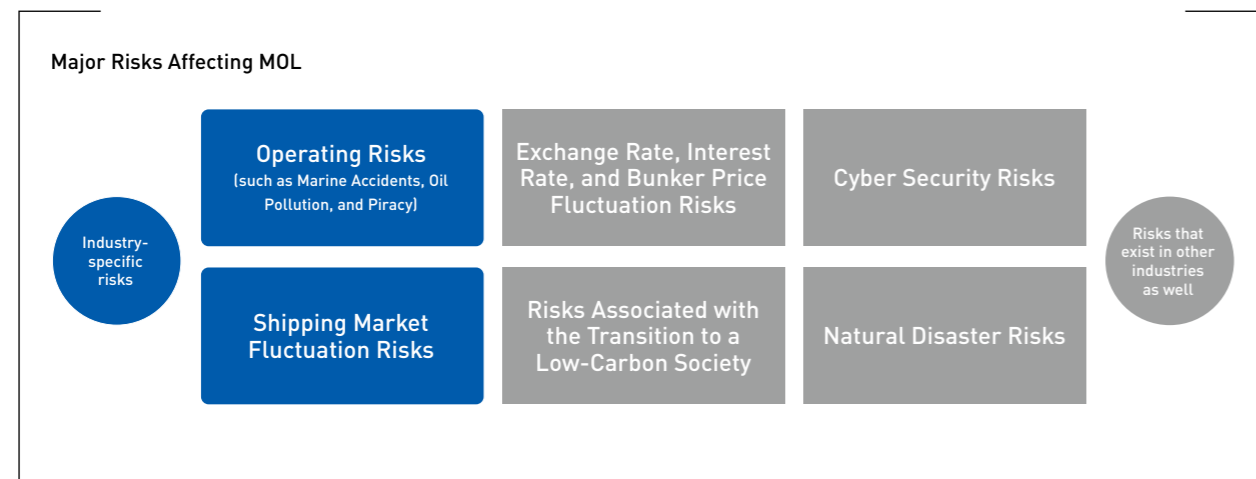


Risk Management

▶ 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.

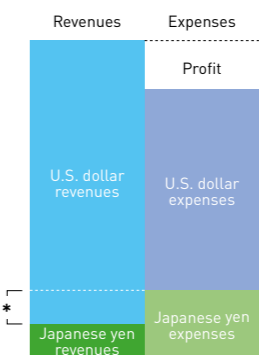
Interest Rates When securing long-term funding for capital investment, in principle we hedge interest rate risk by using fixed-rate loans and interest rate swaps.

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

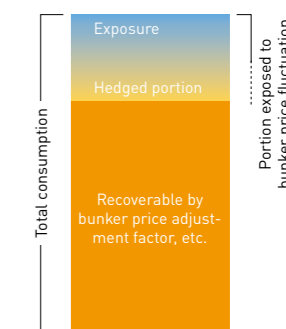
trading. With these countermeasures, we minimize fluctuation in profit and loss resulting from bunker price fluctuations.

Impact of Exchange Rate Fluctuations

* Portion Exposed to Forex Fluctuation



Impact of 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).