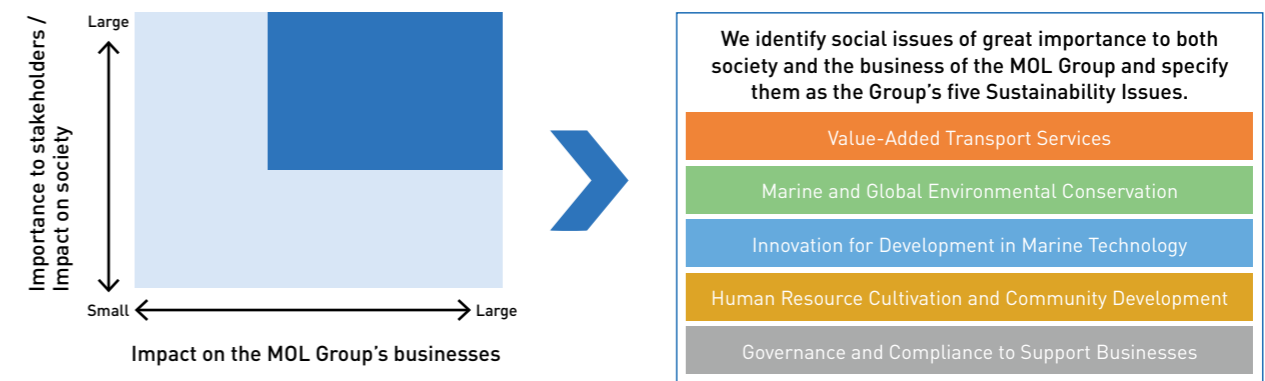


# Overview of MOL's Sustainability Issues (Materiality)

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"> <li>Safe and reliable transport</li> <li>Large-volume, bulk transport services</li> <li>High-quality transport services</li> <li>Elimination of maritime accidents</li> <li>Elimination of cargo accidents</li> <li>Prevention of work-related injuries</li> </ul>	<ul style="list-style-type: none"> <li>Slowdown in economic activities and logistics</li> <li>Loss of trust in the Company from society</li> <li>Economic burden and damage to assets due to an accident</li> <li>Risk of casualties as a result of an accident</li> </ul>	<ul style="list-style-type: none"> <li>Contribution to active economic activity and creation of new transport demand</li> <li>Contribution to establishment of energy infrastructure in emerging countries</li> <li>Long utilization of vessels through appropriate ship maintenance, leading to enhancement of competitiveness</li> <li>Cultivation of operational insight</li> </ul>	<ul style="list-style-type: none"> <li>Providing safe and stable transport just as usual even amid the COVID-19 pandemic</li> </ul>	<ul style="list-style-type: none"> <li>Promoting inclusive and sustainable industrialization (9.2) and alleviating poverty (1.1, 1.2)</li> <li>Supplying modern and sustainable energy to developing countries (7.b)</li> <li>Preventing marine pollution (14.1)</li> <li>Environmentally sound management of chemicals and waste (12.4)</li> <li>Promoting partnerships with the public and private sectors (17.17)</li> </ul>
Marine and Global Environmental Conservation P46	<ul style="list-style-type: none"> <li>Prevention of marine pollution</li> <li>Promotion of measures to mitigate climate change</li> <li>Reduction of air pollution</li> <li>Response to environmental regulations</li> <li>Realization of transport means with low environmental impact</li> </ul>	<p>Climate Change</p> <ul style="list-style-type: none"> <li>Decline in energy transport volume</li> <li>Delay in response to changing transport demand and trade dynamics</li> <li>Obstruction to safe operation caused by extreme climate conditions</li> </ul> <p>Response to Regulations</p> <ul style="list-style-type: none"> <li>Disruption to vessel operation</li> <li>Loss of trust in the Company from society</li> <li>Economic burdens such as fines and sanctions</li> </ul>	<ul style="list-style-type: none"> <li>Incorporation of new transport demand and establishment of new transport model that quickly captures changes in cargo movements</li> <li>Development of new sailing routes (Arctic Ocean)</li> </ul>	<ul style="list-style-type: none"> <li>Implementation of initiatives to achieve the goals set forth in MOL Group Environmental Vision 2.0</li> </ul>	<ul style="list-style-type: none"> <li>Improvement of energy efficiency (7.3), promotion of clean energy use (7.a)</li> <li>Mitigation of climate change (13.3)</li> <li>Preventing marine pollution (14.1) and protecting biodiversity (14.2)</li> <li>Promotion of sustainable forest management (through biomass fuel transport) (15.2)</li> <li>Promoting partnerships with the public and private sectors (17.17)</li> </ul>
Innovation for Development in Marine Technology P50	<ul style="list-style-type: none"> <li>Promotion of LNG fuel usage</li> <li>Advancement in the Wind Challenger Project</li> <li>Realization of autonomous sailing</li> </ul>	<ul style="list-style-type: none"> <li>Obsolescence of existing technologies</li> <li>Inability to respond to future shortage of seafarers</li> </ul>	<ul style="list-style-type: none"> <li>Reduction of environmental impact by the widespread use of LNG fuel and the application of natural energy</li> <li>Improved competitiveness of offshore businesses and marine transport</li> <li>Enhanced ability to respond to environmental regulations</li> </ul>	<p>Utilization of digital technologies to deliver:</p> <ul style="list-style-type: none"> <li>The provision of stress-free services</li> <li>Strengthened marketing and vessel management and operation support</li> </ul>	<ul style="list-style-type: none"> <li>Improvement of energy efficiency (7.3), promotion of clean energy use (7.a)</li> <li>Improvement of sustainability through increased resource-use efficiency and greater adoption of clean technology (9.4)</li> <li>Efficient use of natural resources (12.2)</li> <li>Mitigation of climate change (13.3)</li> <li>Prevention of marine pollution (14.1)</li> <li>Promoting partnerships with the public and private sectors (17.17)</li> </ul>
Human Resource Cultivation and Community Development P52	<ul style="list-style-type: none"> <li>Employment of high-quality seafarers</li> <li>Development of human resources</li> <li>Pursuit of work-style reforms</li> <li>Promotion of diversity</li> <li>Contribution to regional development</li> </ul>	<ul style="list-style-type: none"> <li>Loss of outstanding human resources</li> <li>Decline in productivity</li> </ul>	<ul style="list-style-type: none"> <li>Improvement of human resource competitiveness through recruitment of outstanding talent and improved work productivity</li> <li>Promotion of innovation and response to business opportunities</li> <li>Incorporation of various ideas by attracting a diverse pool of talent from all over the world</li> <li>Economic development and a higher standard of living in emerging countries</li> </ul>	<ul style="list-style-type: none"> <li>More effective operation of the new personnel systems</li> <li>Cultivating globalized human resources</li> <li>Management of MMMA, a maritime academy in the Philippines</li> </ul>	<ul style="list-style-type: none"> <li>Providing access to high-quality technical and vocational education (4.3)</li> <li>Ensuring women's full participation and equal opportunities for leadership (5.5)</li> <li>Providing productive employment and rewarding, decent work (8.5)</li> <li>Promoting partnerships with the public and private sectors (17.17)</li> </ul>
Governance and Compliance to Support Businesses P63	<ul style="list-style-type: none"> <li>Adherence to fair business transactions</li> <li>Prevention of bribery and corruption</li> <li>Establishment of information security structure</li> <li>Prevention of harassment</li> <li>Protection of human rights</li> </ul>	<ul style="list-style-type: none"> <li>Business continuity risks due to insufficient governance and internal controls</li> <li>Corrupted corporate culture</li> </ul>	<ul style="list-style-type: none"> <li>Highly transparent and fair management</li> <li>Decision-making based on appropriate risk management</li> </ul>	<ul style="list-style-type: none"> <li>Timely and appropriate crisis response to COVID-19</li> <li>Verification of the directors' compensation system</li> </ul>	<ul style="list-style-type: none"> <li>Ensuring equal opportunity (10.3), achieving inclusion regardless of attributes (10.2)</li> <li>Reduction in bribery (16.5)</li> <li>Promoting partnerships with the public and private sectors (17.17)</li> </ul>