

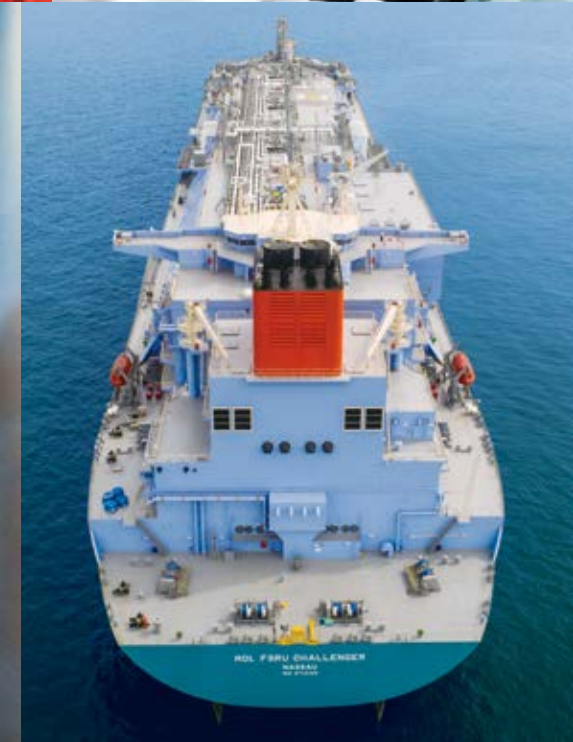
MOL REPORT 2020

Year ended March 31, 2020



Moving the World

Food, apparel, medicines, automobiles, oil, gas, iron ore, wood...
We deliver a variety of essential goods that society needs to keep breathing.
Marine transport acts as the arteries that deliver the world's lifblood.
As long as human activity carries on, we will continue to move the world.
This is our resolution and the source of our pride.



The Mission We Aim to Fulfill

MOL Group Corporate Principles

As a multi-modal transport group, we will:

①

Actively contribute to global economic growth and development, anticipating the needs of our customers and the challenges of this new era

②

Strive to maximize corporate value through creativity, operating efficiency, and promotion of ethical and transparent management

③

Nurture and protect the natural environment by maintaining the highest standards of operational safety and navigation

Our Vision for the Future

Long-Term Vision

To develop the MOL Group into an excellent and resilient organization that leads the world shipping industry

The Fundamental Values

for Guidance in Daily Business Execution and Decision-Making



- C**hallenge ■ Innovate through insight
- H**onesty ■ Do the right thing
- A**ccountability ■ Commit to acting with a sense of ownership
- R**eliability ■ Gain the trust of customers
- T**eamwork ■ Build a strong team

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MOL's Communication Tools

MOL produces the following publications as a means of promoting communication with stakeholders. The latest versions of all reports can be found on our website.

<https://www.mol.co.jp/en/ir/>

- MOL Report
- Investor Guidebook
- Market Data

Scope of the Report

The MOL Group, comprising Mitsui O.S.K. Lines, Ltd., 368 consolidated subsidiaries, 103 equity-method affiliates, and other affiliated companies (If the subject of activities or data are limited, it is indicated by notes in the report.)

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

Referenced Guidelines

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



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

1. Values
▶ P2, P4-9, P38-39
2. Business Model
▶ P4-9, P12-13, P16-29, P34-37, P72
3. Sustainability and Growth
▶ P4-13, P16-28, P30-55, P68, P69
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▶ P4-9, P16-28, P32-37, P40-55
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Forward-Looking Statements

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

* As of September 2020, unless otherwise specified

A Message from the CEO



We are steadily holding course on our management vision to “Become a Group of Business Units with No. 1 Competitiveness in Respective Areas.” While minimizing the impact of unfavorable market conditions, we are making preparations to turn around businesses and take aggressive measures during and after the COVID-19 pandemic.

Junichiro Ikeda
President & CEO

An Oil Spill off Mauritius Caused by a Vessel Chartered by MOL

Please allow me to begin by saying with respect to the oil spill that resulted after the WAKASHIO, a Capesize bulker chartered by MOL, ran aground off Mauritius, I am painfully aware of the magnitude of our social responsibility given the serious effect of this accident on the natural environment as well as on the lives of the residents of the tourism-oriented country. I would like to offer my deepest apologies for the considerable concern and inconvenience caused to our customers,

shareholders, and all other stakeholders. Our immediate response to the accident has included dispatching personnel to the site and providing equipment to remove the spilled oil. Going forward, we intend to cooperate and coordinate with the governments of Mauritius and Japan, related agencies, and the ship owner for an extended period of time to restore the natural environment and contribute to the local community.

Our Responses to the COVID-19 Pandemic and Other Changes in the Near-Term Business Environment

In fiscal 2019 ended March 31, 2020, the Dry Bulk, Energy Transport, and Product Transport business units were all in the black, and MOL posted ordinary profit of ¥55.0 billion. Originally, this result was to be a stepping stone in fiscal 2020 on the way to moving very close to our “projected medium-term profit levels,” namely, ordinary profit around ¥80.0 billion to ¥100.0 billion. Unfortunately, we have been forced to revise time frames in light of the dramatic changes in the business environment stemming from the current COVID-19 pandemic. Under the leadership of the Rolling Plan Special Committee, which is chaired by an executive vice president and primarily comprises members of the Executive

Committee, we have mobilized all of our in-house experts to appropriately assess the status of the global economy—as far as is possible amid continuing uncertainty. Based on the committee’s assessment, we are taking steps both to minimize losses and to expedite our return to a growth trajectory during and after the pandemic. Our Rolling Plan 2020, announced in June, was created in this way—based on the deliberations and mega-trend forecasts made by the committee. Going forward, we will continue to closely monitor ever-changing situations and revise strategies in a timely manner while giving clear explanations to our stakeholders with total transparency.

An Overview of Fiscal 2019

Before explaining our measures and strategies during and after the COVID-19 pandemic, I would like to review our performance in fiscal 2019. The most noteworthy achievement was realizing a profit in the Product Transport Business Unit's containership business, in its second year after integration. While there is still a gap to be filled in reaching the expected profit level, we were able to prove that integration was the right decision. Even within MOL's long, 130-year history, I believe that this accomplishment marked an extremely important turning point.

The Dry Bulk Business Unit, despite generally lackluster market conditions, was able to firmly post stable earnings thanks to its long-term contracts. Although stricter restrictions on sulfur oxide (SOx) emissions were imposed from January 2020, we successfully acquired new contracts by offering timely propositions to meet customer needs, such as installing SOx scrubbers on vessels, which helps lower fuel costs.

Meanwhile, the Energy Transport Business Unit accumulated new contracts for LNG carriers and performed existing long-term contracts as planned. Furthermore, a range of initiatives were steadily advanced. For example, in the chemical tanker business—a field in which MOL has particular

competence—we have gained confidence by our moves toward becoming a one-stop solutions provider. In offshore businesses, our potential key growth areas, we concluded a long-term FSRU contract for Hong Kong and agreed to take part in a new service operation vessel project for offshore wind power farms off Taiwan.

In environmental and emission-free businesses, which are also positioned as key growth areas, the long-running Wind Challenger Project* has moved to a more concrete phase of exploring the installation on an actual coal carrier. Furthermore, our initiatives for the utilization of LNG to reduce environmental impact made considerable progress, including placing orders for LNG-fueled ferries and coal carriers and taking part in an LNG-to-Powership business.

The aforementioned initiatives are representative examples of how we steadily advanced toward quantitative and qualitative medium-term goals and invested in potential key growth areas. We view fiscal 2019 as an extremely productive year for the MOL Group.

* The Wind Challenger Project is a joint industry-academia research project that aims to significantly reduce fuel consumption by fully using wind power through the utilization of massive sail panels on vessels. MOL has been taking part in and promoting the Wind Challenger Project since it started in 2009. For details, please see page 35.

An Analysis of the Business Environment

Due to the COVID-19 pandemic, however, MOL's business environment has changed dramatically compared with that of fiscal 2019. The Product Transport Business Unit, which carries finished goods, has seen a huge drop in cargo movements. In particular, the short-term performance of the car carrier business has been significantly impacted. On the other hand, the effect on

the Dry Bulk and Energy Transport business units has been relatively limited as they are supported by long-term contracts. Nonetheless, the Group's near-term business environment is expected to remain adverse for a while. The aforementioned mobilization of in-house business intelligence to predict macroeconomic conditions as well as mega-trends in transport demand for our main cargoes has led us to conclude that cargo movements in most business fields are unlikely to return to 2019 levels until around 2022.

However, looking at the world during and after the pandemic from a medium- to long-term point of view, I believe that rather than a sudden complete change in society, we are more likely to experience a strengthening of existing trends or an acceleration of changes. Particularly, I am focusing on three themes.

The first theme concerns the extent of impacts on globalization and supply chain restructuring. The spread of COVID-19 underscored the risk inherent in concentrating production bases in a single region, an issue the business world was mulling over even before

the pandemic. It is conceivable that production bases over dependent on China could be reviewed and in turn dispersed to other regions. However, China's presence as a market and as a production base will remain enormous. While a global economy without China is highly improbable, we will need to continuously assess how commodity flows could change going forward.

The second theme is acceleration of digital transformation, including factory automation. If social distancing takes a firm hold due to the COVID-19 pandemic, further automation is likely. Technology is also closely linked to the potential supply chain restructuring mentioned earlier. The repatriation of production bases to developed nations comes with challenges such as increased labor costs and shortage of labor force, but technology could provide a solution to these challenges. In marine transport operations, digital transformation is certain to advance as companies introduce a range of technologies that enable them to check vessels and cargo situations remotely and to provide customers with status reports.

Lastly, I am focusing on environmental issues. As a consequence of having faced a major crisis in the form of the potentially fatal COVID-19, which has affected the whole of society, people may become more concerned about environmental issues because, in a similar way to a pandemic, they could easily have a severe worldwide impact. Some say that the world's preoccupation with infectious disease countermeasures will result in environmental issues taking a back seat, but I do not believe it will be a matter of one set of issues taking priority over the other.

In fiscal 2020, the divergence between the near-term issues that we face and the medium- to long-term issues that we must also consider is much greater than in a normal fiscal year. For this reason, we have shown the way forward in our Rolling Plan 2020 both in terms of countermeasures for the current emergency and strategies based on the medium- to long-term changes that are likely during and after the COVID-19 pandemic.

The Strategies of Rolling Plan 2020 and Fiscal 2020 Priority Strategies

In fiscal 2020, the MOL Group's most important objective will be to return to a growth trajectory. Accordingly, while focusing efforts on near-term business continuity and minimization of the impact from unfavorable market conditions, we will take measures to get back on a growth track as soon as possible worldwide during and after the COVID-19 pandemic. However, I want to emphasize that even amid the current changes in operating conditions, our management vision, "Become a Group of Business Units with No. 1 Competitiveness in Respective Areas," and the three core strategies that will help realize this vision have not wavered. These are Portfolio Strategies: "Concentrated investment of management resources in the business fields where MOL has strengths, which will mainly be offshore businesses"; Business Strategies: "Provision of 'stress-free services,' which MOL will offer from the customer's perspective"; and Environmental Strategies: "Promotion of environmental strategies and development of the emission-free business into a core business."

In the fiscal 2019 integrated report, MOL REPORT 2019, I explained the particular meaning and importance that achieving "No. 1 Competitiveness in Respective Areas" has for me. In just the type of challenging environment we are currently facing, the strengths and weaknesses of each business will come to light. When

the environment undergoes seismic change, businesses suffering greater-than-expected damage are the ones with hidden weaknesses, while businesses achieving firm results have unheralded strengths. It could be said that fiscal 2020 has given us an opportunity to rigorously reassess the strengths and weaknesses of each business and to revise our business portfolio's priority fields accordingly. For example, the Group's offshore businesses span many different fields, such as businesses related to oil, LNG, and offshore wind power. If we consider the energy mix going forward together with our weaknesses and strengths, the fields we should expand will become evident. This process will further advance our efforts to "Become a Group of Business Units with No. 1 Competitiveness in Respective Areas."

In fiscal 2020, we will concentrate on the following measures. Initially, with the aim of adapting to changes in the present business environment and minimizing losses, we will make an all-out effort to implement defensive measures. MOL's resilience to market conditions has been heightened to a considerable degree by very painful structural reforms implemented over the past 10 years. However, in light of the ongoing changes in transport demand, we will take thorough measures to reduce our market exposure even further. We will also revise our investment plans by narrowing down the number of new



projects. Concurrent with these efforts, the MOL Group will implement offensive strategies aimed at strengthening competitiveness by (1) developing new businesses, (2) reducing cost, and (3) reforming business models, depending on the characteristics of each business. In particular, during and after the COVID-19 pandemic we intend to focus even more strongly on qualitative growth. By “qualitative growth” I mean transforming the entire organization into a leaner, more profitable business entity and increasing our presence in fields where we can realize

clear competitive advantages or where we can provide high-value-added services. With respect to business models, if there are fields in which the MOL Group is able to enhance customers’ value chains by offering stress-free services, we will actively consider shifting our business domains, even upstream or downstream from the fields we are currently engaged in. Offshore businesses have taken the lead in adopting this approach, but I believe similar opportunities do exist for other businesses.

Strengthening Management Foundations for Sustainable Growth

With the aim of laying foundations to further accelerate measures to realize our vision, in fiscal 2020 we added “Enhancement of organizational strength” as a new management strategy. In order to expand into fields beyond traditional marine transport and seek qualitative growth, this is an appropriate time to conduct an overall assessment of whether our utilization of human resources, work styles, and organizational structure are optimized and contributing directly to the realization of our strategic goals. With this in mind, I have assigned the executive vice president who presides over the corporate divisions with revamping our organization. Furthermore, the Work-Style Reforms Committee, which I chair, and the executive officer responsible for the Human Resources Division are working together to consolidate and mobilize expertise and resources scattered across the MOL Group and enhance productivity. I am using the word “productivity” here in a broad sense. I view the meaning of productivity as not only doing the same work with fewer people but also enabling our

current personnel to engage in a more diverse range of tasks, or being able to change systems and personnel deployment extremely flexibly in line with projects and priorities. There may also be room for improvement in relationships between the Head Office and subsidiaries and work allocation among Group companies. Over the coming three years, we aim to increase productivity by 15%, redeploying the freed-up personnel to growing business fields.

In addition, with the COVID-19 pandemic expected to continue, we must take rigorous measures to prevent infection among business partners and our employees in order to fulfill our social mission. In addition to the existing business continuity plan (BCP), in February 2020 we launched the COVID-19 Countermeasures Taskforce, which establishes infection prevention and business continuity measures. Fortunately, no impediments to our business continuity have arisen to date. However, we will continue to carefully monitor the situation of the pandemic and implement appropriate countermeasures when required.

Our Approach to Sustainability

In 2019, during the in-house discussions on formulating MOL’s Sustainability Issues (Materiality), we reconfirmed that contributions to the solution of such social issues as those set out by the Sustainable Development Goals (SDGs) are in fact the existing value of our business and directly connected to our medium- to long-term growth. Positioned as the central Sustainability Issue of our Materiality, “Value-added transport services” conforms with the first of the MOL Group Corporate Principles, which calls on the Group to “Actively contribute to global economic growth and development.”

It is extremely regrettable that, rather than providing added value, we have created many difficulties for local

residents as a result of the recent accident off Mauritius. Moreover, the accident violates not only the commitments represented in our Sustainability Issues but also one of the MOL Group Corporate Principles, namely, the commitment to “Nurture and protect the natural environment by maintaining the highest standards of operational safety and navigation.” We use an extremely large fleet of massive vessels to transport huge volumes of cargo worldwide. By realizing the positive aspect of our businesses, we can enrich the world. By actualizing their negative potential, we could cause harm instead. These self-evident truths have been indelibly engraved upon the minds of members of the

senior management team and all employees as a consequence of the accident. In light of past experiences, we have concentrated our efforts on safe operation. However, the Mauritius accident has made us very much aware of the shortcomings that remain. We consider the accident as a turning point at which we will reform the tangible and intangible components of our vessel operation management so that, in retrospect, MOL earns a reputation for having transformed itself into a safer, more reliable entity.

Among the impacts that our businesses have on society, negative effects on the environment rank alongside accidents as phenomena that must be minimized. In particular, we must step up climate change countermeasures. To this end, in accordance with the environmental strategy that is one of the three core

strategies of our current Rolling Plan 2020, we announced MOL Group Environmental Vision 2.0 in June 2020. Aiming to move steadily toward the greenhouse gas reduction targets of the Paris Agreement and the International Maritime Organization (IMO), we completely redrafted our previous MOL Group Environmental Vision 2030, setting more ambitious specific targets and announced our commitment to them.

Under the leadership of the chief environment and sustainability officer (CESO), a position newly established in April 2020, we will continue advancing both initiatives that maximize the positive effects we have on society and initiatives that mitigate the negative effects such as environmental impact, thereby realizing sustainable improvement of the social value and economic value that we provide.

In Conclusion

Worldwide, lockdowns of cities and restrictions on international travel in response to the current COVID-19 pandemic are still limiting freedom of movement. However, as long as day-to-day life continues, energy and daily commodities will be essential. This fundamental demand has given me a strong appreciation of the fact that our social mission as a company engaged in international marine transport is to deliver supplies to those who need them at all times—even in emergencies. Further, the running aground of the WAKASHIO has made me acutely aware of the enormity of the social ramifications accompanying an accident. The MOL Group will return to the fundamentals of safe, reliable transport and ensure that the Group fulfills its role as part of society’s infrastructure.

Meanwhile, as I have explained in the past, if we are to sustainably enhance corporate value going forward

and meet the expectations of stakeholders, we cannot confine ourselves to traditional marine transport. With this in mind, we will achieve growth by reassessing the sources of our competitive strengths and by venturing undauntedly into new fields where we can take full advantage of these strengths. Due to the particular characteristics of the marine transport business, some of the fields in which we are currently conducting proactive investment may take some years to bear fruit in the form of returns. For this reason, through MOL reports and other means, we will redouble our efforts to increase and improve our explanations so that stakeholders feel confident about trusting MOL as a growing company with competitive advantages.

As we move forward, I would like to ask our shareholders and stakeholders for their continued understanding and support.

**A tough business environment
provides a real test of a company’s
competitiveness in respective areas.
For this reason, we must keep on
improving ourselves.**



History of the MOL Group's Value Creation

Throughout its more than 130 years of history, MOL has grown into one of the world's largest full-line marine transport groups by constantly anticipating the needs of its customers and the demands of the future, while overcoming various challenges along the way. What has enabled this is MOL's "spirit of challenge and innovation." MOL will continue to nurture this spirit as it heads into the next 130 years.

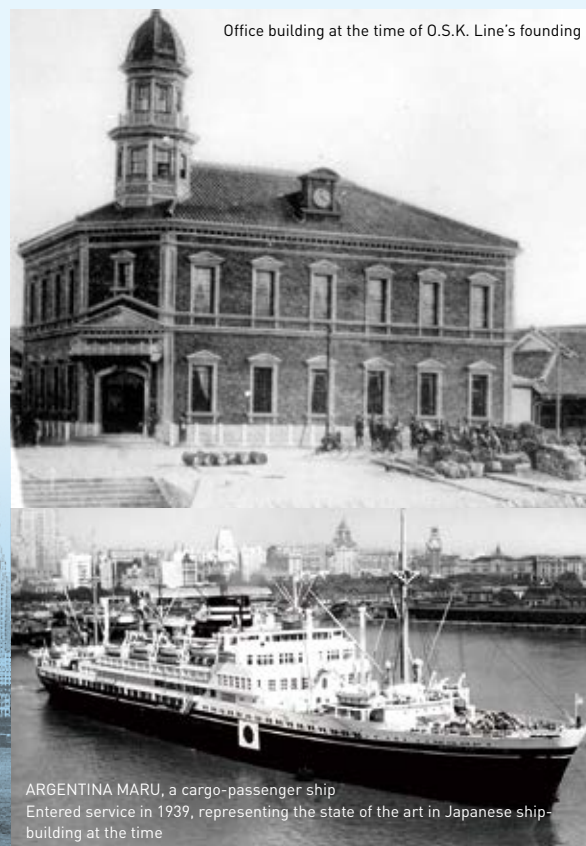
Prewar

Expanding the Sea Routes Crucial to the Development of Japan's Foreign Trade

The founding of MOL can be traced back to Osaka Shosen Kaisha (O.S.K. Line), which was established in 1884 by ship owners in the Seto Inland Sea area. At that time, the *sakoku* (closed-country policy) era of Japan had come to an end. Accordingly, the need for international marine transport rose dramatically. From the 1890s to the 1910s, the Company vigorously expanded into international shipping, beginning with short-sea and then expanding into deep-sea shipping. In the 1930s, the Company's cargo-passenger ships, representing the state of the art in Japanese shipbuilding at the time entered service on the South America route. In these ways, the Company has grown as a foundation underpinning the development of foreign trade in Japan.



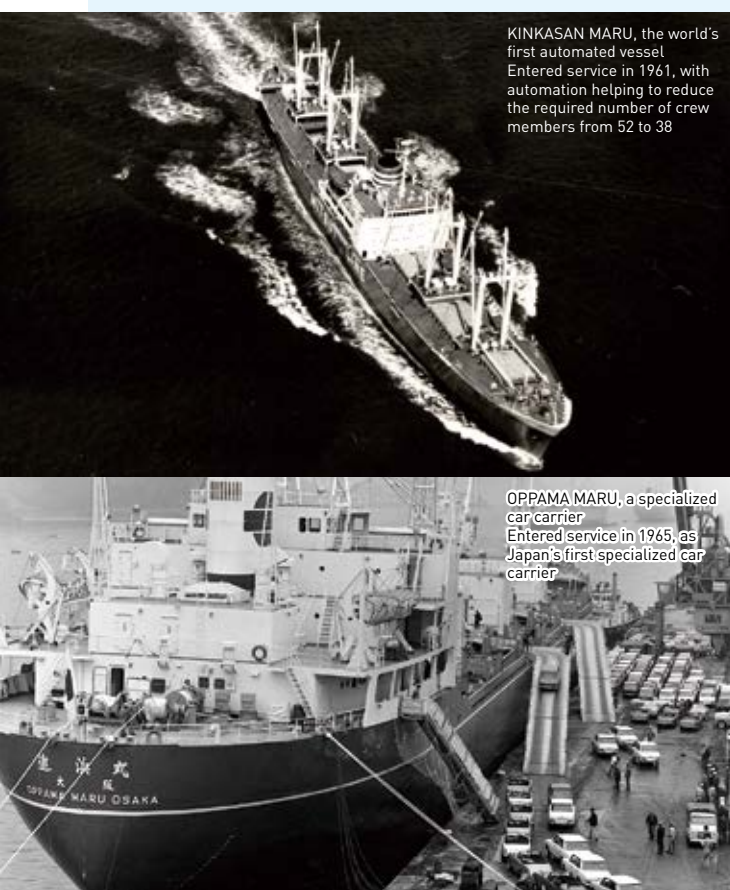
KINAI MARU, a high-speed cargo ship
Entered service in 1930, greatly reducing sailing time between Yokohama and New York



Office building at the time of O.S.K. Line's founding



ARGENTINA MARU, a cargo-passenger ship
Entered service in 1939, representing the state of the art in Japanese shipbuilding at the time



KINKASAN MARU, the world's first automated vessel
Entered service in 1961, with automation helping to reduce the required number of crew members from 52 to 38



OPPAMA MARU, a specialized car carrier
Entered service in 1965, as Japan's first specialized car carrier

Japan's Postwar Rapid Economic Growth Period

Growing into a World-Leading Full-Line Marine Transport Group Amid the Postwar Recovery and Rapid Economic Expansion of Japan

A large portion of Japanese merchant fleets suffered catastrophic damage during World War II. Amid Japan's successful recovery from the devastation of war, MOL became an integral part of the development of the Japanese economy through its marine transport services. While doing so, the Company grew into a full-line marine transport group that possesses a wide range of vessels. The Company worked to promptly respond to the need for specialized and large-sized vessels and repeatedly took on challenges from a technological standpoint, including launching the world's first automated vessel that maneuvers the main engine from the bridge and centrally controls the machineries from the engine control room and Japan's first specialized car carrier. This approach enabled MOL to create new value and opened up the opportunities for business field expansion.



SPIRIT OF MOL, a training vessel
Delivered in 2007 as a Company vessel for training officers and senior crew members, by the time it was retired in 2013 the SPIRIT OF MOL had helped to produce more than 2,200 senior sailor candidates.



IWATESAN, a VLCC
This 300,000-ton class VLCC was delivered in 2003. It had the maximum crude oil carrying capacity of any ship capable of navigating through the Malacca Straits.



BRASIL MARU, an iron ore carrier
This vessel was delivered in 2007. As one of the world's largest iron ore carriers at that time, it helped reduce unit transportation costs while reducing environmental impact.

The Rising BRICs Economies, Centered on China, and a Boom in Marine Transport

Becoming a Top Global Player Following Remarkable Growth in the Resource and Energy Transport

After the 1999 merger with Navix Line, which was particularly strong in transporting natural resources and energy, MOL aggressively invested in these fields, predicting China's economic development and increased demand for natural resources. The Company continued a significant scale-up of its fleet, centering on dry bulkers and tankers, and became one of the world's largest corporate groups in terms of fleet size in service. Reaping the benefits of these upfront investments, profit in fiscal 2007 reached a record high, led by the unprecedented boom in marine transport that was driven by the rapid expansion of imports in China.



NIPPON MARU (third generation), a cruise ship
Delivered in 1990, the vessel gained its present color as part of a large-scale refurbishment in 2010. The NIPPON MARU continues to be loved as one of Japan's most quintessential cruise ships.

At Present

Leveraging the Strengths MOL Has Accumulated over the Years and Expanding into New Business Fields to Meet the Needs of the New Era

Against the backdrop of a global economic slowdown and the oversupply of vessels, the shipping market stumbled and has continued to struggle with lasting stagnation. To respond to the increasingly difficult business environment, MOL implemented the Business Structural Reforms, which targeted the dry bulk business and carried out the integration of the container business of three Japanese shipping companies. Additionally, the Company invested preferentially in its areas of strength, including the LNG carrier business, while working to expand into the new fields in offshore businesses and environmental and emission-free businesses to meet the needs of the new era. MOL continues to pursue challenge and innovation as a global leader in marine transport.



A service operation vessel (SOV)*1 scheduled for completion in 2022

*1 Specialized vessels that support maintenance operations for offshore wind farms



The Tokyo International Container Terminal (TICT)
Containers of Ocean Network Express Pte. Ltd. (ONE), which entered business in April 2018 are loaded.



SEAJACKS SCYLLA, an SEP vessel
This SEP vessel*, one of the world's largest in operation, is owned by Seajacks International Limited, in which the Company owns a stake.

*2 Self-elevating platform (SEP) vessels are used for the installation of offshore wind power generation systems.



VLADIMIR VIZE (left), an ice-breaking LNG carrier
Delivered in 2019, MOL plays a key role in pioneering the Northern Sea Route by providing marine transport for the Yamal project, which is the world's first project to use an Arc7-class ice-breaking LNG carrier.

Input

Resources Supporting MOL Group

Manufactured Capital

- ▶ A wide array of around 800 vessels
- ▶ Sales and ship management offices in 43 countries and regions

Intellectual Capital

- ▶ Sophisticated knowledge and expertise in seamanship and nautical phenomena
- ▶ The technological capability to enable completion of high-quality ships and maintain them in good condition for an extended period of time
- ▶ Project-development capabilities based on an understanding of customers and markets

Human Capital

- ▶ Highly diverse land-based personnel and crew members numbering around 15,000
- ▶ Human capital who share the "MOL CHART" spirit

Social and Relationship Capital

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

Natural Capital

- ▶ A natural environment that sustains business continuity

Financial Capital

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

The MOL Group's Strengths

A Diverse Fleet Lineup

We meet customers' needs flexibly with a highly diverse fleet that is also one of the world's largest in scale.

History and Experience

We provide highly reliable transport services backed by extensive experience and a long track record.

Global-Scale Networks

We develop our business by leveraging world-spanning sales and ship management networks in combination with partnerships in various regions.

Our Business

By reinforcing our business foundation through a repeated cycle of value creation combined with reinvestment and the accumulation of knowledge, we aim to realize our management vision to "Become a Group of Business Units with No. 1 Competitiveness in Respective Areas."



Reinvestment and the accumulation of knowledge

Outcome

Value we provide

Economic Value

Profit Generation

	Fiscal 2019 Results	Projected Medium-Term Levels
Ordinary profit	¥55.0 billion	¥80.0 billion~¥100.0 billion
ROE	6.3%	8~12%
Gearing ratio	2.14 times	2.0 times or less

Return to Shareholders

Dividend payout ratio	20% policy for the time being
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Aim to create both economic value and social value sustainably

Social Value

- Contribution to customers' value-creation by linking supply chains worldwide, spanning from raw materials to products
- Production of technological innovations that help resolve social issues
- Contribution to reduction of environmental impact
- Provision of high-quality employment and skill-development opportunities

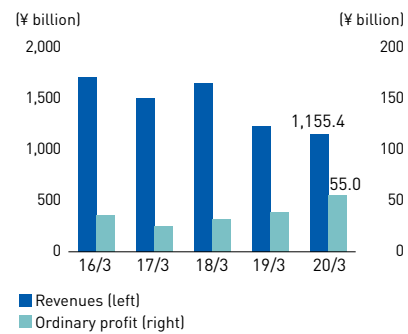
SUSTAINABLE DEVELOPMENT GOALS

The Outcomes of Value Creation

Economic Value

Revenues / Ordinary Profit

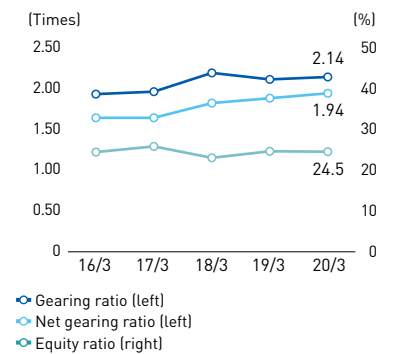
Fiscal 2019

Ordinary Profit **¥55.0 billion**

Revenues were down ¥78.6 billion year on year, mainly due to a decline in revenues from the containership business. However, ordinary profit increased ¥16.5 billion year on year due to stable earnings from medium- to long-term contracts in the Dry Bulk and Energy Transport businesses; the accumulation of profits stemming from favorable market rates for tankers in the second half; and in the Product Transport Business, Ocean Network Express Pte. Ltd. (ONE), a containership business affiliated company, becoming profitable in the second year of its integration.

Gearing Ratio / Net Gearing Ratio / Equity Ratio

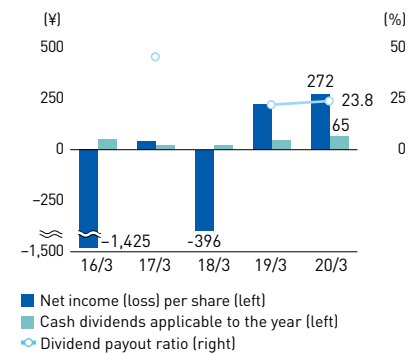
End of fiscal 2019

Equity Ratio **24.5%**

In an effort to streamline our balance sheet, we reduced interest-bearing debt ¥9.1 billion from the previous fiscal year-end and tightened total assets by ¥35.7 billion. Shareholders' equity was down ¥11.7 billion year on year despite a ¥21.7 billion rise in retained earnings, owing to lower accumulated other comprehensive income. As a result, the net gearing ratio worsened 0.06 point, and the equity ratio was down 0.1 percentage point.

Net Income (Loss)* per Share / Cash Dividends per Share / Dividend Payout Ratio

Fiscal 2019

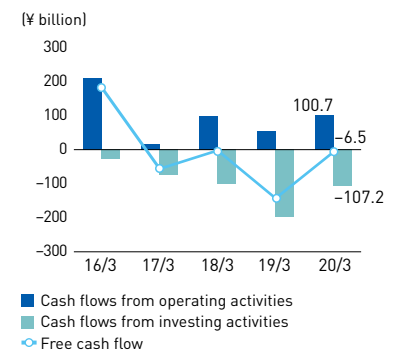
Cash Dividends per Share **¥65.00**

Growth in net income was limited to ¥5.7 billion year on year despite a larger rise in operating profit, because the extraordinary income/losses deteriorated due to an allowance recorded for doubtful accounts related to equity-method affiliates under the Dry Bulk Business and a loss related to business restructuring in the containership business. In line with our policy of maintaining a consolidated dividend payout ratio of 20%, we distributed an interim dividend of ¥30 per share and a year-end dividend of ¥35, in association with the rise in net profit.

* Profit (loss) Attributable to Owners of Parent

Cash Flows

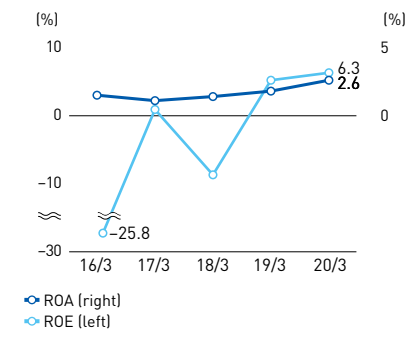
Fiscal 2019

Free Cash Flow **¥(6.5) billion**

While continuing to invest aggressively in LNG carriers and offshore businesses, we maintained free cash flow to equilibrium at fiscal 2019 through disposing of assets and so forth. Going forward, taking into account business downturn caused by the COVID-19 pandemic, we plan to reduce our cash flow budget for new investment [excluding projects on which decisions have already been made] to ¥100.0 billion over the next three years as well as generate further cash by selling off assets, businesses, and projects so as to improve our free cash flow.

ROA (Based on Ordinary Profit) / ROE

Fiscal 2019

ROE **6.3%**

Total assets were down from the previous fiscal year-end, while ordinary profit improved, resulting in 0.8 percentage point higher ROA year on year, to 2.6%. Increase in profit attributable to owners of parent also prompted a 1.1 percentage points rise in ROE, to 6.3%.

Credit Ratings

As of August 2020

JCR **A-**

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

The operating environment is expected to remain opaque due to the COVID-19 pandemic. However, we will continue working to bolster our profitability and improve our financial standing in an effort to further enhance our credit ratings.

Social Value

Continuous Days of Achieving 4ZEROES

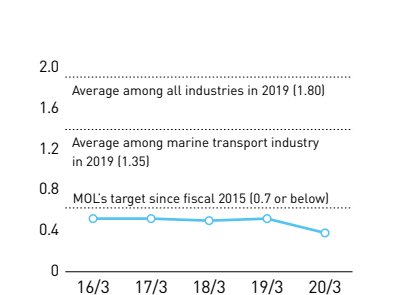
As of June 2020



We have set KPIs for continuous days of zero accidents in the four categories indicated above. We share these KPIs internally in an effort to heighten awareness toward operational safety. However, regrettably we will have to turn the count back to the beginning in two categories, "zero serious marine incidents" and "zero oil pollution," due to a grounding and oil spill incident of the WAKASHIO, a Capesize bulk carrier chartered by MOL, in August 2020.

LTIF*1 (Lost Time Injury Frequency)

Fiscal 2019

LTIF **0.38**

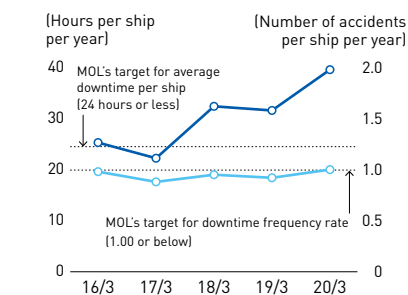
Source of reference values: Overview of Results of the 2019 Survey on Industrial Accidents, Ministry of Health, Labour and Welfare

MOL has consistently remained below the target value of 0.7 or less for LTIF since fiscal 2015. Our figure was particularly low in fiscal 2019, at 0.38. This number is substantially lower than the figures gathered by the Ministry of Health, Labour and Welfare on the average across all industries (1.80 in 2019) and the average for the marine transport business (1.35 in 2019).

Average Downtime*2 / Downtime Frequency Rate*3

Fiscal 2019
Downtime Frequency Rate

1.00 per ship

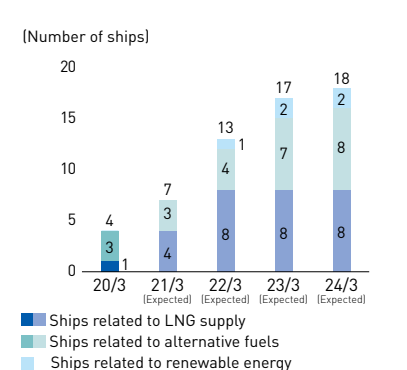


◆ Average downtime per ship (left)
◆ Downtime frequency rate (right)

In fiscal 2019, our downtime frequency rate was 1.00 per ship, meeting our target of 1.00 or less. However, average downtime in fiscal 2019 was 39.58 hours per ship, significantly above our target of 24.00 hours per ship, due to equipment malfunctions on newly built ships, etc.

Number of Environmental and Emission-Free Business-Related Ships*4

End of fiscal 2023

Expected Number of Ships **18**

Following the strategies formulated in our Rolling Plans, we focus on environmental and emission-free businesses. In the next few years, we expect to begin reaping the fruits of the seeds we have sown over the past years. By the end of fiscal 2023, we are expecting to have 18 environmental and emission-free business-related ships, which include ships in areas of LNG supply, alternative fuels, and renewable energy.

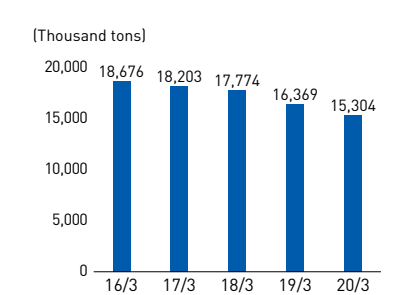
*4 Includes only ships with a certain ownership share

*5 Unconsolidated basis excluding loaned employees, contract employees, part-timers, etc., but including expatriate employees

Greenhouse Gas Emissions

Fiscal 2019
CO₂ Emissions (Scope 1)

15,304 thousand tons

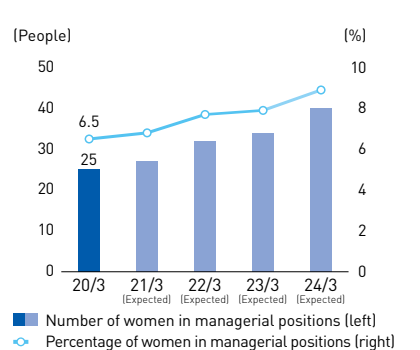


Our CO₂ emissions in Scope 1 have declined steadily, due in part to our separation of the containership business in fiscal 2018. As is stated in MOL Group Environmental Vision 2.0, by 2050 we aim to reduce GHG emissions from ships by 50%, compared with 2008 levels.

Number and Percentage of Women in Managerial Positions*5

End of fiscal 2019
Percentage of Women in Managerial Positions

6.5%



We have set 8% as our target for the percentage of women in managerial positions, as we believe that promoting participation and advancement of women helps enhance corporate value. We expect to reach this goal by the end of fiscal 2023, reflecting an increase in the total number of women we hire.

*1 The number of work-related accidents per one million hours worked. Includes any workplace illness or injury that prevents a worker from resuming even a reduced workload on that day.

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

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

Overcoming Unprecedented Changes in the Business Environment

Over the past decade, the marine transport industry has suffered from a softening of demand since the unparalleled boom of the 2000s. The marine transport market has been sluggish for a long time due to an oversupply of ships overlapping with a slowdown in global economic growth. There has been no significant improvement in the structure of the industry even up to the present. The MOL Group, faced with such headwinds, has made a major shift toward a strong corporate structure that supports sustainable long-term growth. This shift was accomplished by reforming the business model to strengthen the resilience of the Group to market fluctuations and focus management resources on areas where it can utilize its strengths.

Our Management Plan

Fiscal 2010–Fiscal 2012

GEAR UP! MOL

Fiscal 2013

RISE 2013

Business Environment

- The financial crisis of 2007–2008 marked the end of a boom in global emerging economies. Nonetheless, the market for all three major vessel types (dry bulkers, tankers, and containerhips) remained firm until around 2010, mainly due to the Chinese government’s economic stimulus plan.
- However, the oversupply of ships gradually became serious due to the delivery of vessels from the backlog of orders accumulated during the marine transport boom and remaining shipbuilding capacity.

Outcome and Remaining Issues

Aiming to return to a trajectory of profit growth, we launched new strategies such as further shifting to growth markets and strengthening business intelligence. However, we had not shed our belief—established through our experience of success in the 2000s—that expansion in scale leads to greater profits. For example, we set a fleet target of 1,200 vessels for the end of fiscal 2015.

As a result, as long-term stagnation in the marine transport market gradually became apparent, our three major vessel types went into the red in fiscal 2012. We implemented Structural Reforms*1 in the dry bulker business accompanying a large net loss in the fourth quarter of the same fiscal year. Net income*2 recovered to ¥57.3 billion in fiscal 2013, largely thanks to these reforms.

*1 Approximately 130 dry bulkers without cargo contracts matching their respective procurement periods were transferred to a Singapore subsidiary while provisions were recorded for the difference between the rates we paid to ship owners under charter contracts and the market rates we received.

*2 Profit (loss) attributable to owners of parent

Our Management Plan

Fiscal 2014–Fiscal 2016

STEER FOR 2020

Fiscal 2016

Single Fiscal Year Management Plan

Business Environment

- With global economic growth lacking in vigor, oversupply of ships became chronic and there was no improvement in the supply–demand balance. We were convinced that we could not expect a return to steady upward trend in marine transport market conditions.
- Meanwhile, the shale gas revolution created new business opportunities in the LNG carrier field. Consolidation among operators in the containership industry progressed.

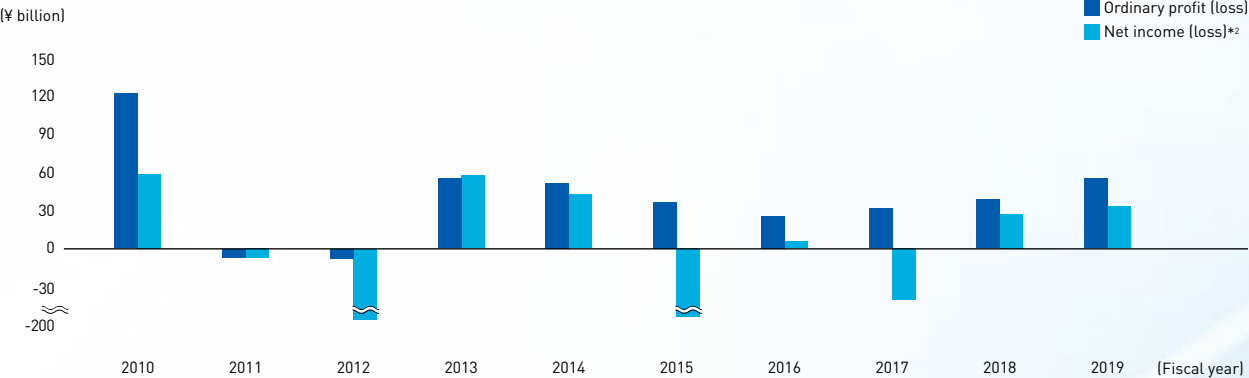
Outcome and Remaining Issues

We started to work on Business Portfolio Reforms, aimed at concentrating investment in the ship types the Company has strength in, Business Model Reforms that enhanced the resilience of our fleets to market fluctuations, and Business Area Reforms through which the Company aimed to capture business opportunities in peripheral business fields, not only in transportation.

The fiscal 2012 structural reforms sought to strengthen our resilience to market exposure risks. With respect to dry bulkers without cargo contracts matching their respective procurement periods, however, we concluded that we had to rigorously reduce market exposure itself. Accordingly, we decisively implemented fundamental structural reforms at the end of fiscal 2015, including the lackluster containership business with the aim of achieving a recovery in the cost-competitiveness. Consequently, we recognized a significant extraordinary loss.

After the aforementioned structural reforms, in fiscal 2016 we switched from the STEER FOR 2020 medium-term management plan to a single fiscal year management plan to ensure that we moved into the black in fiscal 2016. As a result, we secured net income*2 of ¥5.2 billion in fiscal 2016. In addition, it was decided to integrate the containership businesses of three Japanese marine transport companies in October 2016.

Performance Trends for the Past 10 years



Our Management Plan

Fiscal 2017

Fiscal 2018

Fiscal 2019

Rolling Plan 2017 / 2018 / 2019

Business Environment

- Changes in trade patterns due to expansion of protectionism, heightened sense of slowdown in the world economy, stagnation of maritime trade
- Lack of curtailment of excessive shipbuilding capacity
- Increasing ESG demands from customers and society, especially for climate change countermeasures

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

Strategies and Results

10-Year Vision

Become a Group of Business Units with No. 1 Competitiveness in Respective Areas

Three Core Strategies to Realize the 10-Year Vision	Achievements
Portfolio Strategies Concentrated investment of management resources in the business fields where MOL has strengths, which will mainly be offshore businesses	<ul style="list-style-type: none">• Businesses were plotted on two axes (degree of specialization and profit stability), and based on the matrix, investment of management resources was focused on the offshore businesses, <u>LNG carriers</u>, ferries, and chemical tanker business
Business Strategies Provision of “stress-free services,” which MOL will offer from the customer’s perspective	<ul style="list-style-type: none">• Launched industry-first information platform for customers called “Lighthouse” (see page 51)• Acquired new businesses (LNG-to-Powership business, etc.) through cross-divisional business activities and use of chief country representatives• Acquired a new contract by proposing the next-generation coal carrier, EneX
Environmental Strategies Promotion of environmental strategies and development of the emission-free business into a core business	<ul style="list-style-type: none">• Newly established MOL Group Environmental Vision 2.0, which will be the foundation of the MOL Group’s environmental strategies (see page 46)• Began a proper examination of the installation of Wind Challenger hard sails on ships (see page 35)• Decided to build LNG-fueled ferries and coal carrier as alternative fuel-powered vessels• Made progress in the LNG fuel supply business• Procured funding for environmental projects through green bonds (see page 49)

	End of FY2016	End of FY2017	End of FY2018	End of FY2019	Projected Medium-Term Levels
Ordinary profit	¥25.4 billion	¥31.4 billion	¥38.5 billion	¥55.0 billion	¥80.0-100.0 billion
ROE	0.9%	-8.7%	5.2%	6.3%	8-12%
Gearing ratio	1.96 times	2.19 times	2.11 times	2.14 times	2.0 times or less
Interest-bearing debt	¥1,122.4 billion	¥1,118.0 billion	¥1,105.8 billion	¥1,096.6 billion	—
Free cash flows	-¥56.3 billion	-¥2.4 billion	-¥143.0 billion	-¥6.5 billion	—

- Interest-bearing debt peaked, while investments proactively made in the LNG Carrier and Offshore Businesses.
- Free cash flows reached close to equilibrium (except a temporary factor resulting from the establishment of ONE in fiscal 2018).

Overview of Rolling Plan 2020

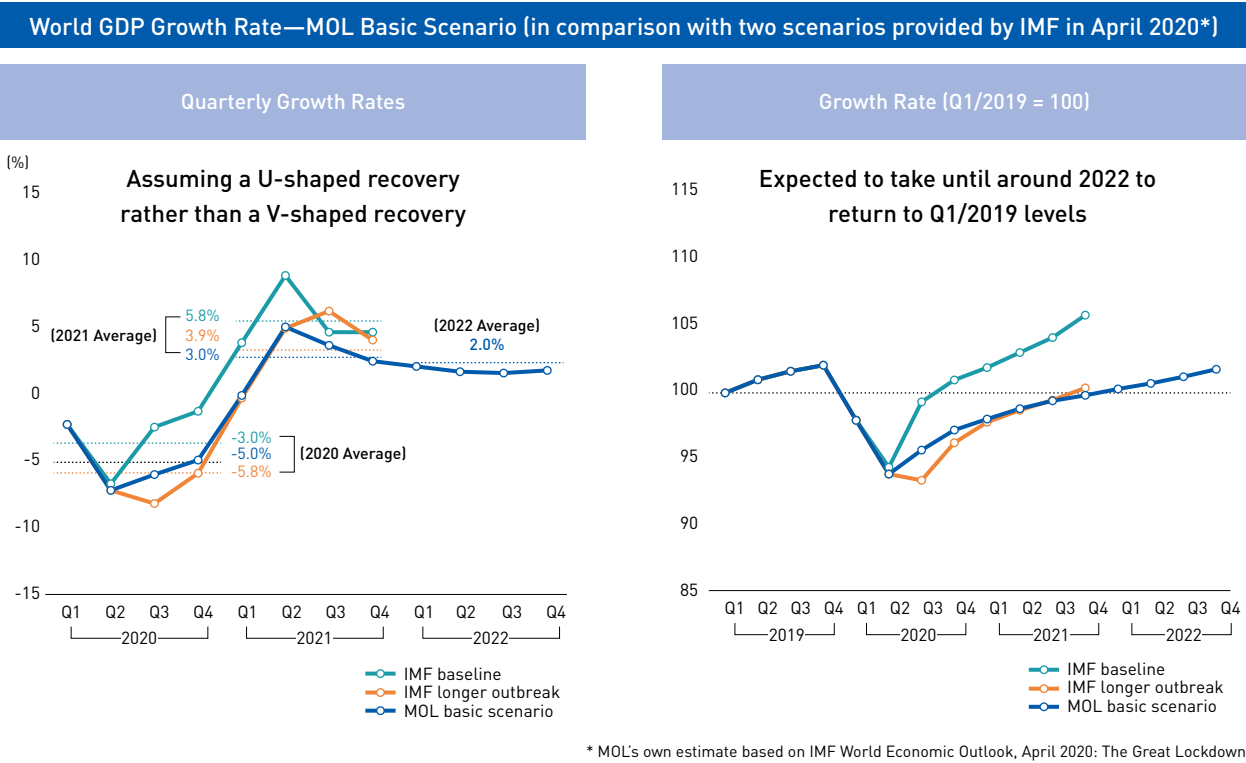
For details on our initiatives related to Rolling Plan 2020, please visit our website <https://www.mol.co.jp/en/ir/management/plan/index.html>

Establishment of the Rolling Plan Special Committee and Conducting of a Mega-Trend Forecast

The global spread of COVID-19 and the sharp drop in crude oil prices have had a significant impact on the Group's future management strategy. Aiming both to promptly plan and implement near-term measures in response to the sudden changes in the business environment and to review medium- to long-term strategy from the ground up, the Company newly established the Rolling Plan Special Committee, chaired by the executive vice president executive officer who presides over

the sales divisions and consisting of the heads of each business unit. Prior to the formulation of Rolling Plan 2020, the committee conducted a mega-trend forecast regarding major cargo movements and the business environment in order to accurately ascertain the current situation and determine how conventional trends have been and will be affected during and after the COVID-19 pandemic.

World Economic Outlook



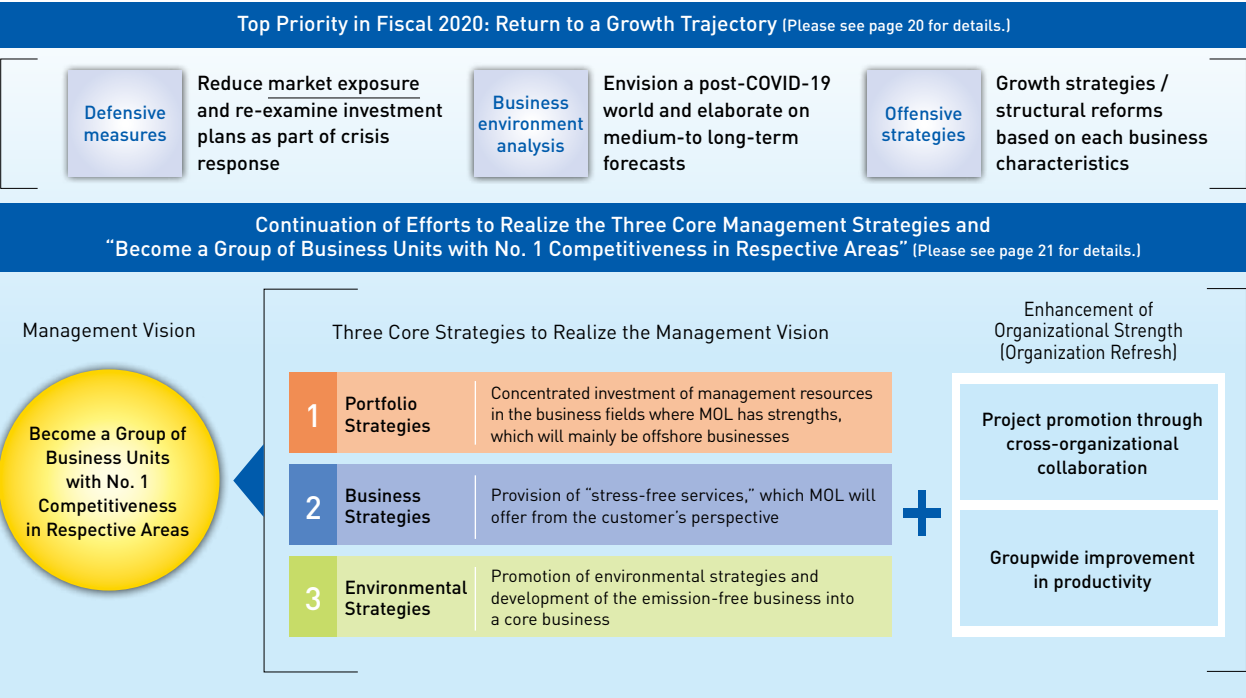
Our Understanding of the Business Environment; Outlook for Major Cargo Movements (As of June 2020)

Dry Bulk Business (Iron ore, coking coal, grain, steel products, etc.)	<ul style="list-style-type: none">Cargo movements of raw materials for steel production (iron ore, coking coal) will start to recover in 2021, but recovery to 2019 level will likely take until 2022 or later. Cargo movements of grain, which are based on food demand, are expected to be relatively steady.Demand for steel products in China, which accounts for about half of worldwide demand and production will remain strong, but steel products imports to ASEAN5 and Europe/U.S. may show a significant decline depending on the expansion of COVID-19 infection.
Energy Transport Business (Crude oil, petroleum products, LNG, etc.)	<ul style="list-style-type: none">Crude oil tanker demand increased sharply for offshore oil storage due to the rapid decline in petroleum demand and low crude oil prices, but the tanker charter market is expected to fall as offshore oil storage decreases from the second half of fiscal 2020. The market movement from fiscal 2021 will require close attention.Global oil & gas companies announced budget cuts in capital expenditures for fiscal 2020. Upstream investments uniformly show a trend toward a significant reduction, and it is becoming evident that various development plans must be canceled or postponed.
Product Transport Business (Automobiles, containers)	<ul style="list-style-type: none">Seaborne trade of automobiles will recover to 2019 levels from 2023 or later.Global container cargo trade will hit bottom in July–September 2020. Trade throughout 2020 will decrease by around 25% from the previous year. Anticipate that trade will recover to close to the 2019 level around 2022.

Overview of Rolling Plan 2020

The Rolling Plan Special Committee formulated Rolling Plan 2020 based on its mega-trend forecast. In addition to its members, the committee mobilized officers and employees according to the agenda and held a total of 17 intensive deliberations. As a result, it was concluded that the top priority of fiscal 2020 was a return to a

growth trajectory accompanied by a focus on defensive measures. Meanwhile, it was confirmed that we should continue to aim to “Become a Group of Business Units with No. 1 Competitiveness in Respective Areas” in the medium to long term and keep working toward the realization of our three core strategies.

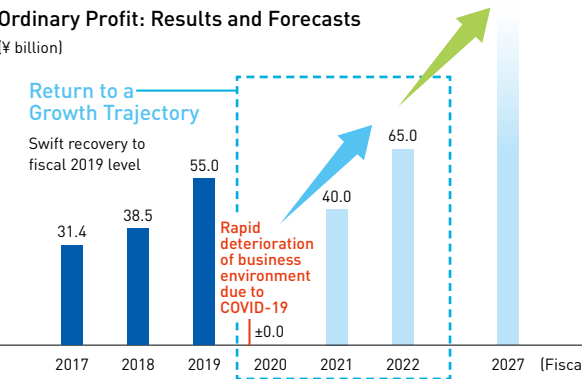


Basic Concept

- As a result of forecasts for mega-trends of the world economy and seaborne trade during and after the COVID-19 pandemic, we concluded that a significant decline in marine transport volume and a restrained stance on customers' investments will be unavoidable in the foreseeable future. Based on the idea that we need defensive measures first of all, we will immediately reduce our market exposure and review our investment plans.
- Concerning the three core strategies to realize the management vision, which we have been pursuing since fiscal 2019, with regard to ① Portfolio Strategies, we will implement “Concentrated investment of management resources in the business fields where MOL has strengths, which will mainly be offshore businesses.”
- We decided that the importance of ② “Provision of ‘stress-free services,’ which MOL will offer from the customer’s perspective” and ③ “Promotion of environmental strategies and development of the emission-free business into a core business” are unchanged even post COVID-19. Therefore, we will continue to step up our efforts.
- We will roll out “revamp the organization” as a new common theme among all divisions. This aims to further enhance organizational capabilities, utilize human resources—unrestricted by the boundaries of existing organizations—and improve productivity through structural work-style reforms.
- We will achieve a quick return to a growth trajectory through the above initiatives, and continually aim to “Become a Group of Business Units with No. 1 Competitiveness in Respective Areas.” Meanwhile, we are keenly aware of the responsibility of marine transport as an infrastructure that supports society even under the impact of COVID-19, so we will continually engage in vigilant efforts to ensure safe operation.

Profit Outlook

In fiscal 2019, ordinary profit was up 43% year on year to ¥55.0 billion due to the accumulation of highly stable profits and the achievement of profitability at ONE. Meanwhile, the timing of the end of the COVID-19 pandemic is still uncertain, and we cannot expect rapid recovery of the global economy, cargo movements, or other elements of the business environment. Therefore, we will take the necessary measures to surpass our fiscal 2019 results in fiscal 2022 and regain a growth trajectory.



Principal Measures in Rolling Plan 2020

Top Priority in Fiscal 2020: Return to a Growth Trajectory

Defensive measures

Reduce market exposure, re-examine investment plans as part of crisis response

1. Thorough reduction of market exposure

Vessel Reduction: Plan to reduce the fleet (tankers, bulkers, car carriers, etc.) by a maximum of about 40 vessels, including 13 vessels that have already been confirmed
Hedging: Solidify profits by T/C Out, freight forwarding agreements (FFAs), etc.

2. Re-examination of investment plan

Reduce cash flows for new investments (excluding investments for which decisions have already been made) from ¥200.0 billion to ¥100.0 billion for the fiscal 2020–fiscal 2022 period

3. Additional disposal of non-business assets such as listed shares and real estate

Offensive strategies

Growth strategies / structural reforms based on each business characteristics

Each business will ensure its return to a growth trajectory through development of new businesses, cost reduction, and reforms of business models, based on its individual characteristics.

	Main Policies for Fiscal 2020	Progress Made Until Fiscal 2019
Dry Bulk Business	<ul style="list-style-type: none">Develop high-value-added vessels and enhance proposal-based salesStrengthen renewable energy-related businesses (transport of biomass power generation fuel, etc.)Reinforce functions and cost competitiveness of overseas networks	<ul style="list-style-type: none">Generally achieved the profit level target set in fiscal 2017, despite fluctuating market factorsReforming part of the general bulker business remains an issue
Energy Transport Business	<ul style="list-style-type: none">Expand LNG business domains beyond transportation, including FSRUs, LNG-to-powerships, LNG bunkering, etc.Develop new energy-related businesses such as wind power generationStrengthen strategies for liquefied chemical total logistics	<ul style="list-style-type: none">Profits from long-term contracts of LNG carriers have accumulated mostly as plannedThe offshore businesses have expanded projects, mainly in FPSOs, while profits from FSRUs were less than the expectationsThe Tanker Division successfully reduced their market exposure in the product tanker fleet, while maintaining its business presence by forming a pool with other companies. In the chemical tanker business progress was made toward becoming a total logistics solutions provider through strategic M&A, although the timing of its profit contribution has been behind the plans.
Product Transport Business	<ul style="list-style-type: none">Develop an organizational structure and car carrier fleet composition that give us the agility to respond appropriately to fluctuations in seaborne trade of automobilesAddress new logistics needs based on demands of customers in the Dry Bulk and Energy Transport businesses	<ul style="list-style-type: none">The car carrier business restored competitiveness by scaling down its fleet in order to meet the cargo trade volume reduction and making a European J/V company in the short sea trade a wholly owned subsidiary.In the containership business, ONE incurred a huge loss in fiscal 2018 as a result of lost liftings caused by “teething problems” after the commencement of service, but in fiscal 2019 the operation was stabilized, performance improved significantly, and ONE achieved profitability.The logistics business suffered from stagnant earnings due to the impact of U.S.–China trade friction.

Continuing to Promote Our Three Core Strategies and Invigorating the Organization to Achieve Our Management Vision

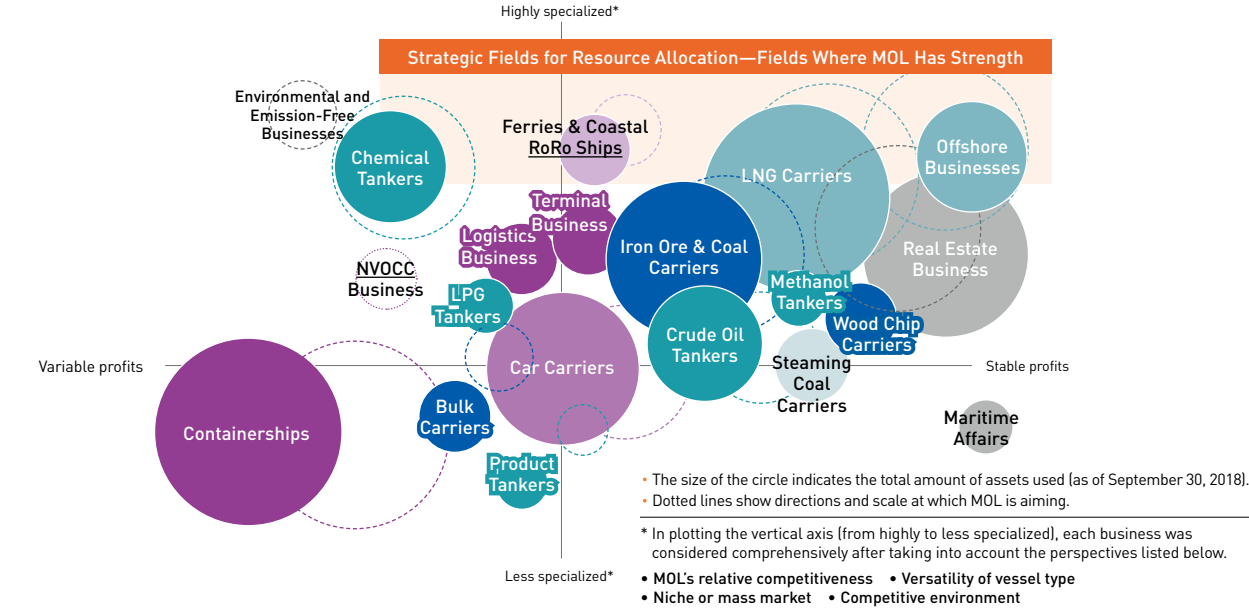
1

Portfolio Strategies

Concentrated investment of management resources in the business fields where MOL has strengths, which will mainly be offshore businesses

Firmly maintaining the direction of Rolling Plan 2019, while investment decisions to be made carefully and selectively

- Investments in the energy and offshore businesses will slow down temporarily as per our mega-trend forecasts, but they are still recognized as growing fields on a long-term basis. Therefore, the direction of focusing on offshore businesses will be unchanged. However, assuming fiscal 2020 as the term to conserve strength, we will curb new investment.



2

Business Strategies

Provision of “stress-free services,” which MOL will offer from the customer’s perspective

Aim to improve customer satisfaction with the keywords “digital” and “environment”

- Enhancement of the utilization of digital marketing through initiatives such as continued implementation of measures to improve customer satisfaction using information and communication (ICT) (aiming to strengthen the functions of “Lighthouse” to further develop the platform) and introduction of web marketing
- Development of one-stop services to meet various customer needs with one contact (for liquefied chemical total logistics, offshore wind power generation-related, etc.)
- Reinforcement of solution-based sales, meeting environmental needs

3

Environmental strategies

Promotion of environmental strategies and development of the emission-free business into a core business

Implement strategies to achieve the goals set in MOL Group Environmental Vision 2.0

- Develop measures based on the newly established MOL Group Environmental Vision 2.0
- For details, please refer to page 34 (Special Feature: MOL’s Environmental and Emission-Free Businesses).

For details on our initiatives related to Environmental Strategies, please visit our website.
<https://www.mol.co.jp/en/sustainability/environment/index.html>

Enhancement of Organizational Strength (Organization Refresh)

Project promotion through cross-organizational collaboration

Gather expertise and resources scattered throughout Group companies to increase agility and acquire new businesses

- Utilize project teams (unrestricted by boundaries of divisions or Group companies)
- Abandon “all-by-ourselves-ism” and promote partnership strategies in a proactive manner

Groupwide improvement in productivity

Increase productivity by 15% over the next three years by taking advantage of our experience in efficiency improvement efforts during the work-from-home period, and redeploy the saved human resources to growth areas

- Review operational processes, use and apply ICT
- Draw upon knowledge and resources of MOL and Group companies (including transfer of duties)

Dry Bulk Business Unit



Toshiaki Tanaka

Director, Managing
Executive Officer
Director General of
Dry Bulk Business Unit

I would like to begin with a sincere apology for the inconvenience and concern caused to local residents, customers, shareholders, and other stakeholders by the recent accident in which WAKASHIO, a Capesize bulker chartered by MOL, ran aground off Mauritius and spilled oil. Working in close partnership with governments, relevant agencies, and the ship owner, we will engage with full sincerity in restoring the environment and supporting the local community.

Fiscal 2019 Review and Fiscal 2020 Strategies

In fiscal 2019, the Dry Bulk Business Unit faced challenging conditions due to a sudden deterioration of the dry bulk market in the fourth quarter coupled with a concentration of renewals of long-term contracts that were concluded by the Iron Ore and Coal Carrier Division when the market was extremely firm. Although these adverse conditions resulted in a decrease in the profits of the Dry Bulk Business Unit as a whole, the unit was able to secure a certain level of profits.

While it recorded a year-on-year decline in profits for the aforementioned reasons, the Iron Ore and Coal Carrier Division achieved higher profits than expected at the beginning of the fiscal year and had no operational issues. As for the Bulk Carrier Division, structural reforms implemented in fiscal 2015 have been successful in significantly reducing market exposure. As a result, even amid sluggish market conditions, the Bulk Carrier Division achieved a commendable level of profits. In recent years, the Wood Chip Carrier Division has been engaged in a particularly large number of business negotiations on the replacement of existing wood chip carriers that were operating under long-term contracts. Through this process, MOL has steadily increased its presence and acquired the leading market share. In fiscal 2019, a series of new wood chip carriers for these long-term contracts were completed, thereby strengthening business foundations in this area.

Meanwhile, in fiscal 2020, conditions are expected to be even more challenging due to the COVID-19 pandemic. At the moment, we must give priority to the steady implementation of defensive measures. We will minimize the effect of market deterioration by reducing fleet size in line with demand. That said, certain cargoes are likely to experience only small downturns even amid the pandemic. For example, firm cargo movements of grains based on food demand are expected.

Furthermore, as other dry bulk cargoes are raw materials that form the basis of daily life, movements of such cargoes are sure to increase over the long term in step with growth in the world's GDP and population. While near-term demand trends remain difficult to predict, we will proceed with preparations for our return to a growth trajectory in the next recovery period.

Progress toward Our Management Vision and the View Ahead

I feel that the uncertain global economic conditions are in fact leading to a relative increase in customers' expectations of MOL's reliability. More than any other factor, this reliability is the core of the Group's competitive strength. There is a very large number of dry bulk service providers, and transport quality varies across the industry. Issues that can occur include inappropriately managed vessels being provided, frequent delays, and insufficient responses when problems arise. The fact that customers trust MOL not to have such issues is both the basis of the brand value we have built up over many years and our greatest strength. It is extremely regrettable that the oil spill resulting from the running aground of a MOL-chartered vessel off Mauritius greatly inconvenienced local residents and other stakeholders. The MOL Group is making a concerted effort to meet the needs of the residents of Mauritius and repair the damage done to the natural environment. Furthermore, we will use the accident as a starting point for the reform of existing operational and safety management methods and work hard to restore the trust of customers.

From fiscal 2020 onward, we will focus efforts on the environmental and digital fields with the aim of enhancing service quality. In the industrial sector, which accounts for many of our important customers, factories often have in-house coal-fired power plants. With coal currently facing a strong headwind in society, if we can provide solutions to help reduce CO₂ emissions, it could become a source of differentiation from competitors. These ideas inspired the development of LNG-fueled vessels and the launch of the Wind Challenger Project, which utilizes wind power by equipping vessels with an extendable hard sail. Depending on customers' needs, the Dry Bulk Business Unit could coordinate with the Energy Transport Business Unit to provide plants with LNG as an

alternative fuel or utilize FSRU. As for digital technology initiatives, the "Lighthouse" service (see page 51), which we launched in January 2020, has been well received as a platform that enables unified, online management of information related to cargoes and vessel operations. Going forward, we will upgrade the platform to make it even more user-friendly. At the same time, we will search for new digital solutions that we can develop and roll out.

In realizing further growth, the Company also needs to strengthen its overseas sales activities. While China is transitioning into a phase of stable growth, a relative increase in cargo movements in India, Southeast Asia, and South America is expected. In order to tap more of this demand than we have in the past, we will increase the development of dry bulk business specialists, examine optimal organization structures from the perspective of improving efficiency, and advance external business collaborations.

Our Commitment Going Forward

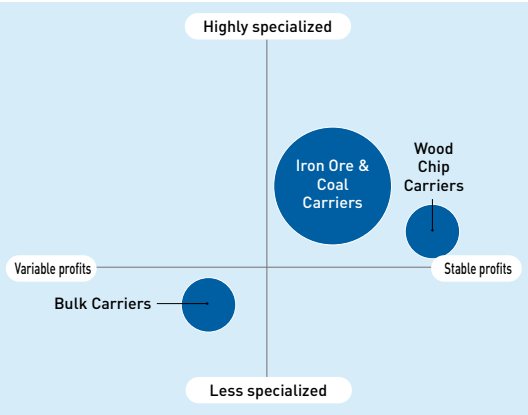
In the past, our dry bulk business generated significant profits by benefiting from buoyant market conditions through proactive and intensive fleet expansion that anticipated a surge in China's marine transport demand for natural resources. Subsequently, however, we experienced a prolonged market slump and recognized extraordinary losses arising from structural reforms. At present, having come through a period of distress, the entire business unit has at last reached the brink of new growth. The dry bulk business operates on a large scale, with each of its projects involving huge amounts of money, and offers each employee opportunities to engage in wide range of work. It is a truly fascinating job where you can experience everything from procuring a vessel to concluding a marine transport contract. It is also a job that tests the personality and resourcefulness of each person in charge. From a macroeconomic perspective, dry bulk businesses handle more than 40% of the world's cargo movements and are a critical component of the infrastructure that supports day-to-day life. Taking pride in the role we perform, we will increase the scale and presence of our business to ensure firm profitability.

Current Business Portfolio and Strategies Going Forward

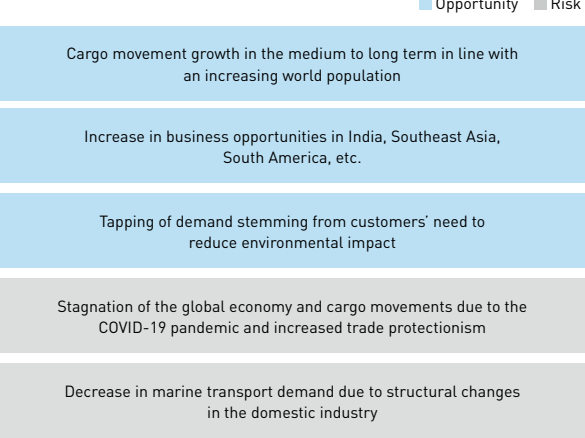
Fleet Table (Number of vessels)

	Standard DWT	At the end of Mar. 2020	At the end of Mar. 2019	Main cargoes
Capesize	180,000	84	94	Iron ore, coking coal
Small- and medium-sized bulkers	Panamax	80,000	18	Iron ore, coking coal, steaming coal, grains, etc.
	Handymax	55,000	54	Steaming coal, grains, salt, cement, steel products, etc.
	Small handy	33,000	26	Steel products, cement, grains, ores, etc.
	Subtotal	98	103	
Wood chip carriers	54,000	36	39	Wood chips, soybean meal, etc.
Short sea ships	12,000	45	47	Steel products, plant equipment, etc.
Total		263	283	

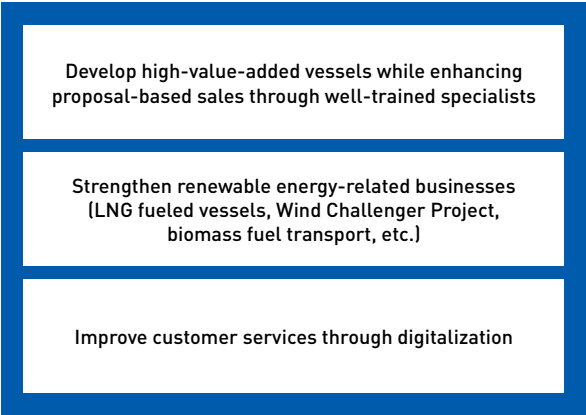
Portfolio



Market Environment Analysis



Business Strategies



➡ For details of risk scenarios related to the COVID-19 pandemic, please refer to page 18.

Energy Transport Business Unit



Kenta Matsuzaka
Managing Executive Officer
Director General of Energy
Transport Business Unit

Fiscal 2019 Review and Fiscal 2020 Strategies

Fiscal 2019 was a year of many achievements for the Energy Transport Business Unit. We made further progress in accumulating highly stable profits in the LNG Carrier Division thanks to the completion of eight new LNG carriers, including one ice-breaking LNG carrier that is engaged in the Russia Yamal LNG Project. The Tanker Division achieved higher profits by capturing a steep rise in demand during the second half. Furthermore, the business unit sowed seeds in fields beyond marine transport. We participated in Asia’s first service operation vessel (SOV)*1 business, and with a Turkish partner we launched an unprecedented LNG-to-Powership business.

As for fiscal 2020, profits are expected to edge down due to the temporary allocation of one FSRU to a short-term contract in the period between the end of a medium-term contract and beginning of a long-term contract and a possible slump in tanker market conditions from the second quarter onward. Nonetheless, as a result of medium- to long-term contracts accumulated so far, the COVID-19 pandemic is likely to only have a limited effect on the business unit’s performance.

*1 Specialized vessels that support maintenance operations for offshore wind farms

Progress toward Our Management Vision and the View Ahead

FPSOs and FSRUs are representative examples of how the Energy Transport Business Unit has in recent years been expanding business fields upstream and downstream and tackling highly challenging projects that differentiate the business unit from competitors. I believe that the knowledge and experience garnered by taking on such ambitious initiatives has greatly heightened the competitiveness of our personnel. One turning point for our technical team was about 10 years ago when it first experienced building LNG carriers in a Chinese shipyard, which were for Exxon Mobil Corporation. Given the difficulty of process control at shipyard in China, which did not share the common practices of shipyards in Japan or South Korea at that time, sending our technicians to conduct detailed supervision of construction processes at a Chinese shipyard and successfully completing an LNG carrier—which calls for one of the highest safety standards of all vessel types—in conformity with an oil

major’s strict requirements became the basis of our confidence in projects thereafter. To date, we have built 13 LNG carriers at shipyards in China. We constantly assign technicians to take over superintendent positions, thereby building high-quality vessels and continuously training personnel. Similarly, in sales activities we gained an appreciation of the difficulty of conducting businesses in fields other than conventional marine transport when our first FSRU project, which had been planned for use in Uruguay, ended up being canceled. This bitter experience gave us knowledge about risk reduction methods that we have been employing in projects ever since. Taking advantage of the lessons learned from the aforementioned experiences, we will continue focusing efforts on expanding business fields in energy value chains.

Forays from transport into peripheral business fields may give rise to concern that we are dispersing our resources. However, we have a strong awareness of the issues associated with remaining exclusively in the transport field. Simply remaining in the conventional marine transport business would make it difficult both to avoid the effects of market volatility and to differentiate ourselves from the position of a vendor responsible only for projects’ marine transport component. We believe offering not only the transport services but also non-transport services in a single package will heighten the value we provide to our customers. LNG-to-Powerships are a good example of this approach.

In the past, the electric power division of a general trading company or a power utility proposed constructing a power plant to a customer in need of electric power infrastructure, and MOL’s role was just to transport the fuel required. Recently, however, we have been able to expand our role by forming tie-ups with external partners to offer customers unprecedented solutions based on the utilization of LNG-to-Powerships. This change in our role has a far greater significance than just the winning of an order for a single project. Naturally, this achievement was only made possible by MOL’s strengths, namely, a track record in the LNG carrier field and expertise in relation to FSRUs.

On the other hand, we must take longer-term viewpoints and analyze how the world surrounding the energy sector may change. During and after the COVID-19 pandemic, we believe values will change, and people and goods are likely to move less. As the transport sector is the main consumer of oil, less movement may bring forward the peaking of demand for oil.

With fossil fuel accounting for the majority of the cargoes that the Energy Transport Business Unit handles, we could be dubbed the “Fossil Fuel Transport Business Unit” at present. Over the medium to long term, demand for LNG is expected to increase due to its comparatively low environmental impact. However, LNG is undeniably a type of fossil fuel, and there is no guarantee that demand for LNG will continue indefinitely. We need to objectively analyze changes in long-term environmental demand and respond to them flexibly because the return on investments in vessels is realized during service periods spanning 20 to 25 years. With this in mind, we have placed projects related to offshore wind power farms under the consolidated management of the Steaming Coal Carrier Division and changed the division’s name to the Steaming Coal & Renewable Energy Project Division. By shifting the perspective from conventional “coal” to “electric power” and by reconsidering what it can do for customers, the new division will be better placed to provide services that meet society’s needs. Similarly, we will proactively extend our reach in offshore businesses from the conventional oil and LNG fields, to renewable energy related fields through forays into such areas as self-elevating platform (SEP) vessels*2 and SOVs. By changing its profile, the business unit is in a sense embodying the transition toward a low-carbon society.

*2 Special vessels that extend four legs to the seabed to enable the conducting of installation work for wind power generation equipment in stable conditions

Our Commitment Going Forward

In the energy transport business, not only how we think about transport itself but also how we view the future of energy is very important. For this reason, we are always keeping an eye on increases in the utilization of renewable energy and medium- to long-term demand for respective types of fossil fuel. Based on our analysis of such areas, for several years, we have been sowing seeds in various businesses. In addition to the SOVs and LNG-to-Powerships given as examples earlier, we are tackling the e5 Electric Vessel Project, which is developing zero-emission electric powered vessels, and the Wind Challenger Project, which utilizes wind-assisted propulsion. Through the aforementioned projects, we will produce as many concrete results as possible.

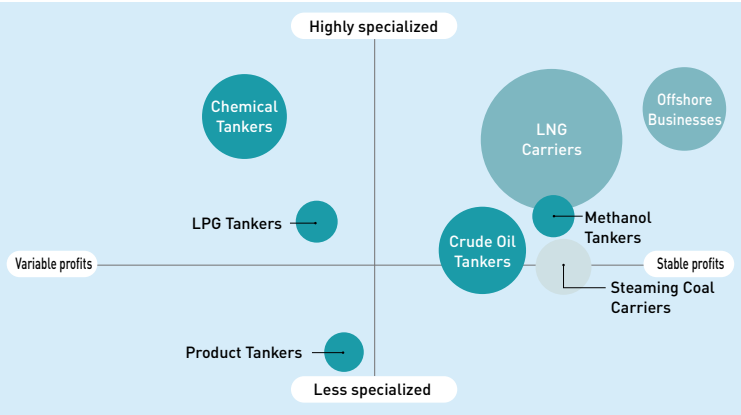
Current Business Portfolio and Strategies Going Forward

Fleet Table (Number of vessels)

		At the end of Mar. 2020	At the end of Mar. 2019
Tankers	Crude oil tankers	41	42
	Product tankers	22	21
	Chemical tankers	106	110
	(Methanol tankers)	(24)	(27)
	(MOLCT*)	(82)	(83)
	LPG tankers	9	8
	Subtotal	178	181
LNG carriers (including ethane carriers)		95	87
Offshore businesses	FPSOs	6	6
	FSUs / FSRUs	3	3
	Subsea support vessels	3	3
Steaming coal carriers		48	47
Coastal ships (excl. Coastal RoRo ships)		30	31
Total		363	358

* Chemical tankers operated by MOL Chemical Tankers

Portfolio



Market Environment Analysis

Opportunity	Risk
Increase in demand for LNG as a clean energy over the medium to long term	
Rise in demand for offshore wind power and other types of renewable energy	
Higher demand for FSRUs and LNG-to-Powerships centered on emerging countries	
Steady demand for the development of deep-water oil fields, centering on Brazil	
Long-term decline in demand for fossil fuel with the emergence of a low-carbon society	
	Shortening of the periods of charter contracts accompanying the commoditization of LNG
	Decline in cargo movements due to economic sanctions on resource-producing countries or resource-consuming countries, political risks such as trade friction, or lower crude oil production by OPEC
	Decrease in domestic demand for fossil fuel, which results from increased energy efficiency and a declining birth rate and an aging population
	Reorganization or consolidation of domestic customers

➡ For details of risk scenarios related to the COVID-19 pandemic, please refer to page 18.

Business Strategies

Expand into business fields beyond transport in value chains, including FPSOs, FSRUs, powerships, and bunkering vessels

Cater to environmental needs by developing new-energy-related businesses, such as businesses that provide peripheral services for wind power generation

Product Transport Business Unit



Yutaka Hinooka
Managing Executive Officer
Director General of Product
Transport Business Unit

Fiscal 2019 Review and Fiscal 2020 Strategies

In fiscal 2019, the Product Transport Business Unit’s biggest achievement was enabling Ocean Network Express Pte. Ltd. (ONE) to move into the black and get on a stable trajectory in its second fiscal year post-integration. Unfortunately, the company’s first fiscal year was extremely challenging due to “teething problems” associated with integration. However, the company was finally able to get on the track envisioned pre-integration by restoring its ability to realize yield management* that is based on the provision of meticulous services and a focus on the continuous improvement of efficiency—capabilities that had always been latent in ONE as a container-ership company with roots in Japan. Furthermore, I have a real sense that the Car Carrier and Ferry Business divisions have moved closer to realizing lean business structures. As the Car Carrier Division only deals with a limited number of customers due to the particular nature of its business, the division’s performance is unavoidably affected by the ship-ment trends of automotive manufacturers. Nonetheless, we have been developing capabilities for the flexible adjustment of fleet size. With respect to the Ferry Business Division, although attracting more passengers remains a task, the division has succeeded in firmly capturing demand for freight, which underpins the profitability of the business, by establishing recognition among clients through a strong market presence.

Meanwhile, in fiscal 2020, the business environment is still very tough due to the COVID-19 pandemic. Among the cargoes that the Product Transport Business Unit handles, the effect on such daily necessities as food, pharmaceuticals, and clothing has been limited. For other cargoes, however, global transport demand has decreased across the board. In response, our first priority at present is to stanch the bleeding as much as possible. However, demand is sure to return in step with the recovery of the overall economy. With respect to container cargoes, even if the sales channels of products shift from brick-and-mortar stores to online stores, we believe that the general structure whereby goods made in China are sold in North America and Europe is unlikely to change.

Nevertheless, while objectively monitoring lifestyle changes from a broad perspective, we will make necessary preparations so that we are ready to tap resurgent demand.

* Yield management is a method of maximizing profitability for the round-trip voyage of each container. Freight rates are set and sales activities conducted to maximize net proceeds, which are freight revenues net of direct costs. Direct costs include loading and unloading costs, feeder costs, and the costs of forward-ing empty containers.

Progress toward Our Management Vision and the View Ahead

To continue to be the top choice of our customers, we need to locate and respond to the potential needs that customers feel in daily business. In the parlance of MOL, this means consid-ering how to provide “stress-free services” to customers. With this in mind, we always need to keep an ear to the ground and pay close attention to customer feedback.

For example, about two years ago, when the major typhoon that caused a shutdown of Kansai International Airport hit Japan, roads, railways, and other parts of the land transport network were affected and the Ferry Business Division received a huge number of freight transport requests. This made customers aware of the “stress” that can result from relying too much on land transport. Around the same time, there was the preexisting problem of the logistics industry’s shortage of truck drivers, which was also a source of stress. As a result of reliev-ing customers’ stress by providing ferry transport services during the crisis, we acquired new customers for these ser-vices even after the crisis. This is one example of meeting customers’ needs. Similarly, with lifestyles expected to change in many different ways during and after the COVID-19 pan-demic, we must accurately identify the coming changes, such as where stress is arising for customers and what type of demand is increasing.

From the viewpoint of identifying customers’ potential needs, strengthening collaboration across the company will be more important than ever. The Product Transport Business Unit has to a certain extent established collaboration within the unit among car carrier, containership, and ferry busi-nesses. On the other hand, it is not yet comprehensively catering to the logistics needs of customers who have busi-ness relationships with the Dry Bulk or Energy Transport

business units. Therefore, further strengthening of collabora-tion with them is required.

The reduction of environmental impact is a major compo-nent in responding to customer needs. As an example of the environmental solutions that MOL can realize, the Company has decided to build Japan’s first two LNG-fueled ferries, and we are currently proceeding with preparations aimed at com-mencement of service from the end of 2022. Other initiatives include our Good Design Award 2018 winning FLEXIE series car carriers, which reduce environmental impact per unit of cargo by improving loading efficiency. We are also steadily implementing a range of measures that lower environmental impact, such as reducing emissions by having vessels use onshore rather than onboard power supplies while in port.

Another key for offering customers stress-free services is digitalization. Due to progress in IT, land transport services have evolved significantly over the past 10 years. It is an extremely important issue for MOL’s marine transport services to establish systems that can provide exactly the information customers require in a timely manner. I envision us ensuring the reliability and safety through tangible infrastructure, such as vessels and facilities, while also satisfying customers’ additional needs through the digitalization of intangible systems.

Our Commitment Going Forward

Currently, we are in a challenging business environment due to the COVID-19 pandemic. However, I would like to empha-size that the Product Transport Business Unit—whose perfor-mance correlates strongly with global economic growth—is a growing business. I believe it is a business in which opportu-nities are sure to come along and that will not only regain to its former position but also begin growing again. The value of goods differs greatly depending on the location. We must remember to take pride in the fact that we fill the gap between production regions and consumption regions and help customers create value. We will always keep up to date with a range of developments, including general and customer-related information, while using our imagination to think flexibly about what would be best for our customers and then responding to their needs accordingly.

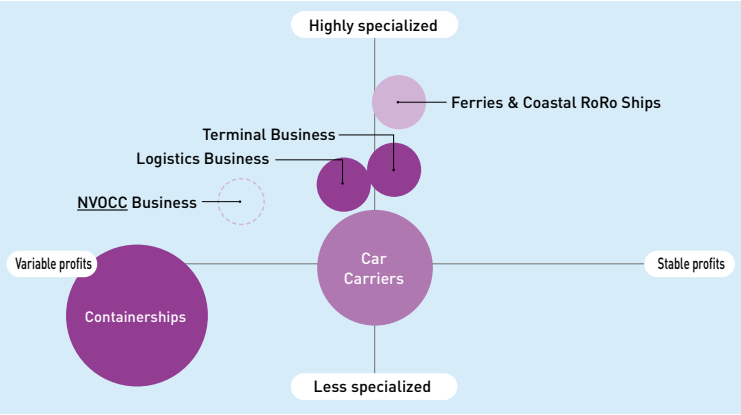
Current Business Portfolio and Strategies Going Forward

Fleet Table (Number of vessels)

	At the end of Mar. 2020	At the end of Mar. 2019
Car carriers	107	113
Containerships*	64	65
Ferries & coastal RoRo ships	15	16
Total	186	194

* Operated by Ocean Network Express (ONE)

Portfolio



Market Environment Analysis

Opportunity	Risk
Cargo movements recovering and returning to growth after the containment of COVID-19	
Capturing of demand arising from changes in physical distribution as customers restructure their supply chains	
Progress in IT and digital technologies that helps improve customer services	
Increase in demand for domestic marine transport accompanying modal shifts	
	Prolongation of sluggish consumption due to the COVID-19 pandemic
	Decrease in demand for marine transport due to a strengthening trend toward protectionism

Business Strategies

Strengthen the profitability of ONE further
Establish a fleet and organization that can flexibly adjust to changes in finished vehicle shipments
Tap the logistics demand of the Dry Bulk and Energy Transport business units’ customers
Improve customer services through digitalization

➡ For details of risk scenarios related to the COVID-19 pandemic, please refer to page 18.

Associated Businesses

Hirofumi Kuwata

Managing Executive Officer
Responsible for Tugboat
Business, New Businesses,
and Others

Toshinobu Shinoda

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

Fiscal 2019 Review and Fiscal 2020 Strategies

In fiscal 2019, the overall business results of Associated Businesses were mostly unchanged year on year as solid performances by the real estate and tugboat businesses offset lower profits from the cruise ship business, which reflected downtime during refurbishment and higher bunker costs. With respect to qualitative developments, Daibiru Corporation, the core company of the real estate business, acquired three properties in Sapporo for the first time as part of measures to extend investment scope. Furthermore, we remodeled the cruise ship NIPPON MARU, which celebrated the 30th anniversary of its commencement of service. In addition, the tugboat business used the LNG-fueled tugboat ISHIN to conduct LNG bunkering demonstration tests in the ports of Kobe and Nagoya.

In fiscal 2020, meanwhile, we expect profits to decline due to the COVID-19 pandemic. While the real estate business is likely to post stable profits, other businesses are expected to record less favorable business results. Specifically, the cruise ship business, which has been forced to suspend cruises for a long period, and the travel agency business, which primarily handles overseas business travel, are projected to move into the red. Also, the tugboat business is likely to see a decrease in the use of its services as fewer vessels are coming into and out of ports.

Progress toward Our Management Vision and the View Ahead

For Associated Businesses, the trust, networks of customers and partners, and comprehensive strengths that the MOL Group has developed over many years in Japan and overseas are extremely important because they provide robust foundations.

By leveraging the Group's networks, the tugboat business has developed operations overseas. Moreover, we are establishing commercial operations for transport vessels used at offshore wind power generation sites in various regions, an area where we expect growth in the coming years. In Japan and overseas, we believe there are numerous remaining fields where the tugboat business can leverage the knowledge it has acquired in the course of domestic operations that span more than half a century. Similarly, Daibiru has utilized the MOL Group's human resources to make forays into Vietnam and Australia.

Business Fields

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

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

Business Strategies

Leverage the Group's
comprehensive strengths to
cater to environmental needs,
strengthen overseas businesses,
and develop new businesses

By consolidating and mobilizing the Group's expertise, we can increase the potential for the creation of differentiated services. To give one example, the LNG-fueled tugboat that MOL has developed in collaboration with the Group's tugboat company emits approximately 20% less CO₂ than a conventional tugboat. Consequently, this tugboat has the potential to become a new source of differentiation that we can offer customers who aim to reduce the environmental impact of their overall value chain.

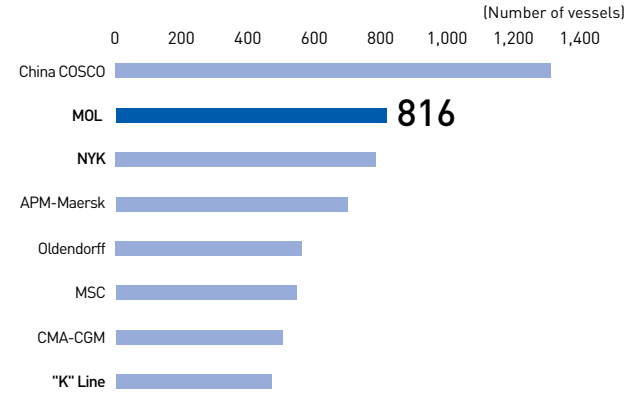
Furthermore, in developing new businesses, we can also take advantage of the Group's strengths. For example, by capitalizing on the knowledge we have garnered through collaboration with our valued partner in the Philippines, we plan to begin an overseas personnel consulting business aimed at addressing the labor shortage issues of customers and Japanese society.

Our Commitment Going Forward

As a part of the physical distribution infrastructure, marine transport companies have tended to be focused on following established practices and ensuring steady operations. Conventionally, the priority has been to keep operations and cargoes moving without any delays. In recent years, however, marine transport companies have been required to change the nature of their corporate constitutions in response to changes in the business environment and societal systems. No exception to this trend, MOL recently introduced a system for proposing new businesses and established a pilot office where employees can freely choose where to sit and work. Through these new practices, we are starting to cultivate a corporate atmosphere that supports employees who take on challenges and which encourages employees to initiate new projects from scratch. For such measures to function effectively and advance, the relationship between the Head Office and Group companies must also change. There are always resources, competence, and expertise that the Head Office lacks but which Group companies have at their disposal. We will promptly respond to needs during and after the COVID-19 pandemic and contribute to the sustained development of the MOL Group by breaking the barriers between the parent company and subsidiaries, conducting personnel exchanges proactively, and bringing together the strengths and competence that each company has fostered in its respective field.

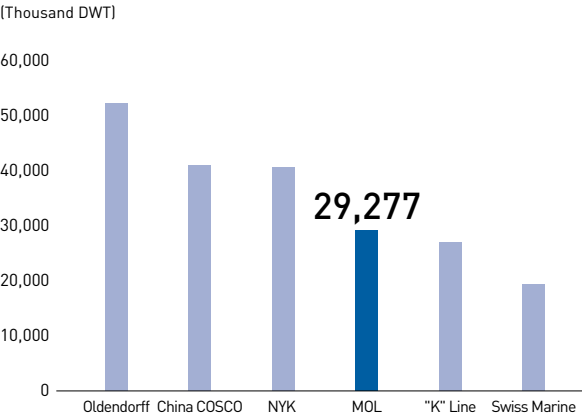
Market Position (Fleet Size)

All Vessel Types



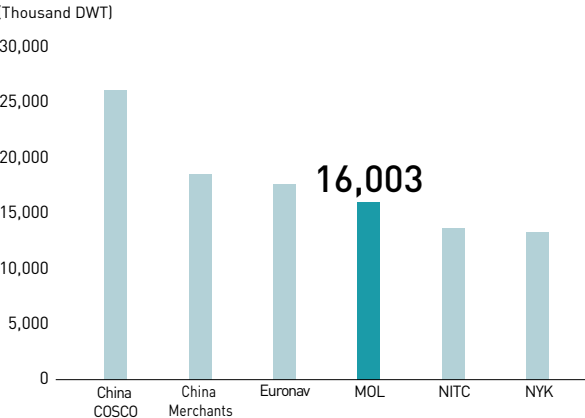
Source: Companies' published data (Latest data published when checked in May 2020)

Dry Bulkers (including Steaming Coal Carriers)



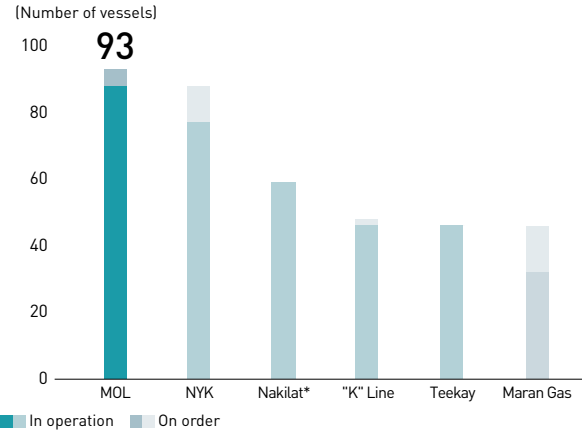
Source: Companies' published data (as of March 2020), Clarksons

Tankers



Source: Companies' published data (as of March 2020), Clarksons

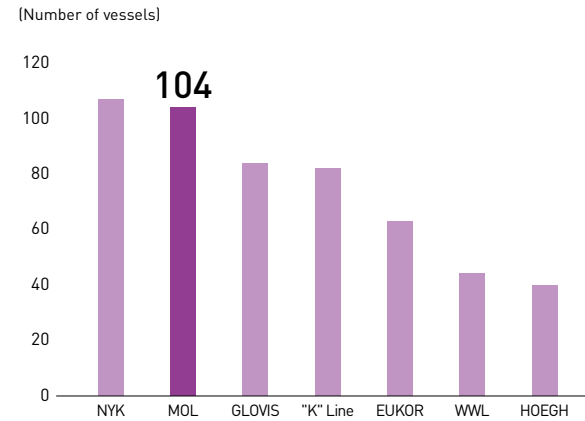
LNG Carriers (including on order)



■ In operation ■ On order

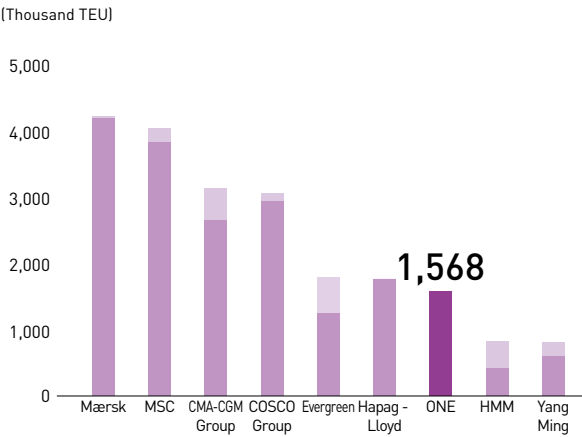
* Qatar Gas Transport Company Ltd.
Source: MOL internal estimation (as of March 2020)
Note: The numbers include the vessels which are owned by each company (wholly or partially) and the vessels for which vessel operation is entrusted to each company.

Car Carriers



Source: MOL internal estimation (as of March 2020)
Note: Excluding spot-chartered vessels

Containerships



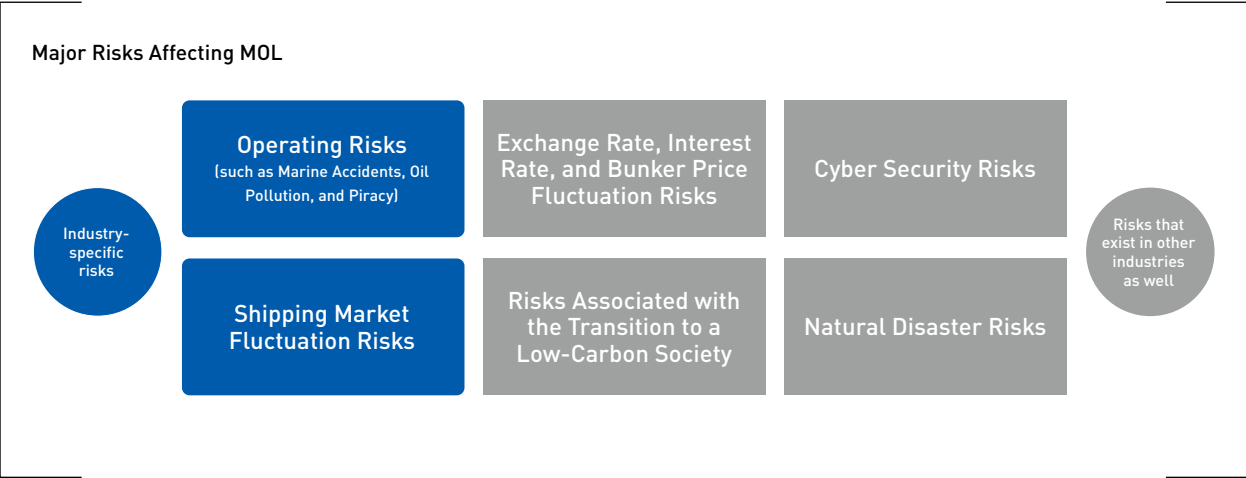
■ In operation ■ On order

Source: Alphaliner (as of April 2020)

Risk Management

▶ For details on our initiatives related to Risk Management, please visit our website.
<https://www.mol.co.jp/en/ir/management/risk/index.html>

As MOL conducts business on a global scale, the Company is exposed to a wide variety of risks. We work to adequately ascertain risk categories and levels and employ various procedures to reduce and hedge these risks.



▶ Operating Risks (such as Marine Accidents, Oil Pollution, and Piracy)

As a full-line marine transport group, MOL operates around 800 diverse vessels. The most fundamental risks we face are marine accidents such as collision, sinking, or fire that cause harm to vessels, cargoes, crew members or that result in environmental pollution (oil pollution) owing to spills of cargo or bunker fuel. In order to prevent these risks, the Safety Operations Headquarters and individual business units work closely together to implement a variety of countermeasures—such as regularly supervising operating vessels’ safety practices including onboard inspection, and adoption of safety standard specifications which effectively maintain the safety of our vessels—both

tangible and intangible. We also make a variety of preparations to counter the dangers of piracy and terrorism by providing sufficient training, putting in place precise operational rules, providing support from headquarters, and installing necessary facilities.

We take out various types of insurance (liability insurance, hull insurance, war-risk insurance, and loss of earning insurance) to provide sufficient funding for any compensation that may be necessary to prevent a major impact on business performance if we or a related party suffer damages due to an accident that occurs despite our best efforts.

▶ For details, please refer to page 42 (Value-Added Transport Services).

▶ Shipping Market Fluctuation Risks

Alongside marine accidents, other fundamental risks in the marine transport business are those related to the shipping market. To prevent excessive market risks, we manage risks by (1) limiting the number of vessels exposed to market risks by emphasizing medium- to long-term contracts, (2) substantially reducing the amount of risk by dispersing risk types, and (3) reducing the amount of risk by counter trading.

To limit the total amount of risks, we take the initiatives to obtain medium- to long-term contracts with customers that are highly creditworthy. In addition to narrowing down the portion of the fleet that is exposed to the market, we work to minimize risks by setting vessel charter periods from ship owners to coincide with periods of contracts with customers, thus neutralizing our exposure to market fluctuation. When investing in vessels not allocated under medium- to long-term agreements, we carefully monitor future vessel supply and demand. We then invest selectively, only when the projected profit margins exceed our

standards.

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

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

We manage our total amount of shipping market risks with a method we uniquely developed, called “total risk control.” The method uses elements of the VaR approach that is employed by financial institutions for risk management. Our basic policy is to monitor total risk amounts regularly and quantitatively, keeping them within the scope of shareholders’ equity.

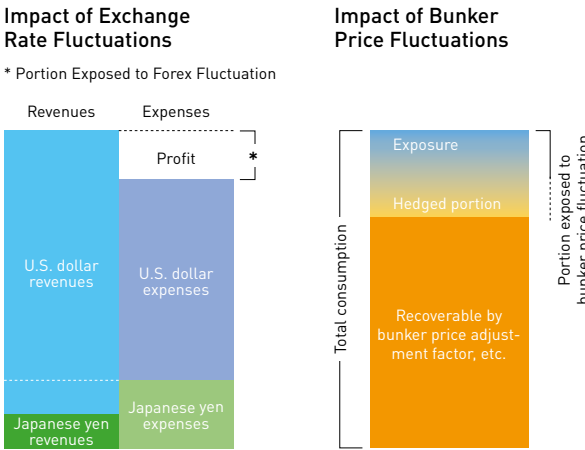
▶ Exchange Rate, Interest Rate, and Bunker Price Fluctuation Risks

Exchange Rates For Japanese marine transport companies, while most revenues are in U.S. dollars, some costs and borrowings are denominated in Japanese yen, presenting an exchange rate risk. MOL strives to limit its exposure by dollarizing costs and borrowings. To reduce this risk further, we also flexibly employ foreign exchange hedging to limit profit sensitivity.

Interest Rates When securing long-term funding for capital investment, in principle we hedge interest rate risk by using fixed-rate loans and interest rate swaps.

Bunker Prices Most medium- to long-term contracts with customers contain bunker adjustment factor or bunker price surcharge clauses that have the customer shoulder the risk of bunker price fluctuations. For short-term contracts, we work out freight rates reflecting bunker prices at the time, or employ a formula to adjust freight rates in line with concurrent bunker prices. For the remaining exposure, we work to reduce the risk amount by using bunker forward

trading. With these countermeasures, we minimize fluctuation in profit and loss resulting from bunker price fluctuations.



▶ Risks Associated with the Transition to a Low-Carbon Society

As a full-line marine transport group, we consume large quantities of bunker fuel, and in the meantime various types of fossil resources are a major source of cargo. Therefore, the ongoing decarbonization of society could present significant fluctuation risks to our business environment as public regulation could cause costs to

increase and transportation demand to structurally decline. We are focusing on environmental and emission-free businesses to turn these risks into profit-making opportunities. We are also addressing risks by developing alternative fuels, wind-powered vessels and formulating strategies employing a TCFD framework.

▶ For details, please refer to page 46 (Marine and Global Environmental Conservation).

▶ Cyber Security Risks

We strive to curtail security issues and minimize the effect of incidents that occur by (1) establishing protocols for responding to major ICT incidents and implementing cyber security-response organizations, (2) establishing uniform regulations, rules, security tools, Internet of Things environments and operations consistent across Group companies and vessels

worldwide, and (3) raising security awareness and ICT literacy among executives and employees through e-learning and targeted e-mail training.

▶ For details, please visit our website.
<https://www.mol.co.jp/en/sustainability/sustainability/overview/security/index.html>

▶ Natural Disaster Risks

To keep vessels operating even in the event of major earthquakes or other natural disasters and to fulfill our social role of maintaining supply chains, we have formulated a BCP manual and introduced satellite

offices and backup systems, and also provide ample training. We have completed the distribution of notebook PCs to all executives and employees and put remote working environments in place.

Action on the COVID-19 Pandemic

In response to the COVID-19 pandemic, in February 2020 we wasted no time setting up a headquarters led by the executive vice president in charge of corporate divisions. We implemented a range of measures to simultaneously ensure (1) securing the safety of our clients, business partners, and employees, and reducing the risk of spreading the infection and (2) fulfilling MOL’s mission to serve as social infrastructure by providing stable shipping service even amid the pandemic. As a result, by the beginning of March, we had transitioned to full-time teleworking—in fact, we pioneered the industry when it came to work from home—and we have successfully maintained business operations without any major disruption.

In addition, we set up a Rolling Plan Special Committee to prepare for sudden changes in the business environment as a result of the pandemic, and formulated updated strategies in short order upon ascertainment of the latest status reports and future projections (see page 18).

A Message from the CFO

We will simultaneously take crisis-response measures, implement required investment, and improve our medium-term financial position.

Takashi Maruyama

Representative Director, Senior
Managing Executive Officer,
Chief Financial Officer

The WAKASHIO Accident

In my capacity as the chief financial officer, I apologize sincerely for the considerable concern and inconvenience caused to our shareholders, investors, and financial institutions by a recent accident in which WAKASHIO, a Capesize bulk carrier chartered by MOL,

ran aground off Mauritius and spilled oil. We will consider this accident as an opportunity to examine carefully where we were deficient from the viewpoints of environmental, social, and governance requirements and then endeavor to become a more valued company.

Looking Back at the Rolling Plans: Fiscal 2017–Fiscal 2019

We introduced rolling management plans in fiscal 2017. Over the three fiscal years since then, MOL's structure has changed significantly. Just before the three-year period, in fiscal 2016 we implemented large-scale structural reform focused on the dry bulk business. Furthermore, fiscal 2018 saw the beginning of operations at Ocean Network Express Pte. Ltd. (ONE), a company formed through the integration of three Japanese shipping companies' containership businesses. During the three fiscal years, ordinary profit increased steadily, rising from ¥31.4 billion in fiscal 2017 to ¥38.5 billion in fiscal 2018 and ¥55.0 billion in fiscal 2019, and return on equity (ROE) improved to 6.3%. Moreover, by the end of fiscal 2019 all business segments were in the black. Although we are still on the way toward realization of our projected medium-term profit levels, namely, ordinary profit between ¥80.0

billion and ¥100.0 billion with ROE between 8% and 12%, we made a certain amount of progress in concentrating management resources on businesses where we can realize advantages—which has been a strategy since the introduction of the Rolling Plan 2017.

As for financial matters, although in the three-year period we invested proactively in priority fields—such as LNG carriers, offshore businesses, the ferry business, and the chemical tanker business—we employed a range of measures to ensure that the absolute amount of interest-bearing debt did not increase. However, we did not achieve a gearing ratio of 2.0 times or less, which was a medium-term goal. Furthermore, it took our best efforts to keep free cash flows in equilibrium, excluding extraordinary factors related to the integration of containership businesses. We will remain fully aware of the aforementioned points as important issues.

Rolling Plan 2020 Financial Strategy

The worldwide spread of COVID-19 since its sudden appearance at the beginning of 2020 is having a huge impact on the marine transport industry. In response to changes in the operating environment, we decided to return to the drawing board with respect to the fiscal 2020 management plan, which was almost complete at the end of March. After redrafting not only strategies and measures but also the plan's worldview and premises, we announced Rolling Plan 2020 to coincide with the Ordinary General Meeting of Shareholders in June.

In the process of redrafting the plan, we formed a Companywide project team comprising experts from various fields and rigorously analyzed the mega-trend forecast based on the macroeconomy and main cargo movements. Following deliberations by senior executives in light of the team's findings, it was decided to give priority to defensive measures for profits in the current fiscal year with the aim of returning to a growth trajectory and surpassing fiscal 2019 results in fiscal 2022 (See graph 1).

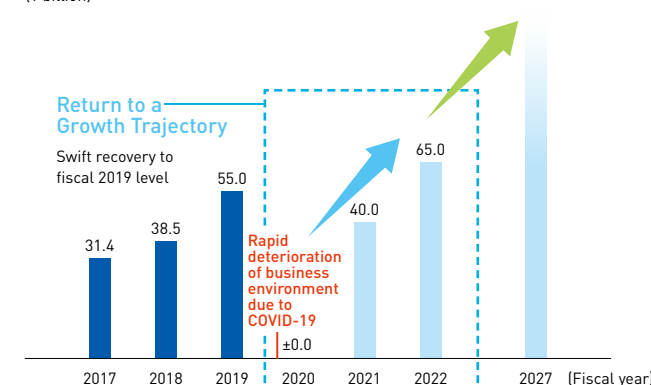
Regarding the plan's financial component, as we cannot predict when the COVID-19 pandemic will be contained, our first priority is to maintain smooth funding. To this end, we will bring forward fund procurement for planned capital investment, undertake careful management of working capital so that as far as possible commitment lines remain unused, and make an all-out effort to secure funds through such means as

the disposal of shares held for strategic reasons and other non-business assets and proactive liquidation focused on vessels.

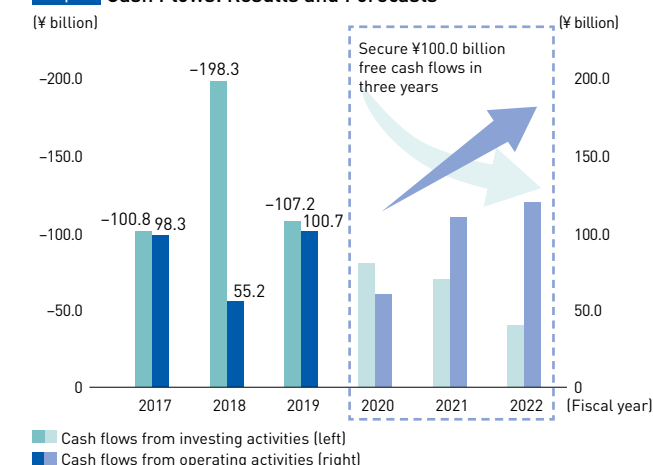
In addition to measures for the current emergency, Rolling Plan 2020 includes plans for improving our financial position over the medium term. Over the next three fiscal years, we will reduce new-investment cash flows from the initially planned ¥200.0 billion to ¥100.0 billion. We also set a new target for the achievement of positive free cash flows, which calls for the accumulation of ¥100.0 billion over the next three fiscal years (See graph 2). Until now, we have by no means made light of free cash flows. However, that we conducted financial management with an emphasis on growth and gave precedence to investments is undeniable. With the investments accumulated so far beginning to generate cash flows in line with our expectations, we decided to improve our financial position, which had been gradually deteriorating, by including our first clear target for positive free cash flows in Rolling Plan 2020.

Going forward, there will continue to be a host of competing candidate projects in growth fields, mainly in offshore businesses and environmental and emission-free businesses. At the same time as tackling such projects, however, we will take crisis-response measures, implement required investment, and improve our medium-term financial position.

Graph 1 Ordinary Profit: Results and Forecasts
(¥ billion)



Graph 2 Cash Flows: Results and Forecasts



Shareholder Returns

We view increasing corporate value and returning profits through dividends as important management policies. With a consolidated dividend payout ratio of 20% as a near-term guideline, we pay dividends that reflect consolidated performance.

Since fiscal 2017, we have been able to raise annual dividends steadily in step with increasing profit levels, paying annual dividends of ¥20 per share in fiscal 2017, ¥45 in fiscal 2018, and ¥65 in fiscal 2019. Nonetheless,

we believe that increasing the consolidated dividend payout ratio itself is also an important medium- to long-term task. While our near-term priority is to restore the equity ratio and other financial indicators that deteriorated in the 2010s, we will also be working on increasing the consolidated dividend payout ratio based on long-term perspectives.

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

MOL's Environmental and Emission-Free Businesses

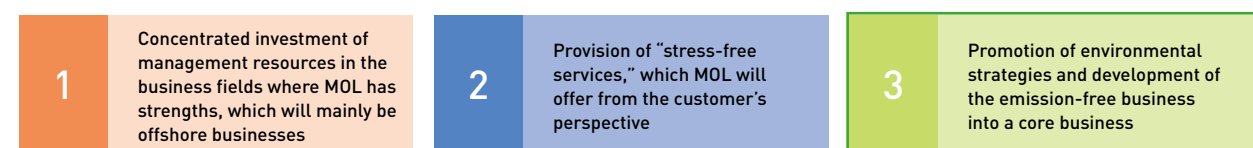
"Promotion of environmental strategies and development of the emission-free business into a core business" is one of the three core strategies of the MOL Group for the realization of its management vision. Why is a marine transport company involved in environmental businesses? Which issues is MOL tackling and in what ways? By introducing three specific projects, this section sheds some light on such questions.

An Overview of Our Environmental and Emission-Free Businesses

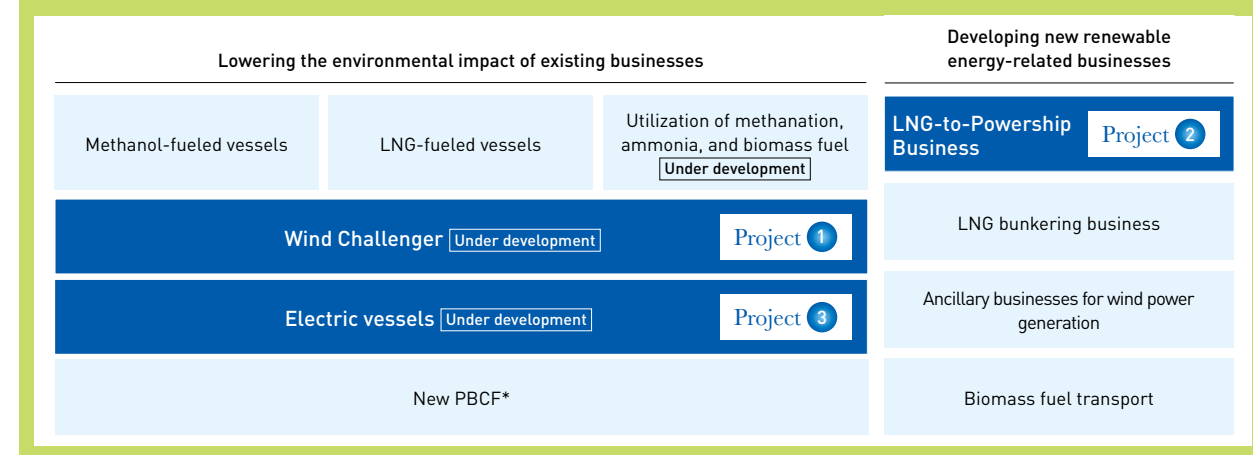
Marine transport, the MOL Group's main business domain, is being greatly affected by global trends toward environmental preservation and decarbonization for two main reasons. (1) Vessels themselves are one of the major causes of environmental impact in the form of carbon dioxide (CO₂) and SO_x emissions. (2) Our business transports a wide range of fossil fuels and related products, including crude oil, coal, LNG, and liquefied petroleum gas (LPG). With respect to (1), we are

engaging in the development of technologies for the reduction of environmental impact, such as alternative-fuel vessels and electric vessels. As for (2), we are making forays into clean energy-related fields, including wind-assisted vessel propulsion, vessels for offshore wind turbine installation, biomass fuel transport, and LNG power generation. We refer to both types of initiative collectively as environmental and emission-free businesses.

Three Core Strategies to Realize the Management Vision



Examples of Environmental and Emission-Free Businesses



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

Our Approach to Project Advancement

As the above chart shows, the activities of the MOL Group's environmental and emission-free businesses encompass projects for lowering the environmental impact of existing businesses and for developing renewable energy-related businesses. Consequently, in advancing these projects, crucial roles are played not only by the New Business Creation Team, which is in charge of new ventures, and the Technical and Smart Shipping divisions, which are responsible for technology development, but also by the sales divisions of existing businesses. That is to say, projects that incorporate environmental technologies into businesses in many different ways are being tackled throughout the Company and creating added

environmental value both for new and existing businesses. Moreover, this approach is establishing a virtuous cycle in which the added value created by an array of projects is then shared Companywide to become the basis for further advances. We take a flexible approach to advancing individual projects after their launch. Departments engaged in existing businesses lead projects if they are strongly linked to the businesses. If a project is in a new business field, the New Businesses Creation Team or the Technical Division take the lead. We also use cross-divisional project teams that enable relevant departments to coordinate their efforts.

Project 1



Summary

This ambitious project will lower environmental impact by using wind-assisted propulsion for large cargo vessels—which are mostly dependent on fossil fuel for propulsion at present—thereby reducing fuel consumption.

Greenhouse gas reduction **Approx. 8%**
(For a single-sail vessel on a Japan–North American West Coast trade route)

Wind Challenger Project

Sailing Vessels—Reborn and Full of Potential

Reaching the challenging targets of MOL Group Environmental Vision 2.0 through the adoption of just a single environment-friendly technology would be difficult. A major attraction of Wind Challenger, a wind-assisted vessel propulsion system, is that it is compatible with and adds to the benefits of other energy-saving measures and technology, such as conversion from heavy oil to LNG, methanol, and other alternative fuels and subsurface energy-saving systems. Single sail is expected to reduce vessels' greenhouse gas emissions by approximately 5% on Japan–Australia and 8% on Japan–North American West Coast trade routes. In the future, we aim to equip vessels with multiple sails and use them in combination with other measures for greenhouse gas reduction, thus developing a viable solution for realizing environmental goals. In October 2019, our Wind Challenger design of a hard sail system acquired an approval in principle from Nippon Kaiji Kyokai, or ClassNK, while our new coal carrier, equipped with this system, is scheduled to begin operations in 2022.

History and Roadmap Going Forward

2009	Began examining basic technologies through a joint industry-academia research project with the University of Tokyo
2013	Received a subsidy for next-generation marine environment-related technology research from the Ministry of Land, Infrastructure, Transport and Tourism
2017	Entered the commercialization phase led by MOL and Oshima Shipbuilding
2019	Obtained an approval in principle from Nippon Kaiji Kyokai for the design of a hard sail system
2022	Plan to begin operations of a new coal carrier equipped with a hard sail

Project Members

MOL Mitsui O.S.K. Lines **Oshima Shipbuilding Co., Ltd.**

- Graduate School of Frontier Sciences, the University of Tokyo
- Ouchi Ocean Consultant, Inc.
- Kanazawa Institute of Technology Innovative Composite Center
- Tokyo Keiki Inc.
- Iknow Machinery Co., Ltd.
- Kansai Design Company, Ltd.
- GH Craft Ltd.
- ACT Co., Ltd.
- MOL Techno-Trade, Ltd.

Message from a Project Member

The Wind Challenger Project is an epoch-making initiative that will significantly reduce CO₂ emissions by employing the latest technologies to resurrect sailing vessels, which disappeared with the introduction of steamships. Rather than steel, the sail is made of glass fiber-reinforced plastic, a light and strong material. Further, the Wind Challenger system efficiently converts wind energy into propulsive force by using automated control to rotate and telescopically extend or contract the sail.

At the development stage, the greatest challenge was lightening the sail as much as possible while maintaining its strength. Careful examination of the sail's effect in light of meteorological data revealed that almost no fuel-saving benefit was produced by the sail's upper segment, designed for use in weak winds. Therefore, we solved the weight and strength dilemma by reducing the sail's segments from five to four.

As well as equipping more MOL vessels with the sail following an inaugural wind-assisted vessel completion aimed for 2022, we want to help preserve the environment by disseminating Wind Challenger technology worldwide.



Hidetoshi Fukushima

Sub-team Leader
Technical Innovation Team
Technical Division

Project 2

KARMOL LNG-to-Powership Project



Summary

Under the KARMOL brand, MOL and Karpower International B.V. (Karpowership)*¹ are jointly making an unprecedented attempt to develop an LNG-to-Powership business. This fledgling business enables the establishment of power generation in a manner that, compared with the construction of onshore power plants, is lower cost, has shorter lead times, and results in less environmental impact.

CO₂ reduction
of LNG
versus oil

Approx. **25%**

*¹ Karpower International B.V. is a subsidiary of Karadeniz Holdings A.S., an energy company based in Turkey. A pioneer in the field of powerships, Karadeniz Holdings is the world's only company that builds, owns, and operates powerships. Under the Karpowership brand, Karadeniz Holdings deploys a fleet of more than 20 vessels to operate powership businesses in approximately 10 countries.

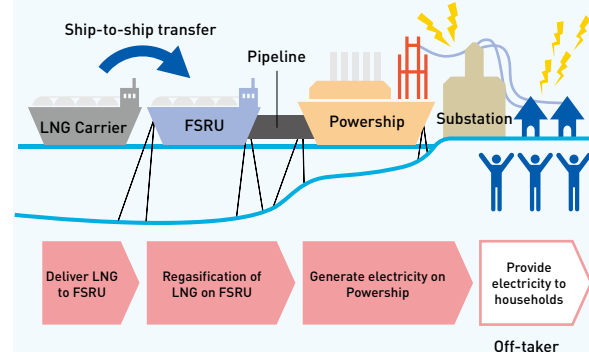
LNG-to-Powership—A New Option in Electricity Infrastructure

Given the present need for rapid countermeasures to environmental issues, demand for LNG-fired power generation is growing worldwide as it produces lower environmental impact than other fossil fuels. In addition, securing the power infrastructure needed for industry is a pressing issue for emerging countries' economic development. However, the construction of new onshore facilities requires significant time and expenditure. The KARMOL LNG-to-Powership business offers a new option that solves a range of issues, including cost, lead time, and environment friendliness. The business provides integrated solutions that cover the use of FSRUs to receive and regasify LNG through to the supply of electricity by powerships. We will use the Mozambique Project—which we are currently working on—as an initial step on the way toward contributing to development and reducing environmental impact in regions worldwide.

History and Roadmap Going Forward

- 2017 Information acquired by the Offshore Project Division and initial contact made with Karadeniz Holdings through our chief country representative in Turkey
- 2019 Concluded an agreement under which MOL and Karpowership are to jointly own FSRUs and powerships and began working on an LNG-to-Powership project in Mozambique under the newly established KARMOL brand

Overview of LNG-to-Powership Business



Message from a Project Member

Many regions of the world still do not have sufficient electricity. Society also calls for curbing the CO₂ emissions that result from power generation. Leveraging MOL's experience in LNG transport and FSRU operation, the LNG-to-Powership Project is ideally suited to help realize "Affordable and Clean Energy," the seventh Sustainable Development Goal (SDG). While the project's business format differs from the cargo transportation role of traditional marine transport, I am proud that we are able to help improve the quality of people's lives and strengthen the foundations of industry by providing stable electricity supplies as a regionally rooted infrastructure business.

Restrictions on international travel and reductions in flights resulting from the COVID-19 pandemic have made it difficult to visit customers in emerging countries and on remote islands. On the other hand, the increased use of online meetings has enabled us to talk with customers more frequently as well as have discussions with people in relatively inaccessible locations. Without a doubt, electricity demand will continue rising as the populations of emerging countries grow over the medium to long term and their economies develop. Precisely because we are in unpredictable times, the need for powerships is growing as they are less costly and have shorter introduction lead times than onshore facilities.



Kyoya Nitta
Executive Officer
General Manager of Offshore
Gas Project Division

Project 3

e5 Electric Vessel Project



Summary

Through e5 Lab Inc., we will advance the development and spread of electric vessels, thereby enabling the establishment of new marine transport infrastructure services centered on electric vessels.

e5 Lab participants

Asahi Tanker Co., Ltd.*²: 30% Exeno Yamamizu Corporation: 30%
Mitsui O.S.K. Lines, Ltd.: 20% Mitsubishi Corporation: 20%

*² An equity-method affiliate in which MOL has a 29.03% equity interest

Targeting Zero Vessel Emissions

Zero-Emission Electric Tankers— Toward a World First

In March 2020, it was decided to construct two of the world's first zero-emission electric tankers, or "e5 tankers," which were planned and designed by e5 Lab. Groundbreaking vessels that are powered by large-capacity lithium-ion batteries, e5 tankers realize zero emissions of CO₂, SO_x, NO_x, soot, and smoke. As they also produce little noise or vibration, the vessels help improve crew members' work environment and reduce the impact on areas in and around ports. Upon delivery between March 2022 and March 2023, the e5 tankers will operate in Tokyo Bay as bunkering vessels.

Through the application of the latest technologies, e5 Lab will help address issues that the marine transport industry currently faces. Also, the company is advancing initiatives to make the marine transport industry sustainable in fields other than tankers. For example, in December 2019 e5 Lab and MOL began planning the development of a car carrier equipped with a hydrogen fuel cell system and large-capacity batteries that achieves zero emissions while underway in coastal waters and in ports.

History and Roadmap Going Forward

- August 2019 Established e5 Lab
- October 2019 Obtained approval from the Ministry of Land, Infrastructure, Transport and Tourism for a plan to introduce advanced vessels with the aim of researching, developing, and introducing battery vessels
- December 2019 Began joint study of a hydrogen hybrid car carrier
- March 2020 Two of the world's first zero-emission electric tankers, "e5 tankers," were decided to be built by a member of e5 labo
- March 2022– Planned delivery of e5 tankers

Five Focus Areas for e5 Lab's Activities



Message from a Project Member

Marine transport is essential for our country. By realizing electric vessels, e5 Lab will create new businesses and societal infrastructure that contribute to the common good and provide many different stakeholders with added value. In this way, the company will help realize sustainable marine transport that can be passed to the next generation.

The possibilities of electric vessels are numerous. As well as zero emissions, they promise to lighten crew members' workloads and reduce accidents and risks. Moreover, electric vessels will create demand for electricity-supply infrastructure for vessels, vessel batteries, and hydrogen fuel cells. There is also potential to use the vessels in emissions trading and as part of virtual power plant (VPP) systems.*³ Furthermore, as they are equipped with large-capacity storage batteries, electric vessels can be used as emergency power sources during disasters. Looking ahead, as the integration of electric vessel technologies with communications technologies, the IoT, and other digital technologies gathers momentum, electric vessels are expected to evolve and enable smart marine mobility that combines outstanding environmental and economic performance. Through the activities of e5 Lab, MOL will create new environment- and people-friendly businesses that open up a bright future for marine transport.

*³ VPP systems optimize the supply-demand balance of power grids by using the latest IT to coordinate a large number of small-scale power generation facilities.



Tomoaki Ichida
General Manager of Energy
Business Strategy Division
President, e5 Lab Inc.

A Message from the Chief Environment and Sustainability Officer

In April 2019, the MOL Group established the position of executive officer responsible for sustainability promotion, who conducted the overall management and advancement of the preparation and implementation of strategies that help achieve the SDGs. At that time, the New & Clean Energy Business Division, one of the sales divisions, was responsible for initiatives addressing environmental issues on which the Company places particular importance. This structure tended to make our sustainability and environmental measures business-oriented rather than based on broader and more comprehensive approaches. To correct this, in April 2020 the aforementioned position was replaced by chief environment and sustainability officer (CESO), a new role and position that enables the management and advancement of sustainability and environmental issues from a higher viewpoint. Our aim in creating this new position is to increase our efforts toward realization of the SDGs through environmental strategies and businesses in a way that is more coordinated with Rolling Plans. In addition to the new position, we also established a new team within the Corporate Planning Division that is solely

tasked with promoting sustainability and environmental initiatives. In this way, we have built capabilities that will more closely align the advancement of business management strategies and sustainability. As CESO, my mission is to oversee the preparation of strategies and the implementation of measures while making sure that all internal organizations involved in sustainability efforts are on the same page. These organizations include a project team that spans the Company laterally, which was formed two years ago to embed the SDGs into internal operations; the Environmental Management Committee, which was instituted in fiscal 2019; and the Technology Department, which is responsible for developing the new technologies that play a critical role in reducing the environmental impact of marine transport. With respect to restoring the local natural environment that was damaged when a Capesize bulker chartered by MOL, the WAKASHIO, ran aground and spilled oil off Mauritius, I will hold discussions with a broad range of internal and external stakeholders and support the MOL Group’s sustainable initiatives from a long-term viewpoint.

As a company with clients in an extremely wide range of industries, rapidly sensing and meeting society’s expectations is something that comes naturally to MOL.

At present, society is urging companies, central government agencies, municipal authorities, and other key entities to take extremely wide-ranging, large-scale steps in response to the SDGs and such issues as climate change mitigation. These social issues are long-term challenges for the human race and may at first seem overwhelming. However, I believe that society’s changing and growing expectations should not be unduly feared as risks. Indeed, such expectations are in a sense inevitable. If we look at the situation from the perspective of a marine transport company trying to cater to the

needs of society and customers, it is only natural for the company to address these needs by advancing strategic initiatives that are long-term and sustainable. As well as serving as CESO, I am the director general of the Dry Bulk Business Unit. In this business unit, we are experiencing firsthand the major changes that the world is undergoing. Until now, we have achieved differentiation by meeting the needs of customers and by anticipating and offering solutions to their problems. For example, we have taken steps to ensure operational safety—the foundation of

our business—enlarge vessels and develop vessels capable of transporting large volumes of cargoes even in shallow ports. In other words, our efforts have mainly been within the scope of traditional marine transport. Increasingly, however, our customers are grappling with such questions as how best to approach problems arising from the environment and sustainability and what type of action should be taken. In response, we must promptly devise ways of reflecting the changing needs of customers. Given that we do business with a wide range of industries, recognizing environmental and social

needs and incorporating them into business strategies is a necessity. However, this adaptive approach is an inherent part of our corporate culture. Therefore, in response to the many different multifaceted issues that MOL faces in relation to environmental and social needs, it will actively communicate with customers and value chain partners, including shipyards and other suppliers, to formulate measures aimed at overcoming such significant issues. I believe that these efforts represent nothing less than the first phase of our sustainability initiatives.

Embedding Sustainability Issues (Materiality) into day-to-day operations is the main task we face at present.

Looking back over the Group’s measures to date, the identification of Sustainability Issues (Materiality) was a great stride forward. In fiscal 2019, we identified the positive and negative factors for society in our value chains and then determined priority Sustainability Issues. In the past, our Rolling Plans have tended to focus on economic and financial value. Thanks to our recent identification of Sustainability Issues, however, I think we have been able to show more clearly that we view ESG issues as inseparable from business management and essential for the continuation of MOL. I believe that we have also been able to underscore our proactive attitude to tackling ESG issues. In addition, with respect to environmental issues, we are making progress across a variety of other fronts. For example, the Group has been stepping up the pace of initiatives aimed at the “Promotion of environmental strategies and development of the emission-free business into a core business,” which is one of the three core strategies of our Rolling Plan. Furthermore, we have been steadily implementing measures pursuant to stricter regulations on SOx emissions introduced in 2020. With the strong commitment and active participation of our management team, we have also recently established and announced MOL Group Environmental Vision 2.0. As for social and governance issues, while there is no such thing as absolute perfection, we have been taking steps to strengthen compliance and governance. In particular, we have been

focusing efforts on reforming the culture of our organization since 2014, when certain of our car carrier shipping transactions were found to be in violation of regulations. Meanwhile, we are still only at the halfway stage in making all of our employees fully aware of the Groupwide goals associated with the Sustainability Issues (Materiality) and incorporating these goals into day-to-day operations. In tackling initiatives, the Group has specified indicators for the measurement of progress toward some of its major goals. The “4 Zeroes” established to promote operational safety are an example of this approach. In many areas where we have not set out KPIs, however, I believe that employees unknowingly take steps toward the resolution of Sustainability Issues when striving to meet customer needs properly. Therefore, among employees we need to inculcate the concept of Sustainability Issues so that they come to mind naturally during day-to-day operations. To achieve this, we must cultivate a mindset whereby each employee is able to grasp changing needs of customers and society, see how these needs are linked to our Sustainability Issues, and deeply understand the linkage with day-to-day operations. In other words, while utilizing the new KPIs that we will set out going forward, I would like employees to clearly feel the degree of achievement and their own contribution in relation to Sustainability Issues as they carry out day-to-day duties.

As CESO, I want to heighten our corporate value by ensuring that internal organizations are advancing in unison based on a shared medium- to long-term vision.

I believe my role as CESO is twofold. First, I must actually advance sustainability initiatives in-house. Second, I have to properly explain these initiatives to external stakeholders. With respect to in-house advancement, in fiscal 2019 we were able to establish benchmarks in the form of Sustainability Issues (Materiality). To implement specific measures, however, we still need to convert Sustainability Issues into forms that can be understood in the context of and incorporated into each business and project. As I explained earlier, while focusing on the embedding of Sustainability Issues into day-to-day operations, I will ensure that internal organizations are advancing in unison based on a shared medium- to long-term vision, thereby heightening our corporate value. Moreover, I aim to build the MOL Group’s reputation by explaining the process and its outcome to external stakeholders.

For many years, I have been engaged in the Dry Bulk Business Unit. However, I was also keen to test my abilities in a corporate field, and I therefore relish the prospect of tackling my new role. While I have direct involvement in frontline operations as director general of the Dry Bulk Business Unit, I combine this viewpoint with a business executive’s Companywide perspective, which stems from my positions as chairperson of the Investment and Finance Committee, member of the Executive Committee, and director. The contrasting nature of my frontline and executive positions allows me to absorb and offer opinions from a variety of standpoints. Making full use of this advantage, I will ensure that we keep the parts of our legacy that need to be kept while reforming those that require updating. Through these efforts, I will evolve the MOL Group’s sustainability toward a new level.

As CESO, I will step up our contribution to the SDGs through environmental strategies and businesses.

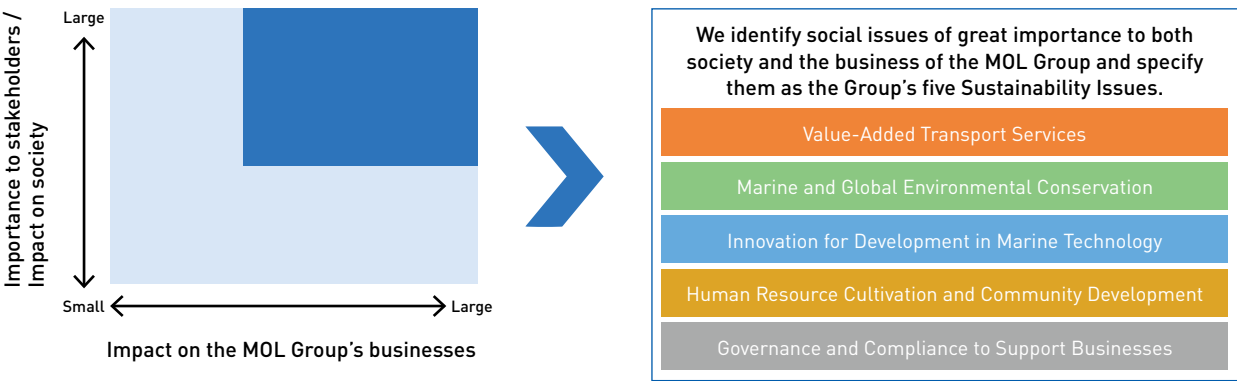
Toshiaki Tanaka
Director, Managing Executive Officer
Chief Environment and Sustainability Officer

Overview of MOL's Sustainability Issues (Materiality)

The marine transport services provided by the MOL Group play an indispensable role as social infrastructure that supports day-to-day life. In fiscal 2019, upon evaluating the impact of our business activities on society from both positive and negative perspectives, we identified five social issues that need to be given priority as Sustainability Issues (Materiality). We believe that tackling Sustainability Issues will contribute to the achievement of the SDGs as well as the medium- and long-term growth of our business.

Process for Identifying Materiality

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



Initiatives of the Sustainability Promotion Project Team

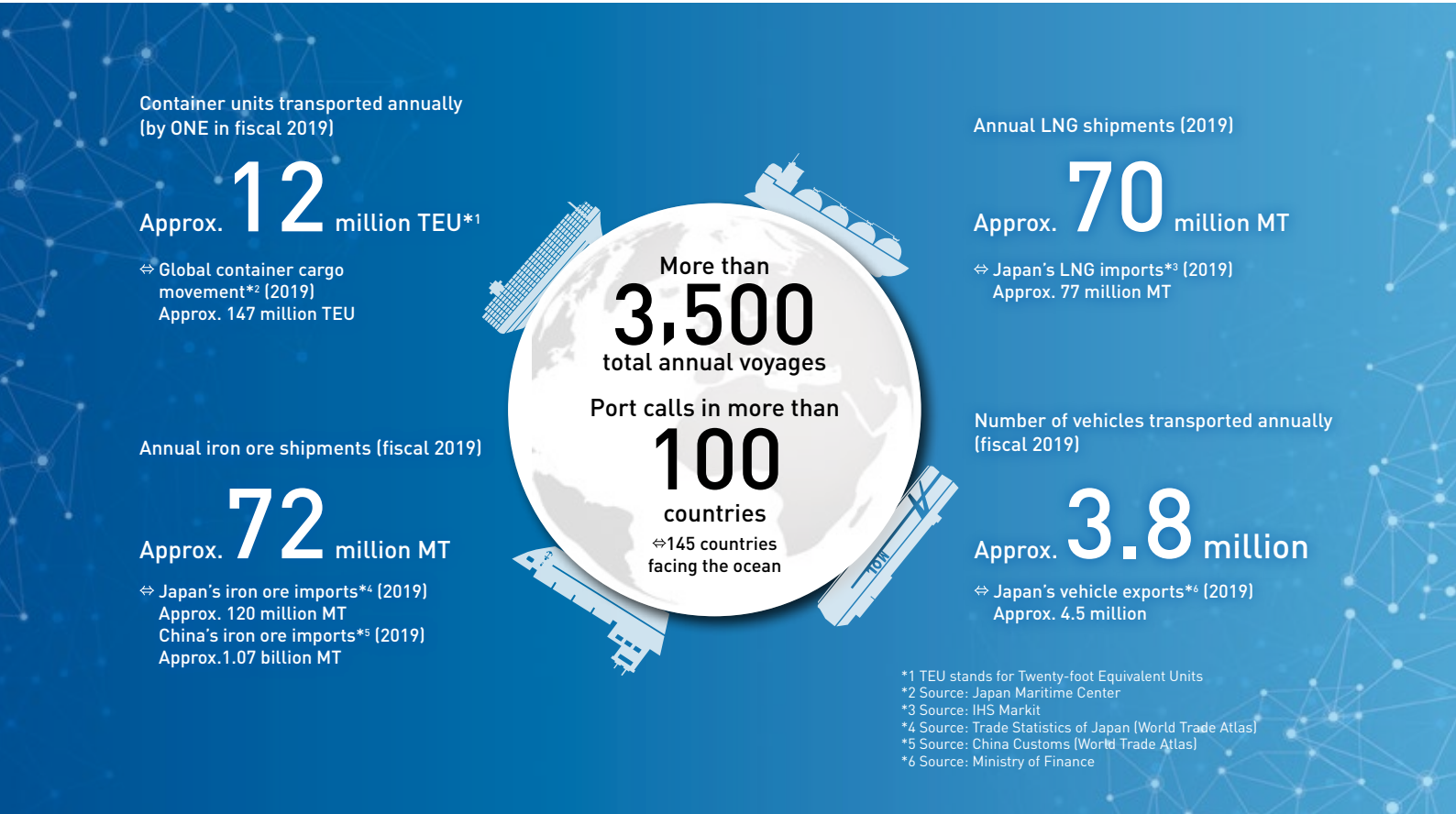
MOL implements a range of initiatives to raise awareness of Sustainability Issues for each and every employee in our day-to-day operations. In fiscal 2019, the Companywide Sustainability Promotion Project Team focused on four of our businesses, analyzed each one's impact on society along value chains, and examined the additional value that can be provided to our customers in terms of sustainability.

Sustainability Issues (Materiality)	Themes / Targets / Goals	Risks (Negative impact in the event the goal on left is not achieved)		Opportunities (Positive impact in the event the goal on left is achieved)	Key initiatives associated with Sustainability Issues	SDGs to which we contribute via our initiatives (numbers in parentheses are 169 corresponding targets)
Value-Added Transport Services P42	<ul style="list-style-type: none">Safe and reliable transportLarge-volume, bulk transport servicesHigh-quality transport servicesElimination of maritime accidentsElimination of cargo accidentsPrevention of work-related injuries	<ul style="list-style-type: none">Slowdown in economic activities and logisticsLoss of trust in the Company from societyEconomic burden and damage to assets due to an accidentRisk of casualties as a result of an accident		<ul style="list-style-type: none">Contribution to active economic activity and creation of new transport demandContribution to establishment of energy infrastructure in emerging countriesLong utilization of vessels through appropriate ship maintenance, leading to enhancement of competitivenessCultivation of operational insight	<ul style="list-style-type: none">Providing safe and stable transport just as usual even amid the COVID-19 pandemic	<div><div>1</div><div>POVERTY</div></div> <div><div>7</div><div>AFFORDABLE AND CLEAN ENERGY</div></div> <div><div>9</div><div>INDUSTRIAL INNOVATION AND INFRASTRUCTURE</div></div> <div><div>12</div><div>RESPONSIBLE CONSUMPTION AND PRODUCTION</div></div> <div><div>14</div><div>LIFE BELOW WATER</div></div> <div><div>17</div><div>PARTNERSHIPS FOR THE GOALS</div></div> <ul style="list-style-type: none">Promoting inclusive and sustainable industrialization (9.2) and alleviating poverty (1.1, 1.2)Supplying modern and sustainable energy to developing countries (7.b)Preventing marine pollution (14.1)Environmentally sound management of chemicals and waste (12.4)Promoting partnerships with the public and private sectors (17.17)
Marine and Global Environmental Conservation P46	<ul style="list-style-type: none">Prevention of marine pollutionPromotion of measures to mitigate climate changeReduction of air pollutionResponse to environmental regulationsRealization of transport means with low environmental impact	Climate Change <ul style="list-style-type: none">Decline in energy transport volumeDelay in response to changing transport demand and trade dynamicsObstruction to safe operation caused by extreme climate conditions	Response to Regulations <ul style="list-style-type: none">Disruption to vessel operationLoss of trust in the Company from societyEconomic burdens such as fines and sanctions	<ul style="list-style-type: none">Incorporation of new transport demand and establishment of new transport model that quickly captures changes in cargo movementsDevelopment of new sailing routes (Arctic Ocean)	<ul style="list-style-type: none">Implementation of initiatives to achieve the goals set forth in MOL Group Environmental Vision 2.0	<div><div>7</div><div>AFFORDABLE AND CLEAN ENERGY</div></div> <div><div>13</div><div>CLIMATE ACTION</div></div> <div><div>14</div><div>LIFE BELOW WATER</div></div> <div><div>15</div><div>LAND-USE, OCEANS AND MARINE RESOURCES</div></div> <div><div>17</div><div>PARTNERSHIPS FOR THE GOALS</div></div> <ul style="list-style-type: none">Improvement of energy efficiency (7.3), promotion of clean energy use (7.a)Mitigation of climate change (13.3)Preventing marine pollution (14.1) and protecting biodiversity (14.2)Promotion of sustainable forest management (through biomass fuel transport) (15.2)Promoting partnerships with the public and private sectors (17.17)
Innovation for Development in Marine Technology P50	<ul style="list-style-type: none">Promotion of LNG fuel usageAdvancement in the Wind Challenger ProjectRealization of autonomous sailing	<ul style="list-style-type: none">Obsolescence of existing technologiesInability to respond to future shortage of seafarers		<ul style="list-style-type: none">Reduction of environmental impact by the widespread use of LNG fuel and the application of natural energyImproved competitiveness of offshore businesses and marine transportEnhanced ability to respond to environmental regulations	<ul style="list-style-type: none">Utilization of digital technologies to deliver:<ul style="list-style-type: none">The provision of stress-free servicesStrengthened marketing and vessel management and operation support	<div><div>7</div><div>AFFORDABLE AND CLEAN ENERGY</div></div> <div><div>8</div><div>DECENT WORK AND ECONOMIC GROWTH</div></div> <div><div>12</div><div>RESPONSIBLE CONSUMPTION AND PRODUCTION</div></div> <div><div>13</div><div>CLIMATE ACTION</div></div> <div><div>14</div><div>LIFE BELOW WATER</div></div> <div><div>17</div><div>PARTNERSHIPS FOR THE GOALS</div></div> <ul style="list-style-type: none">Improvement of energy efficiency (7.3), promotion of clean energy use (7.a)Improvement of sustainability through increased resource-use efficiency and greater adoption of clean technology (9.4)Efficient use of natural resources (12.2)Mitigation of climate change (13.3)Prevention of marine pollution (14.1)Promoting partnerships with the public and private sectors (17.17)
Human Resource Cultivation and Community Development P52	<ul style="list-style-type: none">Employment of high-quality seafarersDevelopment of human resourcesPursuit of work-style reformsPromotion of diversityContribution to regional development	<ul style="list-style-type: none">Loss of outstanding human resourcesDecline in productivity		<ul style="list-style-type: none">Improvement of human resource competitiveness through recruitment of outstanding talent and improved work productivityPromotion of innovation and response to business opportunitiesIncorporation of various ideas by attracting a diverse pool of talent from all over the worldEconomic development and a higher standard of living in emerging countries	<ul style="list-style-type: none">More effective operation of the new personnel systemsCultivating globalized human resourcesManagement of MMMA, a maritime academy in the Philippines	<div><div>4</div><div>QUALITY EDUCATION</div></div> <div><div>5</div><div>GENDER EQUALITY</div></div> <div><div>8</div><div>DECENT WORK AND ECONOMIC GROWTH</div></div> <div><div>17</div><div>PARTNERSHIPS FOR THE GOALS</div></div> <ul style="list-style-type: none">Providing access to high-quality technical and vocational education (4.3)Ensuring women's full participation and equal opportunities for leadership (5.5)Providing productive employment and rewarding, decent work (8.5)Promoting partnerships with the public and private sectors (17.17)
Governance and Compliance to Support Businesses P63	<ul style="list-style-type: none">Adherence to fair business transactionsPrevention of bribery and corruptionEstablishment of information security structurePrevention of harassmentProtection of human rights	<ul style="list-style-type: none">Business continuity risks due to insufficient governance and internal controlsCorrupted corporate culture		<ul style="list-style-type: none">Highly transparent and fair managementDecision-making based on appropriate risk management	<ul style="list-style-type: none">Timely and appropriate crisis response to COVID-19Verification of the directors' compensation system	<div><div>10</div><div>REDUCED INEQUALITIES</div></div> <div><div>16</div><div>PEACE, JUSTICE AND STRONG INSTITUTIONS</div></div> <div><div>17</div><div>PARTNERSHIPS FOR THE GOALS</div></div> <ul style="list-style-type: none">Ensuring equal opportunity (10.3), achieving inclusion regardless of attributes (10.2)Reduction in bribery (16.5)Promoting partnerships with the public and private sectors (17.17)

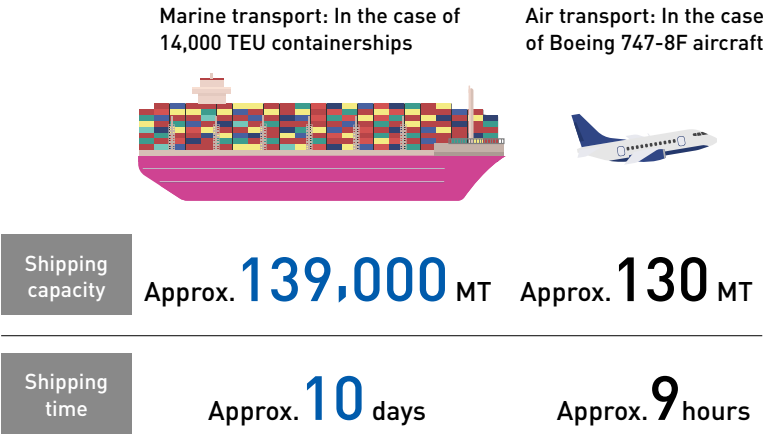
In today’s globalized world, people’s lives are underpinned by goods shipped from all over the world. In addition, the transport of goods from where supply is to where demand is creates added value and generates economic activity. The MOL Group supports people’s lives and industries around the world through the transport of a variety of goods, such as resources, energy, raw materials, and products. As one of the world’s main logistics arteries, constantly providing safe and high-quality transport is our greatest responsibility and the very reason for our existence.



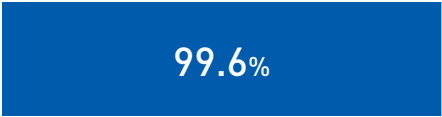
The MOL Group—Transport on a Grand Scale



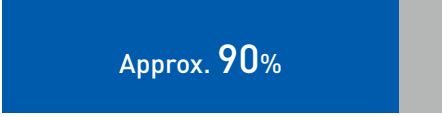
Overwhelming marine transport capacity
(for mainstay Asia–North American West Coast routes)



Percentage of marine transport in Japan's trade volume*7



Percentage of marine transport in international logistics*8



*7 Source: SHIPPING NOW 2020–2021, Japan Maritime Public Relations Center
*8 Source: International Chamber of Shipping

Strong Commitment to Safe Operation

When it comes to fulfilling our social mission as a main artery of global logistics, safe operation is one of our most important responsibilities, which we must keep striving for without any compromise. In pursuit of efficiency and economy, cargo ships have gradually grown larger over time. At the same time, however, the magnitude of the risk posed by a single accident has grown correspondingly larger. Regrettably, the Group suffered four serious marine accidents in 2006, which caused a great deal of inconvenience for our stakeholders. We take these accidents very seriously and have conducted rigorous investigations to identify the causes of those accidents and prevent their recurrence. We also

expanded a range of initiatives and measures, such as fostering a culture of safety shared throughout the Group, whether on land or at sea, further strengthening education and training, making organizational structure reforms, and establishing the Safety Operation Supporting Center (SOSC) that provides continuous support to operating vessels 24 hours a day. Regardless of how much effort we exert, however, safe operation is a never-ending theme. Keeping in mind the lessons learned from past accidents, each and every officer and employee of the MOL Group maintains keen awareness and works together to become the world leader in safe operation.

Organizational Structure Supporting Safe Operation

The Operational Safety Committee, chaired by the president, deliberates and determines basic policies and measurements for ensuring and thoroughly enforcing the safe operation of all Group vessels. In addition, the chief safety officer (CSO) is delegated by the president to supervise strategy planning and policy implementation to instill and ensure high levels of

safety in the overall business of the MOL Group and provide necessary advice to sales units' director generals and executive officers. The Safety Operations Headquarters formulates specific measures related to Companywide safe operations, which are implemented by their respective departments.

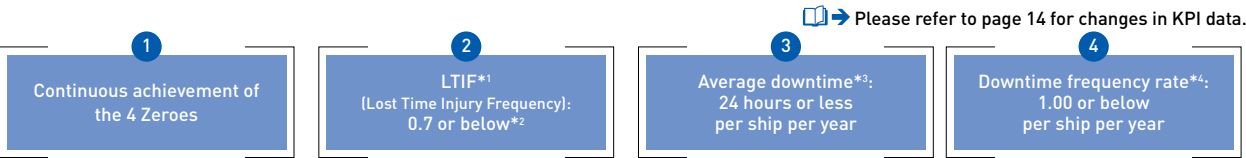
Organizational Structure Supporting Safe Operation

Operational Safety Committee	Safety Operations Headquarters	
Chairman: President Vice-Chairman: Director General of the Safety Operations Headquarters	Marine Safety Division Smart Shipping Division Marine Technical Management Division	LNG Marine Technical & Ship Management Strategy Division Ship management companies (MOL Ship Management Co., Ltd. and MOL LNG Transport Co., Ltd.)

KPIs for Ensuring Thoroughly Safe Operation

To visualize the processes for achieving safe operation, MOL has adopted “4 Zeroes” (zero serious marine incidents, zero oil pollution, zero fatal accidents, and

zero serious cargo damage) as one of its goals. We also have the KPIs listed below and work to reduce numbers for each.



*1 Number of work-related accidents per one million hours worked. In the scope of calculations, we originally included only workplace illnesses and injuries requiring disembarkation from the ship. From fiscal 2015, we tightened the LTIF criteria, which now includes any workplace illness or injury that prevents a worker from resuming even a reduced workload on that day, regardless of whether the illness or injury requires disembarkation.
*2 From fiscal 2020, we have changed the target value for LTIF to 0.5 or below, which is even more stringent.
*3 The amount of downtime due to mechanical malfunction or accident per ship per year
*4 The number of mechanical malfunctions or accidents that result in downtime per ship per year

WAKASHIO Grounding and Oil Spill

The WAKASHIO, a Capesize bulk carrier that MOL chartered from a subsidiary of Nagashiki Shipping Co., Ltd. (the ship owner), ran aground off Mauritius and became unable to navigate under its own power on July 25, 2020. The vessel was en route from China to its next destination in Brazil via the Indian Ocean. Immediately after the accident was reported, MOL provided support to the ship owner in responding to the accident and containing the situation. Despite attempts to refloat the vessel and remove its fuel oil, progress was hampered by severe winter sea conditions as well as COVID-19 countermeasures and geographic constraints. Eventually, on August 6, local time, one of the ship's fuel tanks ruptured, causing about 1,000 MT of oil to spill out. Consequently, the accident ended up having an enormous impact on the local aquatic and shore environment. MOL will continue to coordinate with authorities in Mauritius, the Japanese government, and related organizations and make efforts to contain the situation by providing the personnel and materials necessary for cleaning up the oil spill. In conjunction with these efforts, we will establish preventive measures.

Operation of the Safety Operation Supporting Center (SOSC)

Based on the lessons learned in the accident that occurred in 2006, under the motto “Never let the captain get isolated,” we established the Safety Operation Supporting Center (SOSC) within the Head Office in 2007. The center supports safe operations 24 hours a day, 365 days a year.

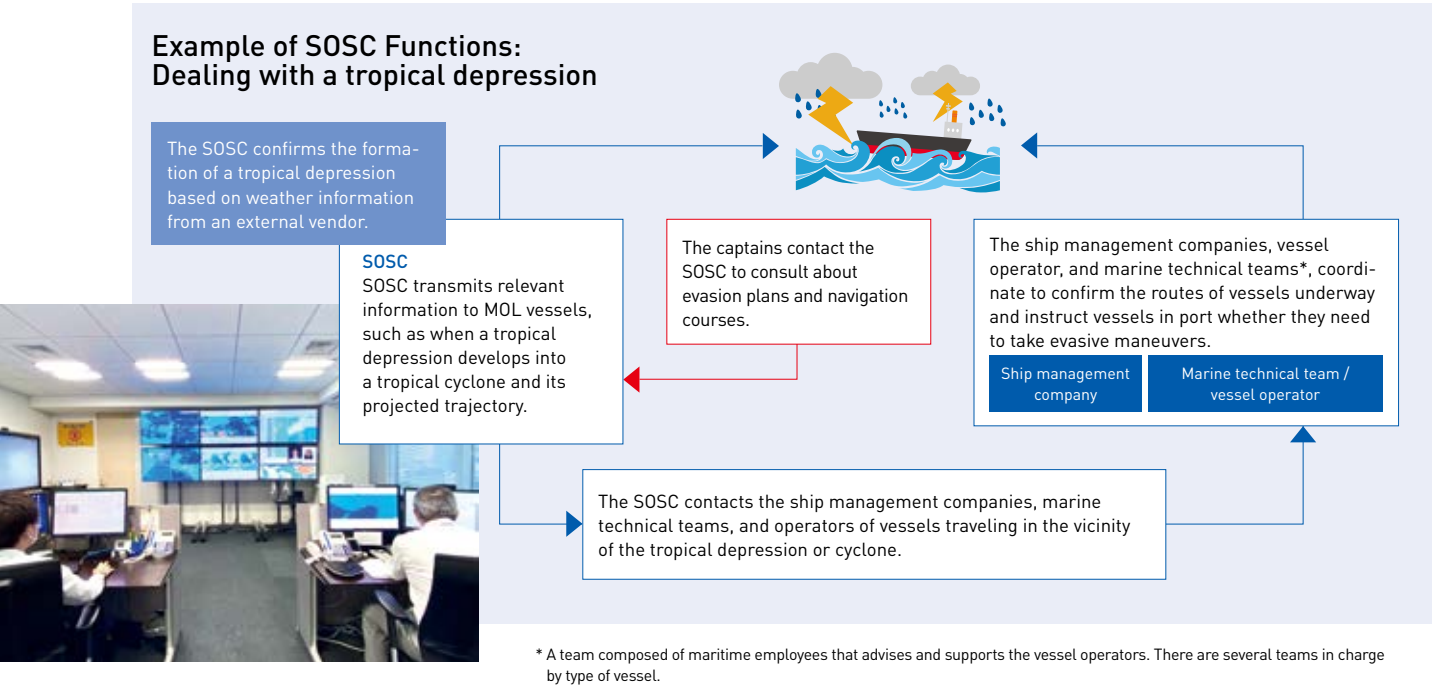
Since MOL Group vessels criss-cross the world’s oceans, they need to respond effectively not only to adverse weather conditions such as stormy weather, tropical depressions, and frozen sea routes but also to numerous difficult situations, such as political instability in the Middle East. In recent years, well-coordinated operations between land and sea have become even more important, with climate change leading to larger tropical cyclones, and deteriorating political and economic conditions in some regions bringing greater threats of terrorism and piracy.

With procedures in place to “never let the captain get isolated,” the SOSC ascertains these risks in real time and keeps in touch with the vessels, vessel management companies, marine technical teams, and

vessel operators. Staffed at all times by two marine technical specialists including an experienced MOL captain, the center gathers all sorts of information relevant to vessels underway, including the itineraries of the approximately 800 vessels operated by the MOL Group, weather information, and domestic and international news media, and is always ready to offer timely information whenever necessary. It also provides individual advice for vessels in high-risk situations and consults with their captains. In the aforementioned ways, the SOSC makes every effort to prevent serious accidents.

Various Risks Surrounding Marine Vessels	
Weather-Related Risks	• Severe weather • Tropical cyclones • Sea ice and icebergs • Frozen river ports
Geopolitical Risks	• Political unrest • Piracy • Experimental missile launches
Other Risks	• Infectious diseases • Earthquakes and tsunamis

Example of SOSC Functions:
Dealing with a tropical depression



Procedures and Preparations to Deal with Marine Incidents

The MOL Group has compiled its own response manual to deal with emergencies involving serious marine incidents and makes it available to all employees at all times. Moreover, we regularly conduct emergency response training with MOL-operated vessels during sailing, simulating various situations, such as fires, water immersion, piracy, and acts of terrorism. Once a year, we conduct tabletop drills, which involve MOL’s president, relevant corporate officers, and representatives of relevant departments and ship management companies, vessels, and Group companies. The Coast Guard and the media also cooperate with these drills. In November 2018, we conducted a tabletop drill

simulating the collision of an LNG carrier with another vessel near the Akashi Kaikyo Bridge, and in October 2019 we conducted a drill simulating a fire on a containership in Ise Bay. Through these efforts, the Group will strengthen its entire emergency readiness framework.



Message from the Chief Safety Officer (CSO)

Renewing our Dedication to Safety

In August 2020, regrettably, the WAKASHIO, a Capesize bulker chartered by MOL, ran aground and spilled oil off Mauritius. Although the ship was a charter from another owner, in my view all MOL Group officers and employees need to take this incident as seriously as if it had been one of our own and completely re-establish our mindset on safety with a humble attitude. Safety is not something achieved merely by the efforts of a few people directly involved in vessel operations. And a culture of safety is not something that can be created overnight. Safety cannot be achieved unless each and every officer and employee on land or at sea and in both the sales and corporate divisions remains constantly vigilant. With this in mind, we will rigorously tackle safety measures with renewed commitment.

Masanori Kato
Managing Executive Officer
Chief Safety Officer



Initiatives to Foster a Safety-Focused Culture

- Partnership between Our Sales Divisions and Our Maritime Employees** —
At MOL, maritime employees serve in onshore office positions at regular intervals. Some of them are assigned to the Marine Technical Management Division or the LNG Marine Technical & Ship Management Strategy Division, where they communicate daily with our sales divisions and provide safety and other marine technical support.
- Onboard Training** —
Achieving safe operation requires enhanced safety awareness within the entire Company, including land-based employees. By encouraging employees to train on board our vessels for two to three weeks, MOL enables them to gain knowledge and hands-on experience of vessels and frontline operations.
- Safety Campaigns** —
MOL takes a variety of measures to provide opportunities for officers and employees on land and at sea to think about safety together. During our safety campaigns, land-based officers and employees visit the ships and exchange opinions on accident prevention with crew members in charge of on-site safety. Since fiscal 2017, we have been holding discussions under the main theme “Stop and Think More” to encourage crew members to pause and consider the correct action when they have any concerns or doubts while underway at sea. The information and suggestions obtained during our safety campaigns are shared within MOL and between vessels operated by the Company and utilized to further strengthen our operational safety systems.
- Safety Conferences** —
From February to May each year, we hold MOL Safety Conferences at five locations in Japan, the Philippines, Croatia, India, and Russia—the countries that most of our maritime employees come from. We exchange opinions with the crews that work on board our vessels through presentations of our safety measures and reviews of accidents that have previously occurred on our vessels.
- Operational Safety Workshops** —
MOL’s Marine Safety Division regularly holds Operational Safety Workshops for land-based officers and employees as forums aimed at encouraging recognition of the fact that safe operation is not merely something entrusted to onboard crews, but something in which each and every one of our employees is involved. In fiscal 2019, we held these events five times for executives and employees of Group companies in Japan and overseas, and a total of more than 300 people attended. The workshops focused on such topics as the role of safety campaigns, our history of continuing to encourage land-based employees to visit our vessels, and case studies on how to avoid tropical depressions.



MOL Safety Conference at Vladivostok in 2019

Marine and Global Environmental Conservation

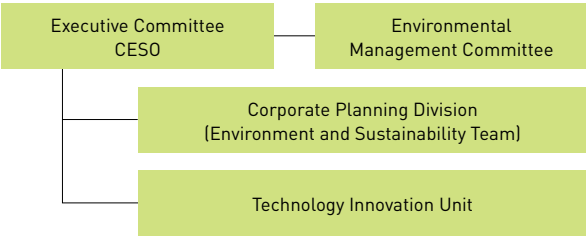
It is the societal mission of the MOL Group to take the lead in resolving common environmental problems of humankind such as climate change, air pollution, and biodiversity disruption as a participant in our world. Not only minimizing the environmental impact of the MOL Group’s business activities, we also work on providing solutions to environmental problems as an important business opportunity. Placing “Promotion of environmental strategies and development of the emission-free business into a core business” as one of the core strategies to achieve our management vision, we are actively promoting initiatives in the environmental field.



Environmental Management Structure

The Environmental Management Committee, which is a subordinate organization of the Executive Committee, formulates medium- to long-term environmental goals, and reviews the progress on our goals and how we are pushing forward the environmental and zero emission projects. Furthermore, in April 2020 we established the role of the chief environment and sustainability officer (CESO), who oversees the planning and implementation of environmental strategies, as well as a new specialized team within the Corporate Planning Division to take charge of the hands-on work.

The Technology Innovation Unit conducts environmental initiatives from a technology and ICT perspective.



Please refer to page 38 for details on the chief environment sustainability officer.

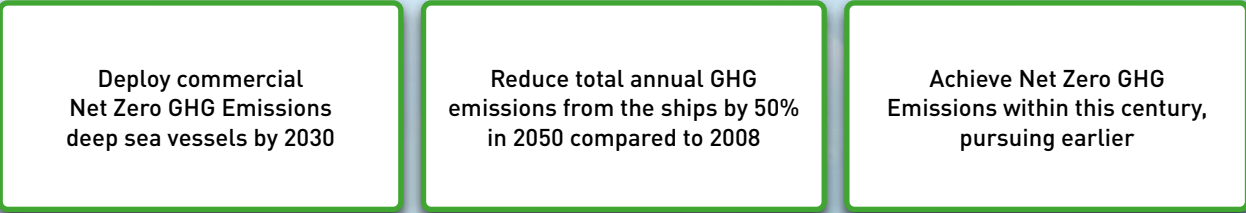
To Curtail Greenhouse Gas (GHG) Emissions: Enactment of MOL Group Environmental Vision 2.0

With the ever-increasing momentum to prevent climate change since the Paris Agreement came into force, in April 2018 the IMO (International Maritime Organization) adopted “IMO strategy on reduction of GHG emissions from ships,” which comprehensively set out international shipping GHG reduction targets and measures to achieve them. This strategy is the

first in the world to commit to achieving zero GHG emissions during this century in a single internationally spanning sector. In response, we also reviewed our Environmental Vision 2030, formulated in April 2017, and have newly enacted MOL Group Environmental Vision 2.0, which makes clearer commitments, including the attainment of IMO objectives.

MOL Group Environmental Vision 2.0

The MOL Group is committed to achieve sustainable “Net Zero GHG Emissions” through collective efforts with all capabilities.



Previous reduction targets set out in Environmental Vision 2030 (established in fiscal 2017)
The MOL Group targets reduction of GHG emissions per unit load by 25% by 2030 and by 50% by 2050 compared to fiscal year 2014” (efficiency improvement target).

Initiatives to Achieve the Goals Set Forth in MOL Group Environmental Vision 2.0

Goals	Initiatives
1 Adoption of Clean Alternative Fuels	<ul style="list-style-type: none">Promoting LNG fuel usageStudy and adoption of next-generation zero-emission fuels to succeed LNG fuels
2 Adoption of Energy-Saving Technologies	<ul style="list-style-type: none">Actual installation of Wind Challenger systemsAdoption of other new technologies
3 Enhancement of Operational Efficiency	<ul style="list-style-type: none">Reduction of fuel consumption via real-time monitoring of vessel operational status
4 Building Business Models to Enable Net Zero GHG Emissions	<ul style="list-style-type: none">Active involvement in regulation and rule-making through industry associations and related government agencies
5 Expanding Low-Carbon Businesses Using Concentrated MOL Group’s Strengths	<ul style="list-style-type: none">Business development in the area of next-generation fuels such as hydrogen, in addition to FSRU, LNG powerships, and renewable energy

MOL is carrying out simultaneous studies on various clean alternative fuels. For example, LNG is a fossil fuel, but it can reduce CO₂ emissions compared to conventional heavy oil, and we therefore consider it an effective alternative fuel that is ready for immediate use. However, since we cannot achieve our goals with LNG fuel alone, we will also consider other next-generation fuels, specifically synthetic methane from methanation, ammonia, and electric ships, among other possibilities. Regarding measures for the use of synthetic methane as vessel fuel, we joined Japan’s Carbon Capture & Reuse (CCR) Study Group* in fiscal 2019 and launched a multi-industry-spanning working group.

* The CCR Study Group is a body to solicit CCR technologies from multiple industries for feasibility studies. CCR technologies provide alternative energies by combining CO₂ emitted from industry and hydrogen produced using renewable energy.

Please refer to page 35 for further details on the Wind Challenger Project.

To further promote the measures we have put in place so far to reduce fuel consumption in operating existing vessels, we have established a new Fleet Performance Management Team within the Marine Technical Management Division, which will conduct concentrated monitoring to ascertain the operational status of individual vessels in a timely manner and work to ensure sailings in the most optimal speed.

Discussions on international rules for global shipping are primarily conducted at the IMO. The direction taken in the introduction of new rules, depending on its content, can heavily impact the business environment for shipping companies, but we see it as an opportunity to build new business models, and we will actively participate in discussions through industry associations and related government agencies.

If we only concern ourselves exclusively with GHG emissions from ships, it will be difficult to reach our goal of Net Zero GHG Emissions by early in the 21st century. By developing new businesses in the abovementioned fields, we intend to promote low carbonization for our entire Group business portfolio. Since supply chains have yet to be developed for many next-generation fuels, we aim to participate in a wide range of fields, from upstream (manufacturing) to downstream (transportation and supply), not just using them as vessel fuels.

Please refer to page 34 for information on our other endeavors in environmental and emission-free businesses.

Please refer to page 15 for information on our CO₂ emissions volumes.

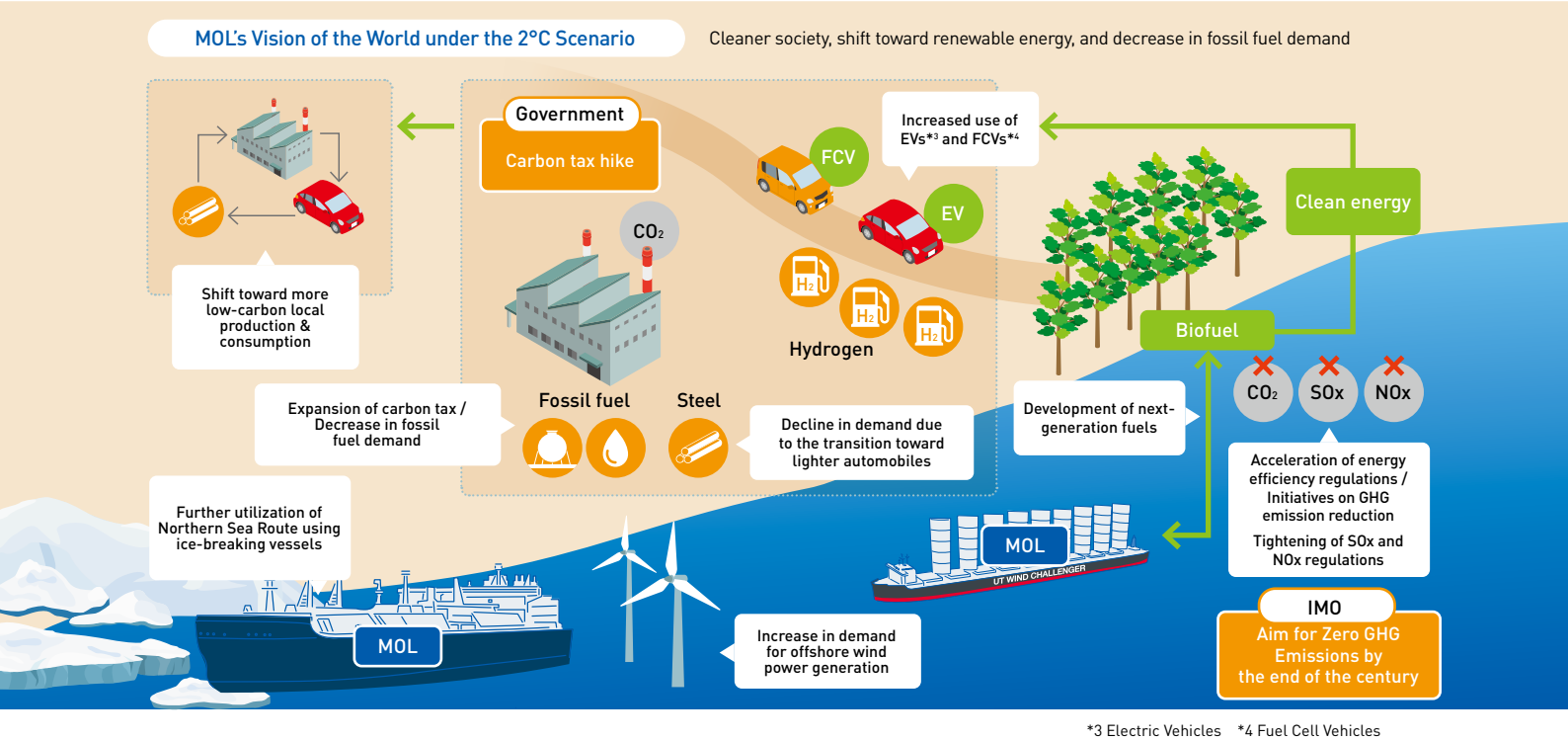
Scenario Analysis

In fiscal 2018, to ascertain the impacts of climate change on our business as well as our business continuity ability given those impacts, with the support of the Ministry of the Environment, we conducted a trial scenario analysis utilizing the framework of TCFD. Furthermore, in fiscal 2019, following in-depth exchange of opinions with our sales divisions, we added our own perspectives to analysis of the long-term outlook for key transportation demand and revised the content of the previous year's analysis in a

way that develops it further. In making these revisions, we picked the following four climate change-related items that we deem both important and likely to impact our business and quantified them in terms of their impact on our profits and losses according to the 2°C and 3°C scenarios*1. We will continue to improve the accuracy of our scenario analyses and use the results to promote individual initiatives to achieve the goals set forth in MOL Group Environmental Vision 2.0.

1	2	3	4
Levying and raising of a carbon tax	Further spreads of next-generation ships using alternative fuels	Tighter regulations under the Energy Efficiency Design Index (EEDI)*2	Fluctuation in ocean freight demand

*1 Ultra-long-term future scenarios of energy demand and climate change. The 2°C Scenario is a scenario in which the necessary measures are implemented to control temperature increases to 2°C or less. The 3°C Scenario is a scenario in which economic initiatives and additional measures to address climate change are not sufficiently implemented. The former is put out by the International Energy Agency (IEA) and the latter is MOL's own scenario based on the IEA's scenario.
*2 The Energy Efficiency Design Index is a measure of a ship's energy efficiency, theoretical CO₂ emission figures calculated when the vessel was designed [g/ton-mile]. Under the regulation, rates of EEDI reduction from benchmark values according to individual vessel types are gradually tightened.



Initiatives for Challenges other than Climate Change

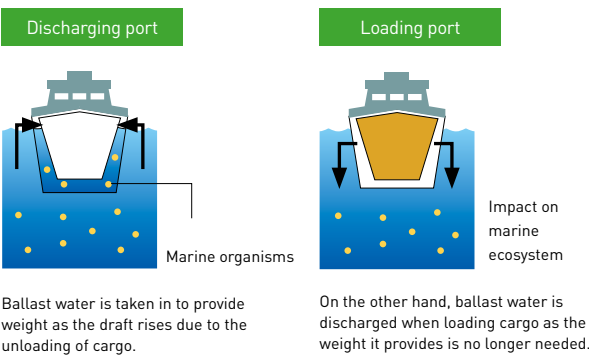
Protection of Biodiversity

Ballast Water Management Convention

Content of the Convention
The Ballast Water Management Convention highlights the negative impact of the cross-border transfer of foreign marine organisms, which occurs when vessels release ballast water, on marine ecosystems. Under the Convention, all vessels are mandated to install ballast water treatment systems by 2024.

In anticipation of the enactment of the Ballast Water Management Convention, adopted by the IMO, we decided to make the installation of ballast water management systems a Companywide policy in fiscal 2014. As of April 2020, we have completed installation of these management systems on 167 vessels. Our policy is to complete installation on all of our owned vessels by the time limit set by the Convention.

Ballast Water Mechanism



Air Pollution Prevention

SOx Regulations

Content of the Regulations
The SOx regulations limit the percentage of sulfur content in fuel in order to curtail the amount of sulfur in gas emissions. In January 2020, the IMO tightened the limit from 3.5% or less to 0.5% or less.

Our management plan for fiscal 2019 set "Strategic actions for compliance with SOx regulations" as a focus area, and under our SOx 2020 Regulation Response

Committee (which reports to the Executive Committee), we have taken Companywide measures to ensure that we are fully prepared for the tightening of regulations in January 2020.

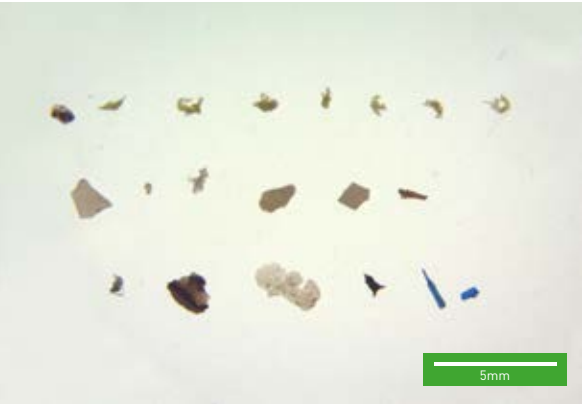
Of the three methods of compliance with the regulations, (compliant fuel, SOx scrubbers, and the use of LNG and other alternative fuels), we take compliant fuel usage as our main measure, and use the other two methods on a ship by ship basis.

Compliant Fuel	Compliant fuel complies with the new standards by limiting sulfur content to 0.5% or less. As a result of our early efforts to test the quality of compliant fuel supplied by various oil companies and secure the necessary quantities, we have completed the smooth transition of our fuel without causing any major engine trouble or downtime for our operating vessels.
SOx Scrubbers	SOx scrubbers use water to filter sulfur out of exhaust smoke. By installing them we are able to continue to use conventional fuel. We have been installing SOx scrubbers primarily in larger vessels such as Very Large Crude Carriers (VLCCs) and Capesize bulkers, and as of May 2020 we had completed installation on 41 vessels, including those at the request of our customers. On a Groupwide basis, we plan to have them installed on 100 vessels by 2022.
LNG and Other Alternative Fuels	LNG fuel can reduce SOx emissions to zero, but since it requires installation of special LNG engines, it is mostly adopted in new ships. In addition, we are making efforts in the areas of electric ships and the Wind Challenger Project (see pages 34 to 37) as well as synthetic methane (see page 47).

Marine Environment Protection

Reduction of Ocean Plastic

Ocean plastic has a profound effect on marine ecosystems. As part of our efforts to reduce ocean plastic, we plan to install a dedicated collection system on new ships scheduled to be delivered in fiscal 2020. When the ship takes in seawater, the system's filters collect microplastics in the ocean that have been finely crushed to 5mm or less under the force of waves and ultraviolet rays, and we expect it to collect several hundred grams per ship (a few hundred thousand pieces of microplastic) annually. Land-based tests conducted in autumn 2019 confirmed the system's ability to collect microplastics. We will consider expanding the system to additional vessels following the verification trial on the first one.



Microplastic collected in land-based tests

Ship Recycling

➡ Please refer to page 69 for MOL's efforts in this regard.

Issuance of Green Bonds and Sustainability Bonds

As initiatives to apply the world's increasing awareness of the environment and the SDGs to our financing measures, in fiscal 2018 we issued ¥10 billion in Green Bonds*5 and in fiscal 2019, we issued ¥20 billion in Sustainability Bonds*6. We became the first company in Japan to have issued both Green Bonds and Sustainability Bonds not only to institutional investors but also to individual investors.

*5 Funds raised with Green Bonds is to exclusively finance our green projects that are effective at improving the environment.
*6 Sustainability Bonds extend the usage of funds from Green Bonds, raised to projects that address issues related to resolving social issues.

➡ For MOL's environmental data, please visit our website.
<https://www.mol.co.jp/en/sustainability/environment/data/index.html>

Fund Allocation

Project Name	(Billions of yen)	
	Green Bonds	Sustainability Bonds
Ballast Water Treatment Systems	5.5	4.0
SOx Scrubbers	2.2	9.2
LNG Bunkering Vessels	1.4	2.0
LNG Powered Vessels	0.7	0.1
New PBCF	0.2	0.1
Others (other than green projects)	—	4.6
Total	10.0	20.0

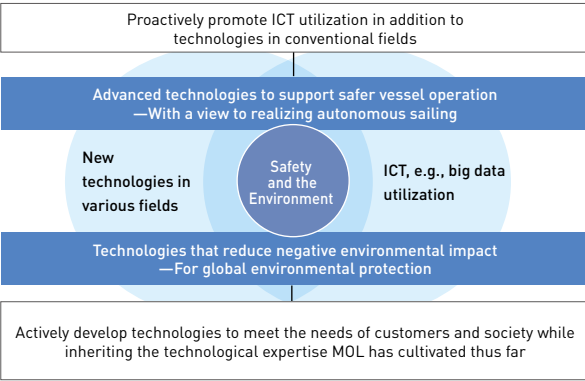
The MOL Group is promoting technological development using ICT to achieve the following objectives: “Provision of ‘stress-free services,’ which it will offer from the customer’s perspective” (one of the three core strategies set to realize the MOL Group’s management vision), the further enhancement of tools to support safe operation, and the deeper reductions in environmental impact.



Basic Policy on Technological Innovation

The potential for technological development in the marine industry has expanded due to the rapid development of ICT, such as IoT and big data, in addition to progress on vessels’ tangible elements. We aim to anticipate the needs of customers and society by maximizing the potentials of marine transport-related technological development. These efforts are centered on the ISHIN NEXT—MOL SMART SHIP PROJECT, which commenced in 2016.

In fiscal 2020, we established the new position of chief digital officer to align our organizational structures and propel innovation. This officer’s role is to formulate digital marketing strategies and oversee implementation of measures. We will accelerate our innovation by continuing to step up alliances with various institutions outside our field of business.



Our Goals

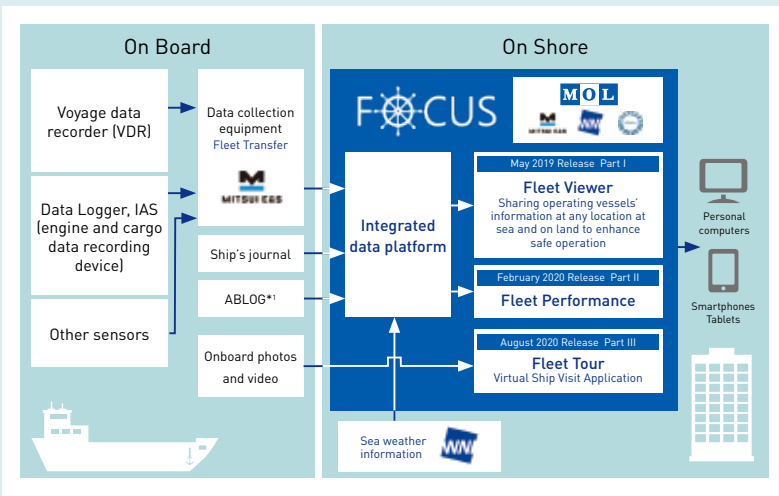
1 Eliminate human error and achieve safer operation by leveraging automated technologies	Autonomous Sailing
2 Develop eco-ships powered by natural energy	Wind Challenger Project
3 Develop vessels powered by lower CO ₂ emission alternative fuels	LNG-Fueled Vessels Vessels Using Other Alternative Fuels
4 Expand the installation of operational data collection equipment in vessels and develop next-generation ship management support systems	FOCUS Project
5 Provide technological solutions for logistics service challenges	

Topic 1 Release of a New FOCUS Project Application: “Fleet Performance”

The FOCUS Project involves collecting data at one-minute intervals from around 10,000 sensors placed on individual ships so that we can visualize the condition of various elements of marine transport (such as hull, engine, cargo, surrounding ships, and ocean weather) and using such data for sophisticated monitoring of vessel operation and analysis of vessels’ propulsion capability. In so doing, the project aims to further enhance safe operation, improve operational efficiency, and help reduce environmental impact. The MOL Group is pursuing this project together with three other companies—Mitsui E&S Shipbuilding Co., Ltd.; Weathernews Inc.; and NAPA Ltd.—going beyond the scope of its own industry. As of April 2020, we had installed data collection equipment on 101 ships.

February 2020 marked the release of Part II of this project: Fleet Performance. This application makes it possible to ascertain information about vessel performance that had previously been problematic, such as true ship performance (speed, fuel consumption, etc.) after excluding the effects of waves and wind. We expect such data to prove useful in comparing same-type vessels and verifying the results of energy-saving devices. The application also allows the condition of the hull and various equipment, as well as the extent of propeller fouling, to be examined in real time.

As a result, aberrations can be detected early, and appropriate cleaning occasions can be set. Going forward, we aim to expand applications that use accumulated operational data in various ways to provide transport services with greater safety and reduced environmental impact.



*1 ABLOG: The summarized version of a ship’s journal, providing a register of ports of call, time of arrival at and departure from ports, voyage duration, vessel location, speed, remaining fuel and lubricants, berthing periods, engine operating data, and other voyage-related information. Submitted by each vessel for each voyage.

Topic 2 Progress in Autonomous Vessel Operation Projects

The MOL Group is promoting initiatives aimed at making autonomous vessel operation a reality. Our goals are to increase safety in operation and reduce workloads for crew members. Rather than unmanned operation, currently we are working on systems that will support crew members by

enabling autonomous vessel operation under certain conditions. We are conducting joint development and demonstration on three areas corresponding to navigational steps (recognition, decision, and operation) which are respectively named FOCUS EYE, FOCUS BRAIN, and FOCUS GEAR.

Our Initiatives to Realize Autonomous Vessel Operation

Recognition FOCUS EYE	Decision FOCUS BRAIN	Operation FOCUS GEAR	Future Targets (2025 onward)
Augmented reality (AR) navigation system*2 Complete	Collision avoidance algorithm Underway	Automatic avoidance system Underway	• Automatic detection of other ships and obstacles • Automatic adjustment of route plans • Automatic avoidance • Automatic berthing and unberthing • Remote monitoring
Vessel image recognition and recording system*3 Underway		Automated berthing and unberthing system Underway	
Bird's-eye-view monitoring system*4 Underway			

*2 AR is used to show superimposed visual information on a display, such as information about other vessels obtained by radar and visual information from the bridge.
*3 AI (deep learning) technology is employed to recognize other vessels to a high degree of precision using a graphic recognition engine and ultrahigh-resolution cameras. The data is recorded automatically, and accuracy can be enhanced further by verification.
*4 Multiple fish-eye cameras are installed on a vessel's mast, and the images they record are automatically combined to create an image as if looking down on the ship, which allows ascertainment of surrounding conditions at a glance.

FOCUS EYE

We have developed an AR navigation system and installed it on 19 of our ships, mainly car carriers and VLCCs. We have also installed a vessel image recognition and recording system on the cruise ship NIPPON MARU and a bird’s-eye-view monitoring system on the tugboat ASAKA MARU. Demonstration test is underway on both vessels.

FOCUS BRAIN

In December 2019, we launched a joint study on collision avoidance algorithms and autonomous avoidance with MOL Marine Co., Ltd.; the National Maritime Research Institute of National Institute of Maritime, Port and Aviation Technology; and Tokyo University of Marine Science and Technology. The joint study used a system to automatically calculate other vessels’ obstruction zones along a ship’s course heading. The aim is to establish a collision avoidance algorithm that will provide visualization of collision risks.

FOCUS GEAR

Between December 2018 and February 2019, we conducted demonstrations of the automatic berthing and unberthing system, using the SHIOJI MARU, the training ship of the Tokyo University of Marine Science and Technology, and assessed the safety of the system through simulations. In addition, in February 2020 we began conducting tests using a coastal ferry, thus stepping up our efforts to make the system practical.

Topic 3 Launching “Lighthouse,” a Service to Make Information on Marine Transport Visible

In January 2020, the MOL Group launched “Lighthouse,” a new information platform for dry bulk customers. In the past, we provided information related to marine transport—ship schedules, weather, and ocean conditions, as well as cargoes and contracts data—separately. This was not always convenient for our customers. We developed Lighthouse after customer feedback uncovered their need to manage information centrally. During the development process, we fielded numerous customer opinions and requests to allow customization for individual users and for data to be obtained in real time. With this platform, MOL aims to help its customers enhance their supply chain management through more efficient ship allocation and more effective management of inventory, including that on ships.

At present, the service is limited to dry bulk customers, but it is already being used by clients from a variety of sectors, such as steel manufacturers and paper producers. We plan to continuously update the system from the user

perspective, improving the service to provide more convenience to our clients.



Human Resource Cultivation and Community Development

Human resources drive growth of the Group and underpin its brand and reliability. Based on MOL CHART, the values shared by all Group members worldwide, we will sustain this growth and establish a new competitive superiority by achieving real diversity management that fosters, promotes, and empowers personnel from many different backgrounds.

Furthermore, by providing training through in-house educational institutes and offering stable employment, we will secure highly competent crew members—who are indispensable for our operations—and contribute to the economic and industrial development of emerging countries.






Basic Policy on Human Resources Development

Challenges

As the structures of the Company's businesses become increasingly complex and employees' career aspirations and work styles diversify, the human resources needed to implement the Company's management and business strategies are changing significantly in terms of both quality and quantity. To realize the profit level we are targeting over the medium term, it is crucial that we reform our organization and human resources to heighten the competitiveness of our organization.

Strategies

-  Foster employees who have personal initiative, a sense of responsibility, the competence to play important roles in a global market, and the creativity to bring about change
-  Produce leaders who can set and pursue clear visions together with team members
-  Foster an organizational culture that encourages diverse personnel to generate creative ideas and take on challenges

Introduction of a New Personnel System



Reflecting the changes in the fields and nature of our businesses as well as changes in the values of workers, we began operating a new personnel system in July 2018. The new system diversifies the range of career choices available to employees with the aim of the early development of management candidates and the fostering of specialists. Simultaneously, the system pushes towards maximizing employees' performance by supporting self-directed career planning. In fiscal 2020, the third fiscal year since the introduction of the personnel system, we will verify its effectiveness with the aim of making it even more practical.

The Aims of the New Personnel System

(1) Early development and production of management personnel

Foster the next generation of management personnel at an early stage, identify potential leaders, and provide these talented personnel with opportunities to take the helm of organizations

(2) Diversification of career choices

Increase competitiveness by developing and securing both generalists and specialists

(3) Support for self-directed career development

Create organizations and systems that encourage each employee to become aware of their value and potential, make full use of their talents and expertise, and forge ahead with creative work

Promotion of Global Personnel Management



Employees of many different nationalities play active roles in our operations worldwide. With this in mind, we are establishing employee-friendly working environments that allow personnel to take maximum advantage of their abilities irrespective of national or regional backgrounds. We are also building a uniform system for the evaluation and assignment of personnel that transcends regional boundaries. In particular, our appointment of crew members to onshore duties is becoming more borderless. In an increasing number

of cases, we are assigning captains, chief engineers, and other senior crew members of various nationalities to onshore office duties, such as vessel management and crew member training. With reference to such cases, we will continue promoting global personnel management Companywide through initiatives that include the One MOL Global Management College, which is explained in more detail below.

One MOL Global Management College

Since 2014, we have been holding One MOL Global Management College annually with the aim of fostering "One MOL global executives" capable of conducting diversity management in the coming generation's cross-cultural working environments. From all over the world, participants visit Japan to deepen their understanding of self-education, organization management, and leadership in globalized business situations. Furthermore, participants are split into teams, which discuss and analyze issues and future directions for the MOL Group and then offer recommendations to the Company's senior management team. Approximately 60 employees have completed the program, which has been held six times to date. Some of those who have completed the program are currently working at our Head Office to establish new businesses based on recommendations submitted during the program. Through such efforts, we are steadily widening the pool of global executive candidates.




Promotion of Diversity and Inclusion




We view diversity as encompassing not only such superficial attributes as gender, nationality, and age but also each individual's inner characteristics, including experience, natural aptitudes, skills, and values. We will establish a new competitive superiority by creating working environments and an organizational culture that motivate employees worldwide to work enthusiastically and energetically and which encourage employees with different personalities and skills to work as a team. From fiscal 2020 onward, we will advance talent management that is even more focused on the quality of human resources. Specifically, we will build a system that increases our ability to assign the right people to the right jobs by identifying employees' skills and experience as well as the requirements of each division in greater detail.

Further Empowerment of Female Employees

We believe that further empowerment of female employees is important for securing talented personnel and for reflecting diverse perspectives in the advancement of business activities, governance, and risk management. Accordingly, we are proactively moving forward with a range of initiatives based on an action plan prepared in March 2016 pursuant to the Act on Promotion of Women's Participation and Advancement in the Workplace. For example, we have enhanced and expanded systems with a focus on child-rearing support, increased career development support, and conducted activities to create networks among female employees.

 Please refer to page 15 for information on our number and percentage of women in managerial positions.

 For details on our employment of athletes and other specific measures and information related to diversity, please visit our website.
<https://www.mol.co.jp/en/sustainability/hr/diversity/index.html>

Introduction of a System for Proposing New Businesses



In fiscal 2019, we introduced a system for proposing new businesses, which encourages employees to take on challenging initiatives and develop their careers in a self-directed manner. Under the new system, depending on the details of the proposal, employees present their ideas for new businesses or services to executives and/or the relevant person in charge within the Company. If a proposal is highly evaluated, the employees can transfer to the most relevant

department and begin working on realizing the proposal. Operating this system will cultivate a bold mindset among employees in accordance with the MOL CHART values as well as help meet our need to find new businesses that are not bound by the limits of conventional marine transport. In fiscal 2019, eight proposals were submitted. After review, four of these have advanced to the phase of being developed for commercialization.



Promotion of Work-Style Reform



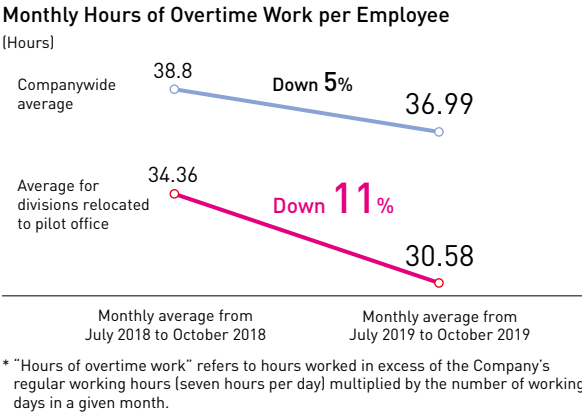
We are tackling work-style reform to realize an organizational culture that enables employees to work with vitality, thereby enhancing the competitiveness of our human resources and achieving innovation. Our initiatives are based on the belief that in realizing our management vision we must establish an organization and culture that not only encourage employees to perform their duties in a highly efficient manner but also motivate employees to give concrete form to innovative ideas.

Chaired by the president, the Work-Style Reforms Committee has led the advancement of specific measures focused on reforming four areas: the personnel system, corporate culture, workplaces, and productivity. One particularly successful result of these reforms is a pilot office in which employees freely choose where to sit and work, which we introduced in fiscal 2019. Verification has confirmed that the pilot office is producing benefits across the board, including work-style flexibility, cross-divisional communication, and productivity enhancement. Moreover, thanks to measures we have been promoting to advance working from home and to reform work processes, in response to the

▶ For details on our initiatives related to work-style reform, please visit our website.
<https://www.mol.co.jp/en/sustainability/hr/workstyle/index.html>

COVID-19 pandemic more than 90% of our employees transitioned to working from home at the height of our telecommuting initiatives, and we have been able to continue business activities without hindrance.

We will continue to enhance productivity and establish an employee-friendly working environment by forging ahead with work-style reform without being constrained by existing operational practices.



Promotion of Health and Productivity Management



Ensuring the health and safety of employees and providing working environments where they can work with peace of mind is a prerequisite for business activities and the base for MOL's sustained growth. Furthermore, maintaining and promoting the physical and mental health of all executives and employees is essential for dynamic, innovative organizations and for realizing vessel operations with the highest levels of safety in the world. Our Diversity and Healthcare Management Team leads the provision of a range of support and the establishment of environments that enable employees to maintain and improve their physical and mental

health and work with enthusiasm and vitality. Reflecting high evaluations of these initiatives, for the second consecutive year MOL has received certification as one of the Outstanding Enterprises Engaging in Efforts for Health and Productivity Management in the large enterprise category ("White 500") of the program jointly conducted by Japan's Ministry of Economy, Trade and Industry and Nippon Kenko Kaigi.



▶ For details on our initiatives related to the promotion of health and productivity management, please visit our website.
<https://www.mol.co.jp/en/sustainability/hr/health/index.html>

Our Contribution to the Development of Local Communities Operating a Maritime Academy in the Philippines

Since 2018, we have been operating one of the largest independent maritime academies in the Asia-Pacific region, MOL Magsaysay Maritime Academy Inc. (MMMA), which is located in the Philippines. For many years, we have been actively fostering marine transport professionals in the Philippines under the Academia-Industry Linked Program, which is promoted by the Philippine government. By extending and developing these initiatives, MMMA will help the country's students realize active, rewarding futures. MOL will proactively hire MMMA graduates as crew members with the aim of continuously training quality candidates for senior positions and thereby realizing vessel operations with levels of safety that are among the highest in the world. As of 2020, the third year since the academy's establishment, a cumulative total of 573 students have enrolled at MMMA to study the knowledge and skills of marine transport professionals. MMMA graduates are expected to play important roles in the MOL Group as well as in the global marine transport sector.



A Message from the Executive Officer Responsible for Diversity Promotion and the Human Resources Division

Since April 2019, I have been the executive officer responsible for Diversity Promotion and the Human Resources Division. With respect to diversity promotion, my task is to secure diverse talent and thereby further enhance our corporate value. As for the Human Resources Division, I focus on helping realize management strategy by working in partnership with each business division to maximize employee motivation and to make optimal use of employees' talents. In each of these capacities, my mission is to take concrete measures that will help sustain the growth of the MOL Group.

In order to accomplish this mission, the focus will be on optimizing our talent management and organization based on analysis of the MOL Group from a higher perspective. In doing so, not only will we focus on diversity with respect to such attributes as gender, nationality, and age but also experience, personality, skills, cultural background, and values. At the same time, I want to act as an intermediary between the senior management team and employees. My aim is to communicate the senior management team's views to employees while also providing the team with employee feedback.

Emphasized the Establishment of Forward-Looking Frameworks in Fiscal 2019

At present, we are in the middle of crafting a new business model that reaches beyond conventional marine transport. These efforts are based on a management vision calling on us to "Become a Group of Business Units with No. 1 Competitiveness in Respective Areas." A new personnel system was introduced in fiscal 2018 and a system for proposing new businesses began in fiscal 2019. These are some examples of frameworks set up to match MOL's new business model and to realize the aforementioned management vision.

One reason for creating the new personnel system was to diversify the range of careers we offer. This diversification is essential because the types of personnel that the Group needs are changing as it operates in a greater number of fields and regions and its business formats become more complex. Diversification of our career menu is also important because the attitudes of employees to careers are evolving in step with changes in social conditions and the job market. The new personnel system will help employees to make the most out of their abilities while

respecting the priorities of each individual, thereby enabling them to develop their careers in an effective, self-directed manner. At the same time, the development of a workforce comprising personnel with diverse careers will enable each business division to acquire the human resources it needs.

Further, the system for proposing new businesses is expected to contribute significantly to the construction of a new business model. An emphasis on minimizing the risk associated with employee behavior has become part of our culture due to the nature of our mainstay marine transport business, where ensuring safe operations is the first priority. When a company is creating new businesses and venturing into new business fields, however, it should place greater emphasis on speed and appetite for challenges and permit a certain amount of risk taking. "Challenge" is the first of the MOL CHART values. With this in mind, I want to reawaken and foster the DNA that has helped us to take on ambitious challenges and succeed.

Using Fiscal 2019 Achievements as the Basis for Further Evolution of Initiatives

In fiscal 2019, we introduced a variety of systems. For all of these, high-quality management will be the key to their success. Accordingly, we will take steps to further refine the new systems by amending each of them so that it functions even more effectively. In conjunction with these steps, we will evolve talent management so that it better reflects the attributes of each individual, including their skills and values. In addition, plans call for the establishment of KPIs for diversity and other aspects of operations.

The large number of our employees who display a truly unstinting, committed attitude to their work gives me a sense of pride as the executive officer responsible for the Human Resources Division. In creating conditions more conducive to employees realizing their ideas and potential, there is no silver bullet. Rather, by implementing an array of measures under a cohesive plan, I want to enable growth among our precious employees and enhancement of the MOL Group's corporate value.

Our human resources strategy will support a new MOL that reaches beyond conventional marine transport.

Junko Moro

Executive Officer
Responsible for Diversity
Promotion and the Human
Resources Division

A Tripartite Discussion on Corporate Governance

The outlook for the global economy remains uncertain due to the COVID-19 pandemic. Given the significant effect that the pandemic is also having on the marine transport industry's business environment, how is the MOL Group tackling near-term challenges? How will the Group advance governance to ensure sustained growth both during and after the pandemic? To consider such questions, Outside Director Masaru Onishi, Representative Director and Executive Vice President Executive Officer Takeshi Hashimoto, and Representative Director and Executive Vice President Executive Officer Akihiko Ono held a tripartite discussion in May 2020.

Masaru Onishi

Outside Director

Takeshi Hashimoto

Representative Director,
Executive Vice President
Executive Officer

Akihiko Ono

Representative Director,
Executive Vice President
Executive Officer

Response to the COVID-19 Pandemic and Business Environment Changes

Ono As well as having a major impact on the global economy and our business activities, the worldwide COVID-19 pandemic is a matter of life and death. Even in such a situation, the MOL Group's mission is to continue providing stable transport services as these are essential to the world's logistics. To enable us to continue business operations while preventing employees working on land and at sea from becoming infected, in February 2020 we launched the COVID-19 Countermeasures Taskforce. As someone who oversees corporate divisions, I lead the taskforce. We have been deliberating and implementing countermeasures through the taskforce.

Onishi I have seen up close how the MOL team—from senior management to employees in frontline operations—has promptly discussed and implemented countermeasures in response to the COVID-19 pandemic and how the team is currently continuing to make various improvements in the measures. That said, in this type of emergency, situations always arise that were not previously envisioned. Recounting the 2011 Great East Japan Earthquake, the former top official of the Tohoku Regional Bureau of the Ministry of Land, Infrastructure, Transport and Tourism, who was involved in the frontline response to the disaster, commented that, "Only the things prepared in advance were useful. By themselves, however, the things prepared in advance were insufficient." In other words, there is no such thing as being perfectly prepared. For this reason, MOL must draw on its recent experiences to enhance preparations for the future even further. Aside from measures dealing with immediate issues, MOL also advanced discussions on revising the management plan.

Ono Yes, that's right. During fiscal 2019, we held extensive discussions on the fiscal 2020 management plan. By March 2020, we were close to fixing priority targets and strategies. However, recognizing that the subsequent spread of COVID-19 was likely to completely transform society and the business environment, we concluded that the management plan needed to be fundamentally reformulated. We resolved to create a revised roadmap showing how MOL should proceed both during and after the COVID-19 pandemic.

Hashimoto In April 2020, we established the Rolling Plan Special Committee as a venue for revamping and making decisions on the management plan. As my responsibility is to preside over business divisions, I chaired the new committee. Our business environment had changed dramatically not only due to the pandemic but also because of a significant drop in the price of crude oil in March. However, the degrees to which and the ways in which these changes affected respective business segments were different. At the outset, the committee conducted an all-out effort focused on ascertaining the situation. In addition to conducting detailed analysis of individual business segments, committee members devoted a great deal of time to analyzing medium- to long-term mega-trends, which is essential for the establishment of business strategies.

Onishi Although we have experienced the global recession triggered by the collapse of Lehman Brothers in 2008, the effect on the real economy of the current crisis spread much more rapidly than then. I believe that in response to this huge, simultaneous impact that occurred worldwide, MOL took correct steps. The Company did not just implement immediate measures

for operational risks but also made a quick decision to revise management strategy. Moreover, these matters were discussed separately due to their totally different time frames.

Risk Management Befitting a New MOL

Hashimoto In recent years, the MOL Group has advanced business strategies aimed at converting its business portfolio by concentrating the investment of management resources on fields that both enable the Group to use its strengths to achieve differentiation and to generate stable profit. In the process of developing and implementing these strategies, I feel that common in-house criteria for risks that should be taken, and risks that should be avoided have become entrenched. Risks always accompany business investments. However, a culture of thoroughly discussing the minute details of these risks—such as their root causes, their probability of actualization, and our ability to cope with worst-case scenarios—has become firmly established throughout the Group. Inevitably, market conditions affect the performance of marine transport companies to some extent. Nonetheless, if we can base decisions on reasonable overviews of the correlation between our coping abilities and the risks that should be taken, we will be able to succeed more often than we fail.

Ono In the past, we gave weight to investment recovery ratio and return on investment (ROI) when evaluating investment propositions. However, as we are currently engaged in business fields beyond the traditional marine transport industry, we have added internal rate of return (IRR) and return on risk (ROR) as important indicators for investment evaluation and

At MOL, senior management shares a clear understanding of the Company's cause, in other words, for what MOL exists. This, in my view, is their most commendable attribute.

Masaru Onishi

Mr. Onishi was appointed as an outside director of MOL in June 2019. In 1978, he joined Japan Airlines Co., Ltd., where ultimately he was given overall responsibility for maintenance and safety. He has deep insight based on his experience as a corporate manager at the highest levels, which includes serving at Japan Airlines as representative director and president between 2011 and 2012, as representative director and chairman between 2012 and 2014, and as director and chairman between 2014 and 2018.



First and foremost, we must take defensive measures based on a correct understanding of the situation. However, advancing aggressive measures in anticipation of conditions both during and after the COVID-19 pandemic is also vital.

Takeshi Hashimoto

Mr. Hashimoto became a MOL representative director and executive vice president executive officer in April 2019. After joining MOL in 1982, he spent a large part of his career engaged in the LNG carriers and offshore businesses. Currently, as an executive vice president executive officer he is responsible for overall management, presiding primarily over the business divisions.

conduct multifaceted management of investments accordingly. Looking back over the history of the industry, almost all marine transport companies' management failures have resulted from excessive investment during favorable market conditions. To avoid repeating such mistakes, we have constructed a system that stipulates the total amount of risk that the entire Group can tolerate and then controls the amount of risk that it actually takes. Further, in the past two or three years we have developed an improved system for decisions on individual investments that enables evaluation of risk and return in a way that is consistent with macro-level management of total risk. Through these systems, I believe that we are finally arriving at a desirable form of risk control that simultaneously enables safety and boldness.

Onishi At the time of my appointment as an outside director, I honestly felt that MOL was avoiding business risk too much. This was because when senior management was analyzing the risk and return of a new investment proposition, discussions tended to veer toward envisioning worst-case scenarios. Over the year since I was appointed, however, I feel that I have at last come to understand MOL's approach to risk. I now see that senior management's goal is to achieve a robust corporate structure first of all and to give priority to disciplined business management suited to MOL's current growth phase.

Hashimoto Having the ability to take both defensive and aggressive measures appropriately is, as you said, the ideal state of any truly robust entity. We have rebuilt our risk control system and taken measures to reduce our exposure to market conditions precisely because of the success in the 2000s and subsequent failure that we experienced. That said, it is important to make sure the experience of failure is not holding us back unduly.

Onishi As Mr. Ono pointed out, the Company has made a good deal of progress in visualizing indicators, and backing up proposals with figures is indispensable. On the other hand, if it was possible to evaluate all corporate activities by quantifying them, business executives would not be needed. In my opinion, the greatest asset of MOL's management decision-making process is that senior management shares a clear understanding of the Company's cause, in other words, for what MOL exists. When determining the direction in which a company should proceed, it is important for the senior management teams to think deeply about how each direction relates to the company's unique existential value and social mission. Thanks to the corporate culture MOL has fostered, when senior management is deciding to embark upon a new business, members state why the Group should be engaged in the business and how it relates to the Group's cause and the matter is thoroughly discussed at Board of Directors' meetings. I think this is an excellent state of affairs.

The Constant Evolution of Governance

Onishi As a member of the advisory committees for nomination and remuneration, I believe that the greatest advance related to governance in fiscal 2019 was the establishment of a succession plan for the president. We held discussions that focused on three points: the credentials that a president of MOL should have, the establishment of a selection process, and ways of fostering candidates. I take pride in the fact that we have created one of the most progressive systems of its kind among Japanese companies. In addition, from fiscal 2019 we revamped systems so that outside Audit & Supervisory Board members were able to be non-voting participants in the advisory committees. This contributed greatly to the liveliness of discussions.

Hashimoto I also feel that discussions at meetings of the Board of Directors, the Executive Committee, and respective committees have become livelier. Aiming to arrive at better conclusions, participants exchange opinions that are franker and more heated than before.

Ono The Board of Directors really has evolved to become more and more dynamic. The points that

outside directors and outside Audit & Supervisory Board members make are quite critical on occasion, giving all of our discussions a healthy tension.

Onishi In fiscal 2019, we concentrated on preparing the succession plan, and now I want to begin reforming the directors' compensation system in fiscal 2020. Previously, MOL was a progressive company with respect to the development of governance systems. For example, it was one of the first to introduce a stock option system. However, given the further acceleration of discussions throughout society about optimal compensation systems as well as the changes in MOL's business fields in recent years, I think there is scope for changes that make the compensation more appropriate. Particularly important points for discussion are how to effectively incorporate long-term incentives into the compensation system and the proportion of fixed compensation and short-term and long-term incentives. While we have only just begun discussing the matter, over the next year or two I would like to establish systems that provide foundations suitable for the enhancement of MOL's corporate value over the medium to long term.

Thanks to our reforms in recent years, I believe that we are finally arriving at a desirable form of risk control that simultaneously enables safety and boldness.

Akihiko Ono

Mr. Ono was appointed as a MOL representative director and executive vice president executive officer in April 2020. He joined MOL in 1983 and served for many years in the Corporate Planning Division and the Containership segment. Currently, as an executive vice president executive officer he is responsible for overall management, presiding primarily over the corporate divisions.



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

[As of June 30, 2020]



Junichiro Ikeda

Representative Director
Born 1956

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 (to present)



Takeshi Hashimoto

Representative Director
Born 1957

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 (to present)



Akihiko Ono

Representative Director
Born 1959

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



Etsuko Katsu

Outside Director (Independent Officer)

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



Masaru Onishi

Outside Director (Independent Officer)

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)
Oct. 2018 Advisor, Mitsubishi Heavy Industries, Ltd. (to present)
Jun. 2019 Outside Director, Teijin Limited (to present)
Jun. 2019 Outside Director, Mitsui O.S.K. Lines, Ltd. (to present)



Kenji Jitsu

Audit & Supervisory Board Member
Born 1960

Apr. 1984 Joined Mitsui O.S.K. Lines, Ltd.
Jun. 2009 General Manager of CSR and Environment Office, Corporate Planning Division
Jun. 2013 General Manager of Investor Relations Office
Jun. 2015 General Manager of Accounting Division
Jun. 2017 Audit & Supervisory Board Member, Mitsui O.S.K. Lines, Ltd. (to present)



Takashi Maruyama

Representative Director
Born 1959

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



Toshiaki Tanaka

Director
Born 1960

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 (to present)



Hideto Fujii

Outside Director (Independent Officer)

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



Toshiaki Takeda

Audit & Supervisory Board Member
Born 1964

Apr. 1986 Joined Mitsui O.S.K. Lines, Ltd.
Jun. 2015 General Manager of General Affairs Division
Apr. 2018 General Manager of Secretaries & General Affairs Division
Jun. 2019 Audit & Supervisory Board Member, Mitsui O.S.K. Lines, Ltd. (to present)



Hideki Yamashita

Outside Audit & Supervisory Board Member (Independent Officer)

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



Junko Imura

Outside Audit & Supervisory Board Member (Independent Officer)

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

Executive Officers

Junichiro Ikeda

President, Chief Executive Officer

Takeshi Hashimoto

Executive Vice President Executive Officer

Assistant to President Executive Officer (Mainly for business divisions), Supervisor for Human Resources Division, Responsible for; Europe and Africa Area

Akihiko Ono

Executive Vice President Executive Officer

Assistant to President (Mainly for corporate divisions), Chief Compliance Officer, Chief Information Officer, Deputy Director General, Safety Operations Headquarters, Deputy Director General, Technology Innovation Unit, Responsible for; Regional Strategy for Japan, The Americas Area, Refreshing Organization, Enhancing Group Management, Secretaries & General Affairs Division, MOL Information Systems, Ltd.

Takashi Maruyama

Senior Managing Executive Officer

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

Yoshikazu Kawagoe

Senior Managing Executive Officer

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

Koichi Yashima

Senior Managing Executive Officer

Responsible for; Asia, the Middle East and Oceania Area, Managing Director of MOL (Asia Oceania) Pte. Ltd.

Toshiaki Tanaka

Managing Executive Officer

Chief Environment and Sustainability Officer, Director General, Dry Bulk Business Unit, Responsible for; Dry Bulk Business Planning & Co-ordination Division, Secondly Responsible for Corporate Planning Division (Mainly for Environment Strategy and Sustainability Promotion)

Masanori Kato

Managing Executive Officer

Chief Safety Officer, Director General, Safety Operations Headquarters, Responsible for; Human Resources Division, Marine Safety Division, Secondly Responsible for Smart Shipping Division

Kenta Matsuzaka

Managing Executive Officer

Director General, Energy Transport Business Unit, Responsible for; Energy Business Strategy Division, LNG Carrier Division, LNG Marine Technical & Ship Management Strategy Division

Masato Koike

Managing Executive Officer

Deputy Director General, Energy Transport Business Unit, Responsible for; Bunker Business Division, Tanker Division

Yutaka Hinooka

Managing Executive Officer

Director General, Product Transport Business Unit, Responsible for; Port Projects & Logistics Business Division

Toshinobu Shinoda

Managing Executive Officer

Chief Communication Officer, Responsible for; Corporate Planning Division, Corporate Communication Division

Hirofumi Kuwata

Managing Executive Officer

Deputy Director General, Dry Bulk Business Unit, Deputy Director General, Energy Transport Business Unit, Responsible for; Steaming Coal & Renewable Energy Project Division, Ferry and Associated Business Division (Except for Ferries and Coastal RoRo Business)

Nobuo Shiotsu

Executive Officer

Deputy Director General, Dry Bulk Business Unit, Responsible for; Work Efficiency Improvement, Iron Ore and Coal Carrier Division

Atsushi Igaki

Executive Officer

Deputy Director General, Product Transport Business Unit, Responsible for; Ferry and Associated Business Division (Ferries and Coastal RoRo Business)

Hiroyuki Nakano

Executive Officer

Deputy Director General, Energy Transport Business Unit, Responsible for; Offshore Gas Project Division, Offshore Project Division

Hirotooshi Ushioku

Executive Officer

Deputy Director General, Product Transport Business Unit, Responsible for; Car Carrier Division

Kazuhiko Kikuchi

Executive Officer

Deputy Director General, Dry Bulk Business Unit, Responsible for; Bulk Carrier Division, Wood Chip Carrier Division

Junko Moro

Executive Officer

Responsible for; Diversity Promotion, Human Resources Division

Mitsuru Endo

Executive Officer

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

Osamu Sakurada

Executive Officer

General Manager of Port Projects & Logistics Business Division

Akira Sasa

Executive Officer

Deputy Director General, Energy Transport Business Unit, Secondly Responsible for Tanker Division (Mainly for Product Tanker and Chemical Tanker Business)

Ryusuke Kimura

Executive Officer

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

Kyoya Nitta

Executive Officer

General Manager of Offshore Gas Project Division

Corporate Governance

Corporate Governance for Sustainable Growth and Enhancement of Corporate Value

MOL greatly shored up its management structure around 2000. Taking a lead position among Japanese companies at that time, MOL established an advanced and highly transparent corporate governance structure by, for example, inviting outside directors and introducing an executive officer system. The business environment surrounding the marine transport business and its risk factors change rapidly. In order to navigate through such a difficult situation, we must accurately grasp our business environment, always confront risks appropriately, and effectively utilize management resources in a

careful balance of offense and defense. We believe that the essentials of corporate governance are fostering sustainable growth and increasing corporate value by making decisions swiftly and boldly, guided by appropriate risk management, while ensuring the transparency and fairness of management and carefully considering the viewpoints of our diverse stakeholders. Based on this belief, we will make continuous efforts to promote our level of corporate governance.

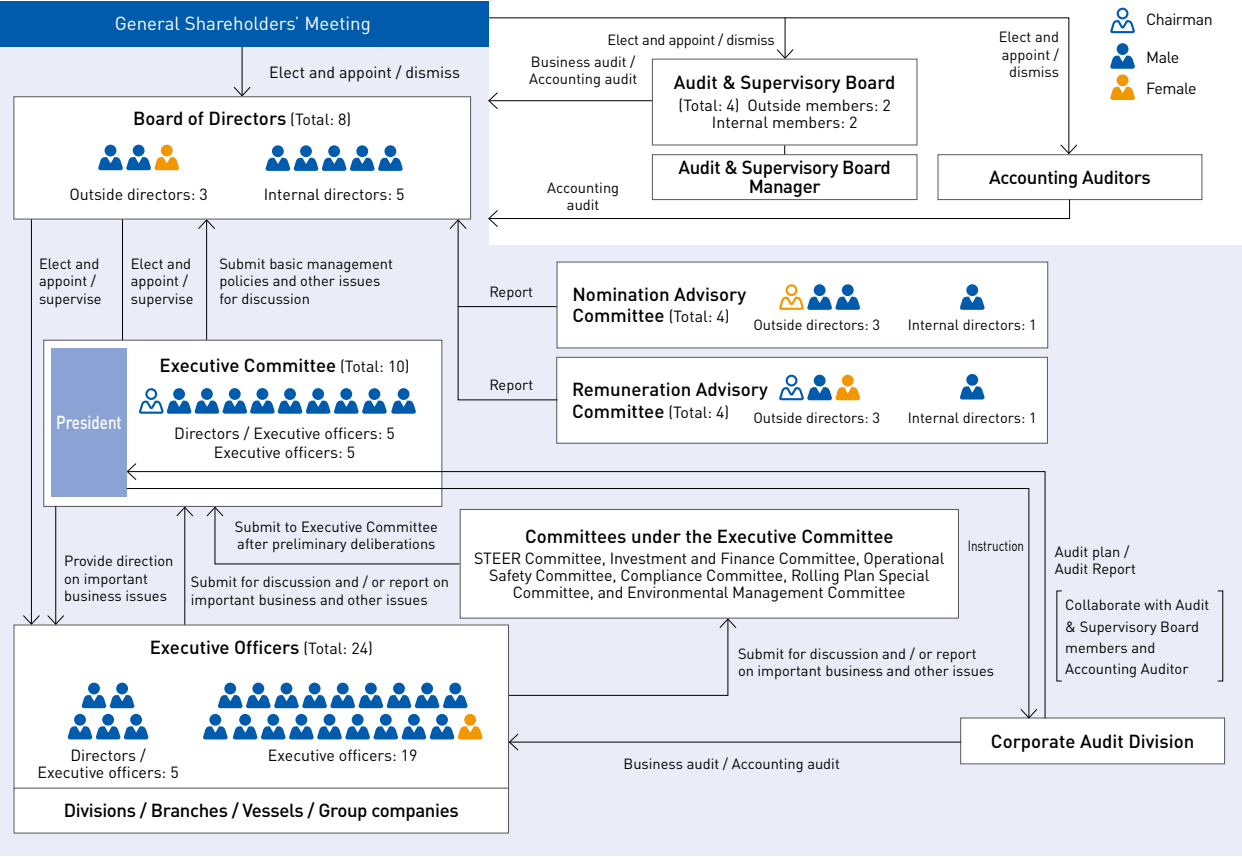
Governance Summary (As of June 30, 2020)

Our Key Progresses in 2019		• Formulation of a President and CEO succession plan • Participation of outside Audit & Supervisory Board members on the Nomination Advisory Committee and the Remuneration Advisory Committee as non-voting members • Reduction of strategic shareholdings	
Governance System Company with an Audit & Supervisory Board	Total Directors 8 Including outside directors (ratio) 3 (37.5%)	Total Audit & Supervisory Board Members 4 Including outside members (ratio) 2 (50%)	Independent Officers (Directors and Audit & Supervisory Board Members) 5
Percentage of Female Directors 12.5% (1 out of 8)	Number of Board Meetings Held 10 (Fiscal 2019)	Attendance Rate of Outside Directors for Board Meetings 100% (Fiscal 2019)	Term of Directors 1 year
Nomination Advisory Committee Chair of committee: Etsuko Katsu (outside director) Number of members: 4 Percentage of outside directors: 75% Number of meetings: 6 (Fiscal 2019)		Remuneration Advisory Committee Chair of committee: Masaru Onishi (outside director) Number of members: 4 Percentage of outside directors: 75% Number of meetings: 5 (Fiscal 2019)	
Performance-Based Compensation Yes	Stock Option System Yes	Retirement Benefit System No	
President Succession Plan Yes	Strategic Shareholdings as a Percentage of Net Assets 8.0% (including unlisted stocks) (as of March 31, 2020)	Anti-Takeover Measures No	

Corporate Governance Structure

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

Corporate Governance Organization (As of June 23, 2020)



Major Organizations

Name	Details
Board of Directors	As the Company's highest-ranking decision-making body, the Board of Directors discusses and decides on basic policies and the most important matters connected with MOL Group management. At MOL, out of the three hours scheduled for every Board of Directors' meeting, one hour is allotted to "Deliberation on Corporate Strategy and Vision." For this deliberation, a theme is selected related to our management strategy, long-term vision, or management in general, providing the opportunity for free exchange of opinions including outside directors and outside Audit & Supervisory Board members. Since fiscal 2018, we have also held "Board Member Discussion Sessions" at appropriate intervals following Board of Directors' meetings to facilitate the early-stage sharing and discussion of important issues that have not reached the stage of official board agenda.
Audit & Supervisory Board	The Audit & Supervisory Board draws up audit plans and reports and shares audit results. All Audit & Supervisory Board members attend meetings of the Board of Directors, and full-time members also attend Executive Committee and other committee meetings to audit the deliberation and decision-making processes. By combining the information held by the full-time members and the high level of specialized expertise of the outside members, MOL has created a system that ensures the active exercise of authority from an objective standpoint.
Nomination Advisory Committee and Remuneration Advisory Committee	Under the Board of Directors, MOL has created the Nomination Advisory Committee and the Remuneration Advisory Committee as discretionary organizations. Both committees comprise three outside directors and the Company president, chaired by an outside director. The Nomination Advisory Committee focuses on the selection and dismissal of directors and executive officers. The Remuneration Advisory Committee focuses on the remuneration of directors and executive officers, including incentives for contributing to long-term enhancement of corporate value. Each committee discusses these matters from an objective standpoint.
Executive Committee and Committees under the Executive Committee	Within the scope of the basic policy approved by the Board of Directors, MOL transfers a significant amount of authority to conduct businesses to the Executive Committee. This helps to expedite decision-making on individual matters. Six committees exist under the Executive Committee to study and deliberate particularly important matters which are brought to the Executive Committee, as well as cross-divisional propositions.

Main Agenda Items for Each Advisory Committee in Fiscal 2019

Nomination Advisory Committee (held 6 times)	Remuneration Advisory Committee (held 5 times)
President and CEO succession planning Outside Audit & Supervisory Board member participation in the Nomination Advisory Committee as non-voting members Election of directors and executive officers for fiscal 2020 and other matters	Bonus for directors for fiscal 2018 and monthly remuneration for directors for fiscal 2019 Outside Audit & Supervisory Board member participation in the Remuneration Advisory Committee as non-voting members Director and executive officer compensation plans and other matters

Main Agenda Items for the Board of Directors' "Deliberation on Corporate Strategy and Vision" in Fiscal 2019

Month	Agenda	Month	Agenda
July	LNG carrier business strategy	December	Latent customer needs and digitalization
September	ICT strategy	January	MOL's Corporate Principles
October	Direction of Rolling Plan 2020	February	Overall summary of Rolling Plan 2020

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

The MOL Group has set up the Nomination Advisory Committee in order to improve objectivity and transparency in selection procedures for directors and Audit & Supervisory Board members and also to strengthen accountability. The committee selects the candidates based on its set of standards and submits a report to the Board of Directors. From fiscal 2019, outside Audit & Supervisory Board members also began attending committee meetings as non-voting members so they could understand the deliberation process and express their opinions.

The Board of Directors nominates the candidate directors and Audit & Supervisory Board members, taking into account reports submitted by the Nomination Advisory Committee. Candidates for Audit & Supervisory Board members are submitted to the Board of Directors after gaining the consent of the Audit & Supervisory Board.

Standards for appointing directors

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

Standards for appointing Audit & Supervisory Board members

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

Expected Expertise and Attributes for Directors

	Corporate management	Finance	Strategy and marketing	Global business	Risk management and compliance	ESG	Government agency or research institution
Internal	Junichiro Ikeda Representative Director	●	●	●	●		
	Takeshi Hashimoto Representative Director	●	●	●	●		
	Akihiko Ono Representative Director		●	●	●	●	
	Takashi Maruyama Representative Director		●		●	●	
Outside	Toshiaki Tanaka Director		●	●		●	
	Hideto Fujii Outside Director (Independent Officer)		●			●	●
	Etsuko Katsu Outside Director (Independent Officer)		●			●	●
	Masaru Onishi Outside Director (Independent Officer)	●		●	●		

Up to four areas of particularly expected expertise for the respective director.
(The chart above does not indicate all the knowledge or expertise each director possesses.)

President and CEO Succession Plan

To appoint a president and CEO (hereinafter referred to as the "president") who is eligible for the company in a timely and appropriate manner, MOL has formulated a succession plan for the president that contains requirements, the appointment procedures, and a cultivation plan for

successor candidates. The Nomination Advisory Committee will deliberate on a plan for the next president (including the re-appointment and dismissal of the incumbent president) based on the succession plan and submit it to the Board of Directors.

Assessment of Board of Directors’ Effectiveness

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

Conducting Effectiveness Assessments

Schedule

Overview explanation of the procedure to directors: Late April (at a Board of Directors’ meeting)

Implementation of questionnaire: Early May

Deliberations based on questionnaire results: Late May

Main Items in the Self-Evaluation Questionnaire

- Composition of the Board of Directors
- Quality of discussions and appropriateness of risk management
- Effectiveness of discussions pertaining to management plan
- Management of “Deliberation on Corporate Strategy and Vision”

Assessment Results in Fiscal 2019

After an assessment, it was concluded that the Board of Directors was composed appropriately and operated with a sufficient level of effectiveness. In particular for fiscal 2019, newly introduced summary sheets that organize the outlines and issues of agenda items further enhanced the productivity of discussions. The “Board Member Discussion Sessions” introduced in fiscal 2018 have become an established practice, and were highly acclaimed to have facilitated early-stage sharing and discussion of important issues that had not yet reached the board agenda. To further enhance effectiveness, there were some constructive opinions on which agenda items to take up and their time allocation. Opinions were also raised on the importance of focused discussions on medium- to long-term strategies corresponding to changes to the business environment due to COVID-19 and global economic trends

Number of Agenda Items and Average Deliberation Time at Board of Directors’ Meetings

(Number of agenda items)

(Minutes)

By narrowing down the number of items to be discussed at meetings, we increased deliberation time per item.

	FY2017	FY2018	FY2019
Number of agenda items resolved (left)	61	56	43
Average deliberation time per agenda item (right)	6.7	6.8	8.2

Directions for Fiscal 2020

Taking into consideration the issues recognized during the fiscal 2019 assessment, in the next fiscal year the Board of Directors will work on improvements in three areas aiming to further enhance its effectiveness. These areas are (1) prioritizing agenda items to be discussed at Board of Directors’ meetings, (2) reviewing the meeting outlines (number of meetings and their duration), and (3) inventing ways to make discussions more effective, such as organizing points of issues and improving explanation methods.

Initiatives to Ensure the Functions of Outside Directors and Outside Audit & Supervisory Board Members	
Support systems	Examples of activities of outside directors and outside Audit & Supervisory Board members (Fiscal 2019)
<ul style="list-style-type: none">Providing orientations on MOL Group’s business at the time of assuming officePrior explanation by documents or meeting on the Board of Director agenda items before each meeting	<ul style="list-style-type: none">Lectures and discussions at training sessions for executive officers, liaison meetings of group Audit & Supervisory Board members, etc.Attendance at the long-service award and family day event for Filipino seafarers (the Philippines)On-site visits to MOL-operated vessels as part of MOL’s safety operation campaignObservation of MOL Group companies’ operation
and others	

Policy on Strategic Shareholdings

MOL holds shares in companies with which it has important business relationships and close cooperative relationships, including business alliances, for the purpose of enhancing the growth and corporate value of the company over the medium to long term by maintaining and strengthening these relationships. For the shares held by the Company, the rationality of holding them, such as the adequacy of the purpose and the profitability in light of the cost of capital, are reported to the Board of Directors individually every year. Following a comprehensive verification, shares that do not have adequate reasons to be kept are gradually reduced. As the result of the reduction of shares under this policy, the ratio of strategic shareholdings to net assets* had been reduced to 8.0% (7.0% if only listed stocks are counted) as of March 31, 2020.

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

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

Director Compensation
Basic Policy on Design of the Remuneration System
<ul style="list-style-type: none">The remuneration system shall give incentives for improving corporate value sustainably.Remuneration shall be at a sufficient level for securing human resources, with reference to companies in the same industry or companies of the similar size.The system shall be linked with business performance giving incentives for reaching performance goals, and achievement rate on the Company’s strategic items shall be evaluated qualitatively.Remuneration shall employ objective and transparent procedures, drawing on decisions made by the Board of Directors based on the findings of the Remuneration Advisory Committee, the majority of which consists of outside directors, chaired by an outside director.

Composition of Remuneration

Remuneration for MOL’s directors consists of fixed monthly remuneration, performance-based cash bonus, and stock options. The composition ratio below is for a model case based on the assumption that the target of around ¥80.0 to ¥100.0 billion in ordinary profit is achieved.

Item	Component	Composition ratio	Details
Fixed Remuneration	Monthly Remuneration	65%	<ul style="list-style-type: none">An amount of remuneration is determined for each director depending on their responsibilities.A fixed amount is paid monthly in cash.
Variable Remuneration	Performance-Based Compensation (Bonuses)	30%	<ul style="list-style-type: none">The level of performance of the entire Company’s business results is determined based on achievement of performance goals set forth in the management plan, in consideration of dividend payout ratios and qualitative achievement of goals.Bonus is determined by the base amount for each position according to the level of performance of the entire Company’s business results, and additional individual compensation depending on the results of a division in charge. (No lower limits)A variable amount is paid in cash every June.
	Stock Options	5%	<ul style="list-style-type: none">Aims to give incentives for sustainably improving corporate value and sharing value with shareholders even furtherThe exercise period is from the day marking two years past the grant date to the day marking 10 years past the grant date.Provided every August based on the position of each director

Indicators for Performance-Based Compensation (Bonuses)

<Financial Indicator>	<Performance Indicator by Division>	<Qualitative Indicator>
<ul style="list-style-type: none">Consolidated ordinary profit (loss)Profit (loss) attributable to owners of parentDividend payout ratio	<ul style="list-style-type: none">Level of achievement of the budget set at the beginning of the fiscal yearCapital efficiency ratio	Achievement of specific measures for the following strategic items is considered*. (1) Concentrated investment of management resources in the business fields where MOL has strengths, which will mainly be offshore businesses (2) Provision of stress-free services which MOL will provide from the customer’s perspective (3) Promotion of environmental strategy and development of the emission-free business into a core business
* For details, please refer to the overview and state of progress on Rolling Plan 2020 on pages 18 to 21.		

The Board of Directors and the Remuneration Advisory Committee engaged in deliberation a total of three times with regard to bonuses for fiscal 2019 and monthly remuneration for fiscal 2020. In fiscal 2019, ordinary profit and profit attributable to owners of parent substantially surpassed the previous fiscal year’s levels and the annual dividend per share was increased year on year. This performance was sufficient to consider

paying the directors increased bonuses than in the previous fiscal year. However, with the global economy entering a sharp downturn due to the spread of COVID-19, cargo volumes have stalled and shrunk, making the outlook extremely uncertain. Given these circumstances, for fiscal 2019 the company paid directors 0.5 months’ remuneration as a bonus.

Compensation for Audit & Supervisory Board Members

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

Compensation for Directors and Audit & Supervisory Board Members (Fiscal 2019)

Category	Number of people	Total remuneration, by type (millions of yen)			Total compensation (millions of yen)
		Monthly remuneration	Bonuses	Stock options	
Directors (excluding outside directors)	6	261	11	13	287
Audit & Supervisory Board members (excluding outside members)	3	64	—	—	64
Outside directors and outside Audit & Supervisory Board members	7	51	1	2	55

The abovestated amounts include compensation paid to one internal director, one internal Audit & Supervisory Board member, one outside director and one outside Audit & Supervisory Board member who stepped down during fiscal 2019.

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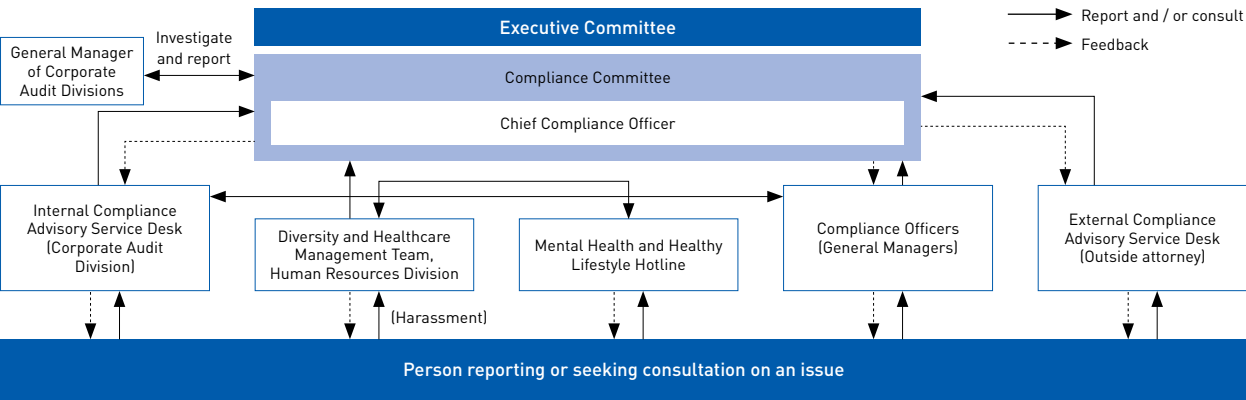
Compliance

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

Compliance Framework

In 2014, the Japan Fair Trade Commission (JFTC) found that the MOL Group had violated Article 3 of the Japanese Antimonopoly Act in certain car carrier ship-ping trades. The MOL Group has taken measures to reinforce its compliance efforts, including ongoing training, to ensure that the importance of compliance —as the major premise of all corporate activities—is

etched deeply into the minds of all executives and employees, and make it the linchpin of decisions in daily business operations. The Compliance Committee, chaired by the chief compliance officer, convenes every three months and conducts regular monitoring. Case examples are also disclosed within the Company.



Compliance Policy

The MOL Group has established a Compliance Policy as the basis for achieving compliance. Article 5 of the Policy sets down individual standards of conduct to be applied to the Company’s executives and employees as

they pertain to various stakeholders. The Policy also establishes the compliance roles and responsibilities of each organization and officer and how to deal with violations.

Compliance Advisory Service Desks

The MOL Group has established internal and external compliance advisory service desks available in Japanese and English. These service desks can be used by officers, employees, and temporary staff of MOL and its Group companies. In fiscal 2019, there were 27 reports and consultations. The external advisory service desk is entrusted to an outside attorney to run. The attorney transmits reports and consultations received to the Compliance Committee and continues to serve as a

liaison between the Company and people submitting reports or seeking consultations. Both service desks keep reports and consultations strictly confidential and ensure that personnel, including those cooperating with an investigation, are not treated unfairly. We also welcome compliance-related inquiries through our website from external parties, including customers and suppliers both domestic and international.

Initiatives to Comply with Antitrust Laws and Prevent Corruption

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

Anti-Corruption Policy	As stated in its Compliance Policy, to ensure the building of good relationships based on trust with customers and contractors, MOL established the Mitsui O.S.K. Lines’ Anti-Corruption Policy in October 2015. This policy eliminates bribery and excessive business entertaining of public servants as well as those outside the government in Japan and overseas.
E-Learning	MOL holds continuous e-learning sessions covering antitrust and competition acts, anti-corruption (anti-bribery), internal control, and ICT governance. In fiscal 2019, we had an average participation rate of 94.1% in these sessions.
Lectures for Executives and Employees	Employees are required to attend lectures on antitrust law upon reaching new position levels, and we also hold lectures on anti-bribery.
Organizational Culture Questionnaire	To engender an organizational culture with “self-cleansing” capabilities in relation to compliance violations, we conduct a biannual organizational culture questionnaire survey of our employees. Each department head uses the survey to ascertain the issues in their departments and make improvements.

Social Responsibility

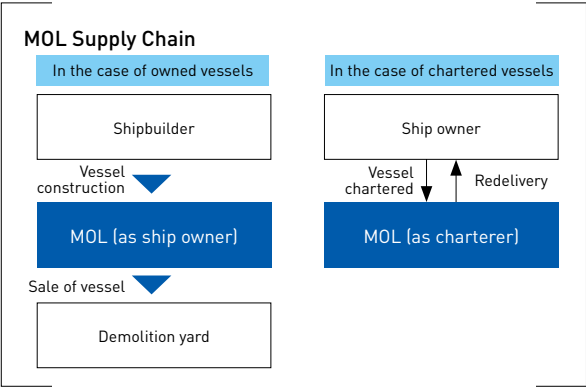
Supply Chain Management

MOL procures vessels from shipyards (owned vessels) as well as other ship owners (chartered vessels). Given that marine vessels are the lifeblood of our business, we apply the MOL Safety Standard Specifications to both owned and chartered vessels (with the exception of short-term charters) to make the equipment of all vessels under our control live up to certain standards and keep our Standard Specifications constantly updated to ensure their effectiveness. During the construction of our owned vessels, we send supervisors to the shipyard to keep a close on-site watch on building quality. These supervisors work with shipyard masters and safety management officers to check the situations of sites and identify risk factors for worker injuries and fire outbreaks, requesting improvements if necessary.

When we sell off our vessels, in cases when the buyer intends to dismantle the vessel, we bind them to use a demolition yard that has third-party certification (from ClassNK) stating that the yard meets all pre-scribed safety, environmental, and labor standards and complies with the Hong Kong International Convention for the Safe and Environmentally Sound Recycling of Ships*. We also manage the dismantling process by requiring detailed reports of the work.

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

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



MOL Group Basic Procurement Policy

The MOL Group procures goods and/or services in accordance with the following basic policy:

1. We comply with applicable laws, regulations and social norms, and pay due consideration to the protection of the environment.
2. We procure goods and/or services, including the delivery or execution of such goods and/or services, that meet high safety standards.
3. We conduct fair trade, and endeavor to establish trusting relationships with contractors.

We work to make sure that our contractors understand our Basic Procurement Policy, with the aim of contributing toward the realization of sustainable societies together.

* The convention was adopted by the IMO in May 2009 to ensure the safe and environmentally sound recycling of ships. As of August 2020, the convention has not yet gone into effect as it is still in the process of being ratified by some countries. The convention requires vessels to prepare, record, and update inventory lists showing the quantity and location of hazardous materials within the ship’s structure. It also establishes the conditions required of ship recycling facilities (demolition yards). Ahead of the convention’s enforcement, MOL has already established rules for demolition yard selection pursuant to the convention.

Human Rights

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

Initiatives to Safeguard the Human Rights of Our Crews

MOL adheres to the four fundamental rights of seafarers stipulated under the Maritime Labour Convention 2016: (1) freedom of association and the effective recognition of the right to collective bargaining; (2) the elimination of all forms of forced or compulsory labor; (3) the effective abolition of child labor; and (4) the elimination of discrimination in respect of employment and occupation. Our internal maritime compliance policy also prohibits discrimination and establishes procedures for dealing with complaints about harassment.

Awareness Campaigns

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

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

Financial and Non-Financial Highlights

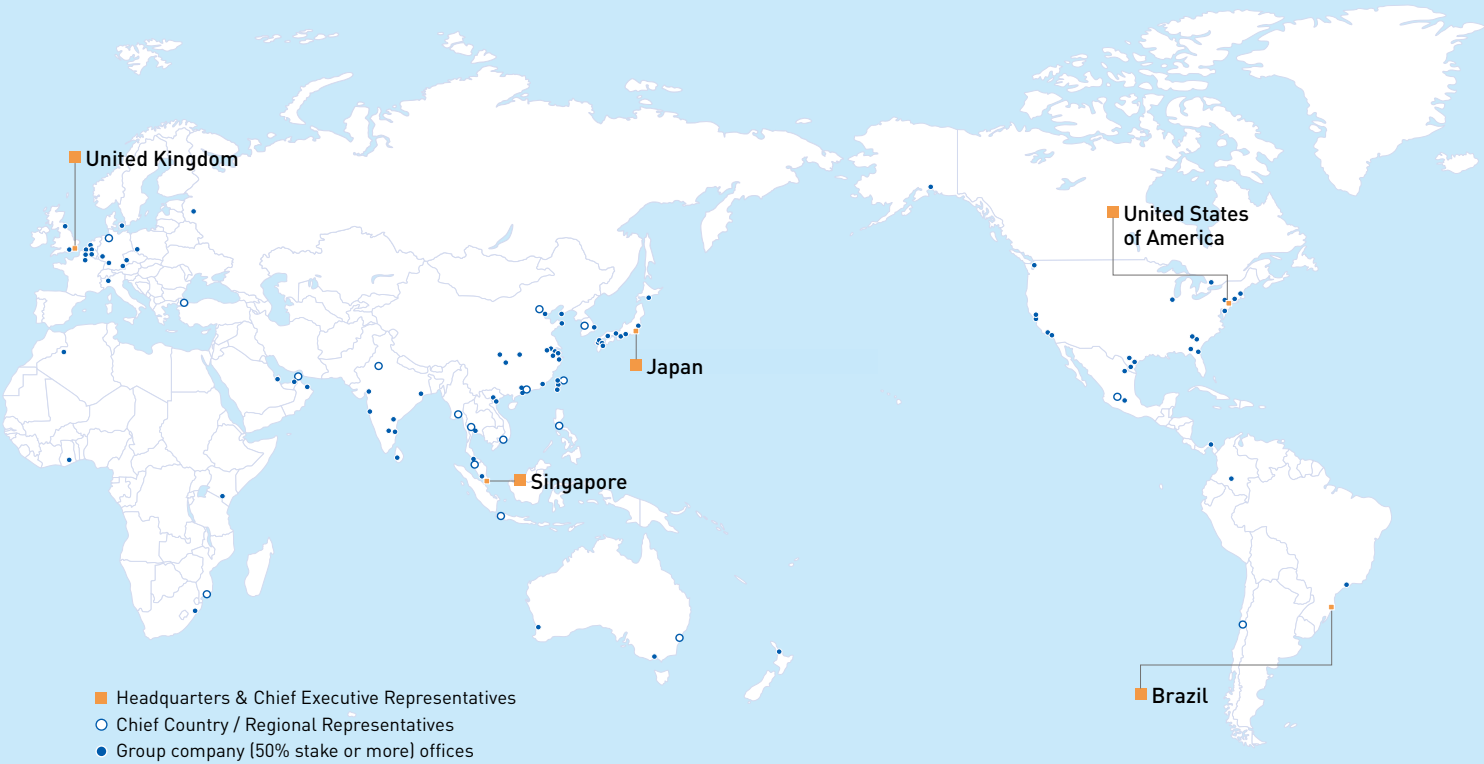
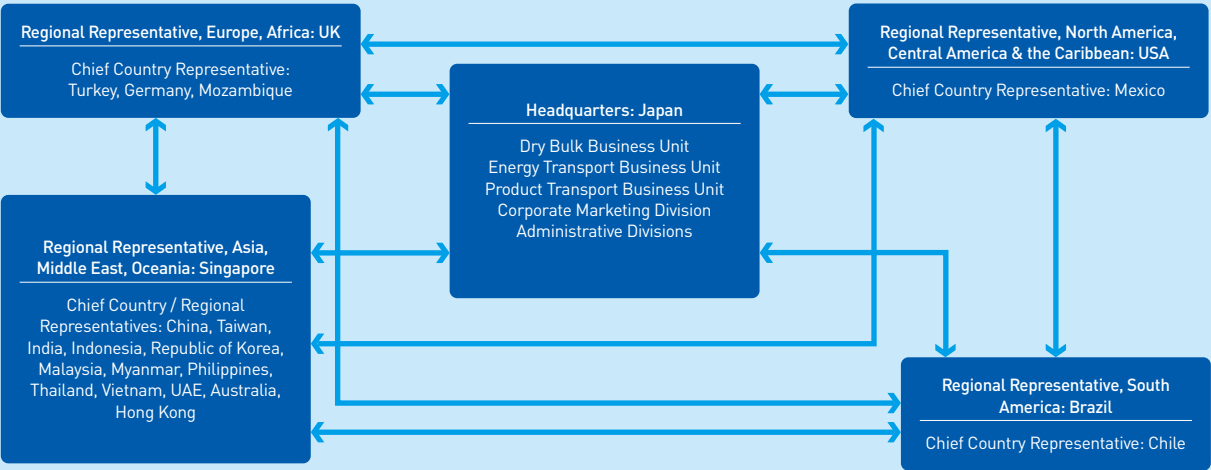
(Millions of yen)

	MOL ADVANCE	GEAR UP! MOL				RISE 2013	STEER FOR 2020				ROLLING PLAN		
	2010/3	2011/3	2012/3	2013/3		2014/3	2015/3	2016/3	2017/3	2018/3	2019/3	2020/3	
For the year													
Shipping and other revenues	¥1,347,964	¥1,543,660	¥1,435,220	¥1,509,194		¥1,729,452	¥1,817,069	¥1,712,222	¥1,504,373	¥1,652,393	¥1,234,077	¥1,155,404	
Shipping and other expenses	1,228,478	1,328,959	1,368,794	1,432,014		1,587,902	1,683,795	1,594,568	1,388,264	1,513,736	1,094,915	1,035,771	
Selling, general and administrative expenses	98,546	91,300	90,885	92,946		100,458	116,024	115,330	113,551	115,972	101,442	95,852	
Operating profit (loss)	20,939	123,400	(24,459)	(15,766)		41,092	17,249	2,323	2,558	22,684	37,718	23,779	
Ordinary profit (loss)	24,234	121,621	(24,320)	(28,568)		54,985	51,330	36,267	25,426	31,473	38,574	55,090	
Income (loss) before income taxes and non-controlling interests	27,776	95,366	(33,516)	(137,938)		71,710	58,332	(154,385)	23,303	(28,709)	46,778	47,130	
Profit (loss) attributable to owners of parent	12,722	58,277	(26,009)	(178,846)		57,393	42,356	(170,447)	5,257	(47,380)	26,875	32,623	
Free cash flow [(a) + (b)]	(40,055)	46,970	(129,298)	(25,285)		(25,615)	(66,656)	182,508	(56,318)	(2,471)	(143,093)	(6,527)	
Cash flows from operating activities (a)	93,428	181,755	5,014	78,955		94,255	92,494	209,189	17,623	98,380	55,248	100,723	
Cash flows from investing activities (b)	(133,483)	(134,785)	(134,312)	(104,240)		(119,870)	(159,150)	(26,681)	(73,941)	(100,851)	(198,341)	(107,250)	
Depreciation and amortization	88,366	77,445	85,624	94,685		83,983	87,803	92,771	87,190	86,629	90,138	87,765	
At year-end													
Total assets	¥1,861,312	¥1,868,740	¥1,946,161	¥2,164,611		¥2,364,695	¥2,624,049	¥2,219,587	¥2,217,528	¥2,225,096	¥2,134,477	¥2,098,717	
Total tangible fixed assets	1,209,175	1,257,823	1,293,802	1,303,967		1,379,244	1,498,028	1,376,431	1,323,665	1,290,929	1,193,910	1,201,698	
Interest-bearing debt	775,114	724,259	869,619	1,046,865		1,094,081	1,183,401	1,044,980	1,122,400	1,118,089	1,105,873	1,096,685	
Net assets	735,702	740,247	717,909	619,492		783,549	892,435	646,924	683,621	628,044	651,607	641,235	
Shareholders' equity	659,508	660,795	637,422	535,422		679,160	782,556	540,951	571,983	511,242	525,064	513,335	
Amounts per share of common stock*1													
Profit (loss) attributable to owners of parent (Yen)	¥ 106.30	¥ 487.50	¥ (217.60)	¥(1,495.70)		¥ 479.90	¥ 354.20	¥(1,425.00)	¥ 43.95	¥ (396.16)	¥ 224.72	¥ 272.79	
Net assets (Yen)	5,517.01	5,528.30	5,332.70	4,477.60		5,679.00	6,542.60	4,522.80	4,782.25	4,274.81	4,390.39	4,292.31	
Cash dividends applicable to the year (Yen)	30	100	50	0		50	70	50	20	20	45	65	
Management indicators													
Gearing ratio (Times)	1.18	1.10	1.36	1.96		1.61	1.51	1.93	1.96	2.19	2.11	2.14	
Net gearing ratio (Times)	1.05	1.00	1.23	1.58		1.35	1.35	1.64	1.64	1.82	1.88	1.94	
Equity ratio (%)	35.4	35.4	32.8	24.7		28.7	29.8	24.4	25.8	23.0	24.6	24.5	
ROA (%)	1.3	6.5	(1.3)	(1.4)		2.4	2.1	1.5	1.1	1.4	1.8	2.6	
ROE (%)	2.0	8.8	(4.0)	(30.5)		9.5	5.8	(25.8)	0.9	(8.7)	5.2	6.3	
Dividend payout ratio (%)	28.2	20.5	—	—		10.4	19.8	—	45.5	—	20.0	23.8	
CO ₂ emissions of MOL Group*2 fleet (Thousand tons)	18,708	20,073	19,660	18,876		17,810	18,803	18,676	18,203	17,774	16,369	15,304	
Number of MOL Group*3 employees	9,707	9,438	9,431	9,465		10,289	10,508	10,500	10,794	10,828	8,941	8,931	

Note: Rounded down to the nearest ¥1 million
*1 The Company consolidated every 10 shares into 1 share effective October 1, 2017. Accordingly, figures have been calculated as if the consolidation of shares had been conducted at the beginning of the fiscal year ended March 31, 2010.
*2 Mitsui O.S.K. Lines, Ltd. and its primary Group companies
*3 Mitsui O.S.K. Lines, Ltd. and its consolidated subsidiaries

One MOL Network for Global Information Strategy

—Utilizing Information across Divisions, Countries, and Regions—



Countries and Regions with Group Offices (As of June 30, 2020)

Europe / Africa		Asia / Middle East / Oceania			North America / Central America / The Caribbean
UK	Poland	Japan	Singapore	Qatar	USA
Italy	Russia	Republic of Korea	Vietnam	UAE	Canada
Netherlands	Turkey	China	Malaysia	Australia	Mexico
Denmark	Algeria	Taiwan	Myanmar	New Zealand	Panama
Germany	Ghana	Hong Kong	India		
France	Kenya	Indonesia	Sri Lanka		
Belgium	Republic of South Africa	Thailand	Bangladesh		
Czech Republic	Mozambique	Philippines	Oman		
					South America
					Brazil
					Chile
					Colombia

Information Disclosure and External Recognition

Promoting Information Disclosure and Engagement

MOL considers the timely and accurate disclosure of management and financial information to be a matter of great importance and endeavors to be accountable to shareholders and investors. Further, we provide feedback from shareholders and investors to management.

A distinguishing feature of our investor relations (IR) activities is that the president is directly involved in their implementation. In fiscal 2019, based on the belief that the leader of the management team himself should directly explain the Company's future strategies, the president continued to conduct presentations of interim and full-year business results and participated actively in meetings with domestic and overseas investors.

The Company is also mindful of the need for full and fair disclosure. In releasing its quarterly financial results, the Company discloses financial highlights in Japanese and English on the Tokyo Stock Exchange's TDnet while also posting financial results presentation materials in both languages on the Company's website. Update notices for such information is emailed to domestic and overseas investors at their request. MOL also offers information on

management strategy, investment plans, market conditions, and other topics through its website.

As advocated by Japan's Corporate Governance Code, MOL proactively engages in constructive dialogues with institutional investors. Moreover, feedback on the content of discussions with investors and analysts is provided to management in a timely manner and utilized to enhance corporate value. MOL will continuously bolster the quality and quantity of its communications while remaining mindful of the fair disclosure rules enforced in April 2018.

The fulfillment of accountability is not limited to providing management and financial information. The Company holds regular drills on responding to the media in emergencies to establish capabilities for timely, appropriate disclosure and endeavors to ensure prompt disclosure—including potentially negative information, such as that on accidents.

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

IR Activities in Fiscal 2019

Activity	Frequency	Details
For securities analysts and institutional investors	Business performance presentations	4 times Quarterly results / forecasts
	President's small meetings	4 times Held for analysts in Japan
For overseas institutional investors	Overseas investor road shows	4 times Twice in Europe, twice in Asia
	Conferences held by securities companies	1 time Attended conferences in Japan and held individual meetings
For individual investors	Corporate presentations for individual investors	2 times Attended seminars for individual investors in Tokyo and Osaka, once in each city

IR Materials (Available on MOL's website)

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

* Translation for reference and convenience purpose only is available.

External Recognition



2020 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.

Glossary (In alphabetical order)

Chemical Tankers

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

Ethane Carriers

Ethane carriers are specialized for transporting liquefied ethane, which is cooled to -92°C, and equipped with a reliquefaction system. LNG carriers transport cargo at -162°C, and LPG tankers transport cargo at -42°C, so ethane carriers fall somewhere between the two.

FPSO (Floating Production, Storage and Offloading System)

A floating facility for producing oil and gas offshore. The oil is stored in tanks in the facility and directly offloaded to shuttle tankers for transport to the shore facility.

FSRU (Floating Storage and Regasification Unit)

FSU (Floating Storage Unit)

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

Highly Stable Profits

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

IMO (International Maritime Organization)

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

LNG Carriers

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

Market Exposure

If vessels procured for the medium- and long-term (owned or medium- and long-term chartered vessels) operate only under short-term cargo transport contracts, these vessels are exposed to market rate fluctuations as a result of the mismatch between the vessel procurement and operating periods. MOL defines the number of medium- and long-term procured vessels operating under cargo contracts of less than two years as “market exposure,” and monitors its ratio with the aim of controlling the risk of market fluctuation.

NVOCC (Non-Vessel Operating Common Carrier)

A freight forwarder that provides ocean or air freight services for consignors using the services of third-party marine transport companies, airlines, and other transport providers.

Pool

Arrangements where ship operators and owners pool certain ships together to conduct joint operations.

RoRo (Roll-on / Roll-off) Ships

Ships that are equipped with a ramp like ferries and have a vehicle deck to hold trucks, trailers, and other vehicles. Cranes and other loading equipment are not used in loading; instead, vehicles are driven onto the ship. In general, while ferries transport passengers and personal-use automobiles in addition to freight vehicles, RoRo ships mainly transport freight vehicles.

Small- and Medium-Sized Bulkers

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

SOx

The term “SOx” collectively refers to sulfur oxide emissions, including sulfur dioxide (SO₂), which are air pollutants emitted during the combustion of fossil fuels containing sulfur, such as oil and coal. In the marine transport industry, regulations requiring a drastic reduction in the sulfur content of fuel came into effect in 2020, in order to curtail the amount of SOx in vessel emissions.

Subsea Support Vessels

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

TCFD (Task Force on Climate-related Financial Disclosure)

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

Shareholder Information

Capital	¥65,400,351,028
Head Office	1-1, Toranomom 2-chome, Minato-ku, Tokyo 105-8688, Japan
Number of MOL employees	1,078
Number of MOL Group employees (The parent company and consolidated subsidiaries)	8,931
Total number of shares authorized	315,400,000
Number of shares issued	120,628,611
Number of shareholders	83,403
Shares listed on	Tokyo Stock Exchange
Share transfer agent (Contact information)	Sumitomo Mitsui Trust Bank, Limited Stock Transfer Agency Business Planning Department 8-4, Izumi 2-chome, Sugunami-ku, Tokyo 168-0063, Japan
Communication materials	MOL Report (English / Japanese) Investor Guidebook (English / Japanese) Market Data (English / Japanese) Website (English / Japanese)

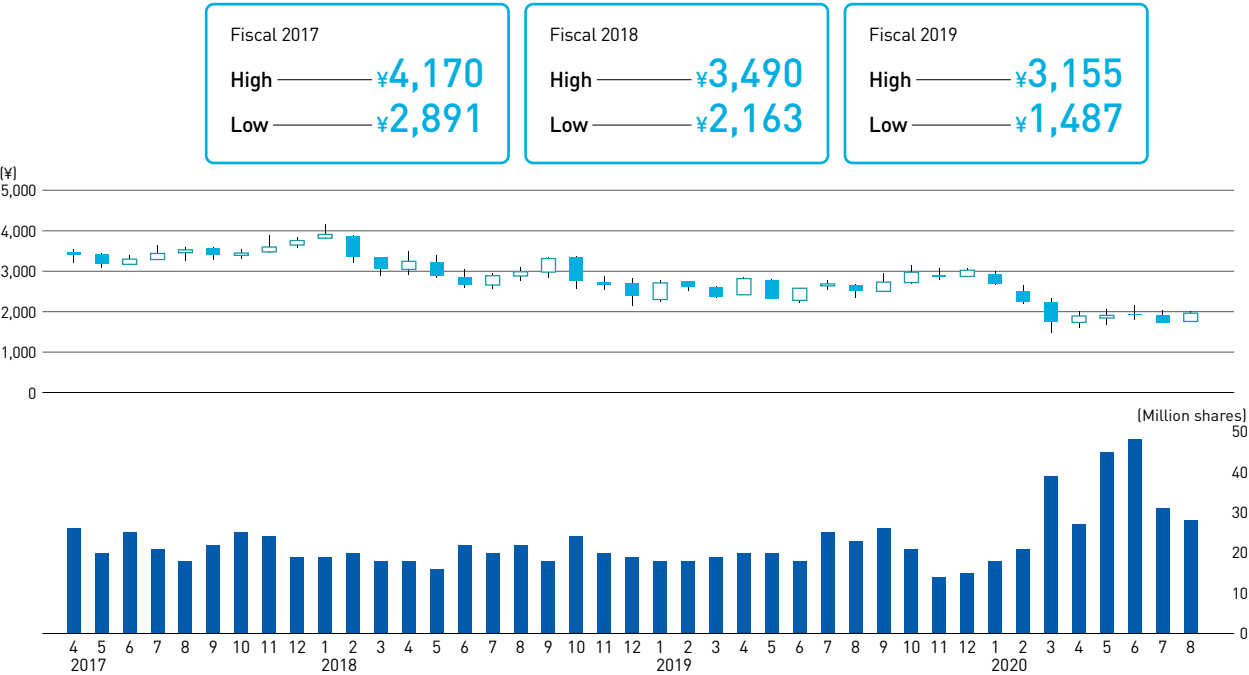
[As of March 31, 2020]

For further information, please contact:

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



Note: The Company consolidated its common shares on the basis of one (1) unit for every ten (10) shares effective October 1, 2017. Figures for April–September 2017 are calculated on the assumption that the consolidation of shares was conducted at the beginning of fiscal 2017