New MOL Corporate Mission / MOL Group Vision and Outline of Rolling Plan 2021

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1. New MOL Corporate Mission and MOL Group Vision

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The Background of Reviewing MOL Group Corporate Mission / MOL Group Vision

Changing social demands：

- A rapid rise in environmental awareness, including quickly accelerating decarbonization
- Expectations for corporate contribution to SDGs and social sustainability

Changes within MOL：

- Reaching a new stage after business expansion in 2000s, structural reforms in 2010s
- Pursuit of higher group-wide competitiveness

Need for review of MOL Group Corporate Mission / MOL Group Vision

* In addition, we have reviewed the MOL Group Values “MOL CHART”

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New MOL Corporate Mission and MOL Group Vision

OLD	Group Corporate Mission (2001~)	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
	Long-term Vision (2001~)	To develop the MOL Group into an excellent and resilient organization that leads the world shipping industry
	MOL CHART (2015~)	Challenge／Honesty／Accountability／Reliability／Teamwork

【Revised on April 1, 2021】

NEW	**Group Corporate Mission**	**From the blue oceans, we sustain people's lives and ensure a prosperous future.**
	Group Vision	**We will develop a variety of social infrastructure businesses in addition to traditional shipping businesses and will meet the evolving social needs including environmental conservation, with innovative technology and services. MOL group aims to be a strong and resilient corporate group that provides new value to all stakeholders and grows globally.**
	MOL CHARTS	**Challenge／Honesty／Accountability／Reliability／Teamwork ＋ Safety（Pursue the world's highest level of safety culture）**

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Enhancement of Initiatives on Sustainability Issues

① Review of sustainability issues

We will review some of the social issues the MOL Group aims to address through our business (= sustainability issues) and establish KPIs as soon as possible within FY2021.

Sustainability Issues (Materiality)

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

② Reorganization of sustainability promotion structure

- The Environmental Management Committee is reorganized as the "Environment and Sustainability Committee"
  ⇒The scope is expanded to overall sustainability
- The Environment & Sustainability Strategy Division is newly established

③ Enhancement of corporate governance structure

- The "Corporate Governance Council" is newly established under the Board of Directors.
  ⇒The role is to study and propose improvements for overall governance, assess the effectiveness of the Board of Directors, and strengthen the internal control system.

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Overview of how each concept relates

Why MOL Exists / What MOL Values	What MOL Will Do	What MOL Will Achieve

Mission

Corporate Mission

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

Values

MOL CHARTS

Challenge

Honesty

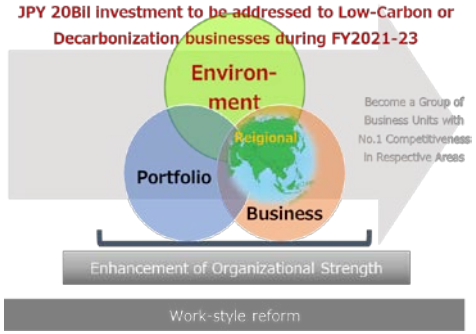
Accountability

Reliability

Teamwork

Safety

Business Plan "Rolling Plan 2021"





Sustainability Issues (Materiality)

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

SUSTAINABLE DEVELOPMENT GOALS

Vision

Group Vision

【10-Year Vision】

We will develop a variety of social infrastructure businesses in addition to traditional shipping businesses, and will meet the evolving social needs including environmental conservation, with innovative technology and services. MOL group aims to be a strong and resilient corporate group that provides new value to all stakeholders and grows globally.

Embody the MOL Group Corporate Mission and act upon a specific strategy—RP2021 and sustainability issues—to achieve the MOL Group Vision, based on MOL CHARTS, our shared sense of values.

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2. Outline of Rolling Plan 2021

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Review of Rolling Plan 2020

Topic	Our goals in Rolling Plan 2020	Achievements in fiscal year 2020
Defensive measures	Reducing market exposure	Reduced total of 17 vessels
Business environment analysis	Conducting megatrend forecasts	Updated the megatrend forecasts in December 2020 (in which estimating an earlier recovery)
Offensive measures	Growth strategies/structural reforms based on each business characteristics	- Bulkers：Launched MOL Drybulk Ltd. - Car Carriers：Pursuing further productivity through integration with NMCC - MOLCT：Improved efficiency through integration of organizations and overseas offices
Portfolio Strategies	Carefully select new investment and secure total FCF of ¥100 billion from FY2020 to FY2022	While deciding new investment of approx. ¥90 billion, promoted to generate cash from assets and businesses. Maintain FCF target of ¥100 billion and consider accumulating more CF for new investment.
	Focusing investments on Offshore businesses	Investing ¥43 billion including additional contribution to existing businesses (Included in the above ¥90 billion)
Business Strategies	Improving customer satisfaction by “digital and environment”	Expanding “MOL Lighthouse” services to broader customers
Environmental Strategies	Promotion of environment/emission-free businesses	- Continue investing in LNG, wind power generation fields - Environmental vision under review in response to recent global trends
Enhancement of organizational strength	Project promotion through cross-organizational collaboration Group-wide improvement in productivity	- Launched 16 new project teams - Rationalizing administration work - Integration of group companies

Rolling Plan 2021 Business Environment Assumptions (Megatrend Forecast)

Rolling Plan 2021 is built on the following assumptions. Updates on megatrend forecasts are going to be made regularly in fiscal 2021.

Rolling Plan 2020 Assumption

Sea-trade	2020	2021	2022	Recovery to 2019 level
GDP growth rate	-5.0%	3.0%	2.0%	
Crude Oil	-7.6%	4.3%	0.8%	2023 or later
LNG	-1.5%	4.3%	4.3%	2021
Steaming Coal	-6.3%	2.7%	-0.8%	2023 or later
Iron Ore	-4.2%	2.4%	3.2%	2022
Coaking Coal	-3.6%	-1.0%	1.0%	2023 or later
Grain	-0.1%	4.9%	4.2%	2020
Car	-25.0～-35.2%	10.4%	6.8%	2023 or later
Containers	-25.0%	18.2%	12.2%	2022 (delay concerned)

Rolling Plan 2021 Assumption

Sea-trade	2020	2021	2022	2023	Recovery to 2019 level
GDP Growth rate*	*-3.5%*	3.0%	2.5%	2.5%	
Crude Oil	-8.0%	2.6%	5.3%	1.8%	**2023 (improved)**
LNG	2.2%	3.8%	3.7%	3.6%	**2020 (improved)**
Steaming Coal	-11.1%	2.5%	0.0%	0.3%	**Gradually decrease**
Iron Ore	2.1%	-1.8%	-1.6%	-1.3%	**Concerned to decrease from 2021**
Coaking Coal	-13.9%	7.1%	0.1%	0.3%	**2024 or later (worse)**
Grain	5.1%	3.2%	1.4%	1.7%	**2020 (improved)**
Car	-23.0%	11.8%	7.7%	4.3%	**2023 (improved)**
Containers	-2.0%	0.5%	2.5%	2.5%	**2022 (improved)**

* 2020 GDP from IMF Report / 2021-23 GDP from MOL Megatrend team projection

【Energy Transport】

- Demand for crude oil transport has decreased significantly due to the rapid decline in oil demand in 2020, but crude oil cargo volume will increase in proportion to the recovery of crude oil demand after 2021.
- The consumer sector accounts for a large percentage of natural gas demand, which remained firm even during the COVID-19 pandemic, so the impact on LNG trade remains relatively low.
- Steaming coal demand in 2020 decreased significantly. The trade will decline in the mid-to-long-term due to accelerating decarbonization.

【Drybulk】

- Currently, China's crude steel production and iron ore import volume continue to increase but will turn downward in 2021.
- Grain cargo volume continues to increase without impact from the COVID-19 pandemic.

【Product Transport】

- The decrease in automobile transport is less than expected, and cargo trade volume will generally recover to the level of 2019 in 2023.
- In container transportation, the downward rigidity of cargo movement is stronger than expected, and cargo movement in 2020 remained only 2% lower than the previous year. It will generally return to normal conditions following the economic growth after 2021.

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Outline of the overall strategy

＜(Repost) Relationship diagram of concepts＞

Mission

Corporate Mission

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

Business Plan "Rolling Plan 2021"



Vision

Group Vision

【10-Year Vision】

We will develop a variety of social infrastructure businesses in addition to traditional shipping businesses, and will meet the evolving social needs including environmental conservation, with innovative technology and services. MOL group aims to be a strong and resilient corporate group that provides new value to all stakeholders and grows globally.

Values

MOL CHARTS

Challenge

Honesty

Accountability

Reliability

Teamwork

Safety

Increasing Corporate Value

Sustainability Issues (Materiality)

・Value-Added Transport Services

・Marine and Global Environmental Conservation

・Innovation for Development in Marine Technology

・Human Resource Cultivation and Community Development

・Governance and Compliance to Support Businesses

SUSTAINABLE DEVELOPMENT GOALS

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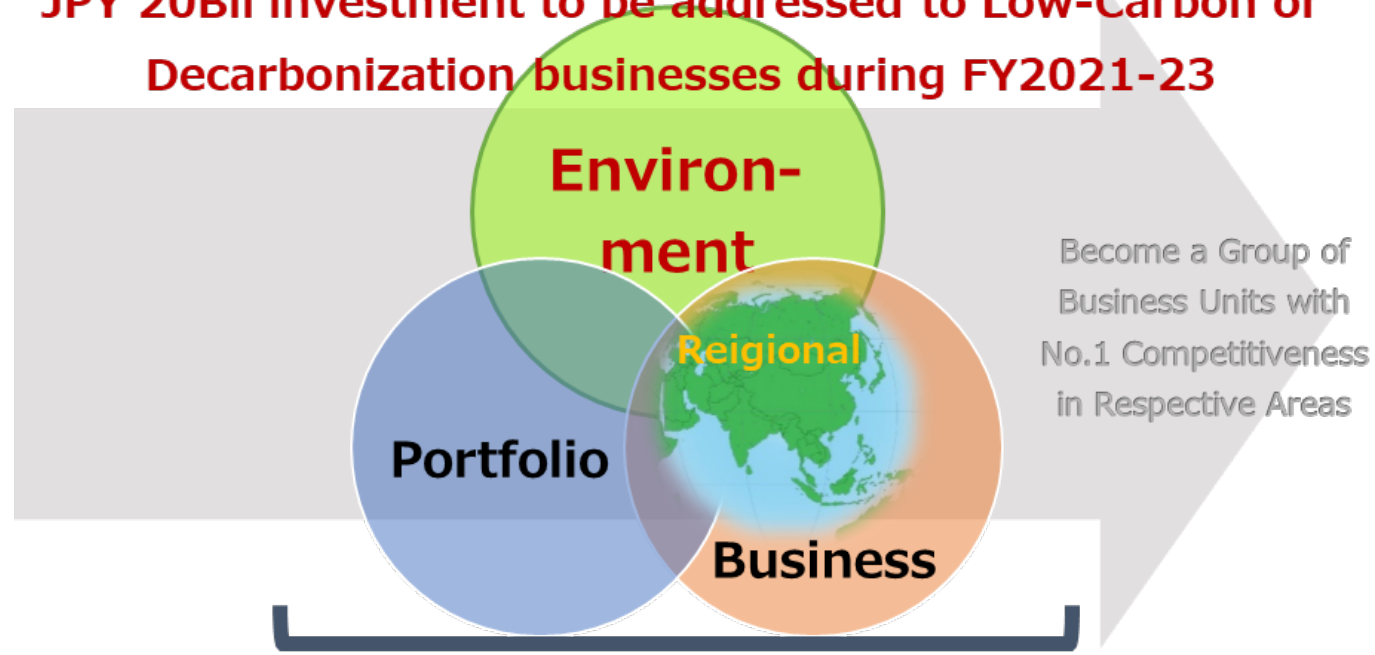
Outline of the overall strategy

Key features of this fiscal year
are **environmental strategy** x **regional strategy**

JPY 20Bil investment to be addressed to Low-Carbon or Decarbonization businesses during FY2021-23



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Environmental Strategies (Strengthening the Environmental Perspectives in Three Core Strategies)

We will invest approximately **¥200 billion** in low carbon/decarbonization fields over three years from FY2021 to FY2023

	Main Initiatives
Environmental strategy	Revise the MOL Group environmental vision 2.0 to 2.1 and accelerate initiatives (scheduled to announce the details in June) ☐ Moving up the net GHG emission zero schedule (by 2050) ☐ Develop a GHG reduction roadmap ☐ Introduction of internal carbon pricing ☐ Promoting alternative fuel, operational efficiency, energy conservation
Portfolio strategy	Expand "low environmental impact" and "low carbon" businesses ☐ Taking in increasing LNG demand (LNG carriers, FSRUs, powerships) ☐ Enter offshore wind power business
Business strategy Realize stress-free services, by responding to customer's desire to "see"	Develop services that visualize the environmental impact and reduction effects ☐ Disclose carbon footprint in anticipation of customer needs and develop systems and data to enable that disclosure ☐ Improve operational efficiency and visualize how much it contributes to GHG emission reduction

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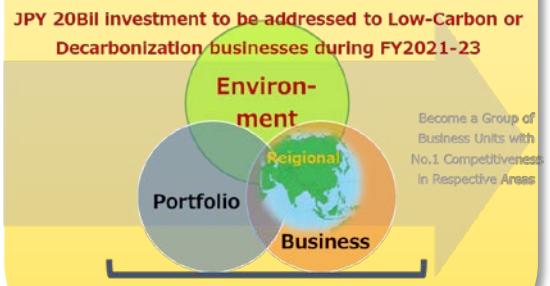
Regional Strategy (as core business strategy)

The core of our business strategy will be "**Regional Strategy**." We will pursue potential projects in multifaceted ways that match our overall strategy and acquire large-scale projects **not limited to transportation focusing in Asia** by demonstrating MOL Group's collective strength.

Head Office sales divisions

Overseas sales divisions

Identify potential projects that match our overall strategy



Realize new businesses by strengthening cooperation among divisions and overseas subsidiaries

✖

- ✓ **Further promote "ONE MOL" concept**
- ✓ **Enhance internal resources**
- ✓ **Expand collaboration area with external partners**

✖

Accelerate decision making process by introducing "lead sprints"

Acquire large-scale projects (not limited to transport)

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Other Specific Initiatives

Realizing "**optimal portfolio**" and "**stress-free services**" continues to be our important themes

	Main initiatives
Portfolio Strategy	☐ Continually review and adjust portfolios ☐ Re-evaluate existing ocean shipping businesses from the viewpoint of contribution to cash flow
Business Strategy Realize stress-free services, by going ahead of customer needs	☐ Cooperating in sales activities in LNG-related area (LNG carriers, FSRUs, powerships) ☐ One-stop sales structure (MOL Drybulk Ltd.) ☐ Improve customers convenience through Digital Transformation (DX)

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Profit Plan

- Since the launch of our Rolling Plan, we have maintained our target to achieve **recurring profit levels of 80 to 100 billion yen** in the medium term. This profit level is expected to be achieved between FY 2021 and FY 2023.
- The full profit plan for Rolling Plan 2021 is scheduled to be announced on Friday, April 30 along with the full-year results for fiscal year 2020.

	FY2021	FY2022	FY2023	FY2027
Dry Bulk Business (Iron Ore Carriers, MOL Drybulk)	To be disclosed on April 30			
Energy and Offshore Business (Tankers, Steaming Coal Carriers, LNG Carriers, Offshore business)				
Product Transport Business (PCC, Terminal & Logistics, Containerships, Ferries & Coastal Roro Ships)				
Associated Businesses (Real estate, Tug boats, Trading, Cruise ship, etc.)				
Others/Adjustments				
Total Ordinary Profit	**Projected Medium-term Levels, ¥80 ～100 billion is likely to be achieved**			

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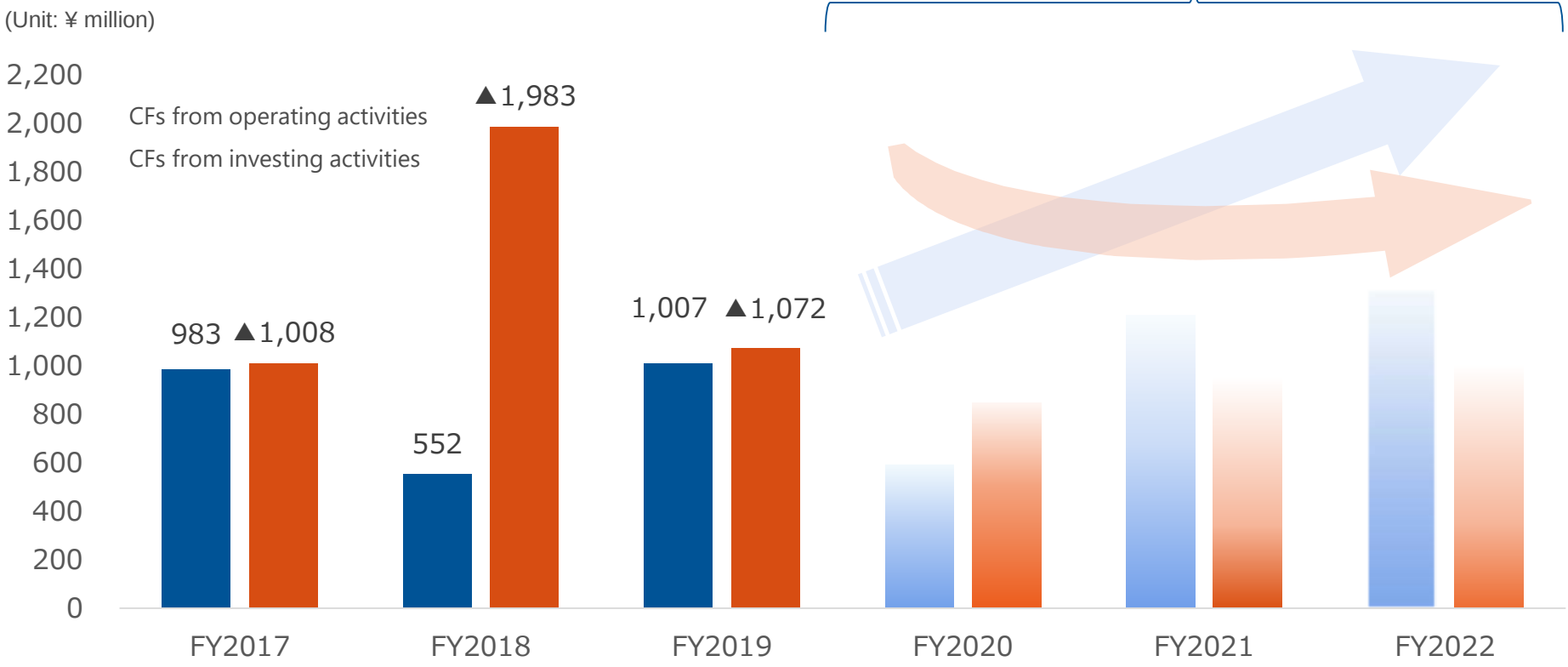
Financial Strategies / Investment Plans

- "Generating cash from assets, businesses, and projects" and "Accumulating Free Cash Flow of ¥100 billion from FY2020 to 2022" outlined in Rolling Plan 2020 are steadily in progress.
- FY 2020 results and future plans are scheduled to be disclosed on April 30.

Secure ¥100 billion Free CF in three years



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3. Questions and Answers

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- **References**

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【Reference1】Revision of MOL CHART

The current MOL Group values, MOL CHART is revised to MOL CHARTS by adding an “S” for “Safety,” to reflect our ongoing commitment to pursuing the world’s highest level of safety, and the definition of “R” is changed to reaffirm that the range of “Reliability” covers all stakeholders.

Safety	
OLD	N/A (safety is mentioned in Reliability)
NEW	**Pursue the world’s highest level of safety culture** ➢ Maintain a safety-first attitude and strive to reinforce safety awareness. ➢ Return to basics by comprehending workplace safety.

Reliability	
OLD	**Gain the trust of customers** ➢ Provide the highest level of safety and service.
NEW	**Gain the trust of stakeholders** ➢ See things from the customers’ perspective and deliver service that exceeds their expectations. ➢ Seize the initiative in social issues and take responsibility for your behavior.

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【Reference2】Pursue World's Highest Level of Safety Quality

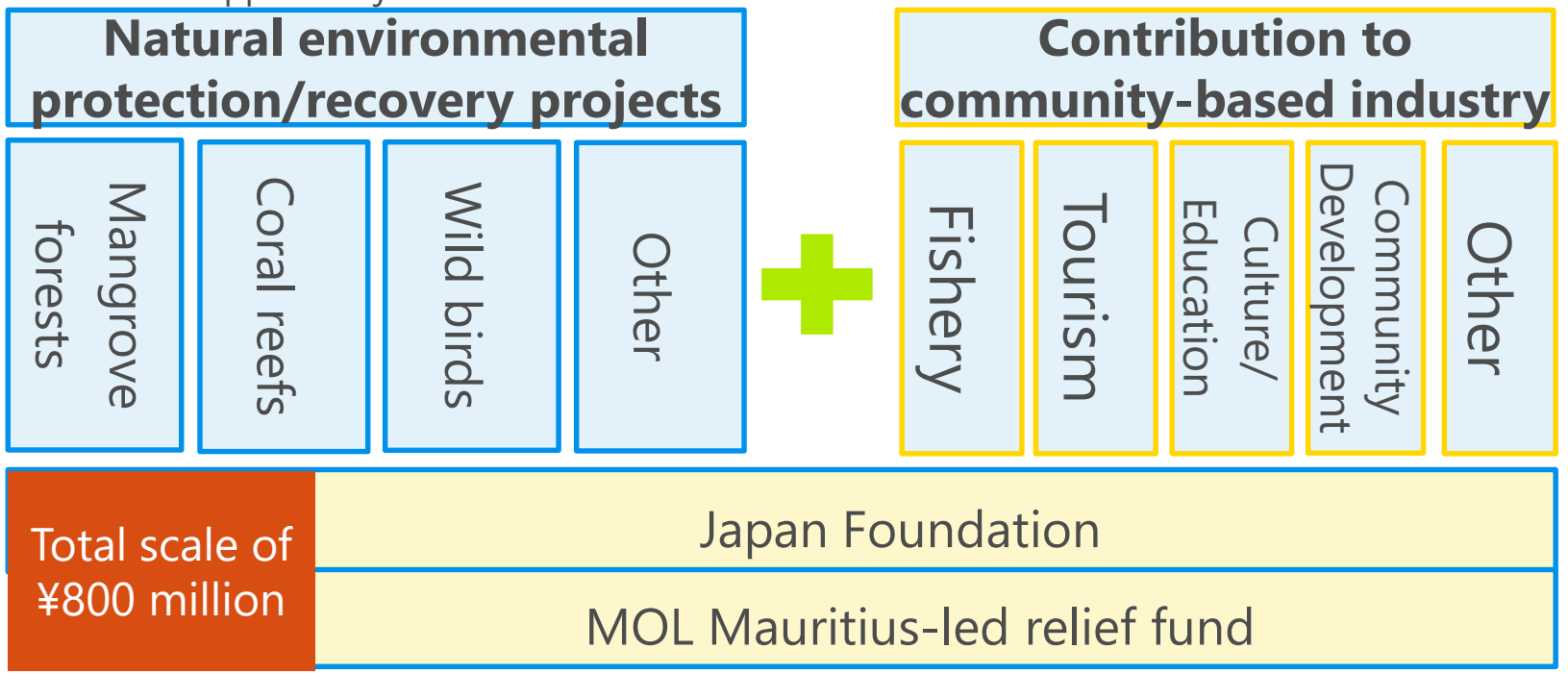
After the incident off Mauritius, we reviewed the internal safe operation system and established measures to prevent the reoccurrence of such incidents in December. In FY2021 and beyond, we will continue to forge ahead with company-wide preventive measures as follows.

Measures to prevent reoccurrence	Main content	Progress
Enhance skills of seafarers and ensure their safety-related behavior	• Improve safety awareness of seafarers • Improve knowledge of facilities • Strengthen our involvement in selection of seafarers for charter vessels	• Thoroughly disseminate the outline and cause of the incident throughout the group, including chartered vessels • Produce and distribute video educational tools related to electronic nautical charts • Review qualifications of chartered vessels' seafarers manned by shipowners to ensure that they meet our standards
Select shipowners and ship management companies and establish evaluation methods	• Review quality standards • Reinforce ship inspections • Introduce third-party evaluation of shipowners and MOL safety management system	• Review hardware/software quality standards • Reinforce ship inspection procedures • Strengthen involvement in substandard chartered vessels • Start discussions with risk management certificate institutes
Review ship operations and strengthen support system from shore side	• Education and collaboration for ship operation-related parties • Enhance support by SOSC • Safer navigation and route selection • Matching safety awareness with shipowners of chartered vessels	• Study ship operation specialist system, enhance cooperation with SOSC • Increasing the number of SOSC staff, reinforce monitoring system • Conducted demonstration test of operational status monitoring tool with NAPA; also agreed to jointly develop navigation risk monitoring system • Standardize procedures of checking navigation routes and shipping instruction contents • Conduct survey of present situation
Other hardware responses	• Enhance ship communication facilities	• Installation of satellite communication facilities on owned vessels completed • Began encouraging chartered vessel shipowners to install the facilities

【Reference3】Mauritius Environment/Social Contribution Activities

1) Overall scale of ¥800 million for Japan Foundation (charitable trust) and Mauritius Foundation (relief fund) combined
   - Mauritius Foundation is preceding ahead, and will be established within the next several weeks, scheduled to start the relief funding in this summer
   - Japan Foundation's application has been submitted to the relevant authorities for establishment and is in the process of being established
2) Various support activities in close proximity to local communities by MOL Mauritius (subsidiary)

<Mauritius Support Project>



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