MOL REPORT 2024

Year ended March 31, 2024

MOL
Mitsui O.S.K. Lines

140TH ANNIVERSARY

This year marks the 140th anniversary of our founding. The MOL Group's brand power and strengths which the MOL Group has built up.

MOL marked its 140th anniversary in May 2024, counting back from the founding of its predecessor, Osaka Shosen Kaisha (OSK Line).

The MOL Group's brand power and strengths, which we have built up by overcoming numerous challenges and difficulties, represent invaluable assets as we move forward.

In 1964, OSK Line and Mitsui Line merged to form Mitsui O.S.K. Lines, Ltd. (MOL), as a result of the shipping industry consolidation that was in progress at the time.

Then, in 1999, MOL and Navix Line merged, establishing the new "Mitsui O.S.K. Lines, Ltd." Our history is a series of mergers, but we could say that this is where the MOL Group's brand power is reflected.

At the heart of this brand power is a unique foundation that keeps moving forward, adapting to changes with flexibility and resiliency.

It was the efforts of our many predecessors who became one by fearlessly meeting the challenge of change to overcome huge differences in corporate cultures and come together as one resilient company.

Let's learn from each other's strong points, engage in friendly competition and bickering, and somehow become one. This is the meaning of the phrase "Don't be afraid of conflict!" which President Masaharu Ikuta said at the time of the merger with Navix Line. We could say that we have been practicing diversity throughout our long history, and it is in MOL's DNA to continue to change flexibly while keeping a firm grasp not only of organizational changes but also of major shifts in the global economy while engaging in lively discussions.

In the spirit of "Don't be afraid of conflict!" we will strive to create corporate value by conducting our business activities while valuing our corporate culture of "have an eye to the big picture, think globally, act locally."

History and Future of the MOL Group

Becoming a Global Social Infrastructure Company

1884 Osaka Shosen Kaisha (OSK Line) is founded.

1942 Mitsui Steamship Co., Ltd. (Mitsui Line) is founded.

1964 OSK Line and Mitsui Line merge to form Mitsui O.S.K. Lines, Ltd (MOL).

1965 Japan's first specialized car carrier, The *Oppama Maru*, enters service.

1983 Japan's first methanol carrier, the *Kohzan Maru*, enters service.

1989 Navix Line, Ltd. (Navix Line) is established by the merger of Japan Line, Ltd. and Yamashita-Shinnihon Steamship Co., Ltd.

1993 Crew training school is established in Manila, Philippines.

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

商船三井

2004 Daibiru Corporation becomes a consolidated subsidiary of MOL.

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

2022 The *Shofu Maru*, world's first cargo vessel equipped with 'Wind Challenger' hard sail, is delivered.

2024 140th anniversary.

140TH ANNIVERSARY

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What is MOL aiming for in the years to come?

RESILIENT GLOBAL ENTERPRISE

Becoming a Resilient Global Enterprise by balancing growth and stable management

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

MOL's Visions ➡ P.07–13

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What are the challenges in realizing this?

FOCUS ISSUES

Creating a sustainable and resilient earnings structure

- Building a business portfolio that ensures profitability even when shipping markets are in a downturn and enjoys the upside when the market conditions are favorable
- Growth through deepening regional strategy

Utilizing initiatives to address sustainability issues as drivers for business growth

- By solving sustainability issues, we will increase the Group's profitability at the same time
- Securing and developing human resources and organizations capable of advancing projects globally
- Becoming a first mover to promote environmental initiatives

MOL's Challenges ➡ P.14–20

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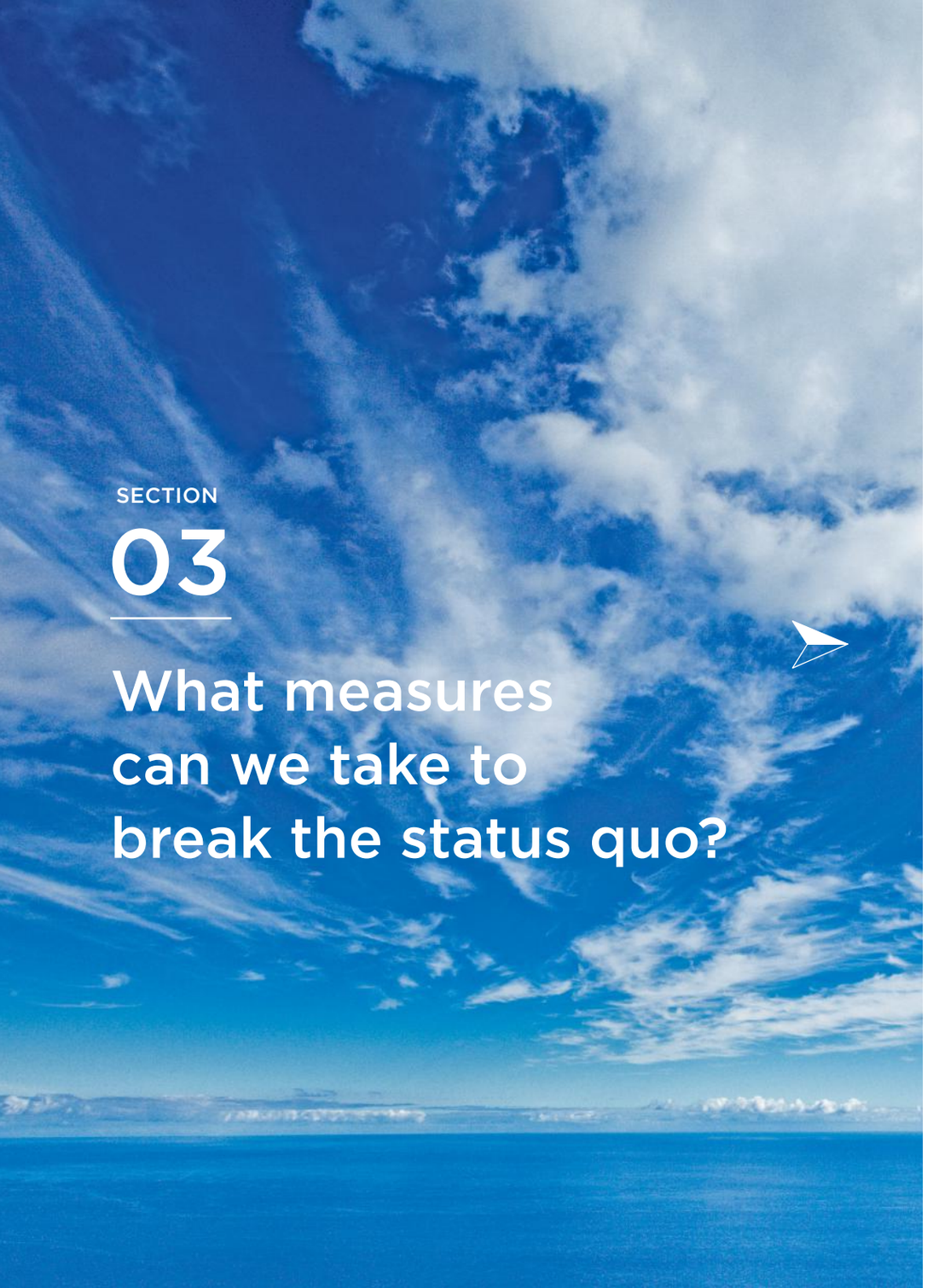

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What measures can we take to break the status quo?

TRANSFORM

Determination to innovate toward the future

The MOL Group corporate management plan BLUE ACTION 2035 centers on “Three Core Strategies”, namely the Portfolio Strategy, Regional Strategy, and Environmental Strategy, and “Initiatives For Five Sustainability Issues” Environment, Safety, Human Capital, Digital Transformation (DX), and Governance.

Three Core Strategies

- Portfolio Strategy ➡ P.21
- Regional Strategy ➡ P.29
- Environmental Strategy ➡ P.33

Initiatives For Five Sustainability Issues

Safety & Value	Environment	Human & Community	Innovation	Governance
Provide added value through safe transportation and our social infrastructure business	Conservation of marine and global environment	Contributing to the growth and development of people and communities	Innovation for development in marine technology	Governance and compliance to support businesses

Efforts to Resolve Sustainability Issues ➡ P.37

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EDITORIAL POLICY

Upon Publication of MOL REPORT 2024

In producing this year's MOL REPORT, we focused on the following three key points while remaining aware of communicating throughout the report what our Vision is, what the challenges are to achieving this, and what measures we are taking to address those challenges. (1) Further clarifying our position and characteristics within the shipping industry to convey "the MOL Group's brand power and strengths." (2) Eliminating conceptual complexity as much as possible and, through presentations of our initiatives, giving a clear sense of how management is trying to create value. (3) Explaining clearer and more specifically how we will integrate initiatives for Sustainability Issues into management strategies.

The aim of an integrated report is not its production and publication but its utilization to enhance dialogue with shareholders, investors, and other stakeholders. We look forward to having constructive conversations and hearing your unreserved opinions.

Investor Relations Team, MOL Report 2024

Scope of the Report

The MOL Group, comprising Mitsui O.S.K. Lines, Ltd., 422 consolidated subsidiaries, 123 equity-method affiliated, 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 June 2024, unless otherwise specified.

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

1 **Values** ▸ P.12-13

2 **Business Model** ▸ P.12-13

3 **Sustainability and Growth** ▸ P.21-55

4 **Strategy** ▸ P.14-36

5 **Growth (Performance) and Key Performance Indicators (KPIs)** ▸ P.13, 15-16, 21, 56-57

6 **Governance** ▸ P.46-55

Referenced Guidelines

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

Vessel on the Cover

Delivered in July 2024, the wood chip carrier Green Winds will follow the *Shofu Maru* as the second vessel equipped with the Wind Challenger hard sail wind power propulsion system. By installing Wind Challenger, we expect Green Winds to achieve fuel savings of approximately 7-16% and produce a GHG reduction effect, depending on the route and other factors. Under our Environmental Strategy, we aim to have 25 Wind Challenger-equipped vessels in service by 2030 and 80 by 2035 and have already decided to own nine vessels equipped with the system. Moving forward, we will give added impetus to GHG emission reduction by increasing the proportion of Wind Challenger-equipped vessels in our fleet, thereby contributing to realizing a low-carbon and decarbonized society.

TOP MESSAGE

My Mission: Achieving Growth Together with Stable Management in a Highly Volatile Industry

Our Challenge

Fiscal 2023 was not an easy business environment. There were several destabilizing factors worldwide including uncertainty over the outlook for the Russia-Ukraine war and outbreak of conflict between Palestine and Israel. Fortunately, however, the shipping market remained relatively strong, and the MOL Group's corporate management plan, BLUE ACTION 2035, which we launched in April 2023, has enabled us to be even bolder than before in making future-oriented investments. Although we have outlined an ambitious growth strategy, I believe we have made tremendous progress, especially in terms of investing in new businesses and environmental measures. In addition, the measures we have implemented in our environmental and regional strategies, which represent our growth strategies, have been met with highly positive feedback from our overseas customers. I am confident that the direction we have set out in BLUE ACTION 2035 is the right one.

T. Hashimoto

President & CEO

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We are resolved to take on the difficult challenge of developing new businesses while fostering our talent base.

This was also a year in which we keenly realized the difficulty in strengthening our organization and human capital. Although we have always been aware of just how challenging a task this is, securing and developing talented personnel is vital for executing our strategy. Our regional and environmental strategies require talented personnel who understand new technologies and environmental policies, combined with the ability to link this knowledge to our business. In addition, to achieve success in our new business challenges outside Japan, it is imperative that our Japanese staff and locally-hired employees work together as a unified team. We secure the resources required for new business development through mid-career hiring, recruiting talented personnel outside Japan, collaborating with our business partners, and conducting M&A activity. Through these diverse members, we must develop human resources with strong leadership capabilities on an ongoing basis to drive the overall project forward. In summary, we are resolved to take on the difficult challenge of developing new businesses while fostering our talent base, and given the current business environment, we feel that the second year of the plan and beyond represents a critical phase for MOL to become a Resilient Global Enterprise.

Surviving and Thriving in the Competitive Global Shipping Industry

I view the medium- to long-term business environment outlook as bright. As the business environment of the shipping industry is highly influenced by market conditions, the supply-demand balance determines the prevailing situation.

Looking at the current demand environment first, despite current geopolitical risks and other uncertainties, growth in the global economy will accelerate in the future. On the supply side, in a situation in which it remains difficult to predict which alternative fuels will become mainstream in the long term to address environmental issues, it continues to be difficult to build new vessels actively. Despite this, the global demand for logistics is projected to grow at a steady, if gradual pace, and the supply of shipping capacity should eventually increase. However, the number of vessels will not simply continue to rise—vessels that have been in service for a long time will need to be scrapped progressively each year. Due to this, I believe that few factors could trigger a significant collapse in the supply-demand balance over the medium to long term. As business conditions in the past two to three years have been robust, many new containerships and LNG carriers have been ordered and are just starting to enter the market.
Containership cargo volumes will grow over the long term, even if demand fluctuates from year to year due to transient factors. Given these circumstances, I expect the shipping industry to continue enjoying a relatively stable market environment.

In the past, the factors that led to failure in the shipping industry were apparent—it was the mismatch between the wave of market conditions and the investment cycle. When the global economy starts to improve, existing shipping capacity is no longer sufficient to transport the required volume of cargo, causing market rates to surge. Then, as shipping companies' cash flow grows, they begin to build new vessels. However, when these vessels are delivered, cargo volumes have tapered off, and the market has softened. This extra capacity causes a collapse in the supply-demand balance and the market slumps. When this happens, shipping companies scrap their vessels to adjust the supply-demand equilibrium, leading to a cycle of gradual restoration in the supply-demand balance.

As for the best way to navigate this environment, one effective approach is to systematically accumulate the financial strength to maintain our fleet at a certain size, to hold back on investments when market conditions and ship prices rise to extremes, and then to invest more aggressively when market conditions worsen. To develop the foundation for this approach, we are working on a Portfolio Strategy (➡P.21) that allows us to maintain certain profitability even during a downturn in the shipping market. We are placing a particular focus on restructuring our business portfolio to ensure stable cash flow

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by diversifying our investments in non-shipping businesses, including the real property business, offshore businesses, and the cruise business.

With environmental regulations set to become stricter, new orders for conventional heavy fuel oil vessels will decrease across the industry. Instead, there will be more LNG, methanol, or ammonia-fueled vessels, which are more expensive than conventional models, due in part to the technological difficulties involved. Consequently, companies that lack the financial strength to invest on an ongoing basis will be forced out of the market, and the pool of competitors will decrease. Our policy is to decisively continue to make investments by strengthening our capital base and building financial strength when the market is buoyant while developing a portfolio via which our non-shipping businesses can support us in the event of a downturn in the shipping market. This approach will be the key that will enable us to survive and thrive in the shipping industry over the long term.

Capturing Business Opportunities On a Global Scale

As we implement our Portfolio Strategy, narrowing down the countries and regions we focus on is important since political and economic influences can change conditions at any given time. For example, Russia has rich natural gas and oil reserves and low production costs, and we were previously considering expanding our business in the country due to the high upside potential. However, given the current political conditions, it is not possible to expand at present. From a demand-side perspective, we are focusing on India as one of the most appropriate markets for the immediate future. India has an extremely high demand for energy and has historically met its energy needs through domestically produced coal. However, the country's natural gas and oil imports are projected to rise in the coming years as environmental challenges become increasingly severe. Meanwhile, on the supply side, the Middle East, which has close historical ties with India, is a potential option. I believe that demand for logistics will grow in the Global South, such as shipping to India from the Middle East or from Brazil, which has abundant resources and food supplies, and we want to focus on these countries as priority areas.

We have realigned our portfolio to enable us to survive and thrive in the shipping industry, and will decisively continue to make investments even if the market conditions deteriorate.

To capture business opportunities in these key economic regions in a swift manner, we will delegate authority to our regional organizations and achieve an optimal balance with top-down management. Thus far, the heads of each region and the management team at head office, including members such as our COO and CFO and I, have been constantly reviewing current developments in each region and industry sector and focusing on priority areas while maintaining a global perspective. By shifting to our current regional structure, we now have more information on the challenges that must be addressed at each location, and a better understanding of the priorities, including related timeframes. To advance to the next stage while continuing to delegate authority to each region, we will encourage the regions and head office to communicate more closely with each other to quickly identify changes in the global situation based on information gathered by the head office's management team and achieve agile decision making on priority areas.

Our Determination as a First Mover

Despite the global trend toward decarbonization, the shipping industry will remain polarized for some time as to whether or not to address environmental issues. This is because customer needs are divided between those accepting higher costs to an extent in favor of environmental friendliness and others who prioritize low-cost solutions over environmental initiatives. Amidst this trend, we must decide whether to lead the environmental initiatives or to follow from behind. As the world takes serious steps toward a decarbonized society, I believe

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there is a high likelihood that we will see the advent of an age in which CO_2 emissions are taxed, as we are already beginning to see in some parts of the world. It is a very difficult choice, as the strategy on which we position our approach will determine our future success or failure. However, we have decided to be a first mover and to play a pioneering role in environmental investment.

From an economic perspective, if our priority were to maximize profits over a year, for example, it would be most efficient to operate inexpensive vessels that run on inexpensive fuel sources, without considering the environment. However, such a strategy would not succeed for more than a few years. In order to maximize profits five or ten years in the future, I believe the most rational approach is to optimize the business early by being the first movers in promoting environmental initiatives. As it is essential to gather information from a variety of perspectives and exchange opinions in order to implement our environmental strategy, during fiscal 2023 we participated in COP28 held in Dubai as well as the World Economic Forum.

We are now in a winner-takes-all era, where companies who move in the right direction at the right time gain momentum, while those that are late to act are left by the wayside. The IT industry is a prominent example of this. I have a strong sense of crisis that failing to adapt to changing times may put us in a position from which we are unable to recover. While responding to environmental challenges is a pressing task, we cannot afford to make errors in our judgment. To correctly process the large amount of information we have gathered and link this to correct decision-making, I think it is important that we remain committed to the COP, World Economic Forum, and other forums.

While our environmental strategy represents our basic approach, in order to implement this strategy on a global scale, we must consider each region's unique characteristics. Some regions are more focused on economic growth than the environment, while others will reject companies that lack environmental awareness, and there is also the risk of not being able to do business without taking national policies and other factors into consideration. That is why it is essential for the regional heads and the head office's management team to check regional characteristics related to environmental awareness as they conduct their business.

Please see below for details on our participation in the 28th Conference of the Parties of the UNFCCC (COP28).
https://www.mol.co.jp/en/pr/2023/23122.html

Please see below for details on our participation in the World Economic Forum.
https://www.mol.co.jp/en/pr/2024/24010.html

Providing Social Infrastructure On a Global Scale

Our investments are progressing steadily in the non-shipping businesses, and we are making bold steps to expand our scale. However, MOL's offshore wind power generation and real property businesses are currently considered low-risk, low-return businesses. While there is little risk involved in operating in Japan, we cannot expect high returns from these businesses. Although we want to develop these businesses in Japan to a certain extent, going forward we will aim to leverage the human resources and expertise we have accumulated to take on high-risk, high-return projects such as real property, offshore, and logistics businesses in the growth regions of India, Brazil, and Africa, as well as offshore wind power generation businesses in countries and regions such as Taiwan. We have already launched real estate investments in India and an offshore wind power generation business in Taiwan, and our medium- to long-term goal is to accelerate our expansion further and establish a business model that generates comparatively high returns.

The MOL Group Vision outlines our goal of developing social infrastructure businesses centered around our shipping businesses. When we defined MOL as "a company that operates social infrastructure businesses," we aimed to expand our scope as a service provider beyond shipping to provide

Pursuing high-risk, high-return businesses in growth regions.

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infrastructure that benefits society and people while maintaining a focus on our core shipping businesses. Outside Japan, in particular, we aspire to expand beyond shipping to grow our real property, power generation, offshore, and other businesses as social infrastructure.

A Management Phase in which We Demonstrate Our Commitment to Future Growth

Today, companies must operate their businesses with a firm awareness of the cost of capital and stock price, which is a key priority for MOL's management. In the past, business performance in the shipping industry has fluctuated dramatically, so I suspect many people look at our current position and may be skeptical about whether our strong results will continue. In BLUE ACTION 2035, we aim to maintain our target ROE at 9%–10% in the future and to gradually increase profit before tax to ¥400.0 billion by fiscal 2035, the final year of the plan. In particular, over the coming two to three years, we are determined to continue delivering strong financial results to win the trust of our stakeholders and dispel this past image. At the same time, we are aware of the need to increase the quality and quantity of the information we disclose and for high management transparency, so that our stakeholders can better understand what is currently happening at MOL. By sustaining these initiatives, we aim to bring our P/B ratio back above 1 and enter a new management phase in which we can capture future growth opportunities to deliver a P/B ratio of 1 or higher.

We are also working to deliver shareholder returns by making proactive investment plans for the future. In line with this focus, we have set a dividend payout ratio of 30% and a minimum dividend of ¥150 per share during Phase 1 of BLUE ACTION 2035 (fiscal 2023~fiscal 2025). This is a situation in which we ask our shareholders to understand our 30% return policy for the near future. Our top priority is to achieve the objectives set in Phase 1, and we are devoting our full efforts. Once this goal is in sight, we intend to reset the minimum dividend and increase shareholder returns in Phase 2 (fiscal 2026~fiscal 2030).

We want MOL to be viewed as an excellent company in every aspect.

A Management Approach that Ensures Stable, Continuous Growth in a Volatile Industry

MOL's business has been highly volatile in the past, particularly in terms of financial performance, and investors might have the impression that MOL is a high-risk, high-return company. Due to the nature of the shipping industry, investments take a long time to pay off. For example, investments made today may take three or five years to deliver results, meaning that the business must be managed with a medium- to long-term outlook. For this reason, we aim to transform our business into one capable of achieving stable, continuous growth through the strategies we are currently working to implement.

In the current era, referred to as "stakeholder capitalism," the most important role of management is to build stable, long-term relationships with all stakeholders, including shareholders, customers, business partners, employees, and local communities. To achieve this stable management style, we have stated that "we want MOL to be viewed as an excellent company in every aspect." Going forward, we will continue striving to be a corporate group that is valued and trusted by all stakeholders in all regards, including our response to sustainability challenges, improvement of our service quality, profitability, human resources, technological capabilities, and employee engagement.

We ask for your continued support for the MOL Group as we work to become a company that is trusted by society over the long term.

VALUE CREATION MODEL (STORY)

MOL GROUP CORPORATE MISSION

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

The MOL Group's value creation is based on the Group Corporate Mission, which incorporates the following value creation story.

Input → Activity → Outcome

Source of Value Creation

MOL marked its 140th anniversary in 2024. By bearing responsibility for marine transportation, which is essential for resource-limited Japan, we provide social value as infrastructure that supports people's lives and receive rewards for them. The pride we have in this business started by our forebears has remained unchanged, even as our business scope and scale has expanded globally.

In conducting our business, all Group employees globally, who hold such pride, uphold the Values and Code of Conduct (MOL CHARTS), which serves as the basis for our decision-making and consolidates and enhances the MOL Group's collective strengths. The Group's various strengths and capitals, including diverse human resources (human capital); advanced maritime, technical, and project management capabilities (intellectual capital); and strong partnerships with customers and society (social and relational capital) that we have cultivated in this way, represent our source of value creation.

Strategy/Actions

The Group's corporate management plan BLUE ACTION 2035 focuses on Three Core Strategies of the Portfolio Strategy, Regional Strategy, and Environmental Strategy, together with the Five Sustainability Issues (Materiality), representing important issues we must address to achieve sustainable development together with society. By addressing the opportunities and risks these bring across the Group, we will not only improve short-term profitability but also ensure sustainable corporate development.

Shipping Business

In the shipping business, we will strategically capture high profits during favorable market conditions, underpinned by stable earnings from long-term contracts. We are also building a decarbonized supply chain business model and leading the industry as a first mover in order to be chosen as the green partner of choice to realize a decarbonized society and establish a competitive advantage in new markets.

Non-Shipping Business

In the non-shipping business, such as offshore businesses, offshore wind power, cruises, and real property, we will leverage MOL's strengths, including network and project management know-how cultivated in the shipping business to date, to capture diverse stakeholder needs and opportunities, such as decarbonization and people's well-being and lifestyles, and aim to ensure stable earnings.

In carrying out the above, we will establish a more global business driving force and optimize our business mix to transform our business portfolio into one that can maintain profitability even during shipping market downturns. By utilizing our initiatives for Sustainability Issues as a driver of business growth, we will also improve profitability, lower our medium- to long-term cost of capital, and increase our growth potential as a Company.

Created Value

Through this strategy, we aim to create economic value and make our source of value creation stronger and more resilient and at the same time create social value as the MOL Group's mission and responsibility to society, establishing a virtuous cycle of value creation. By providing the value we create in this way to all stakeholders, we will increase our corporate value and realize the MOL Group Vision as a social infrastructure company that is growing globally beyond the shipping business.

VALUE CREATION MODEL (DIAGRAM)

We will realize the MOL Group Vision by building a sustainable value creation process through sustainability management that leverages our strengths.

05 Strengthen and Circulate Reinforcement of Capital and Circulation

01 Input Source of Value Creation

Code of Conduct
MOL CHARTS Our Values

- Challenge
- Honesty
- Accoun-tability
- Reliability
- Teamwork
- Safety

Financial Capital
- Strong financial base to support business sustainability

Manufactured Capital
- A fleet of over 800 vessels responding to diverse needs

Intellectual Capital
- Advanced maritime capabilities in vessel operations and cargo handling
- Innovation-generating technical capabilities
- Project management capabilities for discovering needs and commercializing ideas

Human Capital
- Approximately 14,000 diverse personnel (employees and seafarers) who share the MOL CHARTS values

Social and Relationship Capital
- Global network spanning over 100 countries
- Partnerships with customers and society built on 140 years of history and track record

Natural Capital
- The ocean, the foundation of our business
- Fuel resources

02 Activity Strategy / Actions

Corporate Management Plan BLUE ACTION 2035

Shipping
- Strategic high earnings during favorable market conditions underpinned by stable revenues
- Build own decarbonization business model as a first mover

Shipping strengths

Non-Shipping
- Advance business by leveraging strengths cultivated in shipping
- Reinforce stable revenue base by diversifying revenue sources

Three Core Strategies

- |Portfolio| Optimize business portfolio
- |Regional| Establish global promotion structure
- |Environmental| Make upfront investments for medium- to long-term returns

Respond to opportunities/ risks on a Group-wide basis

Sustainability Issues (Materiality)

Key issues for sustainable growth with society

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

<Five most important sustainability items and related initiatives>

- Environment: Reduce own/society's GHG emissions, primarily through Group-wide adoption of clean energy
- Safety: Group-wide initiatives spanning people (safety awareness), work (technology utilization), and organization (safety management systems)
- Human capital: Maximize individual and organizational capabilities by promoting diverse global opportunities and enhancing employee engagement
- DX: Transform our business and culture by optimizing our operations and organization via digital technology
- Governance: Enhance overall governance to support realization of the Group's Vision

03 Output Results

Provision of social infrastructure services

Number of MOL voyages completed (Excluding voyages conducted by time charter-out vessels)	Approx. 3,050
Iron ore transport volume	Approx. 6,740 million tons
LNG transport volume	Approx. 73.0 million tons
Number of automobiles transported	Approx. 3.2 million units
Container transport volume by ONE*1	Approx. 12 million units
Total floor area of Daibiru-owned properties (as of the end of fiscal 2023)	Approx. 720,000 m²

Core KPIs

Financial KPI	Fiscal 2023 Results	Fiscal 2035 Targets
Profit before tax	¥295.4 billion	¥400.0 billion
Net gearing ratio*2	0.88	0.9-1.0
ROE	12.2%	9-10%

Non-Financial KPI	Fiscal 2023 Results	Fiscal 2035 Targets
Environment		
GHG emission intensity reduction rate (Compared to 2019)	-7.2%	-45%
Safety		
4 ZERO*3	Unachieved (One fatal accident)	Achieve
Human Capital		Fiscal 2025 Targets
Percentage of women in managerial positions	11.3%	15%
Percentage of MGKP*4 incumbents		
Women	5.5%	8%
Non-HQ	20.1%	30%
Under 50	14.8%	15%

*Set new targets by the end of fiscal 2025

DX		
Conversion rate to value creation and safety work (cumulative)*5	5.0%	30%

04 Outcome Value Created

Economic Value
–Stronger, more resilient
(Main driver)

<Contribution of each initiative>
Shipping | Non-Shipping | Sustainability Issues

- **Improve profitability** (Strengthen shipping business)
- **Lower capital cost** (Mitigate market condition risks from non-shipping business)
- **Enhance growth potential** (Strengthen non-financial capital such as intellectual and human capital)

Social Value
–To all stakeholders

<MOL Group Mission>
New value
Provision of social infrastructure centered on shipping

<Responsibility to society>
Decarbonization, natural capital, etc.

Improve Corporate Value

Realize MOL Group Vision

*1 An equity-method affiliate responsible for containership business management. *2 Interest-bearing liabilities are assumed to include off-balance sheet assets (approx. ¥900.0 billion), such as future charter fees, which must be factored in after IFRS is adopted.
*3 4 ZERO = Zero serious marine incidents, oil pollution, fatal accidents, and serious cargo damage. *4 MOL Group Key Positions. Designated as a position in the MOL Group or on a global basis equivalent to General Manager in head office. *5 Reduction rate in work hours when fiscal 2022 is used as the base year.

PROGRESS OF CORPORATE MANAGEMENT PLAN

MOL Group Corporate Management Plan

BLUE ACTION 2035

Progress of Phase 1 (2023–2025)

In fiscal 2023, the MOL Group formulated BLUE ACTION 2035, working toward realizing the vision for 2035 (Group Vision).

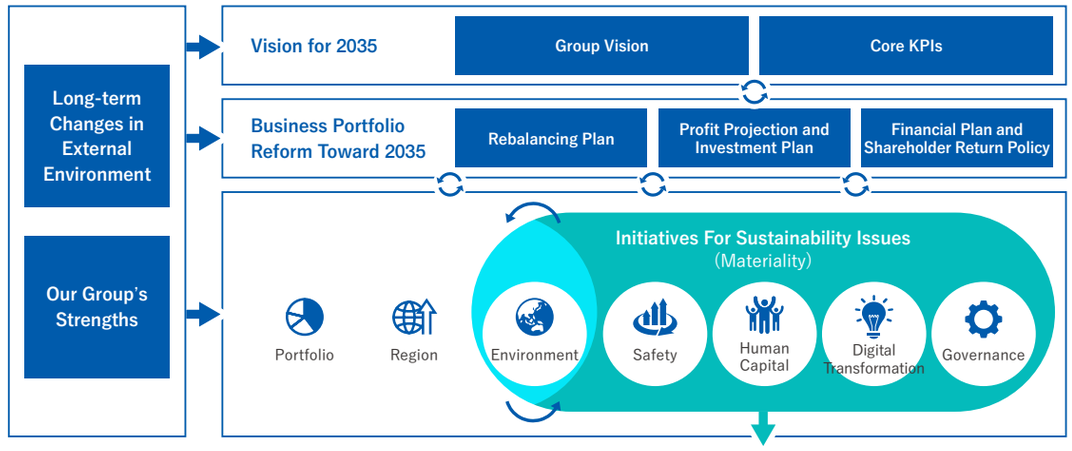
In light of long-term changes in the external environment and the Group's strengths, the main scenario of BLUE ACTION 2035 is to transform the business portfolio toward the Group Vision. The implementation strategy for BLUE ACTION 2035 focuses on the five most important items of the "Initiatives for Sustainability Issues," which is regarded as the foundation for the "3 Core Strategies" consisting of the Portfolio Strategy, Regional Strategy, and Environmental Strategy.

We aim to achieve high profit levels during booms in shipping, while continuing to generate certain profit levels even during a shipping recession. This will enable sustainable growth and achieve stable shareholder returns.

In fiscal 2023, the first year of the plan, profit before tax was ¥295.4 billion, significantly exceeding the ¥240 billion target set for fiscal 2025, the final year of Phase 1 of BLUE ACTION 2035.

Please visit our website for details on BLUE ACTION 2035
https://ir.mol.co.jp/en/ir/management/plan.html

Overview of BLUE ACTION 2035



More detailed action plan "MOL Sustainability Plan"(MSP)

Progress Monitoring Policy

The MOL Group has set Core KPIs consisting of three financial KPIs and five non-financial KPIs as milestones toward realizing our vision for 2035 (Group Vision). We will continue to monitor the progress of our Core KPIs and annually update the action plan. The action plan for fiscal 2024 largely follows the original plan.

Please see our "Business Performance in FY2023 And Outlook for FY2024" for further details.
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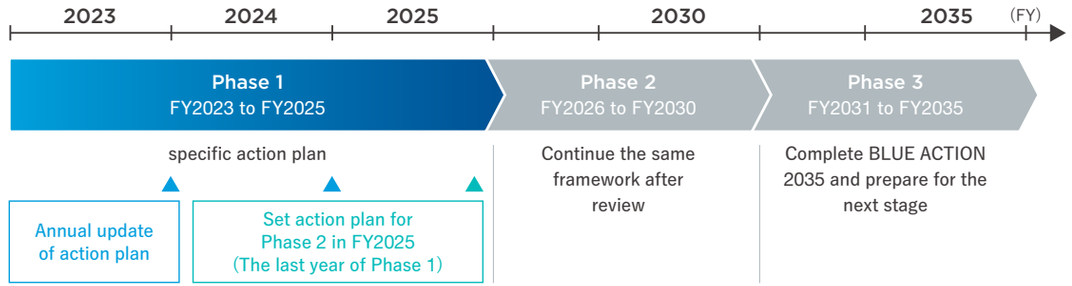


Progress of Core KPIs

	KPI		FY2022 Actual	FY2023 Actual	FY2024 Forecast	Phase 1 FY2025	Phase 2 FY2030	Phase 3 FY2035
Financial KPI	Profit before tax (unit: JPY)		819.1 bil	295.4 bil	245.0 bil	240.0 bil	340.0 bil	400.0 bil
	Net Gearing Ratio*1		1.01	0.88	0.9	0.9～1.0		
	ROE		49.8%	12.2%	9%	9～10%		
Non-Financial KPI	Environment	GHG emission intensity reduction rate (Compared to 2019)	▲5.0%	▲7.2%	—	—	—	▲45%
	Safety	4 ZERO*2	Unachieved (One fatal accident)	Unachieved (One fatal accident)		Achieve		
	Human Capital	Percentage of women in managerial positions (Office workers, non-consolidated)	9.2%	11.3%	—	15%	[TBA by the end of Phase 1]	
		Percentage of MGKP*3 incumbents (Women/Non-HQ/Under 50)	4.7%/18.3%/ 9.5%	5.5%/20.1%/ 14.8%	—	8%/30%/ 15%		
	DX	Conversion rate to value creation and safety work (cumulative)*4	—	5.0%	8%	10%	20%	30%

First Year of BLUE ACTION 2035 Off to a Smooth Start

In fiscal 2023, all financial KPIs exceeded our fiscal 2025 targets. However, in non-financial KPIs, we failed to achieve our safety KPI after a fatal accident. In human capital and DX KPIs, we are on track to achieve our targets for the end of fiscal 2025. For environmental KPI, the GHG emission intensity reduction rate was 7.2%. Overall, we believe that the first year of BLUE ACTION 2035 has gotten off to a smooth start. We will not change the targets for fiscal 2025 and beyond, the final year of Phase 1, and will proceed with our corporate management plan to achieve our Group Vision.

*1 Interest-bearing liabilities are assumed to include off-balance sheet assets (approx. ¥900.0 billion), such as future charter fees, which must be factored in after IFRS is adopted. These figures are estimates based on certain assumptions made by the Company and may differ from figures calculated when IFRS is officially applied.
*2 4 ZERO = Zero serious marine incidents, oil pollution, fatal accidents, and serious cargo damage.
*3 MOL Group Key Positions. Designated as a position in the MOL Group or on a global basis equivalent to General Manager in head office.
*4 Reduction rate in work hours when fiscal 2022 is used as the base year.

Business Portfolio Reform Toward 2035

Rebalancing Plan

	FY2022 Actual	FY2023 Actual	FY2035 Plan
Total Assets (unit: JPY)	4.7 tn	5.1 tn	7.5 tn
(Asset ratio) Market Driven Business : Stable Revenue Business	50 : 50	45 : 55	40 : 60
(Reference) Shipping : Non-Shipping	75 : 25	70 : 30	60 : 40

No Changes from BLUE ACTION 2035

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	

Increased Assets of Stable Revenue and Non-Shipping Businesses

BLUE ACTION 2035 sets forth, “reform to a portfolio that can maintain profitability even during a shipping downturn” and “pursue both investment for growth and a yield that meets shareholders’ expectations” as what we want to achieve. In fiscal 2035, we plan to increase total assets to ¥7.5 trillion and increase the asset ratio of our stable revenue and non-shipping businesses.

In fiscal 2023, we allocated cash from our market driven businesses to invest in the Energy Business and Real Property Business, resulting in a steady increase in the asset ratio of our stable revenue and non-shipping businesses.

*1 Market Driven Business: Businesses 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.
*2 Stable Revenue Business: Businesses with relatively long contract terms that are not affected by shipping market volatility, and non-shipping businesses that are influenced by market conditions different from those of the shipping market.

Business Portfolio Reform Toward 2035

Investment Progress for Phase 1 (FY2023-FY2025)

Investment Progress Amount by Business Units (On a cash-out basis. M&A, including deals led by regional organizations.)

(Unit: billions of yen)	Market Driven Business	Stable Revenue Business	Total	Investment aligned with Environmental Strategy	Original Plan
Dry Bulk Business	57.0	41.0	98.0	*70.0*	110.0
Energy Business	125.0	532.0	657.0	*468.0*	530.0
Product Transportation Business	110.0	32.0	142.0	*99.0*	280.0
Wellbeing & Lifestyle Business	—	210.0	210.0	*21.0*	275.0
Others	—	—	23.0	—	5.0
Total	**292.0**	**815.0**	**1,130.0**	***658.0***	**1,200.0**

*Applies to deals for which investment decisions have been made by March 31, 2024.
*Not including reinvestment by equity-method affiliates and cash-in from sale of vessels when delivered.
*Includes investments which have been already decided (approx. ¥540.0 billion) at the start of BLUE ACTION 2035.

Profit Projection for Phase 1 (FY2023-2025) (Profit Before Tax)

(Unit: billions of yen)	FY2023 Results	FY2025	FY2030	FY2035
Dry Bulk Business	48.6	25.0	29.0	31.0
Energy Business*1	72.5	70.0	84.0	96.0
Product Transportation Business	142.8	124.0	195.0	225.0
Of which, containership business	*54.1*	*67.0*	*140.0*	*160.0*
Wellbeing & Lifestyle Business	9.6	19.0	29.0	45.0
Associated Business and Others	21.9	2.0	3.0	3.0
Total (A)	**295.4**	**240.0**	**340.0**	**400.0**
Projected Total Assets*2 (B)	**5,020.5**	**5,400.0**	**6,400.0**	**7,500.0**
ROA (A)/(B)	**5.9%**	**4.4%**	**5.3%**	**5.3%**
Profit from Stable Revenue Business/Ratio Profit from Non-Shipping Business/Ratio (Reference)	88.6/30% 47.0/16%	96.0/40% 54.0/22%	136.0/40% 86.0/25%	160.0/40% 120.0/30%

*1 The thermal power fuel transportation business and the chemical tanker business, both of which belong to multiple business units, are included in the "Energy Business."
*2 Off-balance sheet assets under J-GAAP such as future charter fees are provisionally calculated and factored in. Precise calculation in accordance with IFRS will be verified later.

In terms of the progress of the investment plan, out of the ¥1.2 trillion investment plan up to fiscal 2025, we have made commitments to invest ¥1.1 trillion as a result of additional new building orders for various vessel types such as dry bulk carriers, LNG carriers, LPG carriers, and car carriers; M&A deals with Fairfield Chemical Carriers, a chemical tanker company, and Hokutaku Co., Ltd., a wind turbine maintenance company; and overseas real estate investments. In addition, actions taken in fiscal 2023 are steadily bearing fruit, including an order for the construction of a new floating storage and regasification unit (FSRU) with Poland's Gaz System through a collaboration between regional and sales organizations.

By steadily implementing the investment plan, we will accumulate the profits of each business in a stable manner and aim to achieve the profit projections for each business headquarters at the end of each Phase as shown in the table on the left. We aim to increase profits in the stable revenue businesses from ¥88.6 billion in fiscal 2023 to ¥160.0 billion in fiscal 2035, more than 1.8 times the current profit level. For the non-shipping businesses, we aim to increase profit from ¥47.0 billion in fiscal 2023 to ¥120.0 billion in fiscal 2035, 2.6 times the result of fiscal 2023, thereby raising to 30% of the total profit. "Projected Total Assets," shown in bold blue letters on the left hand side of the table, factors in our independent calculation of off-balance sheet assets such as future charter fees, assuming the future introduction of the IFRS and the application of new lease accounting under J-GAAP. We are aiming for an ROA of over 5.3%, assuming that off-balance sheet assets are included in total assets. The action plan for fiscal 2024 is for each business headquarters to acquire new businesses through the businesses we have cultivated so far, and to accelerate the development of new businesses, including M&A.

Kazuya Hamazaki

Director,
Senior Managing Executive Officer
Chief Financial Officer (CFO)

CFO MESSAGE

Maximize Corporate and Shareholder Value by Integrating the MOL Group's Strengths in Value Creation with Our Financial and Non-Financial Strategy.

Fiscal 2023 Review

In fiscal 2023, ended March 31, 2024, MOL posted profit attributable to owners of parent of ¥261.6 billion. As a result, shareholders' equity increased to ¥2.3 trillion, and we paid a dividend of ¥220.0 per share, an increase of ¥40.0 per share over our initial forecast. Although the containership business, which enjoyed an unprecedented boom in fiscal 2021 and 2022, returned to a normal trajectory, strong performance in other segments such as the Energy Business contributed to profit. Our investments to date are yielding positive results with steady growth in each of our businesses.

BLUE ACTION 2035 Investment Plan and Progress

The shipping industry, our core business, is highly volatile and influenced significantly by market conditions. In addition to expanding the scale of our business, we are working to transform ourselves into a global service provider of not only shipping services but also social infrastructure, enabling us to secure stable profits even when shipping markets are in a downturn. Through this transformation, we aim to increase the ratio of assets in non-shipping and stable revenue businesses to maintain a reliable level of profitability while capturing the upside from the shipping business and other market driven businesses. As a result of our ¥815.0 billion investments in stable revenue businesses from fiscal 2023 to 2025, primarily in the energy and real property businesses, the ratio of stable revenue assets in fiscal 2023 grew to 55% of our total assets. We will continue to focus our investments primarily on stable revenue businesses in fiscal 2024 and beyond.

Investing to Generate Corporate and Shareholder Value

For business transformation investments, we are mindful of the cost of capital and pay careful consideration to whether such investments will generate and increase our corporate and shareholder value. In implementing these investments, maintaining financial discipline is, of course, imperative. We base our investment decisions on the amount of financial and strategic return the investment will generate, as well as the extent that incorporating the investment into the Group's portfolio will create synergies or reduce risk and the extent to which it will enhance the corporate and shareholder value of the Company as a whole.

For individual investment decisions, we adopt a comprehensive approach that considers multiple metrics, including contribution to future profits, internal rate of return (IRR) versus hurdle rate, and payback period. In addition, under BLUE ACTION 2035 we are also managing the financial return generated by investments using portfolio-specific ROA and ROA Cost of Capital as metrics. Investments in stable revenue businesses are less volatile and require a relatively small ROA, while investments in market driven businesses require a higher ROA. At a company-wide level, we will continue pursuing investments that deliver ROA that exceeds ROA Cost of Capital.

Another important consideration when making investment decisions is whether the investment in question resonates with the MOL Group's strengths, as well as the extent to which it can generate synergies. For example, I have spent a large part of my career in the LNG Division, and have seen how the strengths that are not shown on our balance sheet, our non-financial capital, has tied into our investment efforts, enabled us to accomplish difficult projects, and generated significant value. Our non-financial capital is namely the intellectual, human, social, and relational capital, including the global network we have built over the years, the trust relationships we have established with our customers and partners, and the knowledge and experience of our staff, including commercial, engineering, marine, and financial professionals who implement our projects. Similarly, in terms of business type, our expansion from LNG carrier business to related infrastructure businesses such as FSRUs and Powerships is another way in which we are creating new value. Reassigning staff who have developed their skills through these projects to other divisions within the Company, where they are currently working to develop completely new business fields such as wind power generation, represents another example of our efforts to create new value.

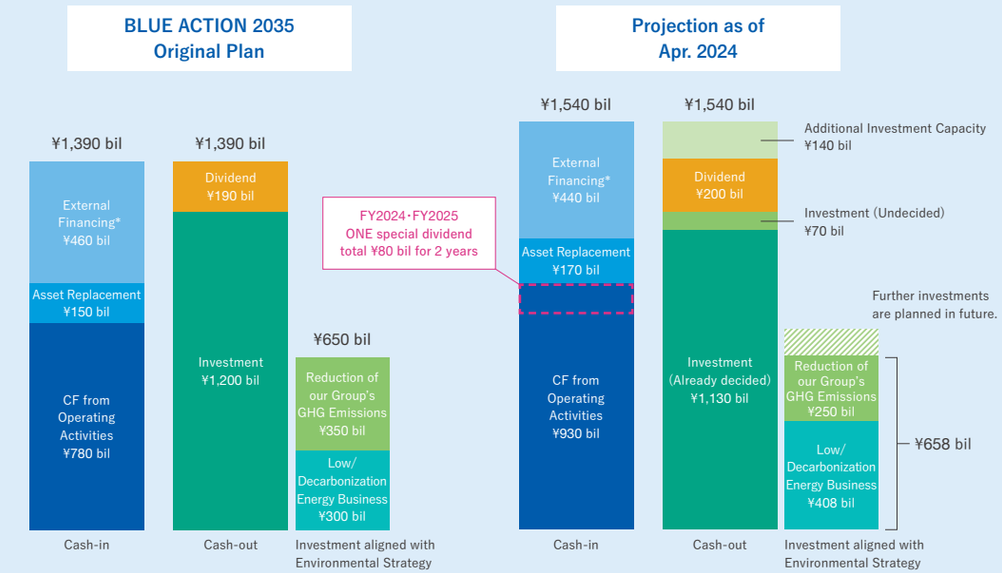
In this manner, we have leveraged our non-financial capital to expand our business fields and generate new and increased corporate and shareholder value through bold investments. As CFO, I believe that one of my most important roles is to help support investments that lead to increased corporate and shareholder value while remaining vigilant of the risks involved.

Cash Allocation and Optimal Capital Structure

MOL will pursue investments within its cash allocation framework through effective use of external borrowing while maintaining an optimal capital structure, and maintaining financial discipline by achieving a net gearing ratio between 0.9 and 1.0. During Phase 1 of BLUE ACTION 2035, we originally planned to invest a total of ¥1.2 trillion over a three-year period. However, due to an increase in our cumulative operating cash flow based on our financial performance in fiscal 2023 and forecast for fiscal 2024, as well as the fact that our investment execution progressed more rapidly than expected in the first year of the plan, we have increased our investment limit by ¥140.0 billion to ¥1.34 trillion. In Phase 1, we will place priority on building up investments in environmentally friendly vessels, in line with our Environmental Strategy, and also in non-shipping businesses with relatively low volatility in financial performance.

As of the end of fiscal 2023, our equity ratio is 47%, assuming that leased assets are included

Cash Allocation



*External financing includes cash inflows from chartering and lease arrangements.

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on our balance sheet. Although we do not consider our equity ratio to be excessive at present, we will think carefully about the optimal debt : equity ratio by considering future investment progress and profit plans. We will also control our capital with a focus on a target ROE of 9-10%, including returning any surplus earnings to shareholders when applicable.

Shareholder Returns

We have announced a dividend of ¥180.0 per share for fiscal 2024, assuming that the budget we set at the outset of the fiscal year is achieved, which represents a payout ratio of 30.0%. However, if performance exceeds our forecast, we plan to revise the dividend amount in line with a 30.0% payout ratio. Regarding additional shareholder returns such as share buybacks, our current priority is to allocate free cash flow to fund future growth and enhance our mid- to long-term corporate value, as we recognize that we are currently in an important phase for ensuring sustainable growth going forward.

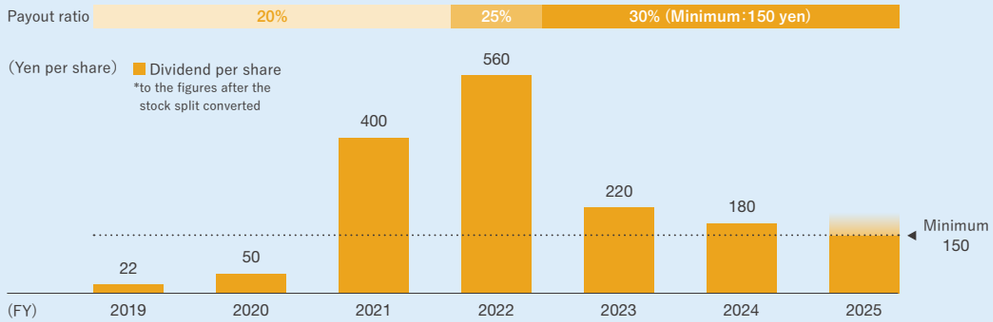
It is true that we have received questions as to why we do not conduct share buybacks in light of the fact that our market capitalization is below a P/B ratio of 1.0. However, we believe it is important to focus on growth investments from a mid- to long-term perspective and quantitatively demonstrate the results of the investments we have already implemented through further information disclosure. In this way, we aim to communicate to our shareholders how we are increasing corporate value and shareholder value through BLUE ACTION 2035, and then increase our market capitalization to above a P/B ratio of 1.0. During fiscal 2025, the final year of Phase 1, we will keep a close eye on MOL's management positions, the progress of our investments, and the probability of achieving our future revenue plans and use those conditions in determining our shareholder return policy for Phase 2, starting from fiscal 2026. We will strive to further grow MOL's business in order to deliver greater shareholder returns during Phase 2.

Shareholder Return Policy

The current shareholder return policy is maintained and expect a dividend of 180 yen per share for FY2024.
(Initial budget assumption as of Apr. 2024)

Policy in Phase 1 of BLUE ACTION 2035
- Payout ratio: 30%
- Minimum dividend: 150 yen per share
- Potential share buybacks subject to business environment

No Changes from BLUE ACTION 2035



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 returns may be implemented with 9-10% of ROE target in mind

Introduction of International Financial Reporting Standards (IFRS)

We have established an internal project team to study the adoption of International Financial Reporting Standards (IFRS). In fiscal 2024, we will commence full-scale efforts toward IFRS adoption. Our goal is to adopt IFRS as soon as possible from Phase 2 onward to ensure that the MOL Group's global operations have financial information with higher reliability and better international comparability, along with further refining our global Group management. This project carries an important mission of serving as a compass that will guide the MOL Group into the future, and as project owner, I am dedicated to making this endeavor a success.

Toward the MOL Group's Transformation

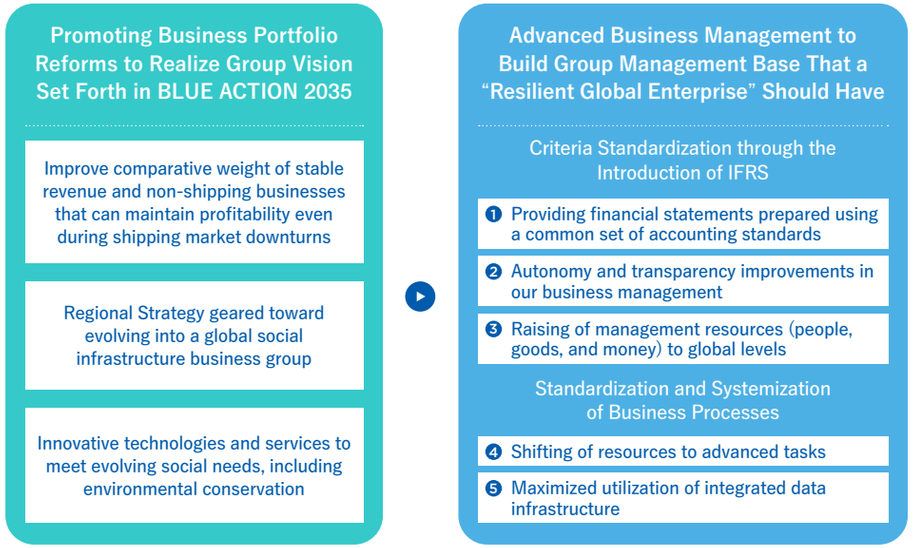
Fiscal 2023, the first year of BLUE ACTION 2035 Phase 1, marked a positive start to the plan's implementation. However, the path to achieving the transformation we envision has only just begun. I am committed to fulfilling my responsibility as CFO by strategically integrating the Group's strengths in value creation, which cannot be measured by financial metrics alone, with our financial strategies to maximize the MOL Group's corporate and shareholder value. In order to achieve these goals, we will place importance on dialogue with our shareholders and investors. We appreciate your continued understanding and support for the MOL Group as we continue working toward this transformation.

TOPIC ADVANCED BUSINESS MANAGEMENT: Toward a “Resilient Global Enterprise”

Awareness of Issues and Strategy

Toward realizing the Group Vision set forth in BLUE ACTION 2035, we are advancing our business portfolio strategy. In addition to our core shipping businesses, we aim to stabilize our profit base by diversifying investments into other non-shipping businesses. However, the business management system that has supported our Group up to now has been cultivated over our long history in the shipping industry, and as our business has expanded into non-shipping businesses, it has become necessary to develop new management indicators and monitoring processes for each business sector with different characteristics. To set up new regional headquarters in Asia/Oceania, Europe/Africa, North/South America, etc., and to make swift investment decisions while transferring authority, it has also become important to standardize our business management structures globally. We therefore became aware of the need to restructure the management base of our entire Group, which operates both domestically and overseas, and to make our business management system more advanced to bring it up to the global level.

Accordingly, the Accounting Division, Corporate Planning Division, and IT Division have come together to set up a specialized team and are working on internal reforms. Specifically, our CFO serves as the global project owner and works with Group companies both in Japan and overseas to promote “criteria standardization for accounting rules, investment standards, etc. through the introduction of IFRS” and the “standardization and systemization of business processes” with the aim of making our business management more advanced.



Criteria Standardization through the Introduction of IFRS

1 Providing financial statements prepared using a common set of accounting standards

The number of companies around the world adopting IFRS is increasing rapidly. Through the adoption of IFRS, we will improve the international comparability and usability of our financial information and promote communication with investors and customers not only in Japan but also overseas.

2 Autonomy and transparency improvements in our business management

We believe that unifying our management standards will lead to strategic resource allocation and efficient M&A execution led by each region as well as accelerated corporate growth. In addition, this will facilitate unified Group-wide risk management and enhance global governance.

3 Raising of management resources (people, goods, and money) to global levels

By unifying accounting practices across the Group under IFRS, we believe that the financial impact of time charter contracts and operating lease contracts, which are off-balance sheet items under J-GAAP, will be more accurately recognized. Viewing this series of changes as an excellent opportunity to develop future management talent, we will also use it to foster skills and mindsets with a global perspective.

Standardization and Systemization of Business Processes

4 Shifting of resources to advanced tasks

To realize advanced business management, it is necessary to improve the work efficiency of administrative tasks, particularly accounting procedures, across the entire Group. In conjunction with the digital transformation initiatives being implemented in parallel under BLUE ACTION 2035, we will eliminate tasks that are highly dependent on individuals and improve productivity on a global basis.

5 Maximized utilization of integrated data infrastructure

By standardizing management criteria and business processes on a global basis, accounting data will become more standardized, and the scope of data utilization will be expanded more than ever before. By making maximum use of digital tools, we will seamlessly connect data scattered around the world and simultaneously improve the speed and quality of data management in our business management.

PORTFOLIO STRATEGY

Portfolio Reform to Achieve Stable Growth with Shipping Business as the Core

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 downturns in the shipping market.

Shipping　Non-Shipping

Initiatives by Business Headquarters
→ P.22-28

Businesses	Main Transported Cargo	Main Affiliates	Fleet*1, 2
Headquarters of Dry Bulk Business			
Dry bulker business	• Iron ore • Coking coal • Wood chips • Grain	MOL 商船三井ドライバルク GEARBULK	Dry bulkers: Fleet*3 330 vessels 24,482 k dwt 5th in the world (By DWT)
Headquarters of Energy Business			
Tanker business LNG carrier business Thermal power fuel carrier business Offshore businesses Wind power business	• Crude oil • Petroleum products • Chemical products • LNG • Steam coal	MOL CHEMICAL TANKERS WATERFRONT Shipping Limited	LNG carriers: Fleet*4 97 vessels 1st in the world (By no. of vessels) Tankers: Fleet*4 186 vessels 13,982 k dwt 5th in the world (By DWT)
Headquarters of Product Transport Business			
Car carrier business Containership business Terminal and logistics business	• Automobiles • Container cargoes • Construction machinery	ONE UTOC MOL MOL Logistics	Car carriers: Fleet 95 vessels 2nd in the world (By no. of vessels) Containerships: Fleet (ONE) *5 2,354 k TEU 6th in the world (By TEU)
Headquarters of Wellbeing & Lifestyle Business			
Real property business Ferry and coastal RoRo ships business Cruise business	Main properties • Yaesu Daibiru (Tokyo) • Midosuji Daibiru (Osaka) • 275 George Street (Australia) • Saigon Tower (Vietnam)	DAIBIRU CORPORATION 商船三井さんふらわあ MOL CRUISES	No. of properties owned 35 Ferry and coastal RoRo ships: 14 Cruise ships: 2

*1 The number of vessels including our consolidated subsidiaries.
*2 Partial ownership of a vessel is counted as one vessel.
*3 For dry bulkers, the number of vessels and DWT figures include equity-method affiliated companies' fleets.
*4 LNG carrier and tanker numbers primarily include equity-method affiliated companies' fleets based on the vessel types and the extent of our involvement in procurement, construction, and financing.
*5 ONE's containership fleet is shown.

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PORTFOLIO STRATEGY

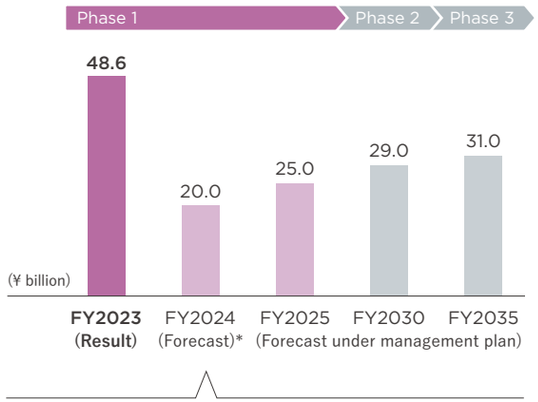
Headquarters of Dry Bulk Business

Hirofumi Kuwata

Executive Vice President
Executive Officer
Director General,
Headquarters of Dry Bulk Business

Direction Toward Fiscal 2035

Profit Projection (profit before tax)



Investment Plan (Phase 1)

(Investments already decided) ¥**98.0** billion

Of which, aligned with Environmental Strategy: ¥70.0 billion

(Original plan) ¥**110.0** billion

Of which, aligned with Environmental Strategy: ¥88.0 billion

*Based on ordinary profit for fiscal 2024 only. Extraordinary income and extraordinary losses are not factored in.

DRY BULK

Awareness of Issues and Strategy

As cargoes for which demand is expected to increase as we head toward a decarbonized society, we have newly acquired, for example, grains and fertilizers. In contrast, however, we need to catch up to some targets, such as for the transportation of hot briquetted iron (HBI), and are working to strengthen targeted cargo sales continuously. In terms of the development of environment-friendly vessels, we will advance preparations for the placing of orders and deliveries of dual-fuel vessels (such as LNG and methanol) and vessels equipped with wind propulsion systems to further strengthen our marketing to customers and promote the expansion and upgrading of our fleet for the next generation. We will promote fleet development, primarily of our own fleet, and take on appropriate market exposure. At the same time, we will exercise risk management, swift market judgments, cost reductions, and optimal vessel allocations as we aim to maximize returns.

Opportunities and Risks

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 (CO_2, ammonia, etc.) not limited to dry bulk cargoes caused by decarbonization, and changes in trade flows (HBI, scrap, etc.)
- Increased demand for dry bulk cargoes and changes in trade structure due to population and economic growth in Southeast Asia, India, Africa, etc.

Risks

Short-term

- The direction of next-generation marine fuels has not been decided, and supply chain is underdeveloped
- Rising ship prices due to inflation and labor shortages
- Regulatory changes and intensification of environmental measures

Long-term

- Decreasing cargo movements due to contracting economic activity in China
- Decreasing demand for transporting the major bulk cargoes, iron ore and coal, due to decarbonization, changes in demand structure, and other factors
- Smaller lots of dry bulk cargo and shorter transport distances due to advances in reuse and recycling
- Competition for food and energy. Emergence of geopolitical risks in food sector

Lead the environmental response through advanced low-carbon measures and become the customers' company of choice

Toward GHG emission reduction, we decided to install wind propulsion systems on nine dry bulkers, and the Group's second vessel equipped with the Wind Challenger, the M/V Green Winds, which was delivered in July 2024.

We are implementing a range of low-carbon initiatives, including the development of LNG and methanol dual-fuel vessels, participation in demonstration experiments for ammonia and hydrogen fuels, the implementation of CO_2 emission offset voyages, and the adoption of green steel that reduces CO_2 emissions for newly built vessels.

Amid heightening customer awareness of environment-friendly ships due to cost reductions through improved fuel efficiency and in response to societal demands, we will not miss an opportunity that will lead to the expansion of our business.

PORTFOLIO STRATEGY

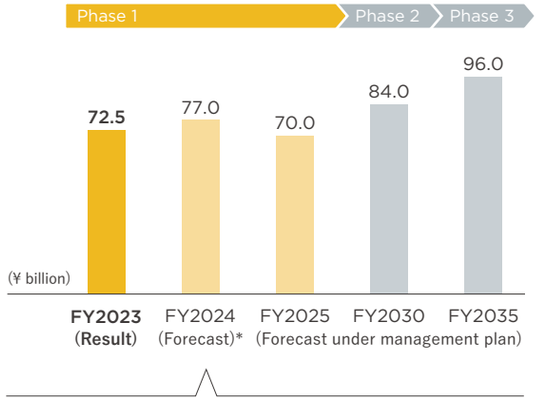
Headquarters of Energy Business

Hisashi Umemura

Senior Managing Executive Officer
Director General,
Headquarters of Energy Business

Direction Toward Fiscal 2035

Profit Projection (profit before tax)



Investment Plan (Phase 1)

(Investments already decided) ¥**657.0** billion

Of which, aligned with Environmental Strategy: ¥468.0 billion

(Original plan) ¥**530.0** billion

Of which, aligned with Environmental Strategy: ¥440.0 billion

*Based on ordinary profit for fiscal 2024 only. Extraordinary income and extraordinary losses are not factored in.

ENERGY

Awareness of Issues and Strategy

We will continue to lead the Group's growth strategy by steadily upgrading our fleet of LNG carriers, and through activities like the acquisition of Fairfield Chemical Carriers by MOL Chemical Tankers, and the capital alliance with Hokutaku, Japan's largest wind turbine maintenance company. In addition to transportation services by our world-class fleet for liquefied gas and chemical products, we will accelerate our efforts in carbon solution projects, which will be a milestone for the future. By establishing a new division specializing in carbon removal, next-generation energy, and carbon capture and storage (CCS)-related businesses, we will take a pioneering position in the industry and seize business opportunities by quickly identifying the decarbonization needs of our customers and society.

Opportunities and Risks

Opportunities

Short-term	Long-term
● Increasing global demand for LNG ● Progress and expansion of legal reforms and subsidy systems relating to renewable and new energy ● Economic growth in India and emerging economies	● Progress in decarbonization (development and expansion of introduction of new energy sources, such as ammonia and hydrogen; spread of carbon recycling)

Risks

Short-term	Long-term
● Red Sea tensions; protracted war between Russia and Ukraine ● Slowdown in Chinese economic growth ● Lack of supply infrastructure for alternative fuel bunkering	● Further heightening of geopolitical risks ● Persistently high costs of environmental measures ● Delays in establishing environmental value trading through market mechanisms

Securing specialists and developing human capital to support M&A and business integration are keys to business expansion

In the expansion of business, not only in the field of shipping businesses such as LNG transportation, but also in the field of non-shipping businesses such as wind power business, functions such as sales tasks, operations, capital investment/asset management, project management/operation, are expanding. In both fields, there is an urgent need to develop professional human capital to maximize project management and the effects of M&A and business integration. To achieve the right people in the right places across the entire Group, we will strengthen our talent management system ahead of other businesses by identifying the skills of each individual and clarifying the skill requirements of each business, and by planning and executing key human resource strategies to ensure the realization of our business strategies.

PORTFOLIO STRATEGY

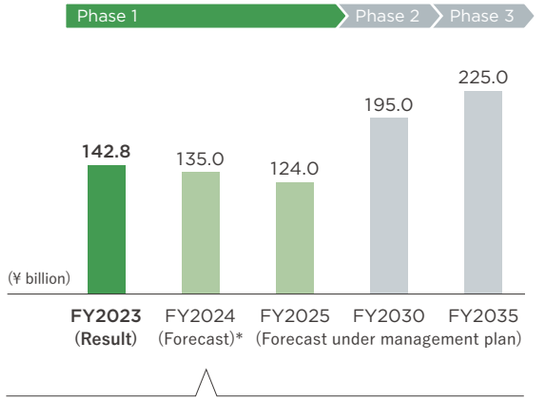
Headquarters of Product Transport Business

Osamu Sakurada

Managing Executive Officer
Director General,
Headquarters of
Product Transport Business

Direction Toward Fiscal 2035

Profit Projection (profit before tax)



Investment Plan (Phase 1)

(Investments already decided) ¥**142.0** billion

Of which, aligned with Environmental Strategy: ¥99.0 billion

(Original plan) ¥**280.0** billion

Of which, aligned with Environmental Strategy: ¥100.0 billion

*Based on ordinary profit for fiscal 2024 only. Extraordinary income and extraordinary losses are not factored in.

PRODUCT TRANSPORT

Awareness of Issues and Strategy

To respond to diversifying product logistics needs and increasingly complex trade patterns, we will strengthen our global network and seek to seize growth opportunities. In the car carrier business, we are implementing the construction of LNG dual-fuel vessels ahead of schedule to achieve the GHG reduction required in the marine transport sector, which is leading to long-term partnerships with customers. With a large number of new ships due to be delivered in 2024-2025, in the containership business we want to ensure a certain level of profit by responding flexibly to circumstances and working to make our operations more efficient. In the logistics business, we are devising ways to expand and upgrade distinctive services, such as transporting chemicals and heavy goods.

Opportunities and Risks

Opportunities

Short-term	Long-term
● Expansion of commercial rights through flexible responses to increasingly complex trade patterns	● Building long-term, stable partnerships with major shippers through environmental strategies ● Solid demand for goods due to population growth (even as growth rates slow) ● Improvements in land and onboard operations by giving added depth to digital technologies

Risks

Short-term	Long-term
● Worsening situations in Ukraine and Israel, trade friction between the United States and China, and the EV tariff war are increasing trade risks ● Increased shipping capacity due to the delivery of a large number of new ships	● Contraction of the global economy due to geopolitical risks, risk of global recession ● Slowdown in long-term growth rate of demand for goods ● Stable procurement of alternative fuel ships and of the alternative fuels themselves

Building long-term, stable partnerships with major shippers through DX

By promoting DX, including the utilization of the J-CARPS system (reflection of count data in vessel loading plans) in operations and loading operations and the installation of cameras and AI systems that detect smoke inside cargo holds, we have improved transport and operational efficiency as well as safety.

By digitizing paper document exchanges with customers, such as the issuance of electronic bills of lading, we will also reduce the environmental impact and improve customer convenience. By strengthening our interactions with customers, we will build long-term stable partnerships that will lead to business stability.

Issues and Strategies for the Containership Busines → P.25

CLOSE UP

Ask the Expert: Current State of the Containership Market

Takuma Matsuda
Professor, Faculty of Commerce, Department of International Business, Takushoku University

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Jotaro Tamura
Senior Managing Executive Officer
Responsible for Containership Business Division, East Asia, South East Asia and Oceania Area
Chairman, Ocean Network Express Holdings, Ltd.

Ocean Network Express (ONE), established through the merger of the liner container shipping businesses of MOL, NYK, and KLINE, began service in April 2018. Having achieved record profits despite ongoing volatile conditions in the container shipping industry, ONE is looking ahead to the next stage of sustainable growth. We spoke with Professor Takuma Matsuda, an expert in shipping economics and logistics, about the challenges the company must tackle in the future.

In today's volatile market, investment plans are the most important factor

Tamura: The shipping industry, especially the containership market, has historically been extremely volatile, with fluctuations in freight rates. What do you believe are the factors behind this?

Matsuda: I attribute the high volatility to two factors. First, amid sharply fluctuating freight rates, there is a lag between the market peak and the timing at which new vessels are deployed. A gap of approximately two years occurs between the decision to invest and the actual completion of new vessels. Second, containerships are expected to operate according to a fixed schedule, regardless of fluctuations in cargo volumes due to economic conditions or other factors.

Tamura: I guess you could say that containerships are the route buses of the ocean. As they operate on a regular schedule, there are both times when some seats are left empty and times when there is no more room on board. Couple this with the free competition in the international shipping industry, and you will see freight rates soar when there is a shortage of containerships and price competition ensue when there is an oversupply. This results in a business model in which freight rates rise and fall dramatically, despite the business having a highly public nature as a transportation system.

Matsuda: As with freight rates, the price of containerships has also fluctuated in recent years. One point that has become very clear through my research is that the most important factor in achieving growth in the shipping industry, and particularly in the containership business, is investment. If the amount invested in vessels themselves can be kept to a minimum, this directly translates into greater competitiveness due to lower costs. I therefore believe that in order to attain sustainable growth, it is essential to secure shippers and increase the number of vessels while at the same time controlling investment outlay.

Tamura: Continuing to develop our containership fleet is one of our top priorities as we work to expand our business, and ONE will continue to make strategic investments in this area. In addition to placing planned orders for new vessels, we also made an investment last fiscal year in Atlas, a major containership-owning company.

Keeping a close eye on environmental issues and the regrouping of global shipping operators

Matsuda: One key change occurring in the containership market is the growing environmental awareness of both shipping companies and shippers. Around 10 years ago, I remember being told by a major foreign shipping company that time, cost, and carbon footprint were the three biggest factors in deciding a shipping route. Services for calculating CO_2 emissions were not as advanced at that time as they are today, so I listened with a somewhat skeptical ear—but today shippers have a keen awareness of environmental issues as a matter of course.

Tamura: That's right. At the societal level, there is a growing debate about how the costs associated with environmental preservation

should be borne. Of the cargoes transported by containership, the product groups that are closer to the end-user tend to have smaller marginal transportation costs per unit, and I feel that shippers are relatively understanding of the cost burden in light of the growing environmental awareness of end users.

Matsuda: Another change we are seeing in the containership market is that the number of major operators has shrunk to around 10. The Global Financial Crisis triggered by the collapse of Lehman Brothers represented a major juncture for the industry, and from the 2010s onward, a sustained gap between supply and demand saw freight rates remain at very low levels. At this time, there was excessive competition in the market, with around 20 companies competing for business.

Matsuda: In addition to the price competition, vessels were becoming increasingly larger. As demand was not growing fast enough to keep up with supply, shipping companies were forced to adapt by expanding in scale and achieving cost competitiveness through mergers and restructuring.

Tamura: While the market players have reorganized in such a way, the reconfiguration of shipping networks has also been advancing recently through the formation of global alliances. ONE is a member of THE Alliance, one of the three major shipping alliances.

Matsuda: That's right. There is also a lot of talk about the new shipping alliance Gemini Corporation, which is to be formed in 2025 by Maersk and Hapag-Lloyd, a member of THE Alliance. I believe the key to success will be how shipping companies move to capture the vacant spaces created by the reconfiguration of these networks.

Tamura: Speaking generally, I believe that the regrouping of alliances presents both risks and opportunities. ONE has been a member of the same East-West shipping alliance as Hapag-Lloyd for many years, and we intend now to capitalize on new opportunities while addressing potential risks. Although there will be changes in the network, we are determined to enhance the services that ONE offers, and going forward I am confident that we will continue to meet the collective requirements of our customers.

ONE is aiming to improve both the quality and scale of its operations

Matsuda: ONE 2030, ONE's management plan announced in March 2024, stood out to me for its even greater focus on growth in size than previously. As the company's success thus far has come from generating profits through efficient operations, the challenge going forward will be how to achieve a balance between efficiency and scale.

Tamura: When we founded ONE, our motto was "not too large and not too small." With the merger of the three Japanese shipping companies, the company can no longer be considered too small. At the same time, keeping in mind our motto of not being too large, we will work to win the trust of our customers by developing services that are tailored to their needs. In the future, we plan to further refine the business model we have established through the successful merger by integrating our individual strategies, such as our digital technology and human resources strategies, in order to achieve further scale while maintaining and enhancing the quality of the services we deliver.

Matsuda: As THE Alliance is slightly smaller than the other major shipping alliances, expanding scale to a certain extent is necessary in order to secure a strong network and offer better service to customers. The challenge will be how to win customers for these services, so I am keen to see how these plans will materialize going forward.

Please see below for details on Ocean Network Express Pte. Ltd.'s medium-term management plan "ONE 2030."
https://ir.mol.co.jp/en/ir/library/bsm/main/01/teaserItems1/01/linkList/0/link/ONE%202030(E).pdf

Strong execution and supervision by ONE and its three parent companies, with each committed to their own roles, will lead to ONE's future growth

Matsuda: I previously published a book on the process through which ONE was established and grew. In it, I referred to the company as a "Dejima organization." A Dejima organization refers to an entity established separately from the main body of a large organization for the purpose of creating something new. As ONE was created through a merger of the container shipping divisions of three Japanese shipping companies, I believe that ONE could have opted to locate its head office in Tokyo, for example. Despite this, the company took the bold decision to locate its head office in Singapore and began operations as a Dejima organization, physically separate from its parent organizations. This step was taken with the aim of achieving quick decision-making, which is a distinctive feature of ONE.

Tamura: Looking back at ONE's foundation, we placed the greatest emphasis on firstly making the merger itself a success as we prepared to launch the new company in 2018. I believe that our focus on accomplishing this goal from our base in Singapore contributed to the successes we are seeing today.

What ONE must do going forward is to increase the independence of its management and achieve sustainable growth. Meanwhile, I believe ONE's three parent companies must play a supervisory role in the execution of its business while providing full support in terms of allocation of managerial resources so that the operational side can evolve and reach its ideal state. What is important is that the three parent companies and ONE work together and support each other in pursuit of a clear, shared vision of where ONE is headed and what the company's objectives are.

Matsuda: Having a shared objective is also important among the three parent companies. As the three companies are also competitors, their expectations of ONE will differ. However, the three will maintain a shared objective and fulfill their supervisory responsibilities, entrusting the execution to ONE, while keeping in mind their responsibilities to their respective shareholders. This is the type of relationship you should strive to maintain.

Tamura: In parallel with the creation of ONE's management plan, ONE 2030, the three parent companies have also held deep discussions regarding the future oversight of the company. Going forward, I expect that each parent company will play a supervisory role in line with the direction established through these discussions.

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PORTFOLIO STRATEGY

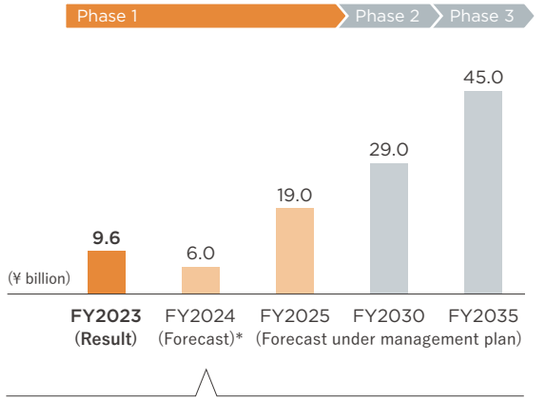
Headquarters of Wellbeing & Lifestyle Business

Tsunemichi Mukai

Managing Executive Officer
Director General,
Headquarters of
Wellbeing & Lifestyle Business

Direction Toward Fiscal 2035

Profit Projection (profit before tax)



Investment Plan (Phase 1)

(Investments already decided) ¥**210.0** billion

Of which, aligned with Environmental Strategy: ¥21.0 billion

(Original plan) ¥**275.0** billion

Of which, aligned with Environmental Strategy: ¥22.0 billion

*Based on ordinary profit for fiscal 2024 only. Extraordinary income and extraordinary losses are not factored in.

WELLBEING & LIFESTYLE

Awareness of Issues and Strategy

The Wellbeing & Lifestyle Business is a “people-focused business” that is B-to-C (for general consumers) and is closely tied to local communities within Japan. Also, it consists of businesses that play a central role in the stable revenue business that forms a part of “reform to a portfolio that can maintain profitability even during a shipping downturn,” as stated in BLUE ACTION 2035. Having built our foundation in each business—including the real property business, ferries and coastal RoRo ships business, cruise business, global human resources consulting business, and new businesses—we are moving toward our common goals of achieving sustainable growth and improving customer satisfaction while expanding our profit scale.

Real Property Business

While developing solid business through our participation in domestic projects and leveraging that experience and know-how, we are aiming to expand our earnings overseas. In Japan, although there is a risk of rising costs such as real estate prices, construction costs, and interest rates, we will expand our business by making new investments, rebuilding, and developing our asset types, responding flexibly to diversifying work styles and Sustainability Issues. Over the medium to long term, we aim to improve profitability by addressing inflation. Overseas, in addition to Vietnam and Australia, where we have already expanded, we plan to lay the foundations for future business expansion by strengthening cooperation with the MOL Group in Asian markets where demand is expected to grow, especially in India.

Ferry and Coastal RoRo Ships Business

We view the increase in cargo transportation demand brought about by the modal shift caused by the 2024 problem and the recovery in passenger transport demand after the COVID-19 pandemic as opportunities for our business. We are working to set ourselves apart from other companies through new customer development, improvements in DX-driven customer service, and the development of new vessels that are environment-friendly while also expanding truck loading capacity and providing more comfortable cabins. In the meantime, it will be necessary for us to take into account business risks, such as rising prices, labor shortages due to population decline, changes in transportation needs in the short to medium term, and the possibility of the next modal shift due to technological innovation in the long term. Proactive business investment and technological response capabilities, such as innovation in vessel technology and the introduction of alternative fuels, are required. We will integrate the ferry and coastal RoRo ships business and leverage the Group’s economies of scale to establish a system that enables us to respond to changes in the business environment autonomously.

Cruise Business

Following the debut cruise of the MITSUI OCEAN FUJI in December 2024, we will have a two-vessel service system with NIPPON MARU and aim to offer a wide range of attractive vacation options. The cruise market in Japan is also expanding due to the recovery and increase in domestic and inbound demand following the COVID-19 pandemic. We see this situation as an excellent opportunity to promote our new “FUNATABI-beautiful encounters with Japan” brand value to the market. We are implementing a growth strategy for our cruise business by making timely investments in human resources and fleet expansion.

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WELLBEING & LIFESTYLE

Aiming for sustainable growth and enhancing customer satisfaction while expanding the profit scale

Real Property Business

MOL's real property arm, Daibiru, acquired an equity interest in 63 Ly Thai To, an office building in central Hanoi, Vietnam. The building is also near the Corner Stone Building, which is owned and operated by Daibiru in the same area, and the company aims to share the high-level building operation and management know-how it has built up over the years to improve services. Daibiru's expansion into Hanoi was made possible by utilizing MOL's name value and personal network, which has extensive business experience in the country. As MOL expands into further emerging countries in the years to come, the two companies will leverage their mutual connections to benefit MOL's business by sharing local information and relationships with customers and business partners gained through the real property business, thereby working together to develop their overseas business further.

63 Ly Thai To

Corner Stone Building

Ferry and Coastal RoRo Ships Business

MOL's ferry and coastal RoRo shipping arm, MOL Sunflower, is promoting the introduction of LNG-fueled ferries for GHG emission reduction and for their low environmental impact. In fiscal 2025, the fleet is scheduled to consist of four vessels, including the *Sunflower Kamuy*, one of two currently under construction, and the *Sunflower Kurenai* and *Sunflower Murasaki* (already in service), which were the first of their kind in Japan.

The 2024 problem in logistics poses particularly major challenges for long-distance truck transport companies, and we will steadily provide space on ferry and RoRo ship routes to meet that demand. In addition to expanded cargo space, the new ships offer significantly more passenger cabins for truck drivers.

Sunflower Kamuy

Sunflower Kurenai

Cruise Business

Under the new cruise brand MITSUI OCEAN CRUISES, MOL's cruise business arm, MOL Cruises will commence a wide range of services with two ships in December 2024. Pursuing the heartfelt "hospitality" that it has cultivated over the years, we will work to set itself apart from other shipping companies by adopting the concept of "FUNATABI-beautiful encounters with Japan" and is expecting to welcome on board not only Japanese but also overseas guests. The newly launched MITSUI OCEAN FUJI will offer guests carefully-selected port experiences, spacious time on board, and a choice of dining locations and menus to suit their moods. To make the cruise business one of our growth pillars, we will promote a business strategy that balances tradition and innovation by investing in human resources, such as having headquarter executives serve as presidents of operating companies, making extensive use of the Group's talent pool, hiring specialists both domestically and internationally in key positions, and restructuring our employee training programs.

MITSUI OCEAN FUJI

Nippon Maru

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REGIONAL STRATEGY

Enable MOL Group's Growth in the Key Economic Regions of the World

Having positioned Regional Strategy as one of the Three Core Strategies under BLUE ACTION 2035, we are working so that we will be able to demonstrate our presence in the global market as a global social infrastructure business group. We have reviewed our business promotion structure to strengthen the competitiveness and growth of our shipping businesses in each region and to expand our business through new business development focused on non-shipping businesses. Having concentrated our efforts in the markets where we already have a presence, we are beginning to see results in the higher quality and speed of our decision-making.

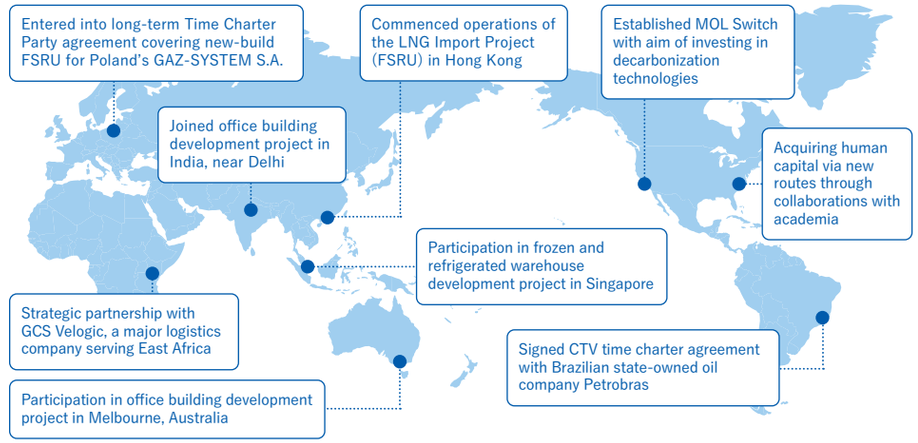
Reasons behind the Restructuring of Regional Commercial Activity

In 2022, we began an initiative to expand our business by strengthening the execution structure of our regional organizations, using India as a model case for promoting our Regional Strategy. In 2023, we expanded on this by dividing the world, excluding Japan, into five regions (East Asia; Southeast Asia and Oceania; South Asia and Middle East; Europe and Africa; and the Americas) and appointing dedicated executive officers for each region. In addition, we appointed a head of marketing and corporate functions in each region, and established a system to improve the quality and speed of decision-making within regional organizations. Also, we have increased the number of CxOs who oversee the corporate functions of the entire Group and put in place a system by which each CxO will carry out cross-sectional activities (support/control) for regional organizations from the perspective of overall optimization.

There are large differences in the stage of economic development between regions, and the growth areas and business opportunities also vary greatly. To further enhance the effectiveness of the sales strategies that regional organizations have developed in accordance with the characteristics of each economic zone, in 2024 the COO will lead communications with head office management to align the Regional Strategy with the strategies of the entire Group.

Regional Strategy Implementation Structure

Progress of Phase 1 (2023-2025) (Extract)



A case where a regional office took a leadership role in project development and management → P.30
Regional Strategy dialogue between TotalEnergies and Suryan, regional head of marketing in charge of Europe and Africa → P.31

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Empowering Regional Strategy

Regional Office Taking a Leadership Role in Project Development and Management

Members of Energy, Decarbonisation and Offshore Business Europe, Americas and Africa

Technical Manager	Senior Technical Manager	Technical Graduate	Head of Technology & Projects
Kei Fujiwara	**Stephanie Wong**	**Isaac Fernandes**	**Song Wang**

MOL's European regional office, MOL (Europe Africa) Ltd. (MOLEA) based in London, has achieved a significant milestone with the award of a long-term Time Charter Party (TCP) Agreement for a Floating Storage and Regasification Unit (FSRU) with Polish Gas Transmission System Operator, GAZ-SYSTEM S.A.

The MOLEA Technical Team has been diligently overseeing the technical aspects of the project's bidding process. The team has played a crucial role in navigating the complexities of the project, ensuring that all technical requirements were met, and deadlines adhered to during the bidding process.

Prior to the bid, we heavily focused on understanding the intricate technical demands and specific needs of our client. This proactive engagement allowed us to tailor our technical solutions precisely, enhancing our proposal's competitiveness. Running business development and international bids from our regional office enabled us to develop a deeper understanding of the clients' demands and regional market dynamics, ensuring that our solutions are not only technically robust but also highly aligned with the specific needs of our clients. Moreover, having the autonomy to drive business development and project execution locally has facilitated faster decision-making, closer client relationships, and a more agile response to emerging opportunities and challenges. However, operating through the regional office has not been without its challenges. Navigating the diverse regulatory landscapes across different European countries, managing logistical complexities, and ensuring seamless communication between various stakeholders both internally and externally have posed significant challenges. Additionally, coordinating the technical and commercial aspects of the bid while adhering to stringent deadlines required meticulous planning and execution. Despite these challenges, our team's dedication and expertise have been instrumental in overcoming these obstacles and securing this project.

This achievement aligns with MOL's strategic shift toward greater independence for regional offices, enabling us to drive business development and project execution autonomously. Winning this major project is not only a testament to our technical expertise but also a significant step in enhancing regional activity in Europe. This FSRU project is a cornerstone of our Regional Strategy, setting a benchmark for future projects and reinforcing our commitment to sustainable development and energy security in Europe.

FSRU Outline

Main Dimensions	Length 294.00m; Width 46.00m
LNG Storage Capacity	170,000m^3
Shipyard	Hyundai Heavy Industries
Scheduled Completion Date	2027

FSRU image (FSRU on right)

Please visit the website for more information on the long-term TCP Agreement for the FSRU with Gaz System.
https://www.mol.co.jp/en/pr/2024/24060.html

CLOSE UP

Ask the Customer: Expectations and Demands for MOL

Suryan Wirya-Simunovic
Executive Officer, Regional Head of Marketing in charge of Europe and Africa (Energy Related Business) at Mitsui O.S.K. Lines, Ltd.

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Jérôme Cousin
Senior Vice President of Shipping at TotalEnergies

Promote Regional Strategy through Transparent Communication and Regional Presence

Suryan: Transparent communication and regional presence are crucial for successful business operations. MOL's Regional Strategy has been successful at concentrating people with similar industry experiences and cultures in specific regions and offices, allowing them to understand one another while improving communication through daily face-to-face conversations, which helps to overcome certain language barriers.
Jérôme and I also communicate closely, both formally and informally, thanks to working in the same time zone and sharing similar language backgrounds, which allows us to tackle challenges more efficiently.
Jérôme: I think MOL is taking a wise approach by having autonomous regional offices to push businesses forward by being as close to customers as possible. It is critical for a company of MOL's size to have a local presence and proximity to shipping partners, especially as the trading and shipping industries are undergoing big transitions. With the market evolving so quickly, a significant shift in mindset and business practices is required, so regional proximity is essential to understanding global market dynamics. Specifically, as MOL is a major player in the energy commodity shipping markets, it should be as close as possible to the commodity trading and shipping hubs like Singapore, Houston, Geneva, and London. The importance of regional proximity reminds me of that time when an LNG carrier was sub-chartered to TotalEnergies despite operating out of Tokyo and serving Japanese utility customers. This meant that the ship was primarily trading in the Atlantic Basin rather than in Japan, where the customers were, which presented numerous communication challenges and delays, resulting in substandard service.
Suryan: Yes, I remember that episode, and MOL (Europe Africa) eventually took control of operations to improve service. That experience was a key reason why we said that if a vessel is to be operated in a certain region while the customer's operation is also in that region, we cannot manage large time zones and expect to communicate effectively. This is a good example of a successful regional strategy, and we should move to localize operations more in the future.
Jérôme: Yes, I agree. TotalEnergies also learned from this experience by establishing an operational presence in Singapore for ships that primarily trade in the Far East, bringing us much closer to our energy customers.
Suryan: I also cannot overemphasize the importance of effective communication and regional presence when reporting safety issues. Regionalizing safety discussions involves people with different perspectives on the same challenges, and it removes the burden on headquarters, allowing issues to be resolved more quickly at regional offices. Being transparent about the fact that incidents do occur, and by sharing our experiences, we can raise awareness and ensure that mistakes are not repeated.
Jérôme: I will add that MOL is very transparent and forthcoming about safety matters. For example, when a problem occurred with an LNG vessel, I vividly recall MOL's top management visiting TotalEnergies's Paris office to explain what had happened. Although TotalEnergies did not charter the vessel, I was impressed by MOL's clear explanation of what went wrong and the lessons to take going forward as an industry. I also noticed the same systematic approach used in the

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Wakashio grounding incident. TotalEnergies has Safety as a core value, and the handling of these two incidents demonstrates that MOL does as well.

Suryan: I am glad to hear you appreciate our openness about safety. Moving forward, communication with TotalEnergies will become even more important as MOL expands into new business areas like marine-related energy infrastructure and engages with TotalEnergies upstream projects in emerging regions like Brazil and Africa, where the technology is not as straightforward and involves big technical components with non-standardized shipping language.

Value of Localizing Technical Expertise and Diversity for Regional Strategy

Suryan: As MOL's projects become more complex, it is critical that we retain and hire local technical, operational, and commercial talent who are at the forefront of new product and technology solutions, especially due to the differences in needs and practices between Asia, Europe, and the U.S. Historically, MOL consisted of naval architects and mechanical engineers. Nowadays, we need other specialized talent, like process engineers, who are more commonly found in Europe than Japan. Therefore, our technical offices in Europe are frequently split two-thirds local and one-third Japanese. The benefit of hiring local talent is that they bring skillsets that we have not fully developed internally at our Tokyo HQ.

Jérôme: Having local technical expertise in regional offices is also important strategically for TotalEnergies, especially since there are only a limited number of good naval architects, so we want to ensure that we are maximizing their abilities and deploying them in the most appropriate regions to improve the business and make the right technological choices to tackle complex projects and stay ahead of industry trends.

Suryan: Attracting diverse talent is just as important for bringing new ideas and perspectives to the table. MOL's diverse talent pool is growing, not only in terms of the mix of Japanese and non-Japanese talent, but also in terms of female representation, especially in the Tokyo and London offices. On both local talent and diversity fronts, I believe MOL is in a good position as one of the few companies that still localize ship management.

Jérôme: Diversity is critical to understanding the challenges facing our industry, and after seeing how truly diverse MOL's London office is, I agree that MOL is well-positioned to address the energy transition.

Continue to be Pioneers of New Markets and Technologies Moving Forward

Jérôme: MOL and TotalEnergies can be proud of making the global energy market what it is today through a long history of projects that have explored new markets and developed innovative technologies. For example, one of the earliest joint ventures between MOL and Total was developing the global LNG market by pioneering LNG shipping and LNG production and marketing, respectively. Our collaboration in the LNG bunkering space and promotion of LNG as a marine fuel bears fruit today, as we see increasing LNG dual fuel vessels in service, indicating that our efforts have contributed significantly to the shipping industry's energy transition.

Suryan: MOL wanted to lead the way in supporting the creation of an LNG fuel market because one of our goals is to use more low-GHG emission fuels. With TotalEnergies, we succeeded and established ourselves as leading LNG carrier players.

Jérôme: As major players, MOL and TotalEnergies are responsible for continuing to drive innovation in new technologies like wind-assisted propulsion, because we have the resources to propose and test new solutions, even if every technology trialled may not turn into commercial success. We must remain courageous and pioneer new technical solutions, which will benefit not only both companies, but also the industry as a whole.

Suryan: I agree. MOL has realized that it is a much larger global player than before, and we must take the initiative to see how we can improve and progress the industry. This is why we invest more in R&D to develop better vessels that address environmental sustainability and circular economy requirements like wind-assisted propulsion, FSRU conversions, and CO_2 capture technology. These are excellent segments in which we can collaborate, add significant value, and provide competitive services.

Jérôme: This pioneering spirit is why we enjoy working with MOL. We have found a very strong partner with whom to trailblaze new projects in new geographies that competitors will not touch due to their complexities. Even in conventional transportation, I am pleased to work with a ship owner who is willing to commit to new technologies while remaining cost competitive. Not all ship owners are like this.

Suryan: I am delighted to hear that. MOL also looks forward to continuing to work with TotalEnergies because you enjoy tackling difficult challenges and communicating your thoughts and ideas to us. This strong relationship ensures that we go much further in what is required in these complex projects, thereby maintaining our position as industry leaders.

*TotalEnergies is a world-leading multinational energy company headquartered in France that produces and supplies oil, biofuels, natural gas, green gas, renewable energy, and electricity. TotalEnergies employs more than 100,000 people in the energy business to bring affordable, environmentally friendly energy to the masses. In more than 130 countries, TotalEnergies is engaged in projects committed to sustainable development, contributing to prosperous, sustainable lives for everyone.

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ENVIRONMENTAL STRATEGY

Addressing Climate Change as a Growth Opportunity

While it remains unclear what will become mainstream as alternative energy sources, the world is steadily moving toward a decarbonized society, and overcoming environmental challenges, as exemplified by measures to combat climate change, will be essential factors in corporate growth and future profits. Although the Company is part of the shipping industry, which is one of the hard-to-abate sectors where reducing CO_2 emissions is considered to be beset with difficulties, it is for that very reason that we need to, by all means, aim for net zero GHG emissions to survive in this environment. Seeing this as a growth opportunity, we will continue proactively promoting environmental investments, utilizing internal carbon pricing, and building a solid financial base to support them.

Please visit our website for details on marine and global environmental conservation.
https://www.mol.co.jp/en/sustainability/environment/

Aims of Our Environmental Strategy

Our Environmental Strategy is to promote efforts to address one of our Sustainability Issues (Materiality)—Environment: Conservation of marine and global environment—and at the same time to link this to the expansion of our business. In addition to the preservation of the marine environment, protection of biodiversity, and prevention of air pollution, to tackle climate change with utmost urgency, the MOL Group will make a concerted effort to achieve “net zero GHG emissions by 2050.” Decarbonization is a path down which our Company and the entire world aim to advance. As a first mover in this direction, we will establish a solid position in terms of environmental response and link this to the growth of MOL’s businesses by advancing our investment strategy to promote our business.

Environmental Investment Progress

Under BLUE ACTION 2035, which was formulated in fiscal 2023, of the ¥1.2 trillion investment budget for Phase 1 from fiscal 2023 to fiscal 2025, we allocated ¥650.0 billion to environmental investments.

Having steadily accumulated investments, including two Wind Challenger-equipped ships and orders for 38 LNG/Methanol-fueled vessels, as of the end of fiscal 2023, of the total investment amount of ¥1.1 trillion that had already been decided upon, environmental investments accounted for ¥658.0 billion. For information on major investment projects, please refer to the table below.

Major Investments Aligned with Environmental Strategy

Reduction of Our Group’s GHG Emissions	Low-Carbon and Decarbonization Energy Projects
● LNG-fueled Capesize bulkers ● LNG-fueled thermal power fuel carriers ● LNG-fueled crude oil tankers ● LNG-fueled car carriers ● LNG-fueled ferries ● LPG-fueled LPG and ammonia carriers ● Wind Challenger-equipped bulkers	● LNG Carriers ● FSRU projects in Poland

Participation in First Movers Coalition

Launched jointly by the World Economic Forum (WEF) and U.S. Special Presidential Envoy for Climate, John Kerry, the First Movers Coalition (FMC) is a procurement-focused initiative that has as its aim accelerating the spread of advanced technologies and products by creating demand toward achieving “net zero GHG emissions by 2050.”

Having been the first Japanese company to join the FMC in 2022, MOL was appointed its shipping sector champion in 2023. By sending staff members to FMC and cooperating with governments and participating companies, we are leading discussions toward the widespread use of zero-emission fuels, which is necessary to achieve net-zero GHG emissions by 2050.

Even among the shipping companies that operate in the hard-to-abate sector, there is a significance in MOL leading the industry as a full-line marine transport company that operates vessels of all sizes and applications where decarbonization represents a major challenge.

A conversation between Rob van Riet, Interim Head, First Movers Coalition and our Chief Environment and Sustainability Officer (CSuO) Tatsuro Watanabe → P.35

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Environmental Strategy Progress

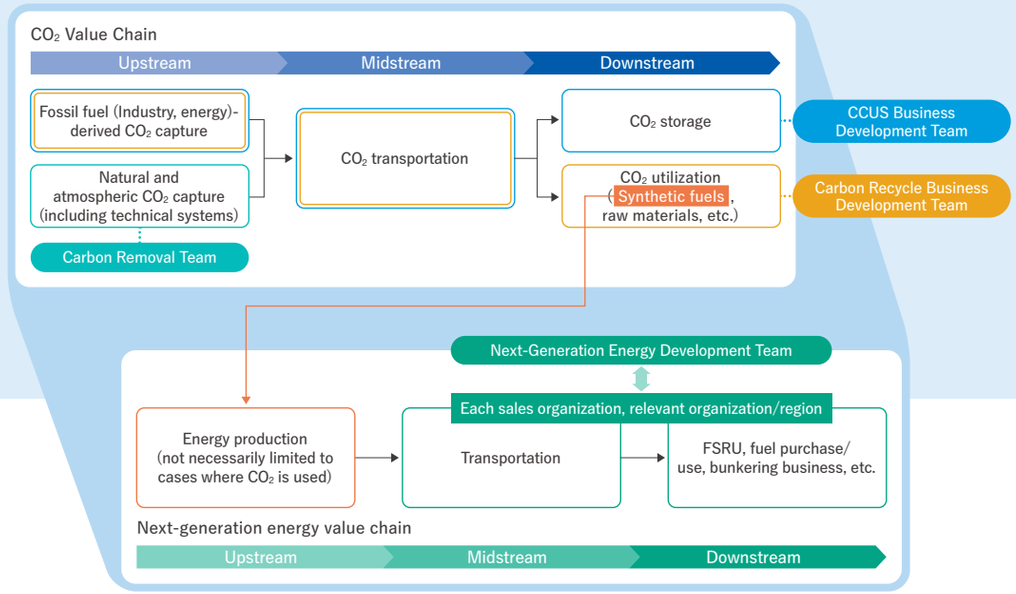
Establishment of Carbon Solution Development Unit

In April 2024, we established the Carbon Solution Development Unit within the Headquarters of Energy Business. This unit consolidates businesses related to carbon capture, utilization, and storage (CCUS), carbon removal, and next-generation energy to give added impetus to our efforts.

Amid the ongoing shift from fossil fuels to next-generation energy sources, including hydrogen, ammonia, and methanol, that emit either zero or less carbon dioxide (CO_2), CCUS and carbon dioxide removal as well as the development of businesses along the next-generation energy value chain, from upstream to downstream and including some upstream use of CO_2, are becoming increasingly important in the years to come. We had been working on business development through different commercial arms. As gradual progress has been made with these projects, we have consolidated these efforts, including some concurrent roles, into the Carbon Solution Development Unit. This will facilitate collaboration with the relevant organizations and regions within the Group while promoting business development in a centralized manner.

As shown in the diagram on the right, CO_2 will be captured and transported, then stored, or such CO_2 will be utilized to produce synthetic fuels, becoming one of the next-generation energy sources. Such energy will be transported and distributed for marine use. Since the two are correlated, we hope to be involved in both the CO_2 value chain and the next-generation energy value chain to strengthen our competitiveness, meet our customers' needs, and reach net zero emissions for the Group, creating synergy.

Areas of Responsibility



TOPIC

Participation in Next-Generation Energy Production Business

We are investing and participating in a clean ammonia production and transportation project, which is expected to benefit society as a safe, inexpensive, low-carbon/decarbonized energy source for the shipping, power, and steel industries. The clean ammonia produced will be exported in ammonia carriers operated by MOL and others. Through our investment in this project, we will contribute to the clean energy supply chain, from upstream to downstream. To proactively respond to the major energy shift trend and contribute to not only our own GHG emission reduction but also those from society as a whole, we will leverage the Group's collective strengths in engaging in the clean energy business.

Clean Hydrogen Works
Creating a Cleaner Future

Please visit our website for details on our investment in the clean ammonia production and transportation project.

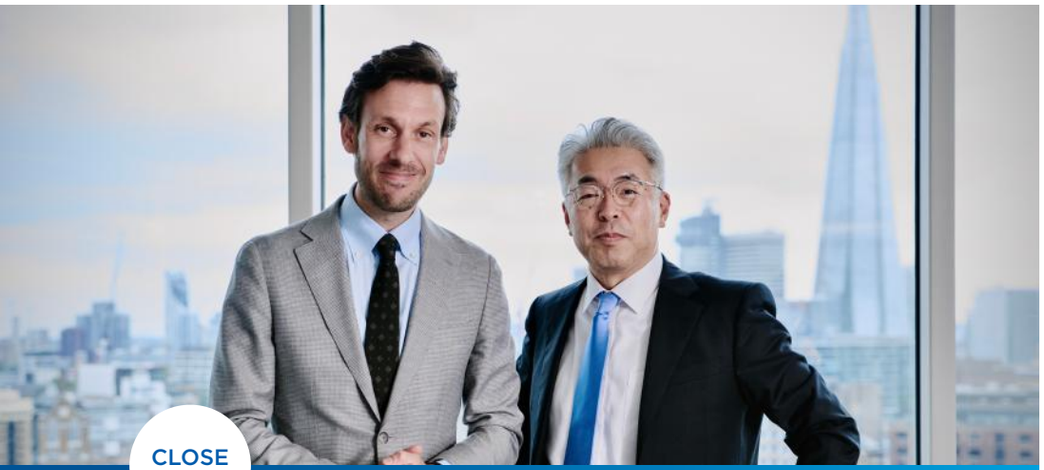
https://www.mol.co.jp/en/pr/2023/23080.html

TOPIC

CCUS Value Chain

A means of efficiently transporting captured and liquefied CO_2 to storage sites or sites for effective utilization, liquefied CO_2 carriers lie in the midstream of the CCUS value chain, making this a business field where the Group can demonstrate its strengths to its best advantage. As the global volume of CO_2 transported by sea is expected to increase toward 2050, feasibility studies looking into CO_2 marine transportation are underway worldwide. To respond more flexibly to customer transportation needs, we will work to consider dual-purpose vessels that can also be used to transport next-generation energy sources.

As a means of entry into the transportation of liquefied CO_2, the Group will actively participate in businesses other than transportation in the supply chain, such as CO_2 storage and recycling, thereby contributing to the building of the supply chain as a whole.



CLOSE UP

Ask the Partner: Expectations and Demands for MOL

Rob van Riet
Interim Head, First Movers Coalition, World Economic Forum

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Tatsuro Watanabe
Executive Officer, Chief Sustainability Officer, Responsible for Corporate Marketing Division, and Environment & Sustainability Strategy Division

Significance of MOL's Participation in FMC and First Mover Advantages

Tatsuro: MOL's involvement with the First Movers Coalition (FMC) began after the World Economic Forum (WEF) approached us following the publication of Environmental Vision 2.1 in June 2021, in which we laid out our ambitious targets for achieving zero GHG emissions by 2050, far ahead of the International Maritime Organization and other Japanese shipping companies. We deepened our presence in the WEF by first participating in the FMC's Carbon Dioxide Removal (CDR) Sector and then the Shipping Sector.

Rob: MOL has exceeded our expectations by actively participating in FMC's quarterly working groups, group sessions, and events. As the Champion for the shipping sector, MOL has also seconded an employee working as a Fellow with the team in Geneva, notably on the shipping decarbonization workstream, and is an invaluable member of the team. This way, MOL is providing value to all members of FMC's shipping sector.

Tatsuro: We are particularly proud of our decision to participate in the Shipping Sector, as it is one of the hard-to-abate sectors. Although we recognize that achieving net zero with our business model is a considerable hurdle, it is one that needs to be overcome, and we believe that taking advantage of being a first mover with the FMC, especially in the medium to long term, will help us get there.

Rob: I am very impressed with MOL's participation in a hard-to-abate sector and the CDR Sector because you are making very ambitious commitments to buy a specific portion of verified CDR for which currently there are very limited markets, with supply not amply available, and often with very high green premiums. For now, what we can do is generate a credible demand signal and determine which companies are genuine in driving the development of sustainable solutions. I sympathize with MOL's challenge as a big company to pursue such ambitious goals, as I can only imagine the internal challenge in committing to these products and the difficulties of working across functions in new and unforeseen ways to achieve them.

Tatsuro: MOL is willing to be an early mover and pay a premium for new sustainable products and technologies for several reasons. First, we want to be chosen as a green partner for future projects by global companies that are concerned about sustainability. Second, we want to gain and maintain a competitive edge over shipping competitors and free riders by accumulating skill and experience in this difficult field. Third, to attract young talent so that MOL can maintain and advance its business sustainability.

Rob: These are excellent reasons. By joining FMC, MOL is building its reputation as a future green partner by collaborating with fellow members, including customers, and therefore gaining a competitive advantage in tomorrow's low carbon economy by making future business deals easier. Moreover, as MOL is very active in the climate space, it is developing the necessary skills and experience in-house to deal with procuring in a differently structured market and supply landscape as well as ongoing development in net zero initiatives that will emerge in coming years. Attracting talent interested in sustainability initiatives or with knowledge on those matters will further strengthen MOL's ability to navigate their sustainability voyage. By engaging in initiatives like FMC, MOL is accumulating valuable knowledge and attracting a skillset that will really pay off in the long run.

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Collaboration and Diverse Strategies Are Key to Addressing Shipping Decarbonization

Tatsuro: The FMC provides a good framework for MOL to form effective collaborations within the international shipping sector, especially in the areas of the environment and sustainability. Because we cannot make significant contributions on our own, utilizing the FMC framework ensures that MOL can participate in corrective actions related to decarbonization. Thanks to the FMC framework, we have established new relationships with other members to seek shipping decarbonization solutions, such as with Yara International and Rio Tinto, and I am confident that similar business deals will be concluded in the future through the framework.

Rob: This is encouraging to hear because it means we are doing our job of acting as a facilitator, bringing like-minded companies together to share experiences and insights and find new ways to collaborate, such as joint statements.

Tatsuro: Join statements is something that I observed at COP28 last year, where numerous international shipping companies called for respecting the diversity of their peers' businesses while also collaborating as a team, since a single company cannot contribute much to the environmental effort on its own. Using the WEF framework, we delivered a joint statement with A.P. Moller Maersk on decarbonizing the shipping industry, despite differing business models and mindsets to shipping decarbonization solutions. This was an outstanding experience for MOL, and we hope to deliver further joint statements in the future.

Rob: It is true that no single company can tackle decarbonization alone. To illustrate, in order to meet its shipping commitments, MOL must source zero-emission fuels that fall within the scope of the FMC shipping sector. Because the fuels have a potentially prohibitively high premium and limited availability, MOL's ability to meet its commitments is heavily dependent on what others are doing in the shipping ecosystem. We need shipping companies, engine builders, fuel producers, and port operators to collaborate to develop deep decarbonized solutions, and I think what distinguishes the Shipping Sector from other sectors is the presence of such a diverse range of companies, each holding a small piece of the decarbonization challenge puzzle, that can collaborate and make deals. Therefore, I believe that FMC adds value by allowing members to collaborate with peers across the value chain in the maritime sector, first movers in other heavy emitting sectors, as well as government partners to absorb and spread risks and costs. However, I appreciate that MOL faces additional challenges due to the nature of its business operating in several segments within the shipping sector.

Tatsuro: Rob's point about how the nature of MOL's business makes things harder is important. MOL is a multimodal ocean shipping operator with a global fleet of merchant vessels of various types, shapes, and sizes, so we have a wide range of needs and practices. To address shipping decarbonization from all angles, we must therefore encourage both long- and short-term decarbonization solutions to meet FMC commitments. Because of the diversity of ship types and routes, especially in Asia and the global south, where MOL is actively developing its business, it is important that we address this diversity and the variety of shipping decarbonization solutions if we are to achieve our goal. Because we must respect the carbon budget and produce a limited amount of GHG emissions, we must consider short-term solutions outside the FMC's scope, like LNG dual-fuel and Wind Challenger vessels. However, we are also addressing long-term solutions by looking to deploy commercial ammonia-burning ships this decade. We must promote a mix of short- and long-term decarbonization solutions rather than focusing solely on one.

Rob: Tatsuro raises an important point that comes up in many of our discussions. Because we set such aggressive technology and product thresholds, there is sometimes a misunderstanding that the FMC is only concerned with emission-free fuels and products like e-ammonia, e-methanol, and zero-emission steel. While we do focus on deep decarbonized solutions, as it's these products, technologies and services for which we need to build a credible early demand signal so they can commercialize faster, we recognize that companies also need to tackle reducing emissions now through efficiency measures and that these will be fundamental for using less fuel in a long-term perspective as well as work with solutions that are outside of FMC's scope. Companies like MOL do not have the luxury of focusing on just in-scope solutions when servicing different types of vessels.

Continued Commitment to Shipping Decarbonization Efforts

Tatsuro: The engagement with FMC has accelerated MOL's passion and commitment to work together with likeminded partners toward the sustainability of our industry. MOL will continue to maintain an active presence at international conferences and forums on sustainability and decarbonization, as well as support the international framework.

Rob: I hope MOL remains as engaged in the FMC as they have been to date. In my role at the FMC, I am also constantly thinking of ways to provide value to MOL and other members, such as cross-sector enablers, e.g., chain of custody models to help channel investments into sustainable supply-side solutions, so that they stand the best chance possible of meeting their commitments.

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SUSTAINABILITY

Please refer to our sustainability website for details.
https://www.mol.co.jp/en/sustainability/management/issues/

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 corporate management plans and addressing issues, we will strive to improve the Group's corporate value through the realization of the Group Vision and contribute to the realization of a sustainable society.

Sustainability Issues

Safety & Value	Environment	Human & Community	Innovation	Governance
Provide added value through safe transportation and our social infrastructure business	Conservation of marine and global environment	Contributing to the growth and development of people and communities	Innovation for development in marine technology	Governance and compliance to support businesses
Initiative themes ● Value through our core business ● Safety levels ● Creation of new added value	**Initiative themes** ● Climate change countermeasures ● Preservation of marine environment ● Protection of biodiversity ● Prevention of air pollution	**Initiative themes** ● Diversity, Equity & Inclusion ● Mutually empowered ● Highly engaged ● Growing together with local communities	**Initiative themes** ● Group-wide adoption of clean energy ● Increasing the energy efficiency of vessels ● ICT utilization for safe, efficient operation ● Digital transformation (DX)	**Initiative themes** ● Management transparency ● Information security ● Responsible procurement ● Respect for human rights ● Fair trade ● Bribery prevention
MOL Group Safety Vision	MOL Group Environmental Vision 2.2	MOL Group Human Capital Vision	MOL Group DX Vision	MOL Group Corporate Governance Policy

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 corporate 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.

Safety & Value

Provide added value through safe transportation and our social infrastructure business

What We Want to Achieve for 2035	In order to ensure that the MOL Group can continue to protect precious people, property, and the environment, and be trusted, the Group shall continue to support people's day-to-day fundamentals as part of its safety-focused operations as a responsible custodian of a social infrastructure business.

Please visit our website for details on providing added value through safe transportation and our social infrastructure business.
https://www.mol.co.jp/en/sustainability/safety/

Formulating the Safety Vision

https://www.mol.co.jp/en/pr/2024/img/MOLGroup_Safety_Vision.pdf

To date, the MOL Group has pursued the world's highest level of safety and quality, primarily in the shipping business. Under BLUE ACTION 2035, we are now developing and expanding various social infrastructure businesses, and the scope of safety and quality is also expanding. Under these circumstances, we aim to ensure the stable provision of services to customers and society and deliver new growth, with safety remaining at the core of what we do.

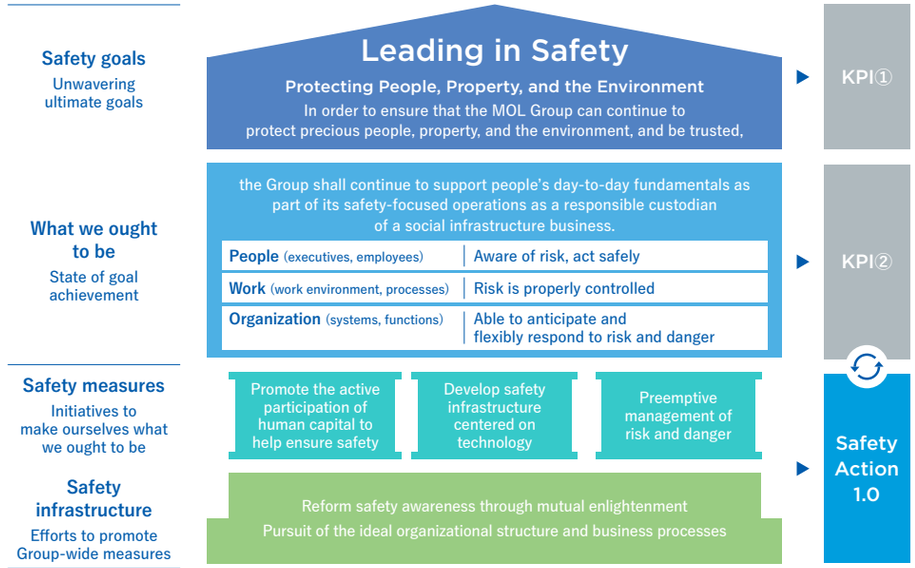
Safety Vision sets out the blueprint for safety in the MOL Group. The vision was formulated to support the "Safety & Value" (sustainability issue) and to reinforce the "S (Safety)" aspect in the "MOL CHARTS," which sets out the values and Code of Conduct of the Group. We have also established an action plan (Safety Action 1.0) as a major initiative to realize the blueprint. Centered on the Safety Vision and Safety Action 1.0, the MOL Group will respond to Sustainability Issues by further reinforcing our safety-related initiatives, and raising safety and quality to the next level.

Safety Vision Framework

The Safety Vision consists of a roof section that sets out our "safety goals" and "what we ought to be," underpinned by support pillars and foundations, which consist of "safety measures" and "safety infrastructure" (collectively, "Safety Action 1.0" = action plan). The approach is to achieve "safety goals" and "what we ought to be" by implementing the action plan. Specifically, the safety goals and what we ought to be are "In order to ensure that the MOL Group can continue to protect precious people, property, and the environment, and be trusted, the Group shall continue to support people's day-to-day fundamentals as part of its safety-focused operations as a responsible custodian of a social infrastructure business."

"Leading in Safety" is the catchphrase of our Safety Vision. This phrase embodies our commitment to driving forward safety levels across all industries by having each company within the MOL Group strive to ensure the world's highest level of safety and quality in their respective business fields. Moreover, the phrase also embodies our determination that each individual, not only executives and employees working on-site but also those in the office, will actively lead on safety issues.

The Safety Vision consists of a roof section that sets out our safety goals and what we ought to be, underpinned by support pillars and foundations based on which we take action.



Safety Action 1.0 and KPI Framework

Safety & Value

Safety Action 1.0 sets out our primary action plan up to 2025.

The action plan consists of five elements (three safety measures and two safety infrastructure), each of which is further subdivided into action plans.

Primary Action Plan Up to the end of FY2025

Safety measures Initiatives to make ourselves what we ought to be

Promote the active participation of human capital to help ensure safety	Development of safety infrastructure centered on technology	Preemptive management of risk and danger
Building and updating of a skills matrix	Introduction of new technologies to help ensure safe operations	Increased sophistication of accident prevention PDCA
Improving of work environments	Digitization of business operations	Strengthening of safety support systems
Building of an information-sharing infrastructure and a communications environment to facilitate communication	Strengthening of cyber security measures	Information gathering and scenario planning in preparation for emergency situations

Safety infrastructure Efforts to promote Group-wide measures

Reform safety awareness through mutual enlightenment	Visualization and personalization of safety awareness through pulse surveys
	Enhancement of safety awareness activities
Pursuit of the ideal organizational structure and business processes	Organizational change to promote safety and encourage mutually complementary relationships
	Consideration of cross-organizational investigation systems

We have set KPIs (and leading indicators) for the safety goals under the Safety Vision and KPIs for what we ought to be. This is predicated on the idea that our safety goals will ultimately be achieved by aiming to achieve KPIs for leading indicators and what we ought to be.

KPI①

❶ Safety goals (protecting precious people, property, and the environment) KPIs

Group-wide KPIs for the MOL Group	1) Number of fatal accidents: 0 2) Number of serious accidents*1: 0	← Leading indicators 1) Lost-time injury frequency (LTIF*1)
Safe operations KPI = 4 ZERO	1) Number of serious marine incidents: 0 2) Number of oil pollution incidents: 0 3) Number of fatal accidents: 0 4) Number of serious cargo damage: 0	← Leading indicators = SPI*2 1) LTIF 2) Average downtime 3) Downtime frequency rate

*1 Define and set for each business segment in the MOL Group

*2 Safety Performance Indicator. The current targets (FY2025, FY2030, FY2035) are as follows: 1) 0.5 or less/0.4 or less/0.3 or less; 2) 24 or less/22 or less/20 or less; 3) 1.0 or less/0.8 or less/0.6 or less

KPI②

❷ Thinking and approach to KPIs for what we ought to be: Up to the end of FY2025

People Executives, employees	• All executives and employees feel a sense of responsibility with regard to safety and are able to take the initiative • A plan for improving work environments has been formulated and is being rolled out	• Safety Awareness Indicator: 95% • Environment-improvement trial runs: Three or more (e.g., improvements to on-board accommodation environment)
Work Working environment, processes	• Key advanced technologies have been introduced to reduce remaining risk • The impact of planned operations (conclusion of new projects, etc.) on safety is clarified and understood	• Trial runs of advanced technologies: 10 or more (e.g., engine diagnostic system) • Establishment of systems driven method for visualizing risk • Dissemination of visualized risk to the relevant departments and discussion of responses
Organization Systems, functions	• Inter-business safety management systems have been built • A system for investigating accidents has been put in place, and an accident prevention cycle that includes planning operations has been implemented • Response scenarios for major risks have been prepared, and a system for evaluating our response to emergency situations has been established	• Organizational restructuring and completion of Group-wide emergency management system • Completion of the expansion of preliminary inspection and accident investigation system • Completion of scenario planning for responding to anticipated high-risk incidents • Completion of emergency response evaluation indicators

Specific Action Examples

Safety & Value

Safety Action 1.0 focuses on promoting the actions set out in safety infrastructure (efforts to promote Group-wide measures), while also addressing the actions set out in safety measures. Specific action examples are shown below.

Reform safety awareness through mutual enlightenment (safety infrastructure action)

Our current approach is the visualization of safety awareness. Specifically, we are planning to implement pulse surveys to quantitatively measure the safety awareness of every MOL Group executive and employee. Upon establishing a system to quantitatively assess safety awareness levels, we plan to implement various measures to raise safety awareness. As one of these measures, we will work to enhance our existing safety awareness activities.

Pursuit of the ideal organizational structure and business processes (safety infrastructure action)

We plan to consider and implement organizational structure reforms by reviewing the current safety management systems. As the MOL Group, we need to integrate and strengthen risk management across a wide scope. We are also aiming to build an organizational structure that pursues and ensures high cross-organizational safety and quality. In addition to organizational structure, we aim to build new systems and business processes (e.g., investigation and inspection systems to maintain and improve safety and quality).

Development of safety infrastructure centered on technology (safety measure action)

We aim to improve safety and quality through the digitization of business operations, which until now depended on on-site employees, and the development of infrastructure (hard aspect) that contributes to safety. We are also considering utilizing advanced technologies such as generative AI to reduce accidents. We will also promote actions in collaboration with the MOL Group DX Vision initiatives.

Environment

Conservation of marine and global environment

What We Want to Achieve for 2035

Work collaboratively with our partners and stakeholders with creativity to resolve environmental issues

Please visit our website for details on marine and global environmental conservation.
https://www.mol.co.jp/en/sustainability/environment/

Environment-Related Development and KPI Progress

We are making steady progress toward achieving the targets and milestones set out in the MOL Group Environmental Vision 2.2.

	KPI	Target Value	FY2023 Results
Targets	2020s No. of net zero emission ocean-going vessels to start operations	1 vessel	0 vessels
	2035 GHG emission intensity reduction rate (compared with 2019)	-45%	-7.2%
	2050 Total GHG emission reduction rate (compared with 2019)	-90%	-8%
Milestones	2023-2025 Cumulative Environmental investment	¥650.0 billion	Cumulative total ¥658.0 billion (of which ¥259.5 billion in FY2023)
	2030 Total GHG emission reduction rate (compared with 2019)	-23%	-10%
	2030 No. of LNG/methanol-fueled ocean-going vessels	90 vessels	38 vessels LNG: 37 vessels (six already in service) Methanol: One vessel
	2035 No. of net zero emission ocean-going vessels	130 vessels	0 vessels
	2030 Ratio of zero-emission fuel used	5%	0%
	2030 Ratio of power from renewable energy for Scope 2	100%	56%
	2030 No. of Wind Challenger-equipped vessels	25 vessels	Two vessels (one already in service)*
	2025 Fuel efficiency improvement rate (compared with 2019)	5%	6.90%
	2030 Amount of absorption/removal-type carbon credits amortized/used	2.2 million tons	0 tons

*In May 2024, we decided to install the Wind Challenger on one new thermal power fuel carrier and six dry bulk carriers (for a total of nine vessels).

Challenges and Measures Toward Realizing Our Vision

Improvements in GHG emission reduction intensity and fuel efficiency progressed, and the fuel efficiency improvement rate reached a milestone ahead of schedule. By building a decarbonized business model for the supply chain and driving the industry as a first mover, we will establish a competitive advantage in new markets and continue to be the customers' company of choice.

Reduction of the Group's GHG Emissions

We promoted efficient vessel operation by proactively promoting the DarWIN project, which aims to improve fuel efficiency, and by steadily implementing a process for checking progress on fuel efficiency results every six months. Developing alternative fuel vessels and using the alternative fuels on vessels will become necessary to further promote GHG emission reduction in the years to come. Promoting this shift to alternative fuels while continuing to provide economical and sustainable maritime transport services will necessitate the regulations and the building of momentum throughout society to encourage the use of clean energy. GHG emission reduction from vessels will contribute to the decarbonization of the supply chains of client companies that use our marine transport services and, ultimately, to society. We are therefore promoting activities to deepen understanding of the cost burden to society at large, and also actively involving and lobbying policymakers and industry associations.

Expansion of Low- and Zero-Carbon Businesses

Leveraging the technological capabilities we have cultivated through our existing businesses, we are promoting low- and zero-carbon business initiatives, such as the offshore wind power generation business. As the world builds a new clean energy supply chain, we will encourage social implementation through specific businesses at each layer of that supply chain while working to promote initiatives that will enable this business to become a pillar of future profits.

Please visit our website for details on risks and opportunities related to climate change.
https://www.mol.co.jp/en/sustainability/environment/tcfd/

Specific Action Examples | Environment

Wind Challenger

Having developed Wind Challenger, which directly converts offshore wind energy into propulsion power for ships, we installed it for the first time on a vessel we own and operate, the *Shofu Maru*, in 2022.

We have been able to confirm fuel savings and GHG emission reduction of up to 17% per day.

Under MOL Group Environmental Vision 2.2, our environmental policy, we also position wind power utilization, including Wind Challenger, as an important action that we can take now for GHG emission reduction and set out the quantitative milestones of equipping 25 vessels by 2030 and 80 vessels by 2035. MOL Drybulk has decided to install the Wind Challenger on six new bulk carriers and Ventfoil, a wind propulsion system, on one of its new multipurpose vessels slated for delivery in 2025 and operated under a time charter. We are mobilizing the collective strength of the Group to make steady progress toward achieving these milestones. Once again, focusing on wind as a clean and inexhaustible source of energy, we aim to mass-produce Wind Challenger to bring about a modern-day revival of the sailing ship with a completely new concept. By spreading the use of other new technologies, such as wind propulsion systems, we will not only achieve GHG emission reduction from our own Group but also contribute to a low-carbon and decarbonized society while remaining the long-term and sustainable company of choice by customers.

WIND CHALLENGER
Innovative Sails for a Sustainable Future

What Is Wind Challenger?

- A wind propulsion system developed by MOL
- Delivered in 2022, first vessel achieved fuel savings of up to 17% per day and an average of 5% to 8% per voyage
- Second vessel was delivered in July 2024

DarWIN Project

Based on the analysis of the vast amount of voyage data received from our vessels, we pursue optimal routes and output in our navigational operations. We are also working to improve fuel efficiency and GHG emission reduction in our existing fleet by proactively introducing and installing energy-saving technologies to improve energy efficiency, such as retrofitting propellers with propeller boss cap fin devices when vessels are in dock. Under MOL Group Environmental Vision 2.2, our environmental policy, we set a milestone of “improve fuel efficiency by 5% in 2025 (compared to 2019).” However, measures such as accelerating the introduction of energy-saving devices and conducting reduced-speed voyages proved effective and led to a 6.9% improvement in fuel efficiency by the end of fiscal 2023, and we achieved the milestone approximately one year ahead of schedule.

Rather than pursuing short-term profit alone, we will proactively work toward decarbonization and promote sustainable initiatives with an eye to the future by responding to the needs of our wide range of stakeholders, which will lead to securing stable profits in the future.

DarWIN

Digital Approach to Reduce GHG With Integrated Network

We named this project after Darwin’s theory of evolution, to reflect how our initiatives are constantly evolving and adapting to a dramatically changing environment.

Natural Capital/Biodiversity Initiatives

MOL Group Environmental Vision 2.2 also sets forth our natural capital and biodiversity initiatives. To advance the analysis and disclosure of information on natural capital and biodiversity, we have registered as a TNFD Early Adopter and are conducting research directed toward the fiscal 2025 disclosure of fiscal 2024 nature-related financial information. We aim to ascertain the various anticipated risks and opportunities and disclose them externally via the TNFD framework.

Human & Community

Contributing to the growth and development of people and communities

What We Want to Achieve for 2035	We will welcome even more diverse human capital into the Group and continue fair communication from multiple perspectives.

Please visit our website for details on contributing to the growth and development of people and communities
https://www.mol.co.jp/en/sustainability/human/

Human Capital (HC) Vision

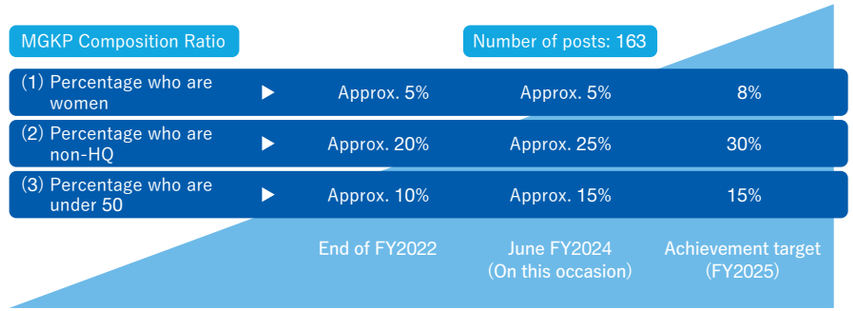
Based on the three basic principles of "Diversity, Equity & Inclusion," "Mutually Empowered," and "Highly Engaged," our HC Vision sets out the fundamental thinking behind the Group's human capital policies.

To implement the Three Core Strategies of BLUE ACTION 2035 (Portfolio Strategy, Environmental Strategy, and Regional Strategy), it will be necessary to raise our organizational and human capital capabilities. Changes are also required in how the Group's businesses and organizations are run, as well as in the ideas and actions of employees. We recognize that to realize such rapid transformation, it is essential to welcome an even more diverse range of human capital into the Group and to continue fair communication from multiple perspectives. By turning the new ideas and concepts generated in this way into innovation, we will take on the challenges and "provide new value to all stakeholders," as set forth in the Group Vision as a social infrastructure company centered on the shipping industry.

Actions Toward Our Vision

To acquire more diversity in human capital and realize transformation in our businesses and organizations, we first designated the general managers at headquarters important positions with equivalent authority and responsibility within the Group as MOL GROUP KEY POSITIONS (MGKP). Heading organizational units that are important to the Group's management, MGKP oversee the operations for which they are responsible and also play leadership roles in spearheading organizational and business transformation. In this way, we are aiming to increase the diversity of the leadership team and, through their successes, instill a movement for change throughout the organization. We have set the target MGKP composition ratio as a KPI in FY2025.

MGKP Composition Ratio: FY2025 Targets and FY2023 Status



However, we recognize that achieving the diversity of MGKP is not just about meeting a quota but about making fundamental changes in our business and organization. When appointing an MGKP, we consider not only the KPI elements but also their expertise, management skills, and mindset which embodies MOL CHARTS, the Group Code of Conduct. (These elements comprise the Skills Matrix in the following section.).

Human Capital Skills Matrix

Human & Community

As part of the Group-wide human capital policy promotion, we are strengthening our system for collecting human capital information from Group employees while considering human rights and personal information protection. The main pillar of this process is the information that serves as the basis for a skills matrix.

Conceptual Diagram of Skills Matrix

We conduct skills matrix-based self-assessments specifically targeting managers both in Japan and overseas. In fiscal 2023, we collected information on approximately 800 people. This information will be the supporting data for realizing “the right people in the right place” assignments across the Group, including in MGKP. At the same time, however, we will connect the data to analyses of trends in skill areas and level trends and reflect this in policies, such as in conducting education and training, reskilling, and in the creation of human capital plans that take a bird’s-eye view of the entire Group.

We have also built a Group talent management system as a tool for safely and efficiently collecting and storing this human capital information. This system commenced operations in April 2024.

Please visit our website for details on our talent management system
https://www.mol.co.jp/en/sustainability/human/

Acquiring/Retaining Diverse Human Capital

Human & Community

Diversity, one of the basic principles set out in the HC Vision, is not limited to being a KPI item in terms of the MGKP composition ratio. We are currently identifying factors such as the number of personnel required to realize BLUE ACTION 2035 as well as the required expertise, skills, and experience across the entire Group, including overseas. By using those results in bringing the workforce planning to fruition, and by comparing and contrasting them with information on our current human capital, collected based on the skills matrix, we will build a system that can ascertain any shortfalls between plans and reality and flexibly implement efforts to rectify them.

At the same time, we are discussing a reform of the head office personnel system, which is scheduled to be implemented in fiscal 2025. The goal is to assign “the right people in the right place,” realizing a compensation system based on contributions and results, and acquiring advanced expertise that meets global standards.

Engagement Improvements

Human & Community

As our organizations and businesses undergo significant transformations, regularly monitoring how employees feel about the current state and future of the Group, and whether they are carrying out their work with pride and empathy, will form an important human resource measure. Having placed importance on engagement surveys, we have set participation and improvement rates as KPIs. Targeting the headquarters and Group companies in Japan, we conducted the first survey in fiscal 2022. In fiscal 2023, we conducted the second survey, and the scope expanded to include overseas Group companies. After a survey has been conducted, the results for each organization, along with overall trends, are shared with the organizations in question. Through communication based on the insights gained, we are promoting initiatives to utilize these insights to create a better organization.

MOL Global Management College (MGMC) Growth Sessions Held

We are hosting a training program called MOL Global Management College (MGMC) Growth with the aim to nurture the next generation of leaders with the skills and mindset necessary to lead a diverse organization. In fiscal 2023, 20 Group employees from 11 countries, including Japan, participated in the six-month program, with Tokyo, Singapore, and London as hosts. On the final day, each participant gave a presentation to top management, including the CEO, entitled “What should we do to realize, implement & execute BLUE ACTION 2035?”

MGMC participants (Singapore)

Town Hall Meetings Held

Town hall meetings were held in Japan and all five of the Group’s overseas regions to instill awareness of the HC Vision and HC Action 1.0. In addition to formal briefings on the Vision and Action, the events provided great opportunities to engage in casual, direct communication and to come into contact with the frank opinions and enthusiasm from each region at first hand. We will continue to place importance on such global dialogue activities moving forward.

Exchanging opinions at town hall meeting (India)

DX

Innovation for development in marine technology

What We Want to Achieve for 2035

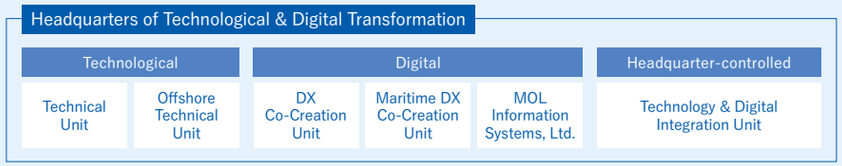
Be a leading company using digital power to address social issues not limited to shipping

Please visit our website for details on innovation for development in marine technology
https://www.mol.co.jp/en/sustainability/innovation/

Establishment of the Headquarters of Technological & Digital Transformation

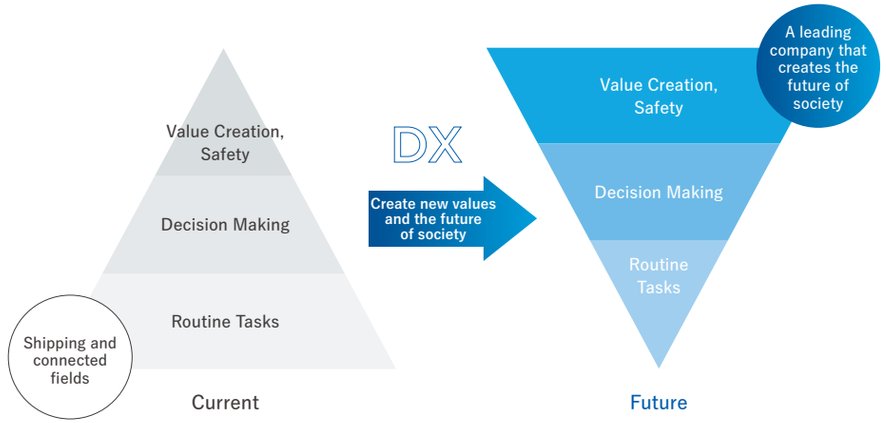
In November 2023, our Group integrated the Technology Innovation Unit and DX Co-creation Unit to establish the “Headquarters of Technological & Digital Transformation.” Our commitment to “Innovation,” one of our Group's Sustainability Issues (Materiality), involves actively adopting advanced technologies. This initiative aims to bring innovation to our business, contributing to the resolution of various societal challenges related to “providing added value through safe transportation and our social infrastructure business” and “conservation of marine and global environment.”

We have consolidated the organizations responsible for this initiative under the newly formed headquarters to strengthen the driving force. We will also accelerate the pace of transformation by sharing the insights nurtured by each division and working toward the realization of the various strategies set out in “BLUE ACTION 2035.”



Actions Toward Our Vision

The Group is promoting digital transformation (DX) as the foundation to support BLUE ACTION 2035. In March 2023, we formulated the MOL Group DX Vision as an expression of what we want to be and its execution plan, the MOL Group DX Action 1.0. We aim to create the future of society by digitizing to improve company productivity and optimize processes, and convert the time saved through these improvements into value-creation work as well as safety and environment-related initiatives.



Toward our Vision, the Group has set a Core KPI for reduced working hours rate* through DX as the “conversion rate to value creation and safety work.” With MOL PEARL, the Group’s integrated data platform, and FOCUS, a vessel data platform at its core, we are steadily advancing transformation by improving business processes and enhancing business management. We will further promote digital optimization for onboard operations as well as land-based operations, and drive transformation to achieve our Core KPI.

*The reduced working hours rate with fiscal 2022 as the base year, when the Core KPI was established.

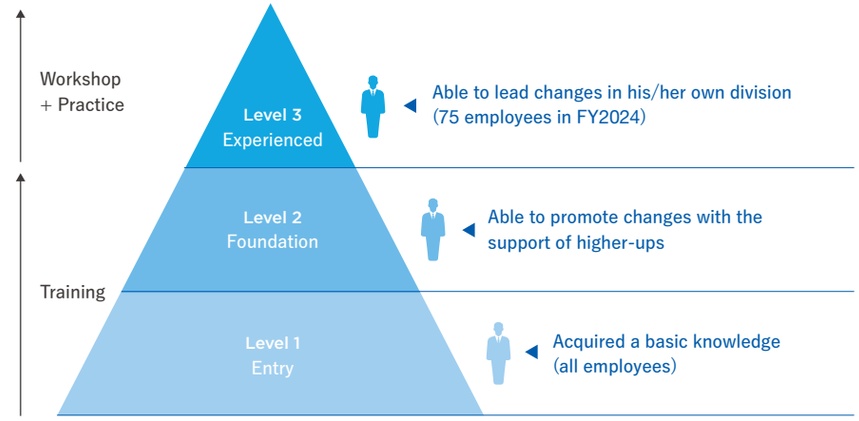
Target		FY2023 Results	Phase 1 FY2025	Phase 2 FY2030	Phase 3 FY2035
DX	Conversion rate to value creation and safety work (cumulative)	5%	10%	20%	30%

Promoting and Nurturing Talent Toward Our Vision

DX

To promote Group-wide DX, the Headquarters of Technological & Digital Transformation has the DX Co-Creation Unit in charge of planning and promoting DX strategies, the Maritime DX Co-Creation Unit in charge of onboard ICT, and subsidiary MOL Information Systems, Ltd. in charge of Group-wide IT support. Together, these three organizations will lead DX promotion. Moreover, to promote DX and ICT projects globally, we co-create with MOL-IT*1, an offshore development base in Hong Kong and India, to secure DX specialist personnel with specialized skills such as data science and share mutual knowledge through talent exchange.

To promote change through digital technology, IT and digital literacy are required not only for the Digital Division but also for all employees. As a result, we provide training programs for all employees to nurture Change Leaders*2 for the future of business transformation. We have defined the skills necessary to promote digital transformation and prepared a three-level curriculum that started nurturing talent in fiscal 2022. We have also defined Level 3 Change Leaders as those who are able to lead changes in his/her own division, and we aim to train 75 people by the end of fiscal 2024. In addition to top-down efforts to improve business processes and enhance business management across organizations and divisions, we also encourage each division to promote bottom-up changes, thereby promoting Group-wide transformation.



*1 MOL INFORMATION TECHNOLOGY INDIA PVT. LTD.
*2 A person who understands business and process issues, and promotes changes in corporate culture, etc. Able to see our Vision from business processes and business models, and lead the change.

Specific Action Examples

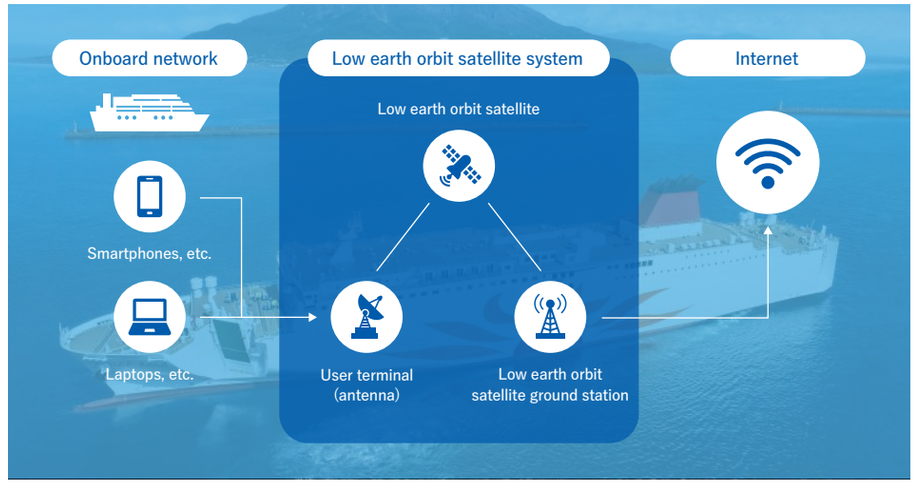
DX

Innovating onboard experiences and business processes by introducing low earth orbit satellite communications

We have introduced low earth orbit satellite communications for our MOL Group-managed vessels to promote onboard digitization. Using low earth orbit satellite communications services that enable high-speed and low latency connections at sea has dramatically improved the communication environment, which is significantly inferior to the land-based communication environment. This improvement has made it possible to make video calls with family members and watch videos, which were previously difficult, and therefore significantly improving the wellbeing of seafarers. We are also promoting the introduction of low earth orbit satellite communications services on MOL Group-operated ferries and cruise ships with the aim of creating new customer experiences through comfortable Internet access during voyages.

In addition, based on the improved onboard communications environment, we are promoting the design and digitization of new business processes at sea to optimize onboard operations and improve safety.

We will further promote onboard operations DX by improving operational efficiency through real-time shore-vessel information sharing, providing full support from the shore in the event of trouble onboard, and promoting safety measures utilizing onboard communication networks.



Governance

Governance and compliance to support businesses

Corporate Governance

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 shipping 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 transparency in Group-wide management through enhancement of corporate governance and thorough compliance, 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 corporate 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.

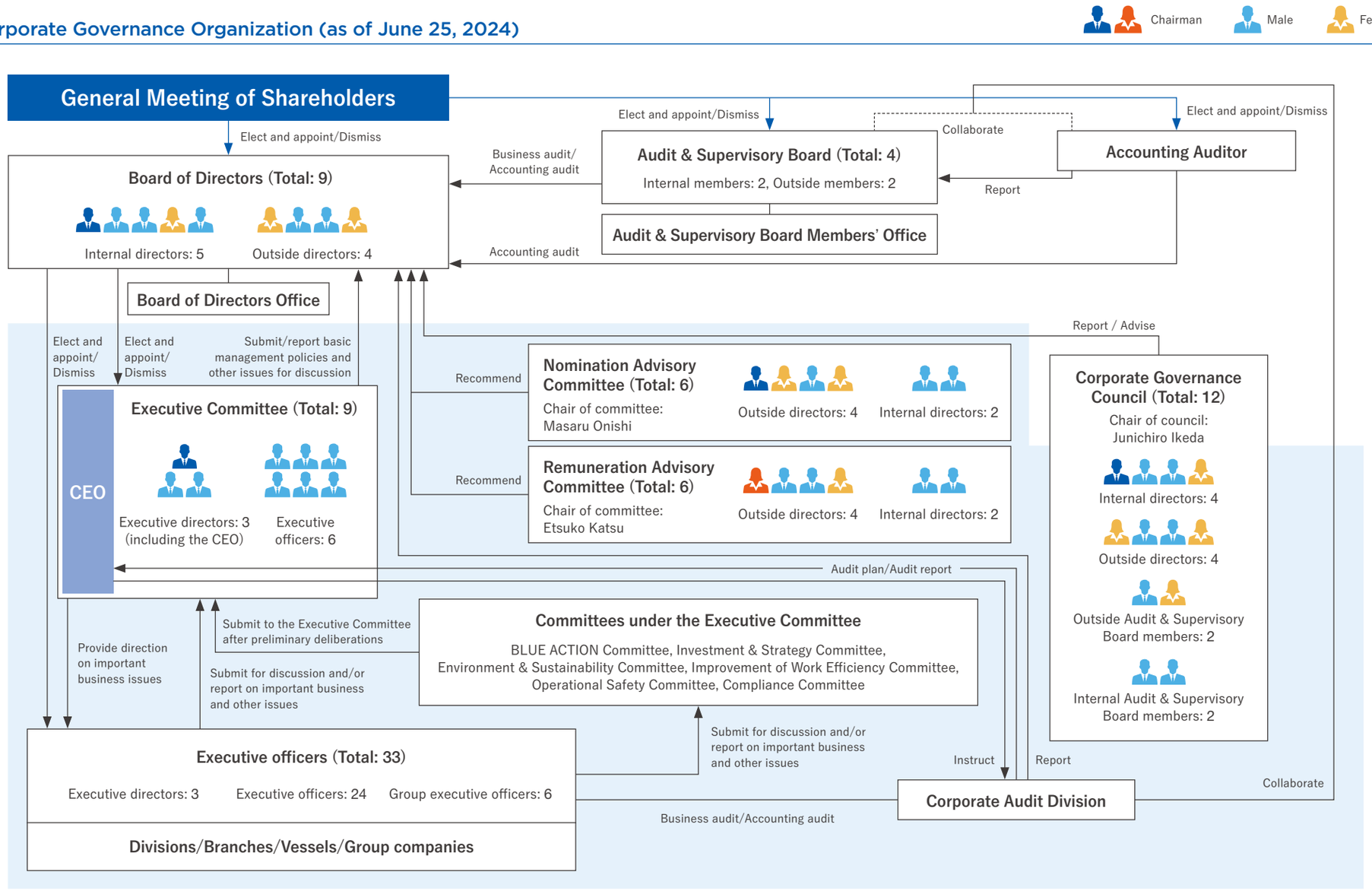
Article 2 (System)
We, the MOL Group, have established a highly effective corporate governance system befitting a strong and resilient corporate group that is growing globally to increase corporate value over the medium and long term.

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 25, 2024) who carry out business operations and by forming a Board of Directors that consists of inside directors who also carry out business operations and non-executive 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 25, 2024)



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Board of Directors and Audit & Supervisory Board Members (as of June 25, 2024)

(From left to right)

Director	**Junko Moro**
Director, Chairman of the Board	**Junichiro Ikeda**
Representative Director	**Takeshi Hashimoto**
Representative Director	**Toshiaki Tanaka**
Director	**Kazuya Hamazaki** (Newly appointed)

(From left to right)

Outside Director (Independent Officer)	**Atsushi Toyonaga** (Newly appointed)
Outside Director (Independent Officer)	**Etsuko Katsu**
Outside Director (Independent Officer)	**Masaru Onishi**
Outside Director (Independent Officer)	**Yumi Yamaguchi** (Newly appointed)

(From left to right)

Audit & Supervisory Board Member	**Masanori Kato**
Outside Audit & Supervisory Board Member (Independent Officer)	**Satoru Mitsumori**
Outside Audit & Supervisory Board Member (Independent Officer)	**Fumiko Takeda**
Audit & Supervisory Board Member	**Yutaka Hinooka**

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Internal Directors

Name	Junichiro Ikeda	Takeshi Hashimoto	Toshiaki Tanaka	Junko Moro	Kazuya Hamazaki
Position	Director, Chairman of the Board	Representative Director	Representative Director	Director	Director
Number of the Company's shares held:	147,934 shares	91,332 shares	52,008 shares	36,190 shares	14,511 shares
Attendance at the Board of Directors' meetings	12 of 12 (Attendance rate: 100%)	12 of 12 (Attendance rate: 100%)	12 of 12 (Attendance rate: 100%)	10 of 10 (Attendance rate: 100%)	—
Number of years as Director	11 years	9 years	4 years	1 year	—
Career summary	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)	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)	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)	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)	Apr. 1992 Joined Mitsui O.S.K. Lines, Ltd. Apr. 2020 General Manager of LNG Carrier Division Apr. 2021 Executive Officer Apr. 2023 Managing Executive Officer Jun. 2024 Senior Managing Executive Officer (to present)

Outside Directors

Name	Etsuko Katsu	Masaru Onishi	Atsushi Toyonaga	Yumi Yamaguchi
Position	Outside Director (Independent Officer)	Outside Director (Independent Officer)	Outside Director (Independent Officer)	Outside Director (Independent Officer)
Number of the Company's shares held:	32,658 shares	10,658 shares	—	—
Attendance at the Board of Directors' meetings	12 of 12 (Attendance rate: 100%)	12 of 12 (Attendance rate: 100%)	—	—
Number of years as Director	8 years	5 years	—	—
Career summary	Apr. 2003 Professor, School of Political Science and Economics, Meiji University (to present) Feb. 2015 Member, Council for Science, Technology and Innovation, Ministry of Education, Culture, Sports, Science and Technology (to present) Jun. 2016 Outside Director, Mitsui O.S.K. Lines, Ltd. (to present) Apr. 2018 Chairman of Fund Management Advisory Committee, The Japan Foundation (to present) Mar. 2019 Outside Director (Audit and Supervisory Committee Member), Dentsu Group Inc.	Apr. 2013 Trustee, KEIZAI DOYUKAI (Japan Association of Corporate Executives) (to present) Jun. 2015 Trustee, International University of Japan (to present) Jul. 2018 Visiting Professor, Toyo University (to present) Jun. 2019 Outside Director, TEIJIN LIMITED (to present) Jun. 2019 Outside Director, Mitsui O.S.K. Lines, Ltd. (to present) Feb. 2021 Senior Advisor, Alton Aviation Consultancy Japan Co., Ltd. Jun. 2021 Outside Director, Kadoya Sesame Mills inc. Jun. 2022 Outside Director, Benesse Holdings, Inc.	Jun. 2013 Representative Director, Senior Managing Director and General Manager, Small and Medium Enterprise Business Division, Japan Finance Corporation Jul. 2015 Commissioner, Small and Medium Enterprise Agency Nov. 2016 Advisor, Mizuho Bank, Ltd. Apr. 2019 Chairman & CEO, Organization for Small & Medium Enterprises and Regional Innovation Japan Jun. 2024 President, GS1 Japan (to present) Outside Director, Mitsui O.S.K. Lines, Ltd. (to present)	Jul. 2014 Senior Vice Commissioner, Japan Tourism Agency, Ministry of Land, Infrastructure, Transport and Tourism Oct. 2015 Executive Advisor, Corporate Planning Department, Mitsui & Co., Ltd. Apr. 2016 Executive Officer, Mitsui & Co., Ltd., President & CEO, Mitsui & Co. Global Strategic Studies Institute Jul. 2020 Executive Officer, Mitsui & Co., Ltd., Assistant to Chief Strategy Officer and Assistant to Chief Digital Information Officer Apr. 2023 Executive Advisor, Mitsui & Co., Ltd. (to present) Jun. 2024 Outside Director, Nichirei Corporation (to present) Outside Director, Mitsui O.S.K. Lines, Ltd. (to present)

Internal Audit & Supervisory Board Members

Name	Masanori Kato	Yutaka Hinooka
Position	Audit & Supervisory Board Member	Audit & Supervisory Board Member
Attendance at the Board of Directors' meetings	12 of 12 (Attendance rate: 100%)	12 of 12 (Attendance rate: 100%)
Attendance at the Audit & Supervisory Board Members' Meetings	12 of 12 (Attendance rate: 100%)	10 of 10 (Attendance rate: 100%)
Number of years as Audit & Supervisory Board Member	3 years	1 year
Career summary	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)	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

Name	Satoru Mitsumori	Fumiko Takeda
Position	Outside Audit & Supervisory Board Member (Independent Officer)	Outside Audit & Supervisory Board Member (Independent Officer)
Attendance at the Board of Directors' meetings	12 of 12 (Attendance rate: 100%)	10 of 10 (Attendance rate: 100%)
Attendance at the Audit & Supervisory Board Members' Meetings	2 years	1 year
Number of years as Audit & Supervisory Board Member	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 May 2009 Director, Japan Association for Business Recovery (to present) May 2016 Director, AZABU GAKUEN (to present) Jun. 2022 Outside Audit & Supervisory Board Member, Mitsui O.S.K. Lines, Ltd. (to present)	Apr. 2022 Professor, Graduate School of Business Administration, Keio University (to present) Sep. 2022 Member, Antitrust Association, Japan Fair Trade Commission (to present) Jun 2023 Outside Audit & Supervisory Board Member, Mitsui O.S.K. Lines, Ltd. (to present)
Career summary		

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 election and appointment and dismissal of directors and executive officers, as well as the necessary criteria for their determination and proposals for the next president based on the succession plan (including reappointment and dismissal of the incumbent president), thereby increasing the objectivity and transparency of the processes.

The Remuneration Advisory Committee appropriately reviews the remuneration plan for directors and executive officers, and determines appropriate levels of remuneration for directors, including incentives for long-term enhancement of corporate value from an objective standpoint, while putting a high priority on the stakeholders' perspective.

In addition to both Advisory Committee members, the outside Audit & Supervisory Board members may also attend meetings of the respective committees to gain an understanding of the deliberation process and provide their opinions. 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 2023

Nomination Advisory Committee (convened seven times)

Chair of committee : Etsuko Katsu (Outside Director)
Main Agenda Items:
- Board succession plan;
- Requirements of the next president and measures to develop the next generation of managerial talent;
- Election of directors and executive officers for fiscal 2024; and other matters

Remuneration Advisory Committee (convened seven times)

Chair of committee : Masaru Onishi (Outside Director)
Main Agenda Items:
- Inclusion of Core KPIs from BLUE ACTION 2035 in the remuneration plan for directors;
- Single fiscal year performance-based compensation for directors in fiscal 2023 and long-term target contribution-based compensation;
- Peer group review to ensure the appropriateness of remuneration levels; and other matters

Corporate Governance Council

The Corporate Governance Council has been established 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 MOL's entire corporate governance. By taking into account the perspectives from independent outside directors and independent outside Audit & Supervisory Board members, the Council examines the status and direction of corporate governance of the entire MOL Group and verification of the effectiveness of the Board of Directors, and provides reports and advice to the Board of Directors.

Main Agenda Items Deliberated by the Corporate Governance Council (convened five times in fiscal 2023)

Chair of council : Hideto Fujii (Outside Director)
Main Agenda Items:
- Review of BLUE ACTION 2035;
- Roles of Audit & Supervisory Board;
- The Company's ESG ratings; and other matters

Corporate Governance Council

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 fiscal 2023, the Company reduced its holdings of 30 stocks, equivalent to ¥44.4 billion. As of March 31, 2024, the Company holds approximately 37 cross-shareholdings, equivalent to approximately ¥110.0 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 ¥6.7 billion of these shareholdings in accordance with market trends.

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 a 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, qualifications, capability, 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.

Please click below for details on the Independence Criteria for Outside Officers.
[Independence Criteria for Outside Officers (page 18-19) of the Notice of Convocation of the Ordinary General Meeting of Shareholders for the Fiscal Year 2023]
https://ir.mol.co.jp/en/ir/stock/gms/main/00/teaserItems1/0/linkList/01/link/notice24.pdf

CEO Succession Plan

The Company has drawn up president and CEO (hereinafter “president”) succession plans consisting of the position’s requirements, selection process, and plan for training successor candidates, with the aim of selecting a president who is appropriate for the Company. In fiscal 2023, based on said plan, the Nomination Advisory Committee deliberated on the requirements for the next president and the measures to develop the next generation of managerial talent.

Specific Experience, Knowledge, and Capability Expected of Members of the Board of Directors

The Company positions the skills matrix as a framework for the experience, knowledge, and capability that the Board of Directors should possess, and has selected five items in “Experience, etc., considered important for corporations” that are universal to corporate management, and four items in “Experience, etc., considered important for corporations supporting social infrastructure” that the Company believes should be particularly important in the management of the MOL Group. “Human resources/Diversity,” a fundamental component of sustainability, was included as an item that is universally applicable to corporate management. Furthermore, as priority items for the Company’s management, in addition to “Marketing/Business strategy” and “Global business,” which are backed by the Company’s knowledge in the growth areas of energy transport and international logistics designated in the corporate management plan, we have included “Safety,” which is the most important foundation for business, and “Technology,” which is an essential area for the future growth of the Company in terms of decarbonization of business activities, safe and efficient operation of vessels, and Digital Transformation (DX), etc. In order to fully demonstrate its governance function, the Board of Directors will adequately maintain the Experience, etc., categories and will continue to review them in accordance with the changes in the business environment.

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, Chairman of the Board	●		●	●	●	●		●	●
Takeshi Hashimoto	Representative Director	●	●	●	●	●	●		●	●
Toshiaki Tanaka	Representative Director	●			●	●	●	●	●	●
Junko Moro	Director				●	●	●		●	
Kazuya Hamazaki	Director		●	●			●		●	●
Etsuko Katsu	Outside Director (Independent Officer)		●		●	●				●
Masaru Onishi	Outside Director (Independent Officer)	●					●	●	●	
Atsushi Toyonaga	Outside Director (Independent Officer)	●		●					●	●
Yumi Yamaguchi	Outside Director (Independent Officer)	●			●			●	●	
Masanori Kato	Audit & Supervisory Board Member			●		●	●	●		
Yutaka Hinooka	Audit & Supervisory Board Member		●	●			●		●	●
Satoru Mitsumori	Outside Audit & Supervisory Board Member (Independent Officer)	●		●	●	●				
Fumiko Takeda	Outside Audit & Supervisory Board Member (Independent Officer)		●	●	●	●				●

Advisory Board

The Company established an Advisory Board under the president effective April 2024, with the aim of obtaining opinions from outside experts on priority areas from the perspective of examining and supervising management strategies and responding to emerging risks. The Advisory Board members are experts in areas such as geopolitics, sustainability, and DX, and provide advice as required by the Company’s management and contribute to the support system for advanced and speedy decision-making.

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 2023 13 officers, comprising all directors (five internal directors and four 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 2024 Provision of effectiveness evaluation survey to all directors and Audit & Supervisory Board members, receipt of responses from all respondents.
April 2024 Discussion at the Corporate Governance Council based on the results.
April 2024 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 2024 were formulated and 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/remuneration, etc.), 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 2023 Evaluation

Items for Which Effectiveness Was Confirmed

(1) Deliberation of 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) Appropriate operational structure of the administrative office, including provision of information to allow directors and Audit & Supervisory Board members to perform their roles.
(3) Transparency and objectiveness of deliberations and reports of the Nomination Advisory and Remuneration Advisory Committees. In addition, the appropriate frequency and progress of both advisory committees and the Corporate Governance Council.
(4) Appropriate involvement in fair and equitable disclosure of financial and non-financial corporate information through communication with shareholders and investors. In addition, engages in highly transparent dialogue with all stakeholders by providing appropriate information and responses based on feedback to employees, seafarers, customers, business partners, governmental bodies, and/or local communities.

Issues Recognized by the Board of Directors

(1) Ensuring the diversity of the Group and Board of Directors.
(2) Establishment of appropriate themes for the Nomination Advisory and Remuneration Advisory Committees.
(3) Active discussions related to medium- to long-term targets and capital policy.
(4) Involvement of the Board of Directors in improving group governance.

Fiscal 2024 Initiatives

(1) Efforts to boost diversity at the newly established "Deliberation on Sustainability" sessions.
(2) Revision of the remuneration plan and formulation of emergency succession plans and board succession plans to incentivize the sustainable enhancement of corporate value.
(3) Expansion of discussions on management with cost of capital in mind and on resource allocation, including the Group's human resources portfolio to achieve BLUE ACTION 2035 targets.
(4) Identify risks and plan and execute risk reduction measures based on Group company risk assessments. Identification of risks and planning and execution of risk reduction measures based on Group company risk assessments.

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.

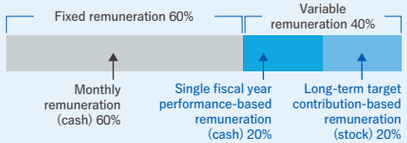
Main Agenda Items of Deliberation on Corporate Strategy and Vision Conducted by the Board of Directors in Fiscal 2023

Month and Year		Agenda Item
2023	April	Company-wide in-depth risk management project: Geopolitical risks
	May	Progress monitoring of corporate management plan
	July	Evaluation of BLUE ACTION 2035 management plan monitoring
	August	Company-wide in-depth risk management project: Decoupling (diversification) scenario
	September	Progress of Regional Strategy
	November	Review of BLUE ACTION 2035 first half
2024	January	Super Megatrend Project 2024
	February	Oil-related business strategies
	February	Ammonia business policy

Remuneration of Executive and Non-Executive Directors

(Executive Directors)

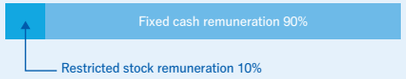
Model Remuneration Assuming Achievement of Performance Targets



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.

(Non-Executive Directors)

Model Remuneration Assuming Achievement of Performance Targets



Note: The ratio of restricted stock remuneration for the Chairman of the Board of Directors will be a little less than 30%.

Remuneration for Directors and Audit & Supervisory Board Members in Fiscal 2023

	KPI	Weight	Targets and KPIs of BLUE ACTION 2035	Fiscal 2023 Results	Calculation Results and Total Payment
Single Fiscal Year Performance-Based Remuneration	(A) Consolidated ordinary profit (loss)	*1	● ¥200.0 billion*2	● ¥258.9 billion	¥132.0 million
	(B) Ordinary profit (loss) by segment		● Dry Bulk Business: ¥23.0 billion*2	● ¥37.2 billion	
			● Energy Business: ¥44.0 billion*2	● ¥66.9 billion	
			● Product Transport Business: ¥128.0 billion*2	● ¥125.5 billion	
			● Wellbeing & Lifestyle Business: ¥8.5 billion*2	● ¥9.0 billion	
			● Associated businesses: ¥1.0 billion*2	● ¥2.9 billion	
	(C) Degree of achievement of safe operations KPI		● 4 ZERO violations: 0	● 1	
			● Downtime frequency rate: ≤1.00 incidents per ship per year	● 0.40 incidents per ship per year	
			● Average downtime: ≤24 hours per ship per year	● 24.46 hours per ship per year	
			● Lost time injury frequency: ≤0.50 injuries	● 0.26	
Long-Term Target Contribution-Based Remuneration	Total shareholder return (TSR)*1 (Growth rate versus TOPIX and TSR growth rate versus competitors)	30%	—	● Growth rate versus TOPIX: 108.53%	¥72.0 million
	ROE	40%	● Fiscal 2023 (initial projection): 9-10% ● Fiscal 2025 (target): 9-10%	● 12.2%	
	Targets for individual investors*3	30%	—	Active investment toward business portfolio transformation, including the Energy Business centered on environmental investments, real property business with stable earnings potential, and businesses that differentiate MOL from competitors. Formulation of visions and policies for the Environment, Safety, Human Capital, DX, and Governance, and enhancement of their effectiveness through system and structural transformations, including reorganization.	

*1 Evaluated based on the ordinary profit to planned value ratio, 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.
*2 Fiscal 2023 initial forecast.
*3 The "Portfolio Strategy," "Regional Strategy," "Environmental Strategy," "Safety," "Environment," "Human Capital," "DX," and "Governance," which are the focus of the corporate management plan BLUE ACTION 2035, set according to each director's area of responsibility.

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)	11 (4)	523 (55)	293 (50)	132 (—)	72 (—)	33 (5)
Audit & Supervisory Board members (of whom outside Audit & Supervisory Board members)	6 (3)	98 (26)	98 (26)	—	—	—
Total (of whom outside directors or outside Audit & Supervisory Board members)	17 (7)	621 (81)	391 (76)	132 (—)	72 (—)	33 (5)

Notes:
1. The above includes remuneration related to two directors (who were not outside directors) and two Audit & Supervisory Board members (one of them was an outside Audit & Supervisory Board member) who resigned at the conclusion of the Ordinary General Meeting of Shareholders held on June 20, 2023.
2. Out of the above, the total amount of remuneration, etc., paid to the seven outside officers is ¥81.0 million.
3. Recorded figures less than one million yen are rounded down to the nearest million yen.
4. The share price and certain indicators used in the calculation of "Performance-linked stock remuneration (stock-based)" are current estimates.

Details and Aim of the Revision of Executive Remuneration System Applied from Fiscal 2024

MOL has adopted a new executive remuneration system in fiscal 2024. This new system incorporates the evaluation of the Core KPIs outlined in BLUE ACTION 2035 into the executive remuneration system as follows.

	KPI	Targets	Details
Financial KPI	① Consolidated profit before tax	Fiscal 2025 target: ¥240.0 billion Fiscal 2035 target: ¥400.0 billion	In line with the Core KPIs of the corporate management plan, the profit target linked to the single fiscal year performance-based remuneration will be changed from "consolidated ordinary profit basis" to "consolidated profit before tax."
	② Net gearing ratio	0.9–1.0	The single fiscal year performance-based remuneration is increased or decreased by a certain multiplier depending on whether the target net gearing ratio at the end of the fiscal year has been achieved or not.
	③ ROE	9.0–10.0%	Already incorporated into the performance evaluation item of the long-term target contribution-based remuneration, no change.
Non-Financial KPI	④ [Environment] GHG emission intensity reduction rate	(Compared to 2019) Fiscal 2035 target: 45% reduction	To meet the fiscal 2035 reduction target for the GHG emission intensity reduction rate, the single fiscal year performance-based remuneration is increased or decreased by a certain multiplier depending on whether the target value for the relevant fiscal year has been achieved or not.
	⑤ [Safety] 4 ZERO	Zero serious marine incidents, oil pollution, fatal accidents, and serious cargo damage	Already incorporated into the performance evaluation item of the single-year performance remuneration, no change.
	⑥ [Human Capital] Head office land-based employees: Percentage of women in managerial positions/Percentage of MGKP incumbents	Women/Non-HQ/Under 50	Since these targets ultimately result in increased employee engagement, the degree of improvement in the engagement of all employees, including those of Group companies, is measured as a comprehensive KPI for human capital, and the target value is to have more than 70% of the organizations with improved measured KPI scores. The single fiscal year performance-based remuneration is increased or decreased by a certain multiplier depending on whether the target value has been achieved or not.
	⑦ [DX] Conversion rate to value creation and safety operations	2025 target: 10%, Fiscal 2035 target: 30%	To achieve the fiscal 2035 target for the conversion rate to value creation and safety operations, the single fiscal year performance-based remuneration is increased or decreased by a certain multiplier depending on whether the target value for the relevant fiscal year has been achieved or not.

By revising the remuneration system, MOL will increase the linkage between the executive remuneration system and corporate management plan, and if MOL achieves the profit level targeted in the BLUE ACTION 2035, we will restructure the remuneration system so that the remuneration level is commensurate with the results achieved.

MOL will continuously monitor whether this remuneration system is functioning effectively, and review the system in a timely and appropriate manner to enhance corporate value while taking into account objective remuneration market survey data from outside professional organizations and trends in other companies' remuneration systems.

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Overview of Risk Management

Governance

In 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." Having adopted such a grand Vision, for the Group to maintain an appropriate level of financial soundness and to lead to sustainable increases in corporate value, it will be essential that we not only venture into new fields and take risks but also give added depth to an appropriate risk management system. The Group has classified the various risks to which each of its businesses is exposed into two categories: "emerging risks" and "business execution risks." This section explains the progress made in the initiatives relating to the Group's risk management initiatives.

Please refer to our website for more information regarding the Group's risk management system, as well as the emerging risks and individual business execution risks.
https://www.mol.co.jp/en/sustainability/governance/risk/

Risk Category	Risks	Examples of Fiscal 2023 Initiatives	Fiscal 2024 Initiatives (Action Plans)
Emerging Risks	Geopolitical risks Climate change risks	● Discussion at the Board of Directors on the theme "impact on our business due to the global economy's multipolarization" ● Establishment of an Advisory Board for management strategies and risk management ● Establishment of a "sustainability" discussion forum at the Board of Directors (introduction of sustainability discussions)	● In-depth megatrend analysis for BLUE ACTION 2035 Phase 2 ● Materiality review, discussion on creation of decarbonization transition scenarios in our businesses (Board of Directors, sustainability discussions) ● Study groups on "geopolitics" (Advisory Board)
Business Execution Risks	Operational risks	● Formulation of "MOL Group Safety Vision" and action plan "Safety Action 1.0" ● Workshops to instill MOL Group Safety Vision within the Company ● Strengthening of SOSC functions in accordance with head office renovations ● Tabletop drill for serious marine incident (scenario of an oil spill from a chemical tanker off Japanese coast)	● Implementation of Safety Action 1.0 ● Organizational change to promote safety and encourage mutually complementary relationships, construction of inter-business safety management systems ● Implementation of Group-wide safety awareness activities ➡ Safety Vision
	Cybersecurity risks	● Information security survey of 171 domestic and overseas Group companies ● e-Learning for 135 domestic and overseas Group companies ● Targeted email attack drills for 32 domestic and overseas Group companies	● Study groups on "DX and technological innovation" (Advisory Board) ● Establishment of a dedicated team at head office to enhance ICT governance, and strengthen governance systems across domestic and overseas Group companies ➡ DX Vision
	Natural disaster and epidemic risks	● Evacuation drills at head office building, satellite office transfers (Consolidation and strengthening of BCP bases such as training facilities.) ● Safety confirmation system drills for all Group employees (Achieved average participation rate of over 90%) ● e-Learning on disaster preparedness	● Start of new satellite office operations ● Tabletop drills in anticipation of a major disaster ● Formulation of BCP for unexpected events and emergencies
	Group governance risks	● Group company risk assessments and discussions of results (Board of Directors) ● Discussion on addressing labor management at MOL Cruises, Ltd. (Board of Directors) ● Implementation of governance strengthening activities for each local organization	● Dissemination of Group company risk assessment results and discussion of countermeasures (Group Executive Committee) ➡ Human Rights ● Identification of risks by each CxO based on Group company risk assessments and the planning and implementation of risk reduction measures ➡ Responsible Procurement
	Risks related to human rights and various risks in the value chain	● Publication of Explanatory Document to Suppliers Procurement Guidelines ● Interviews with shipowners (eight companies in total) on value chain management (VCM) ● Distribution of VCM questionnaires to shipowners and shipyards (approx. 90 companies) ● Ship recycling yard surveys in India and Turkey (21 companies in total) ● Implementation of written human rights surveys for logistics businesses and seafarers	● Discussions on human rights in our human capital portfolio and value chain (Board of Directors, sustainability discussions) ● Progress in development of internal systems and data infrastructure in Group company chartered vessel procurement, deepening of strategic business relationships with shipowners
	Market fluctuation and country risks*1	● Regular reporting to the Board of Directors (Confirmation that total market fluctuation and country risks of approximately ¥800.0 billion and broad total risk of approximately ¥1.1 trillion, taking into account country exposure, are managed within the scope of shareholders' equity)	● Same as on the left ● Verification of optimal business portfolio, taking into account total risk
	Exchange rate, interest rate, and bunker price risks	● Regular reporting to the Executive Committee ● Deliberations on financial strategies at the Executive Committee (Discussion on countermeasures in light of future financial conditions)	● Same as on the left Review of market risk management rules in light of financial conditions, and formulation and implementation of foreign exchange and interest rate hedging measures

*1 Country risks: We have established a framework to periodically monitor the total amount of invested capital (total amount of related assets) by country and region with significant risk potential every six months at the Board of Directors and the Executive Committee, as in the case of "asset risk control" (mentioned above). Regarding Russia-related business, where geopolitical risks remain apparent at present, 15 LNG carriers and one condensate tanker are either currently engaged in charter contracts or have yet to commence charter contracts. Of these, seven vessels (total investment amount of approximately ¥152.1 billion*2) have special specifications, such as icebreaking capabilities, and will be difficult to convert to other businesses. In the event that the contracts cannot be renewed, the asset value may decrease, although maximum measures will be taken, such as selling the vessels to relevant parties. However, as this represents a small proportion of our shareholder's equity, the impact is considered to be limited.
*2 The sum of the investment balance of ¥93.2 billion at the end of the consolidated fiscal year under review and ¥58.9b illion in remaining planned future investments, with calculations including the portion equivalent to the Company's equity held by affiliates. Vessel numbers include those owned by affiliated companies.

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Value Chain Management
–MOL Group Partnership Initiatives–

Governance

To realize sustainable business activities, the MOL Group is enhancing risk management for sustainability related to the environment, society, governance, etc., along its value chain. We will strive to enhance the entire value chain's merits by cooperating with our business partners to promote sustainability initiatives.

Please visit our website for details on responsible procurement.
https://www.mol.co.jp/en/sustainability/governance/procurement/

Initiatives with Chartered Vessel Shipowners

The MOL Group's fleet, which is essential for the Group, partly consists of vessels chartered by ship owners. Shipowners are core partners in our value chain, and we have built up long-term relationships with them based on trust and proven track records.

In response to the grounding and oil spill accident involving the MOL-chartered bulk carrier Wakashio off the coast of Mauritius in 2020, we have elevated our safety and quality standards and ship maintenance policies to higher levels and stepped up our efforts to strengthen quality, working closely with shipowners. Under the value chain management (partnership initiatives) introduced in fiscal 2022, we have deepened dialogue with shipowners to an unprecedented extent. With regard to a broad range of sustainability initiatives, including climate change measures, human rights for seafarers, and anti-corruption measures, we have provided the background to and highlighted the significance of the issues as well as given specific examples of risks in the value chain. At the same time, we have deepened shipowners' understanding and engaged in repeated dialogue with them through information exchanges and questionnaires. For some shipowners, we have provided guidance, such as implementing human rights due diligence and establishing redress mechanisms, and also conducted e-learning courses to improve their basic understanding of business and human rights. Shipowners have provided us with positive feedback that they understand the importance of sustainability initiatives, saying that they would move forward with initiatives where they can.

MOL aims to use this opportunity to deepen dialogue with shipowners further, strengthen mutual sustainability initiatives, and enhance the entire value chain's merits.

Initiatives with Ship Recycling Yards

An international treaty (the Ship Recycling Convention), which takes into consideration occupational health and safety, environmental conservation, and other factors, will come into effect in June 2025. The MOL Group has traditionally been assigning work to ship recycling yards that meet the standards stipulated by the treaty. However, in response to growing social demands concerning the environment and human rights, we visit the sites to ascertain the actual conditions and to become more aware of what we can and should do. To face up to our user responsibilities, which are not limited to legal obligation, we formulated and implemented our Superior Ship-recycling Standards (SSS) for selecting ship recycling yards in 2023.

Our SSS system is backed by a third-party inspection organization known for its reliability and proven track record. Under SSS, we implement the content of the Ship Recycling Convention more stringently and have added our unique screening items, selecting the yards to be used ourselves and proactively fulfilling our user responsibilities until the very end of a ship's service life.

In SSS, employee human rights, working environments and conditions, ship recycling yard corporate governance systems, and corporate citizenship activities are added to the assessment criteria, aiming to promote more sustainable ship recycling and to contribute to the improvement of local communities and the industry as a whole. In conducting SSS screening activities, our Tokyo head office and our subsidiary in India are working together to enable us to carry out regular follow-up screenings of selected yards with a broader scope and to update our selected yards by ensuring easier access to ship recycling centers. When a ship is scrapped, we send our staff or a third-party contractor to the site to ensure that the dismantling work is carried out to our standards.

SUMMARY OF FINANCIAL DATA

(millions of yen)

		ROLLING PLAN						BLUE ACTION 2035
		2018/3	2019/3	2020/3	2021/3	2022/3	2023/3	2024/3
For the year	Shipping and other revenues	¥1,652,393	¥1,234,077	¥1,155,404	¥ 991,426	¥1,269,310	¥1,611,984	**¥1,627,912**
	Shipping and other expenses	1,513,736	1,094,915	1,035,771	911,055	1,117,405	1,376,504	**1,378,965**
	Selling, general and administrative expenses	115,972	101,442	95,852	85,674	96,899	126,770	**145,814**
	Operating profit (loss)	22,684	37,718	23,779	(5,303)	55,005	108,709	**103,132**
	Ordinary profit (loss)	31,473	38,574	55,090	133,604	721,779	811,589	**258,986**
	Income (loss) before income taxes and non-controlling interests	(28,709)	46,778	47,130	100,313	732,993	819,160	**295,417**
	Profit (loss) attributable to owners of parent	(47,380)	26,875	32,623	90,052	708,819	796,060	**261,651**
	Free cash flow {(a) + (b)}	(2,471)	(143,093)	(6,527)	44,238	200,187	267,930	**(41,037)**
	Cash flows from operating activities (a)	98,380	55,248	100,723	98,898	307,637	549,925	**314,202**
	Cash flows from investing activities (b)	(100,851)	(198,341)	(107,250)	(54,660)	(107,450)	(281,995)	**(355,239)**
	Depreciation and amortization	86,629	90,138	87,765	85,798	86,399	94,660	**102,473**
At year-end	Total assets	¥2,225,096	¥2,134,477	¥2,098,717	¥2,095,559	¥2,686,701	¥3,564,247	**¥4,120,552**
	Total tangible fixed assets	1,290,929	1,193,910	1,201,698	1,099,458	1,111,152	1,342,240	**1,654,521**
	Total investments and other assets	425,300	524,411	533,320	637,736	1,187,472	1,746,726	**1,931,034**
	Interest-bearing debt	1,118,089	1,105,873	1,096,685	1,026,994	1,000,697	1,153,448	**1,304,700**
	Net assets	628,044	651,607	641,235	699,150	1,334,866	1,937,621	**2,369,682**
	Shareholders' equity	511,242	525,064	513,335	577,782	1,274,570	1,925,346	**2,353,860**
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	**¥ 722.85**
	Net assets (Yen)	1,424.94	1,463.46	1,430.77	1,610.04	3,532.32	5,322.35	**6,496.19**
	Cash dividends applicable to the year (Yen)	6.67	15.00	21.67	50.00	400.00	560.00	**220.00**
Management indicators	Gearing ratio (Times)	2.19	2.11	2.14	1.78	0.78	0.60	**0.55**
	Net gearing ratio (Times)	1.82	1.88	1.94	1.63	0.71	0.55	**0.51**
	Shareholders' equity ratio (%)	23.0	24.6	24.5	27.6	47.4	54.0	**57.1**
	ROA(%)	(1.3)	2.1	2.2	4.8	30.7	26.2	**7.7**
	ROE(%)	(8.7)	5.2	6.3	16.5	76.5	49.8	**12.2**
	Dividend payout ratio (%)	—	20.0	23.8	19.9	20.3	25.4	**30.4**

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

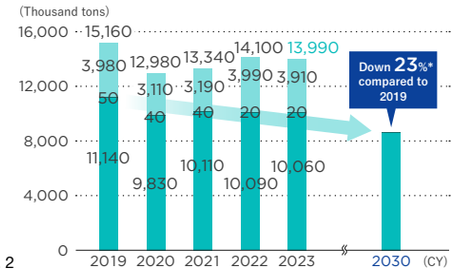
ENVIRONMENTAL

(FY2023 results)

GHG Emissions

13,980 thousand t-CO_2

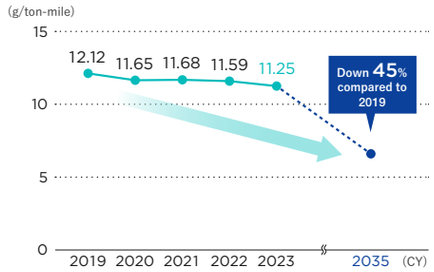
Down **8.0**% compared to 2019 ＊Scope 1, 2



GHG Emission Intensity

11.25 g/ton-mile

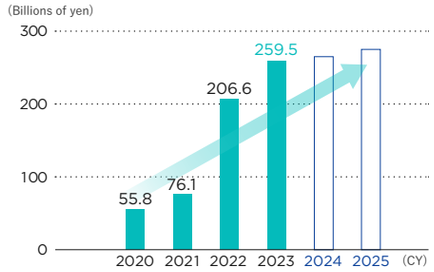
Down **7.2**% compared to 2019



Environmental Investment

FY2021
¥**76.1** billion
FY2022
¥**206.6** billion
FY2023
¥**259.5** billion

FY2023-FY2025 Cumulative
¥**658.0** billion



SOCIAL

(FY2023 results)

Number of Employees (Non-consolidated)
1,243

Number of Employees (Group*)
9,795

*The parent company and consolidated subsidiaries

Percentage of women in managerial positions (Office workers, non-consolidated)

Actual **11.3**%
Target for 2025 **15**%

Composition of People Filling MGKP*

*MOL Group Key Positions. Designated as a position in the MOL Group or on a global basis equivalent to General manager in head office.

Number of Mid-Career Hires/Ratio

80
29.9%*

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

GOVERNANCE

Number of Directors **9**
Of which, outside directors (percentage) **4** (44.4%)
Of which, female directors (percentage) **3** (33.3%)

FY2023 Number of Board of Directors Meetings Convened/Attendance Rate
12/99%

Number of Audit & Supervisory Board Members **4**
Of which, outside Audit & Supervisory Board Members (percentage) **5** (50%)
Number of independent officers (including Audit & Supervisory Board Members) **6**

INFORMATION DISCLOSURE AND EXTERNAL RECOGNITION

Promoting Information Disclosure and Engagement

Given that the MOL Group Three Basic Principles of Corporate Governance state that we shall engage in a highly transparent dialogue, we consider engagement with all stakeholders, including investors and shareholders, to be an essential management task.

In IR activities conducted by the president and CFO, rather than simply responding in a way that does not allow for any comeback or is superficial in its content, we strive to deepen mutual understanding with all shareholders and investors by focusing on setting creative agendas and allowing for longer meetings for more accessible discussions to take place. In terms of disclosure, we emphasize the importance of fair disclosure by disclosing core IR tools and online videos of financial results briefings for analysts and institutional investors in Japanese and English. We are also enhancing disclosure for individual investors and released several videos targeting individual investors on our website in the last financial year.

In addition to disseminating information, we emphasize on the in-house feedback of opinions obtained through stakeholder dialogue, and feedback obtained from investor meetings is compiled and reported regularly to the Board of Directors and the Executive Committee. Specific opinions on corporate management plans and Sustainability Issues are directly communicated by the division in charge of IR to the relevant divisions and encourage them to reflect the views in the implementation of measures.

We have implemented an array of initiatives to show the positioning of management goals and improve governance, including the formulation of BLUE ACTION 2035, Environmental Vision 2.2, and 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 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 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 Safety Vision, MOL Group Environmental Vision 2.2, MOL Group Human Capital Vision, and MOL Group DX Vision
- Formulation of MOL Group Corporate Governance Policy
- Raising of the payout ratio and introduction of a minimum dividend

IR Activities in Fiscal 2023

Activity	Frequency		Details
For securities analysts and institutional investors	Financial results briefings	4 times	Quarterly results/forecasts
	Small meetings with the CEO	5 times	Twice held each in spring and autumn, once for responsible investment managers
For overseas institutional investors	Overseas investor road shows	8 times	Held visits (twice in North America, twice in Europe, three times in Asia, and once in Australia)
	Conferences held by securities companies	8 times	Participation in domestic and international in-person conferences
For individual investors	Corporate presentations for individual investors	Twice	Participation in online and in-person events for individual investors

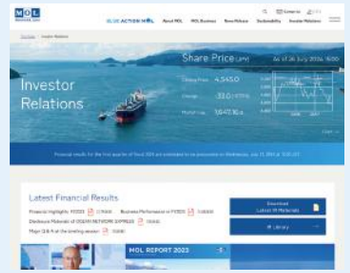
IR Materials (Available on MOL's website)

Material	和文	英文
Stock exchange filings (financial highlights, etc.)	○	○
Business performance results briefings (including summaries of Q&A sessions)	○	○
Business performance results briefing video	○	○
Integrated report	○	○
Securities reports ("Yuho")	○	–*1
Quarterly reports	○	–
Business reports for shareholders	○	–*2
Investor Guidebook	○	○
Market Data	○	○
Sustainability Fact Book	○	○

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

IR Website Renewal

We renewed our IR website on January 15, 2024. Please take a look and explore its much improved usability.

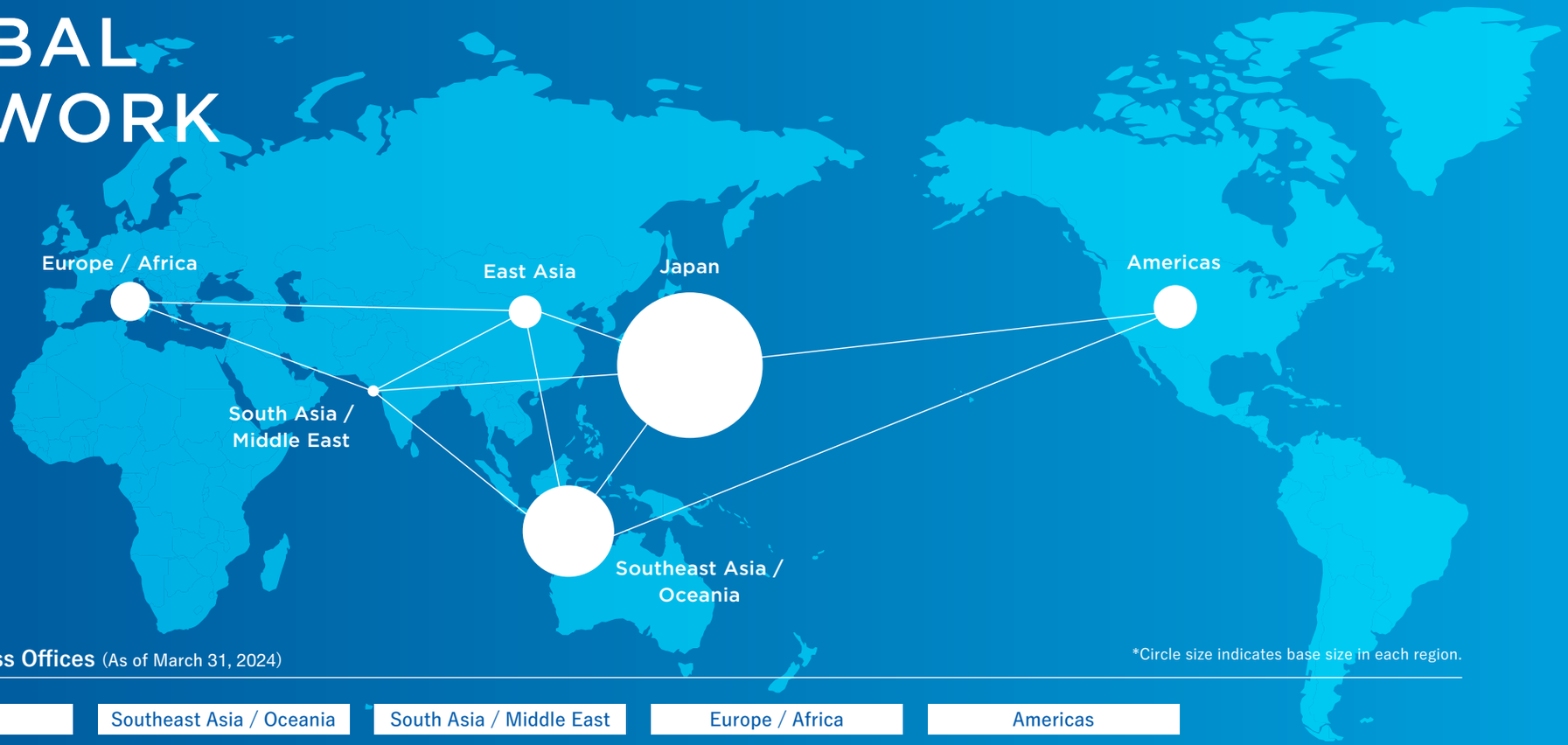


https://ir.mol.co.jp/en/ir.html

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.
2024 Sompo Sustainability Index
NIKKEI SDGs
S&P/JPX カーボン エフィシェント 指数
CDP A LIST 2023 CLIMATE
NADESHIKO BRAND 2024
2024 健康経営優良法人 Health and productivity ホワイト500
Member of Dow Jones Sustainability Indices Powered by the S&P Global CSA
DX認定
DX注目企業2024 Digital Transformation

MOL GROUP'S GLOBAL NETWORK



*Circle size indicates base size in each region.

Principal Business Offices (As of March 31, 2024)

East Asia	Southeast Asia / Oceania	South Asia / Middle East	Europe / Africa	Americas
China	The Philippines	India	United Kingdom	United States of America
Taiwan	Vietnam	United Arab Emirates	Germany	Mexico
Republic of Korea	Singapore		Netherlands	Brazil
	Malaysia		Belgium	Chile
	Indonesia		Norway	
	Thailand		Turkey	
	Myanmar		South Africa	
	Australia		Kenya	
	New Zealand			

SHAREHOLDER INFORMATION (As of March 31, 2024)

Capital	¥66,001,697,121
Head Office	1-1, Toranomon 2-chome, Minato-ku, Tokyo 105-8688, Japan
Number of MOL employees	1,243
Number of MOL Group employees (The parent company and consolidated subsidiaries)	9,795
Total number of shares authorized	946,200,000
Number of shares issued	362,386,058
Number of shareholders	303,578
Shares listed on	Tokyo Stock Exchange – Prime Market
Share transfer agent	Sumitomo Mitsui Trust Bank, Limited 4-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo, 100-0005, Japan
Contact information	Sumitomo Mitsui Trust Bank, Limited, Stock Transfer Agency Business Planning Department 8-4, Izumi 2-chome, Suginami-ku, Tokyo 168-0063, Japan
Communication materials	MOL Report https://ir.mol.co.jp/en/ir/library/integrated_report.html Investor Guidebook https://ir.mol.co.jp/en/ir/library/ig.html Market Data https://ir.mol.co.jp/en/ir/library/market.html Website https://www.mol.co.jp/en/ YouTube Official Channel https://www.youtube.com/@molofficialchannelenglish9003 Glossary https://www.mol-service.com/glossary_top