officer (to present)

Director
Junko Moro
Number of the Company's shares held: 34,856 shares
Attendance at the Board of Directors' meetings: —
Number of years as Director: —

Apr. 1986 Joined Mitsui O.S.K. Lines, Ltd.
Jun. 2014 General Manager of Secretaries Office
Apr. 2017 Associate General Manager of Corporate Planning Division and General Manager of One MOL Business Strategy Execution Office, Corporate Planning Division
Apr. 2018 General Manager of Corporate Marketing Division
Apr. 2019 Executive Officer
Apr. 2021 Managing Executive Officer
Apr. 2023 Adviser
Jun. 2023 Director (to present)

Director
Hisashi Umemura
Number of the Company's shares held: 11,448 shares
Attendance at the Board of Directors' meetings: —
Number of years as Director: —

Apr. 1992 Joined Mitsui O.S.K. Lines, Ltd.
Apr. 2018 General Manager of Finance Division
Apr. 2021 Executive Officer
Apr. 2022 Managing Executive Officer
Jun. 2023 Director, Managing Executive Officer (to present)

Outside Directors

Outside Director (Independent Officer)
Hideto Fujii
Number of the Company's shares held: 33,995 shares
Attendance at the Board of Directors' meetings: 15 of 15 (Attendance rate: 100%)
Number of years as Director: 7 years

Jun. 2015 Adviser, Sumitomo Corporation
Jun. 2016 Outside Director, Mitsui O.S.K. Lines, Ltd.
Jun. 2017 Councilor, Takanashi Foundation for Historical Science

Outside Director (Independent Officer)
Etsuko Katsu
Number of the Company's shares held: 22,295 shares
Attendance at the Board of Directors' meetings: 15 of 15 (Attendance rate: 100%)
Number of years as Director: 7 years

Apr. 2003 Professor, School of Political Science and Economics, Meiji University
Feb. 2015 Member, Council for Science, Technology and Innovation, Ministry of Education, Culture, Sports, Science and Technology
Jun. 2016 Outside Director, Mitsui O.S.K. Lines, Ltd.
Apr. 2018 Chairman of Fund Management Advisory Committee, The Japan Foundation
Mar. 2019 Outside Director (Audit and Supervisory Committee Member), Dentsu Group Inc.

Outside Director (Independent Officer)
Masaru Onishi
Number of the Company's shares held: 9,895 shares
Attendance at the Board of Directors' meetings: 15 of 15 (Attendance rate: 100%)
Number of years as Director: 4 years

Apr. 2013 Trustee, KEIZAI DOYUKAI (Japan Association of Corporate Executives)
Jun. 2015 Trustee, International University of Japan
Jul. 2018 Visiting Professor, Toyo University
Jun. 2019 Outside Director, TEIJIN LIMITED
Jun. 2019 Outside Director, Mitsui O.S.K. Lines, Ltd.
Feb. 2021 Senior Advisor, Alton Aviation Consultancy Japan Co., Ltd.
Jun. 2021 Outside Director, Kadoya Sesame Mills inc.
Jun. 2022 Outside Director, Benesse Holdings, Inc.

Outside Director (Independent Officer)
Mitsunobu Koshiba
Number of the Company's shares held: —
Attendance at the Board of Directors' meetings: —
Number of years as Director: —

Jun. 2019 Outside Director, Idemitsu Kosan Co., Ltd.
Mar. 2021 Outside Director, A Holdings Corporation
Jun. 2021 Honorary Advisor, JSR Corporation
Aug. 2021 Outside Director, TBM Co., Ltd.
Mar. 2023 Outside Director, Rapidus Corporation
Jun. 2023 Outside Director, Mitsui O.S.K. Lines, Ltd.

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

Internal Audit & Supervisory Board Members

Audit & Supervisory Board Member
Masanori Kato

Attendance at the Board of Directors' meetings:15 of 15 (Attendance rate: 100%)
Attendance at the Audit & Supervisory Board Members' meetings: 14 of 14 (Attendance rate: 100%)
Number of years as Audit & Supervisory Board Member: 2 years

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)

Audit & Supervisory Board Member
Yutaka Hinooka

Attendance at the Board of Directors' meetings:15 of 15 (Attendance rate: 100%)
Attendance at the Audit & Supervisory Board Members' meetings: —
Number of years as Audit & Supervisory Board Member: —

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
Apr. 2022	Director, Senior Managing Executive Officer
Apr. 2023	Director
Jun. 2023	Audit & Supervisory Board Member (to present)

Outside Audit & Supervisory Board Members

Outside Audit & Supervisory Board Member (Independent Officer)
Satoru Mitsumori

Attendance at the Board of Directors' meetings:10 of 10 (100%)
Attendance at the Audit & Supervisory Board Members' meetings: 10 of 10 (100%)
Number of years as Outside Audit & Supervisory Board Member: 1 year

Apr. 1993	Registered as an attorney at law at Daini Tokyo Bar Association Joined Asahi Law Offices (currently serves as Managing Partner)
Apr. 2008	Family Affairs Conciliator, Tokyo Family Court
Apr. 2018	Audit & Supervisory Board Member, Kur & Hotel Co., Ltd.
Jun. 2022	Outside Audit & Supervisory Board Member, Mitsui O.S.K. Lines, Ltd.

Outside Audit & Supervisory Board Member (Independent Officer)
Fumiko Takeda

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

Apr. 2022	Professor, Graduate School of Business Administration, Keio University
Sep. 2022	Member, Antitrust Association, Japan Fair Trade Commission
Jun 2023	Outside Audit & Supervisory Board Member, Mitsui O.S.K. Lines, Ltd.

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

Approach to the Board of Directors

The role and responsibility of the Group's Board of Directors is to help improve the Group's corporate value by implementing the strategy review and supervision cycle with regard to basic management policies (such as the Mission, Vision, and Values) and matters of importance (management plans, business strategy, and individual cases of important business execution).

As laid out in BLUE ACTION 2035, our aim is to grow by expanding our footprint to areas beyond our conventional marine transport domain which is our foundation; however, we believe that this is something that is only made possible through the taking and managing of risk.

The Board of Directors formulates basic management policies based on dialogue with executives, upon which it duly deliberates and makes decisions with regard to important management matters. The Board also monitors and makes evaluations as to whether strategies are being properly implemented without a hitch, whether or not excessive risk has been taken, and whether the risk-management system is functioning as it should.

In order to fulfill the aforementioned roles and responsibilities, the composition of the Board of Directors is decided based on experience, expertise, skills, and matters of diversity like gender as deemed desirable for the Board of Directors. From June 2023, internal Directors who concurrently serve as executive officers have been limited to just the CEO, COO, and CFO. Furthermore, in order to improve corporate governance, we have increased the number of outside directors by one. The Chairman of the Board of Directors shall no longer hold the right of representation, nor serve as an executive officer, but shall instead focus on demonstrating the functions of the Board of Directors. In addition, one internal director (non-executive director) shall work to improve the effectiveness of the Board of Directors through supervision of management and business execution in accordance with his extensive experience within the Group.

Establishment of Board of Directors Office

On April 1, 2023, the Board of Directors Office was established with the aim of helping reform and raise the quality of the roles of the Board of Directors and to help better demonstrate the Board's functions. The Board of Directors Office serves as the foundation to ensure that the necessary and adequate levels of information are provided to each member of the Board and that effective and constructive discussions take place.

Standards for Appointing Directors and Audit & Supervisory Board Members

The Nomination Advisory Committee has been established to heighten the objectivity, transparency, and accountability of the selection procedures of directors and Audit & Supervisory Board members. The committee submits reports to the Board of Directors after selecting candidates in light of standards established by the committee on gender equality and other issues as well as the experience, expertise, and skills deemed desirable for members of the Board of Directors, which were identified in the form of skills matrix. (Reports on candidates for positions in the Audit & Supervisory Board are submitted upon receiving the consent of the Audit & Supervisory Board.) With due consideration for the reports submitted by the Nomination Advisory Committee, the Board of Directors determines candidate directors and candidate Audit & Supervisory Board members.

Standards for Appointing Directors

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

Standards for Appointing Audit & Supervisory Board Members

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

Furthermore, upon the formulation and disclosure of standards for determining independence, independent outside directors are then selected based on factors including the status of any concurrent positions they may hold with other listed companies. The Board of Directors is comprised of an appropriate selection of independent outside directors and non-executive directors.

For details on the Independence Criteria for Outside Officers, please visit the following data on our website.
Independence Criteria for Outside Officers, page 19, Notice of Convocation of the Ordinary General Meeting of Shareholders for the Fiscal Year 2022
https://www.mol.co.jp/en/ir/stock/gms/pdf/notice23.pdf

CEO Succession Plan

To ensure the appointment of a suitable CEO in a timely and appropriate manner, the Company formulated a CEO succession plan that establishes the requirements and selection process in relation to the position of CEO as well as a development plan for successor candidates. Based on the succession plan, the Nomination Advisory Committee deliberates proposals for the next CEO, including the re-appointment and dismissal of the incumbent CEO, and submits reports to the Board of Directors.

Specific Experience, Expertise, and Skills Expected of Members of the Board of Directors

The Nomination Advisory Committee discusses what to identify and select as the particular types of experience, expertise, and skill (hereinafter "Experience, etc.") desired for realizing the Company's target corporate profile. The items have been selected as detailed in the table below. We will continue to review these items in accordance with the changes in the business environment.
In addition, training opportunities will be provided for directors and Audit & Supervisory Board members, and advisors will be appointed to improve the functions of the Board as necessary.

Name	Position	Experience, etc., considered important for corporations					Experience, etc., considered important for corporations supporting social infrastructure			
		Corporate management	Finance / Accounting	Legal affairs / Risk management	ESG	Human resources / Diversity	Safety	Technology	Marketing / Business strategy	Global business
Junichiro Ikeda	Director	●		●	●	●	●		●	●
Takeshi Hashimoto	Representative Director	●	●	●	●	●	●		●	●
Toshiaki Tanaka	Representative Director	●			●	●	●		●	●
Junko Moro	Director				●	●	●		●	
Hisashi Umemura	Director	●	●	●			●			●
Hideto Fujii	Director (Outside)	●	●	●	●				●	
Etsuko Katsu	Director (Outside)		●		●	●				●
Masaru Onishi	Director (Outside)	●					●	●	●	
Mitsunobu Koshiba	Director (Outside)	●		●				●		●
Masanori Kato	Audit & Supervisory Board Member			●		●	●	●		
Yutaka Hinooka	Audit & Supervisory Board Member		●	●			●		●	●
Satoru Mitsumori	Audit & Supervisory Board Member (Outside)	●		●	●	●				
Fumiko Takeda	Audit & Supervisory Board Member (Outside)		●	●	●	●				●

Initiatives to Enhance the Effectiveness of the Board of Directors

With the aim of further increasing the effectiveness of the Board of Directors and its subordinate committees—namely, the Nomination Advisory and Remuneration Advisory committees and the Corporate Governance Council—the Company conducts an annual survey, which seeks self-evaluations from each director and Audit & Supervisory Board member regarding the content of agenda items and deliberations, the contribution of each member of the Board of Directors, and the management and administration of its activities. The results of this analysis and evaluation as well as the identification of issues and the analysis and implementation of improvement measures are considered in making the next year's programs.

Summary of Survey Implementation

Respondents
Fiscal 2022 12 officers, comprising all directors (five internal directors and three independent outside directors) and all Audit & Supervisory Board members (two full-time Audit & Supervisory Board members and two independent outside Audit & Supervisory Board members)

Implementation and Evaluation Method

February	2022	Provision of effectiveness evaluation survey to all directors and Audit & Supervisory Board members, receipt of responses from all respondents
March	2022	Discussion at the Corporate Governance Council based on the results
April	2022	At a meeting of the Board of Directors, items for which effectiveness was established, items identified as issues, and items to be addressed in fiscal 2023 were reported, details of which were confirmed by the directors and Audit & Supervisory Board members.

Main Items in Self-Assessment Survey
Overall assessment of the Board of Directors (composition, administration, management plans, overall risk, nomination, and remuneration), effectiveness of deliberation on corporate strategy and vision, effectiveness of the Nomination Advisory and Remuneration Advisory Committees and the Corporate Governance Council, and mutual supervision and monitoring among directors and Audit & Supervisory Board members.

Results of Fiscal 2022 Evaluation

Items for Which Effectiveness Was Confirmed
(1) The Board of Directors deliberated individual issues based on the MOL Group Corporate Mission, the MOL Group Vision, and the MOL CHARTS values as well as the general goals of the corporate management plan.
(2) With regard to corporate strategy and vision in particular, the Board of Directors secured sufficient time for discussion of management policies and business strategies, and directed the execution of individual issues to ensure consistency with management policies and business strategies.
(3) The deliberations of the Nomination Advisory and Remuneration Advisory Committees were reported in a transparent and objective manner to the Board of Directors. In addition, both advisory committees and the Corporate Governance Council convened with an appropriate frequency and progress was achieved.
(4) Through efforts to improve its operations, the Board of Directors is contributing to securing a conducive environment for lively and efficient deliberations.

Issues Recognized by the Board of Directors
(1) Establishment of systems for the Board of Directors to receive reports and monitor KPI and milestones relating to the management plan
(2) Initiating discussions about sustainability not only from a risk perspective, but also with the objective of discovering revenue opportunities
(3) Reconsideration of the board succession plan, including development plans and diversity
(4) Reconsideration of ESG-related KPIs that should be incorporated into the remuneration system.

Fiscal 2023 Initiatives

(1) Decide on the frequency and main themes of monitoring for Core KPIs of the corporate management plan (financial/non-financial)
(2) Build company-wide risk management systems including scenario analysis of emerging risks and other issues
(3) Establish a road map for the realization of a Board of Directors whose composition is based on the skills matrix
(4) Hold discussions regarding inspections of the current remuneration system and the incorporation of new ESG KPIs into the system

Deliberation on Corporate Strategy and Vision

The Company's Board of Directors deliberates overall issues related to the corporate management plan and the MOL Group Vision as Deliberation on Corporate Strategy and Vision at Board meetings, thus ensuring that individual issues are executed in accordance with management policy and setting the direction of businesses/projects. The Company formulates agenda items based on the most important management challenges identified through discussions of the Board of Directors, the Nomination Advisory and Remuneration Advisory Committees, and the Corporate Governance Council.

Main Agenda Items of Deliberation on Corporate Strategy and Vision Conducted by the Board of Directors in Fiscal 2022

Month and Year		Agenda Item
2022	July	Containership business
	August	Outline of medium-term corporate management plan of DAIBIRU; company-wide risk management enhancement project
	September	Direction of the next corporate management plan
	October	Review of Rolling Plan 2022; direction of new human resource strategy
	November	Logistics business
	December	Overall image of the next corporate management plan
2023	January	Company-wide in-depth risk management project (management of emerging risks)
	April	Management of emerging risks (individual scenarios)

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 an outside director and consist of all four outside directors, the chairman and the president, with outside directors making up the majority, to make the supervision of the executive directors by the outside directors more effective.

The Nomination Advisory Committee deliberates on the appointment and dismissal of directors and executive officers and the criteria for deciding their appointment and dismissal. The Remuneration Advisory Committee examines how the remuneration for officers, including incentives for the long-term enhancement of corporate value, should be structured from an objective standpoint with a focus on the stakeholders' perspective. In addition to the members of the Committees, outside Audit & Supervisory Board members are also permitted to state their opinions by attending the Committee meetings to enable them to understand the process of deliberations. The Board of Directors passes the necessary resolutions by respecting the contents of the reports submitted by both Advisory Committees.

Main Agenda Items Deliberated by the Advisory Committees in Fiscal 2022

Nomination Advisory Committee (convened seven times)
Chair of committee: Hideto Fujii (Outside Director)
Main Agenda Items:
- Board succession plan
- Selection of next President based on the succession plan for the President, and consideration of a candidate for successor in the event of an emergency
- Election of directors, Audit & Supervisory Board members, and executive officers for FY2023 (Relinquishment of right of representation by the Chairman of the Board, retirement of executive officers, selection of non-executive directors, and addition of one outside director)
- Review of advisory system and other matters

Remuneration Advisory Committee (convened nine times)
Chair of committee: Etsuko Katsu (Outside Director)
Main Agenda Items
- Details of payment of single fiscal year performance-based compensation for directors and long-term target contribution-based compensation in FY2021, and remuneration for directors in FY2022
- Revision of the remuneration plan for non-executive directors
- Analysis of the peer group to ensure the appropriateness of remuneration levels
- Evaluation of officer remuneration plans introduced in FY2021
- How to establish and evaluate qualitative targets for Chairman and President and other matters

Corporate Governance Council

The Corporate Governance Council has been established fiscal 2021 under the Board of Directors to serve as a forum for facilitating unrestricted discussion while incorporating outside knowledge with respect to the overall direction of the entire MOL corporate governance. Appointed by the Board of Directors, the council's members comprise four internal directors, all four outside directors, and all four Audit & Supervisory Board members. In addition to being chaired by an outside director, the council is able to appoint outside experts, depending on the issue at hand, and have them participate in deliberations, giving the council a high degree of expertise and objectivity.

Main Agenda Items Deliberated by the Corporate Governance Council (convened seven times in fiscal 2022)

Chair of council: **Masaru Onishi (Outside Director)**
Main Agenda Items:
- Role and functions desired of the Board of Directors
- Institutional design
- MOL Group Three Basic Principles of Corporate Governance and MOL Group Corporate Governance Policy
- Training policy for directors and Audit & Supervisory Board members and improvement in the operation of Board of Directors, and other matters

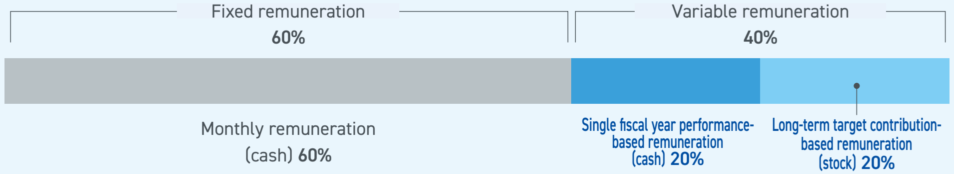
Policy on Cross-Shareholdings

MOL Group may hold shares for the purpose of maintaining and strengthening relationships with important business partners or to contribute to the increase in MOL Group's corporate value and sustainable growth over the medium and long term. To determine the appropriateness of holding each stock, the Board of Directors annually evaluates and verifies the appropriateness of the purposes MOL Group has for holding each stock and the profitability of continuing to hold each stock based on the cost of capital. When the Board identifies stock where the policy of continuing to hold the stock is not considered reasonable, MOL Group will reduce or terminate its holding of that stock. Across the period fiscal 2019 through 2022, the Company reduced its holdings of 27 stocks, equivalent to ¥42.0 billion. As of March 31, 2023, the Company holds approximately 40 cross-shareholdings, equivalent to approximately ¥47.0 billion. However, as a result of quantitative evaluation (benefits associated with shareholdings, including dividends) and qualitative evaluation (verification of meaning of holding shares based on transaction status), the Board of Directors has resolved to sequentially sell approximately ¥3.0 billion of these shareholdings in accordance with market trends.

Remuneration of Executive Directors

Given the business characteristics of marine transport, contribution to the enhancement of both short-term performance and medium- to long-term performance is expected. Accordingly, the remuneration of executive directors comprises monthly remuneration, single fiscal year performance-based remuneration, and long-term target contribution-based remuneration. (The Company changed to the current remuneration plan in fiscal 2021.)

Model Remuneration Assuming Achievement of Performance Targets



Note: The above diagram is an approximation that has been calculated premised on certain Company performance and share price levels. The above percentages change in accordance with the Company's business performance and share price.

Remuneration of Non-Executive Directors

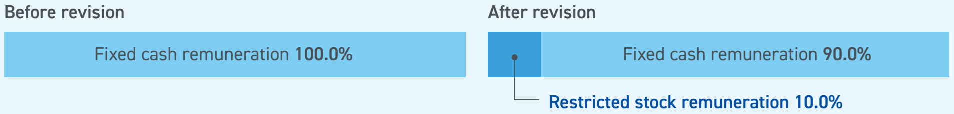
Upon receiving the approval of the General Meeting of Shareholders convened in June 2022, the Company provided remuneration in the form of Company stock to non-executive directors, including outside directors.

Aim of the Revision

To incentivize sustained enhancement of the Company's corporate value and further align the interests of directors with those of shareholders

Main Features of the Revision

- Number of shares granted not linked to business performance
- Restriction on transfer of shares until retirement



Note: The ratio of restricted stock remuneration for the Chairman of the Board of Directors will be a little less than 30.0%.

The Company acknowledges that there are certain views against providing stock remuneration to non-executive directors, as they are expected to exercise the function of monitoring the Board of Directors.

The Company believes that by holding a certain number of shares, non-executive directors can have shareholders' perspective, and that can be an appropriate incentive for exercising the monitoring function. Further, the structure of stock remuneration for non-executive directors prevents the recipients from profiting off short-term trading of the stocks or receiving higher remuneration based on deliberately inflated short-term results, due to the stocks having restrictions on transfer and being delinked from performance (the amount received is not linked to performance).

Remuneration for Directors and Audit & Supervisory Board Members in Fiscal 2022

Category	Number of people	Total remuneration (millions of yen)	Total remuneration, by type (millions of yen)			
			Basic remuneration Monthly remuneration (cash)	Performance-based remuneration Single fiscal year performance-based remuneration (cash)	Non-monetary remuneration Performance-linked stock remuneration (stock-based)	Non-monetary remuneration Non-performance-linked stock remuneration (stock-based)
Directors (of whom outside directors)	8(3)	1,096(45)	301(41)	673(–)	118(–)	4(4)
Audit & Supervisory Board members (of whom outside Audit & Supervisory Board members)	5(3)	98(26)	98(26)	–(–)	–(–)	–(–)
Total (of whom outside directors or outside Audit & Supervisory Board members)	13(6)	1,194(71)	399(67)	673(–)	118(–)	4(4)

Notes:
1. The above remuneration includes remuneration related to one Audit & Supervisory Board member who was an outside Audit & Supervisory Board member and who resigned at the conclusion of the Ordinary General Meeting of Shareholders convened on June 21, 2022.
2. Of the above, remuneration paid to six outside directors totaled ¥71 million.
3. Amounts of less than ¥1.0 million have been rounded down to the nearest ¥1.0 million.

	KPI	Weight	Targets and KPIs of Rolling Plan 2022 and the MOL Sustainability Plan	Fiscal 2022 Results	Calculation Results and Total Payment
Single Fiscal Year Performance-Based Remuneration	(A) Consolidated ordinary profit (loss)	See notes below.	● ¥525.0 billion	● ¥811.5 billion	¥673.0 million
	(B) Ordinary profit (loss) by segment		● Dry bulk business: ¥30.0 billion	● ¥57.6 billion	
			● Energy and offshore businesses: ¥22.0 billion	● ¥39.5 billion	
			● Product transport and real property businesses: ¥477.0 billion	● Product transport: ¥705.4 billion ● Real property: ¥8.1 billion	
			● Associated businesses: ¥(500) million	● ¥(500) million	
	(C) Degree of achievement of safe operations indicators		● 4 ZEROES violations: 0	● 1	
			● Downtime frequency rate: ≤1.00 incident per ship per year	● 0.33 incident per ship per year	
			● Average downtime: ≤24.00 hours per ship per year	● 12.18 hours per ship per year	
			● Lost time injury frequency: ≤0.50 injuries	● 0.17	
Long-Term Target Contribution-Based Remuneration	Total shareholder return* (growth rate versus TOPIX and growth rate of total shareholder return versus competitors)	30%	–	● Growth rate versus TOPIX: 124.84%	¥118.0 million
	ROE	40%	● Fiscal 2022 (initial projection): 35.0% ● Fiscal 2027 (target): 9.0 -10.0%	● 49.80%	
	Targets for individual directors	30%	–	● Portfolio strategy: Strengthening the non-shipping businesses, including the (oil & gas), offshore wind power generation, logistics, and real property businesses (e.g., conversion of MOL Logistics into a wholly owned subsidiary) ● DX: Ramping up DX initiatives (implementation of initiatives for chartered vessel owners, etc.) ● Governance: Continued efforts to strengthen governance (introduction of management of emerging risks, etc.)	

Notes: Evaluated based on the ratio of ordinary profit to planned value, considering the degree of achievement of safe operations KPI. For Directors in charge of Business Headquarters and Headquarters' business divisions, this figure also reflects the Business Headquarters' or business division's rate of achievement of the ordinary profit to planned value ratio.

Overview of Risk Management

In the new corporate management plan, BLUE ACTION 2035, MOL aims to expand its footprint in a variety of business domains beyond its conventional marine transport business under the slogan of "Taking the leap to becoming a global social infrastructure company." At the same time, the challenges and risk-taking of embarking into new areas can only be achieved if there is appropriate risk management. With an awareness of the issues shown in the table below, the various risks that MOL is exposed to have been divided into two categories, "emerging risks" and "business execution risks," as way to give added depth to the management of those risks. Through its deliberation on Corporate Strategy and Vision, the Board of Directors will build a risk management system that encourages the executive to take risks and will strive to increase the effectiveness of its supervision.

Issue	Policy
Need to establish methods for the management of risks that were not previously recognized or that, while vaguely recognized, had no clear policies for dealing with them	Introduction of "emerging risk management"
Need to grasp risks also as opportunities	Recognize emerging risks also as opportunities and conduct ample discussion by the Board of Directors and executive officers for the formulation of management's basic policies

Emerging Risks

Among irreversible changes in the external environment that have an impact on MOL's business, those for which the probability of occurrence and degree of impact cannot be quantitatively identified have been defined as emerging risks.

As management based on past data and expertise alone is believed to be inadequate to deal with emerging risks, they will be managed with different approaches from business execution risks.

Specifically, for prompt recognition of the opportunities and threats posed by these risks, a framework for the specification of material risk scenarios and collection of pre-indication information using the following processes has been introduced.

Ensure completeness of information → Reflect and extract company perspectives

(1) Information gathering	(2) Risk assessment	(3) Identification of material emerging risks
Using external expertise, list up scenarios of changes in the external environment (i.e., risk scenarios), without limiting them to MOL-related domains.	When likelihood of a risk scenario becomes larger, assess the probability and degree of impact on MOL's individual businesses and value chains.	Identify material emerging risks while considering the importance of individual value chains, etc.

The Board of Directors will discuss the impact of material risk scenarios that have been identified on MOL's business and the possible responses that MOL could take, in line with management's basic policy and based on the most recent pre-indication information and expert opinions. Emerging risks will also be recognized as business opportunities and the Board of Directors and executive officers will discuss them fully for the formulation of management plans and business strategies.

Business Execution Risks

On the other hand, business execution risks are defined as risks that can be managed significantly based on past data and expertise and for which concrete risk management systems have already been developed and implemented by the individual responsible divisions.

For more details on individual business execution risks, please visit our website.
https://www.mol.co.jp/en/ir/management/risk/

New Risk Categories			Previous Risk Categories
Risk Category	Risk Management Approach	Major Risks in MOL Businesses	Major Risks in MOL Businesses (no particular order)
I. Emerging Risks	Company-wide management based on risk scenarios	(1) Geopolitical risks	
		(2) Climate change risks	Climate change risks
II. Business Execution Risks	Management by type and responsible division based on past experience and expertise	(1) Operational risks	Operational risks
		(2) Cybersecurity risks	Cybersecurity risks
		(3) Natural disaster and epidemic risks	Natural disaster and epidemic risks
		(4) Group governance risks	Compliance risks
		(5) Risks related to human rights and various risks in the value chain	Risks related to human rights and various risks in the value chain
		(6) Shipping market fluctuation, customer credit, and country risks	Shipping market fluctuation risks, customer credit risks, and country risks
		(7) Exchange rate, interest rate, and bunker price fluctuation risks	Exchange rate, interest rate, and bunker price fluctuation risks

Reference: Risk Management Measures to Date

Fiscal 2014	Fiscal 2017-Fiscal 2018	Fiscal 2018	Fiscal 2019	Fiscal 2021
Introduced Asset Risk Control	Revised Asset Risk Control (Increased the consistency of investment criteria)	Introduced risk summary sheets for deliberations of the Board of Directors	Promoted the introduction of a fuel surcharge in preparation for stricter SOx regulations	Introduced internal carbon pricing Established a crisis response framework

Summary of Financial Data

(millions of yen)

		ROLLING PLAN					BLUE ACTION 2035
		2018/3	2019/3	2020/3	2021/3	2022/3	2023/3
For the year	Shipping and other revenues	¥1,652,393	¥1,234,077	¥1,155,404	¥ 991,426	¥1,269,310	¥1,611,984
	Shipping and other expenses	1,513,736	1,094,915	1,035,771	911,055	1,117,405	1,376,504
	Selling, general and administrative expenses	115,972	101,442	95,852	85,674	96,899	126,770
	Operating profit (loss)	22,684	37,718	23,779	(5,303)	55,005	108,709
	Ordinary profit	31,473	38,574	55,090	133,604	721,779	811,589
	Income (loss) before income taxes and non-controlling interests	(28,709)	46,778	47,130	100,313	732,993	819,160
	Profit (loss) attributable to owners of parent	(47,380)	26,875	32,623	90,052	708,819	796,060
	Free cash flow ((a) + (b))	(2,471)	(143,093)	(6,527)	44,238	200,187	267,930
	Cash flows from operating activities (a)	98,380	55,248	100,723	98,898	307,637	549,925
	Cash flows from investing activities (b)	(100,851)	(198,341)	(107,250)	(54,660)	(107,450)	(281,995)
	Depreciation and amortization	86,629	90,138	87,765	85,798	86,399	94,660
At year-end	Total assets	¥2,225,096	¥2,134,477	¥2,098,717	¥2,095,559	¥2,686,701	¥3,564,247
	Total tangible fixed assets	1,290,929	1,193,910	1,201,698	1,099,458	1,111,152	1,342,240
	Total investments and other assets	425,300	524,411	533,320	637,736	1,187,472	1,746,726
	Interest-bearing debt	1,118,089	1,105,873	1,096,685	1,026,994	1,000,697	1,153,448
	Net assets	628,044	651,607	641,235	699,150	1,334,866	1,937,621
	Shareholders' equity	511,242	525,064	513,335	577,782	1,274,570	1,925,346
Amounts per share of common stock*	Profit (loss) attributable to owners of parent (Yen)	¥ (132.05)	¥ 74.91	¥ 90.93	¥ 250.99	¥ 1,970.16	¥ 2,204.04
	Net assets (Yen)	1,424.94	1,463.46	1,430.77	1,610.04	3,532.32	5,322.35
	Cash dividends applicable to the year (Yen)	6.67	15.00	21.67	50.00	400.00	560.00
Management indicators	Gearing ratio (Times)	2.19	2.11	2.14	1.78	0.78	0.60
	Net gearing ratio (Times)	1.82	1.88	1.94	1.63	0.71	0.55
	Equity ratio (%)	23.0	24.6	24.5	27.6	47.4	54.0
	ROA (%)	1.4	1.8	2.6	6.4	30.2	26.0
	ROE (%)	(8.7)	5.2	6.3	16.5	76.5	49.8
	Dividend payout ratio (%)	—	20.0	23.8	19.9	20.3	25.4

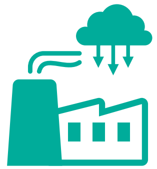
Note: Rounded down to the nearest one million yen

* The Company consolidated its common shares on the basis of one (1) share for every ten (10) shares effective October 1, 2017. Also, the Company split its common shares on the basis of three (3) shares for every one (1) share effective April 1, 2022. Figures have been calculated based on the supposition that said share consolidation and share split were implemented at the beginning of the fiscal year ended March 31, 2018.

Summary of Non-financial Data

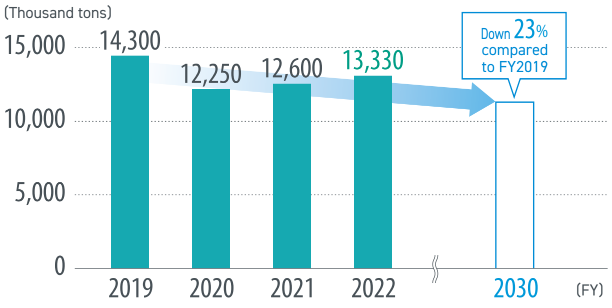
E ENVIRONMENTAL (FY2022 results)

GHG Emissions

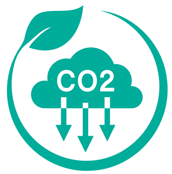


13,330 thousand tons

Down **7.4**% compared to FY2019

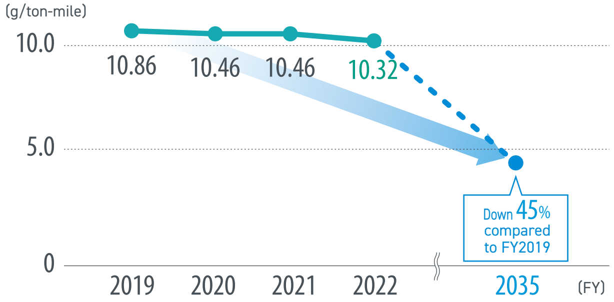


GHG Emissions Intensity



10.32 g/ton-mile

Down **5.0**% compared to FY2019



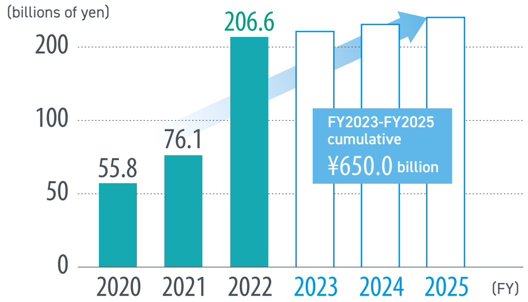
Environmental Investment

FY2020 **¥55.8** billion

FY2021 **¥76.1** billion

FY2022 **¥206.6** billion

FY2023-FY2025 Cumulative **¥650.0** billion



S SOCIAL (FY2022 Actual)

Number of Employees (Non-consolidated)

1,168

Number of Employees (Group*)

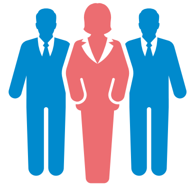
8,748

*The parent company and consolidated subsidiaries

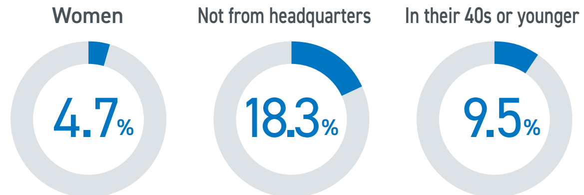
Non-consolidated Land-based Workers Percentage of managerial positions filled by women

Actual **9.2**%

Target for FY2025→ **15**%



Composition of People Filling MGKP*



*MOL Group Key Positions, designated as equivalent to General Manager of Headquarters, to be appointed and managed centrally across the Group.

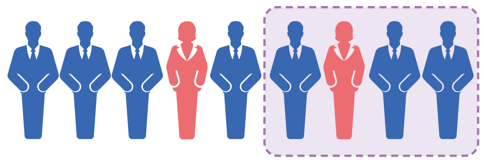
Number of Mid-career Hires/Ratio

76

27%*

*Percentage of mid-career hires (non-consolidated, cumulative) among land-based employees

G GOVERNANCE (as of June 2023)



Number of directors **9**

Of which, outside directors [percentage] **4** [44.4%]

Of which, female directors [percentage] **2** [22.2%]

FY2022 Number of Board of Directors Meetings Convened / Attendance Rate

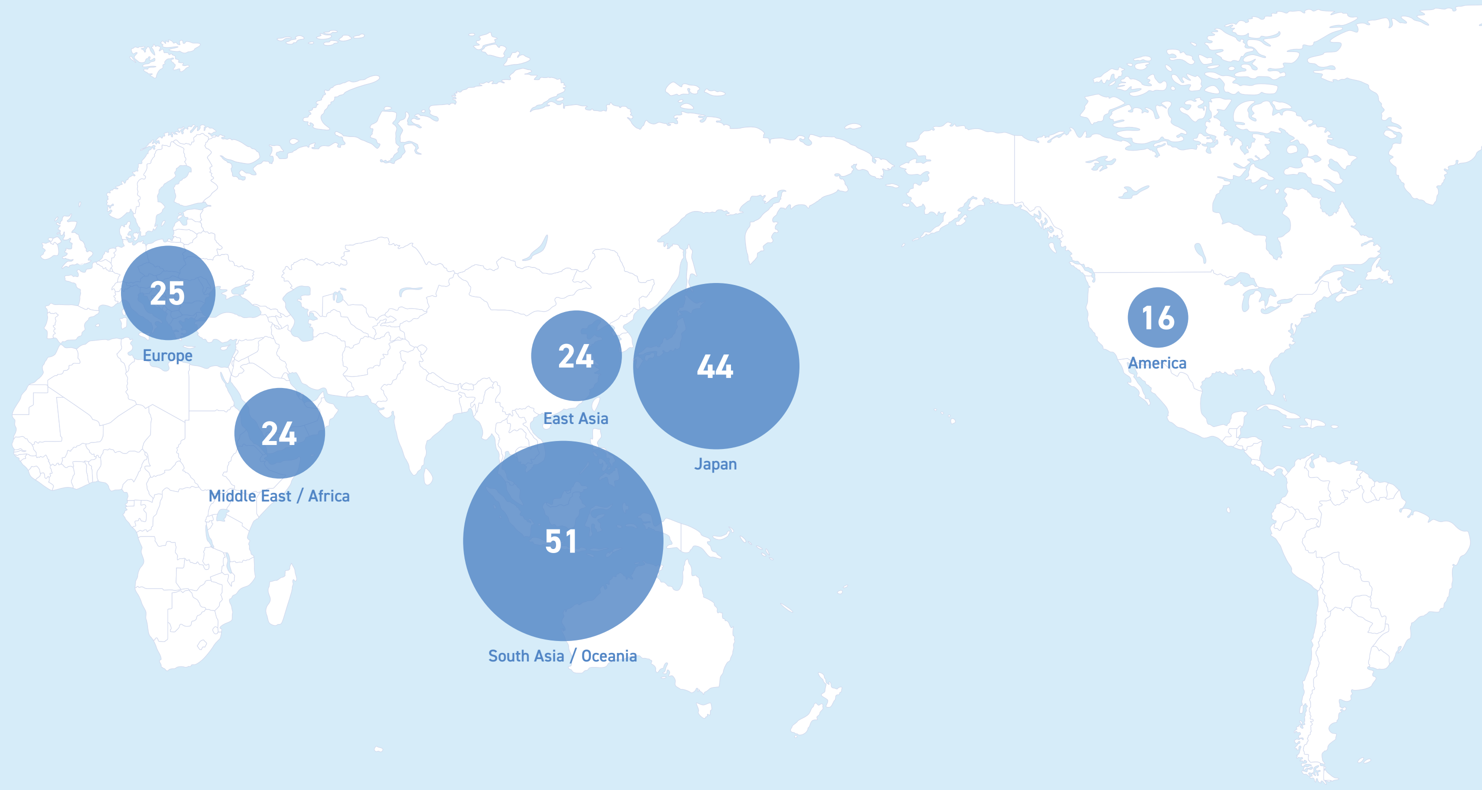
19 / **100**%

Number of Audit & Supervisory Board Members **4**

Of which, outside Audit & Supervisory Board members [percentage] **2** [50%]

Number of independent officers (including Audit & Supervisory Board members) **6**

The MOL Group's Global Network



Countries and Regions with Group Offices (As of April 30, 2023)

Europe	Middle East / Africa	South Asia / Oceania	East Asia	North America / Central America / The Caribbean / South America
Netherlands	Turkey	Vietnam	Japan	United States of America
United Kingdom	India	Thailand	China	Canada
France	Republic of Mauritius	Malaysia	Hong Kong	Mexico
Belgium	Qatar	Indonesia	Republic of Korea	Colombia
Italy	Sultanate of Oman	Singapore	Taiwan	Brazil
Denmark	United Arab Emirates	Australia		Chile
Germany	Kenya	New Zealand		Panama
Poland	Republic of South Africa	Philippines		
Czech Republic	Sri Lanka			
Russia	Mozambique			

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 Navix 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.

2022
DAIBIRU CORPORATION and Utoc Corporation become wholly owned subsidiaries of MOL.

Information Disclosure and External Recognition

Promoting Information Disclosure and Engagement

Given that it is stated in the MOL Group Three Basic Principles of Corporate Governance P43 that we shall engage in a highly transparent dialogue with all our stakeholders, we consider engagement with investors, shareholders, and other stakeholders to be an important management task.

In IR activities conducted by the president and CFO, rather than simply responding to questions in a way that does not allow any comeback or in a way that is superficial in the content of the responses, we offer a forum in which mutual understanding with shareholders is pursued through the setting of creative agendas and allowing for longer meetings for freer discussions to take place. Further, fully appreciating the importance of fair disclosure, we disclose financial highlights, business performance briefing materials, integrated reports, and other core IR tools in both Japanese and English. Moreover, in fiscal 2021, we began providing online videos of financial results briefings for analysts and institutional investors.

In addition to the dissemination of information, we place particular emphasis on the inhouse feedback of opinions obtained through dialogue with stakeholders. Feedback obtained from meetings with investors is compiled and reported regularly to the Board of Directors and the Executive Committee. When more-specific opinions on management plans and the Sustainability Issues are received, the Corporate Communication Division, which is in charge of IR, directly communicates the feedback to the relevant divisions and encourages them to incorporate and reflect it not only in the enhancement of disclosure but also in the implementation of measures.

In fact, MOL has implemented an array of initiatives to show the positioning of management goals and improve governance, including the formulation of a new Group corporate management plan, updating MOL Group Environmental Vision 2.1 to 2.2, hosting dialogue sessions between outside directors and shareholders, and the formulation of a corporate governance policy. We are also moving forward with many different industry-leading measures in pursuit of a low-carbon and decarbonized society, including the building of vessels equipped with Wind Challenger hard sail systems and various types of LNG-fueled vessels as well as planning a variety of recommendations and initiatives through our participation in the World Economic Forum. The aforementioned initiatives are by no means solely the result of our aspirations but rather reflect the opinions of investors, shareholders, and a range of other stakeholders.

Through continued in-depth communication with our stakeholders, we will elevate our corporate value even further.

Policies and Measures That Reflect External Feedback

- MOL Group Corporate Management Plan BLUE ACTION 2035
- Formulation of MOL Group Environmental Vision 2.2, MOL Group Human Capital Vision, and MOL Group DX Vision
- Formulation of the Corporate Governance Policy
- Hosting of dialogue sessions with outside directors
- Raising of the dividend payout ratio and introduction of a minimum dividend

IR Activities in Fiscal 2022

Activity	Frequency		Details
For securities analysts and institutional investors	Financial results briefings	4 times	Quarterly results / forecasts
	Small meetings with the CEO	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 visits (twice in Europe and twice in Asia)
	Conference held by securities companies	8 times	Participation in online and in-person conference
For individual investors	Corporate presentations for individual investors	Once	Participation in online events for individual investors

IR Materials (available on MOL's website)

Material	Japanese	English
Stock exchange filings (financial highlights, etc.)	○	○
Business performance briefing materials (including summaries of Q&A sessions)	○	○
Business performance results briefing video	○	○
Integrated report	○	○
Securities reports ("*Yuho*")	○	—*1

Material	Japanese	English
Quarterly reports	○	—
Business reports for shareholders	○	—*2
Investor guidebook	○	○
Market data	○	○

*1 Abridged version posted as *Financial Statements*
*2 Posted as *Business Report*

External Recognition

FTSE4Good

FTSE Blossom Japan

FTSE Blossom Japan Sector Relative Index

2023 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)

THE INCLUSION OF Mitsui O.S.K. Lines, Ltd. IN ANY MSCI INDEX, AND THE USE OF MSCI LOGOS, TRADEMARKS, SERVICE MARKS OR INDEX NAMES HEREIN, DO NOT CONSTITUTE A SPONSORSHIP, ENDORSEMENT OR PROMOTION OF Mitsui O.S.K. Lines, Ltd. BY MSCI OR ANY OF ITS AFFILIATES. THE MSCI INDEXES ARE THE EXCLUSIVE PROPERTY OF MSCI. MSCI AND THE MSCI INDEX NAMES AND LOGOS ARE TRADEMARKS OR SERVICE MARKS OF MSCI OR ITS AFFILIATES.

2023 Sompo Sustainability Index

DX銘柄2022 Digital Transformation

NIKKEI SDGs

S&P/JPX カーボン エフィシェント 指数

CDP DISCLOSER 2022

CDP SUPPLIER ENGAGEMENT LEADER 2022

NADESHIKO BRAND 2023

2023 健康経営優良法人 Health and productivity ホワイト500

2023 健康経営銘柄 Health and Productivity

Member of Dow Jones Sustainability Indices Powered by the S&P Global CSA

DX認定

Glossary (In alphabetical order)

ICP (Internal Carbon Pricing)
ICP is a system that sets a fixed in-house price for GHG emissions. The system enables the quantification of GHG emission reductions as positive economic impacts. Therefore, it promotes low-carbon investments that would otherwise generally be viewed as cost-increasing factors. Consequently ICP is working to mitigate possible economic impact brought by carbon tax and other future charges on GHG emissions.

Wind Challenger
The Wind Challenger is a telescoping hard sail that converts wind energy to propulsive force. Installation of Wind Challenger sail on merchant ships can help reduce the vessel's environmental load and improve its economic efficiency by helping reduce the amount of fuel required for sailing.

Clean Ammonia; Clean Methanol
This is ammonia and methanol produced using technologies that do not emit GHG. Clean ammonia and clean methanol are broadly classified into two types: blue and green. Blue ammonia and blue methanol are produced from fossil fuels, but the CO_2 generated is captured and stored. Green ammonia and green methanol are derived from renewable energy sources. The use of clean ammonia and clean methanol technologies in combination with ammonia-fueled vessels and methanol-fueled vessels, which are currently under development, promises to advance low-carbon marine transport.

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.

Synthetic Methane/Methanation
This is methane produced from CO_2 and hydrogen. Like natural gas, synthetic methane can be used as a marine fuel. Methanation is the process used to produce synthetic methane. By using CO_2 from the atmosphere and hydrogen derived from renewable energy sources as raw materials, CO_2 can be cyclically used. This process can significantly lower GHG emissions, which contribute to global warming.

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

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.

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.

CTV (Crew Transfer Vessel)
CTVs operate from a base port to bring maintenance engineers to offshore wind farms that are relatively close to shore.

FPSO (Floating Production, Storage and Offloading System)
An FPSO is a floating facility that produces, stores and offloads oil and gas. Crude oil produced and stored offshore is directly loaded into shuttle tankers for transport.

FSRU (Floating Storage and Re-gasification 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.

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.

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.

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. Some ships equipped with RoRo systems are pure car carriers, which mainly transport vehicles that are not loaded with cargo and construction machines. Other RoRo ships are ferries that transport cargo vehicles, passengers, and privately owned vehicles.

Self-Elevating Platform
Special vessels that extend four legs to the seabed to enable installation work for wind power generation equipment in stable conditions.

SOV (Service Operation Vessel)
SOVs have extensive accommodation for maintenance technicians working on multiple wind turbines that make up an offshore wind farm, allowing technicians to stay on-site for extended periods.

SOx
SOx encompasses sulfur dioxide (SO_2) 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

(as of March 31, 2023)

Capital	¥65,589,827,533
Head Office	1-1, Toranomon 2-chome, Minato-ku, Tokyo 105-8688, Japan
Number of MOL employees	1,168
Number of MOL Group employees (The parent company and consolidated subsidiaries)	8,748
Total number of shares authorized	946,200,000
Number of shares issued	362,010,900
Number of shareholders	384,381
Shares listed on	Tokyo Stock Exchange – Prime Market
Share transfer agent (Contact information)	Sumitomo Mitsui Trust Bank, Limited 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 https://www.mol.co.jp/en/ir/data/annual/ Investor Guidebook https://www.mol.co.jp/en/ir/data/ig/ Market Data https://www.mol.co.jp/en/ir/data/market/ Website https://www.mol.co.jp/en/bam/ YouTube Official Channel https://www.youtube.com/@molofficialchannelenglish9003