

## Value-Added Transport Services

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

Container units transported annually (by ONE in fiscal 2019)

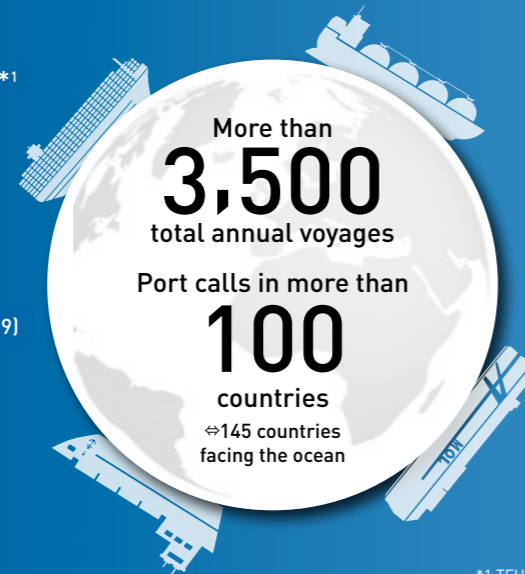
Approx. **12** million TEU\*1

⇨ Global container cargo movement\*\*2 (2019)  
Approx. 147 million TEU

Annual LNG shipments (2019)

Approx. **70** million MT

⇨ Japan's LNG imports\*\*3 (2019)  
Approx. 77 million MT



Annual iron ore shipments (fiscal 2019)

Approx. **72** million MT

⇨ Japan's iron ore imports\*\*4 (2019)  
Approx. 120 million MT  
China's iron ore imports\*\*5 (2019)  
Approx. 1.07 billion MT

Number of vehicles transported annually (fiscal 2019)

Approx. **3.8** million

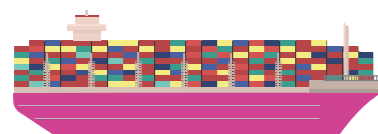
⇨ Japan's vehicle exports\*\*6 (2019)  
Approx. 4.5 million

\*1 TEU stands for Twenty-foot Equivalent Units  
\*2 Source: Japan Maritime Center  
\*3 Source: IHS Markit  
\*4 Source: Trade Statistics of Japan (World Trade Atlas)  
\*5 Source: China Customs (World Trade Atlas)  
\*6 Source: Ministry of Finance

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

Marine transport: In the case of 14,000 TEU containerships

Air transport: In the case of Boeing 747-8F aircraft



Shipping capacity

Approx. **139,000** MT

Approx. **130** MT

Shipping time

Approx. **10** days

Approx. **9** hours

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

**99.6%**

### Percentage of marine transport in international logistics\*8

Approx. **90%**

\*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.

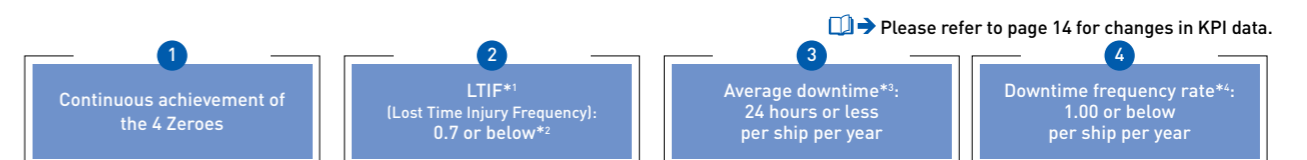
### Organizational Structure Supporting Safe Operation

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 bulker 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.

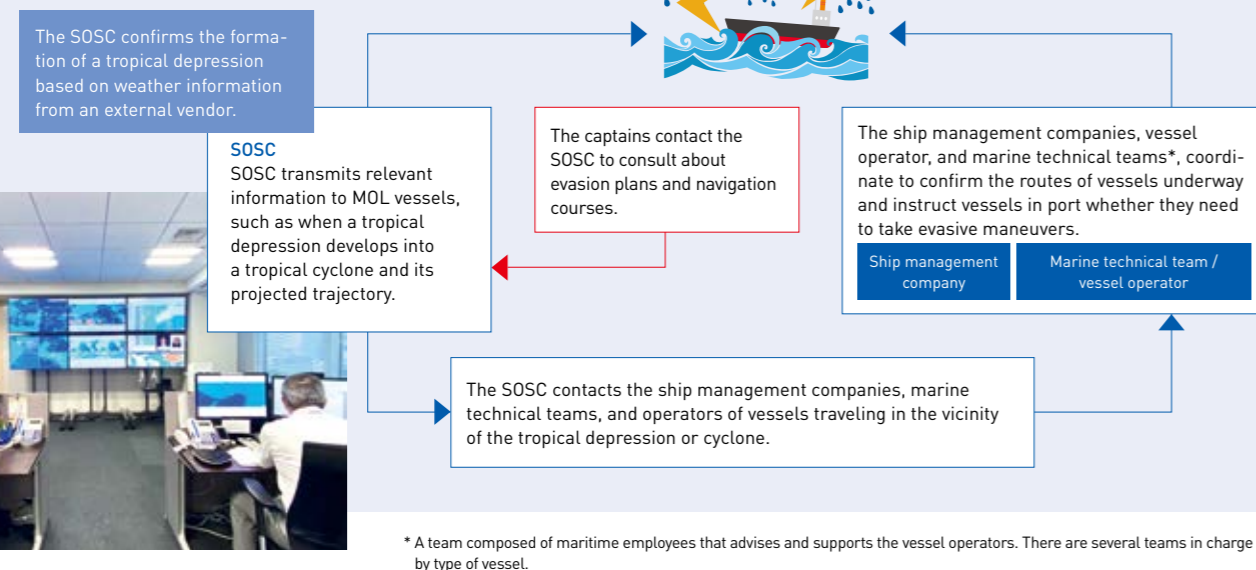
With procedures in place to “never let the captain get isolated,” the SOSC ascertains these risks in real time and keeps in touch with the vessels, vessel management companies, marine technical teams, and

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	<ul style="list-style-type: none"> <li>• Severe weather</li> <li>• Tropical cyclones</li> <li>• Sea ice and icebergs</li> <li>• Frozen river ports</li> </ul>
Geopolitical Risks	<ul style="list-style-type: none"> <li>• Political unrest</li> <li>• Piracy</li> <li>• Experimental missile launches</li> </ul>
Other Risks	<ul style="list-style-type: none"> <li>• Infectious diseases</li> <li>• Earthquakes and tsunamis</li> </ul>

### 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