

Japan Credit Rating Agency, Ltd. ("JCR") will announce the results of the Blue Bond Framework evaluation as follows:

Mitsui O.S.K. Lines, Ltd.

Blue Bond Framework

Assignment

Overall Evaluation

Blue 1(F)

Blueness Evaluation
(Use of Proceeds)

b1(F)

Management,
Operation and
Transparency Evaluation

m1(F)

Issuer/Borrower

Mitsui O.S.K. Lines, Ltd. (Securities Code: 9104)

Subject

Mitsui O.S.K. Lines, Ltd.
Blue Bond Framework

Evaluation Overview

▶▶▶1. Outline of Mitsui O.S.K. Lines, Ltd.

Mitsui O.S.K. Lines, Ltd. (hereinafter referred to as "MOL" or "the Company") is a general shipping company with one of the world's largest fleets, which was formed through the merger of MOL and Navix Line in 1999. Its predecessor, Mitsui O.S.L Lines, Ltd. was established in 1884 through the merger of Osaka Shosen Kaisha Lines, established by a small- and medium-sized ship owners in the Kansai region and Mitsui Steamship Co., Ltd., spun off from its shipping department of Mitsui & Co. in 1942. Navix Line was established through the merger of Yamashita Shin Nippon Kisen Kabushiki Kaisha and Japan Line in 1989.

MOL has many blue-chip customers and is a highly competitive company in the natural resources and energy transportation sector. The percentage of sales for the fiscal year ended 2023 is as follows: the dry bulk business accounted for 26.7 per cent, energy business 24.1 per cent, product transport business 42.0 per cent, real property business 2.5 per cent, associated

businesses 3.5 per cent and others 1.2 per cent. The associated businesses include cruise, tug boats, trading, etc.

▶▶▶ 2. MOL's initiatives on Sustainability and Sustainable Maritime Economy

MOL established the code of conduct, "MOL CHART" in 2015, based on its corporate philosophy of "From the blue oceans, we sustain people's lives and ensure a prosperous future." CHART refers to an acronym for five words that represent shared values (Challenge, Honesty, Accountability, Reliability and Teamwork.) In 2021, the Company made "Safety," which had been addressed safety under "R (Reliability)," independent as "S (Safety)" and revised it to "MOL CHARTS." MOL aims to achieve its long-term vision and increase its corporate value by strengthening and mobilizing the Group's collective strengths by ensuring that each and every employee shares these values and relies upon them for their decisions in conducting operations.

MOL is deploying various social infrastructure businesses that originate from the sea, mainly in the shipping industry. MOL's Group vision is to challenge the needs in changing society such as marine conservation with advances in technology and services, and the Company recognizes the promotion of a sustainable marine economy as a core issue to realize its Group vision. The environmental strategy is positioned as one of the main strategies and "marine and global environmental conservation" is listed as one of the sustainability issues (materiality) in the new management plan for the Group, "BLUE ACTION 2035" announced in April 2023. The specific initiatives include many of those that contribute to the sustainable marine economy, such as preserving marine biodiversity; reducing GHG emissions or other air pollution emitted from the marine economy; renewable energy with marine resources or carbon credits. Furthermore, in its "Environmental Vision 2.2" updated in April 2023, the Company aims to achieve "net zero emissions by 2050" by leveraging the Group's collective strengths, particularly in climate change countermeasures that require urgent actions as well as important issues, such as marine environmental conservation, biodiversity protection or air pollution prevention, and it has been promoting initiatives to introduce net-zero emission vessels or set milestones for reduction targets for GHG emissions intensity.

▶▶▶ 3. Blue Bond Framework

This evaluation target is a Blue Bond Framework (hereinafter referred to as "this framework") established by MOL to restrict the use of the proceeds financed through the blue bond that contributes to the sustainable maritime economy. JCR will evaluate whether the Framework is aligned with the "Green Bond Principles¹" and the "Green Bond Guidelines²." JCR will also evaluate the eligibility of the bond as blue finance in accordance with the evaluation

¹ The "Green Bond Principles 2021" of International Capital Market Association (ICMA) at <https://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp/>

² The "Green Bond Guidelines 2022" of Ministry of the Environment at <https://www.env.go.jp/content/000062495.pdf>

methodology developed by JCR, based on A Practitioner's Guide for Bonds to Finance the Sustainable Blue Economy (hereinafter referred to as "SBE Guide"³) or the Blue Finance Guidelines⁴. JCR will make its evaluation by referring to these principles and guidelines as the domestic and international unified standards at this time although they are not regulations with legal bases.

MOL's use of proceeds under this framework is for new expenditures or refinance of existing expenditures for pre-defined eligible projects that contribute to the maritime economy. The Company also sets out that appropriate measures should be taken, considering negative impacts on the environment and society in implementing an eligible project. Accordingly, JCR has evaluated that the use of proceeds in this framework is expected to have marine-related environmental benefits and contribute to the sustainable marine economy.

The Company has appropriately set forth the provisions in order for the management to be involved in the process of selecting projects for which proceeds will be used as well as to appropriately control over the management of proceeds through internal and external audits. As for reporting, items related to the appropriation of proceeds and the effectiveness of environmental benefits are adequately defined and disclosed on the website. Consequently, JCR has evaluated that MOL has a management and operation system in place and has transparency.

Accordingly, JCR assigned "b1(F)" to "Blueness Evaluation (use of proceeds)," "m1(F)" to "Management, Operation and Transparency Evaluation" and "Blue1(F)" to the "Blue Bond Framework Evaluation" for this framework, based on JCR Green Finance Evaluation Methodology. This framework meets the criteria for the items required in the "Green Bond Principles," the "Green Bond Guidelines" and the "SBE Guide."

³ ICMA/IFC/UNEP FI/UN Global Compact/ADB Bonds to Finance the Sustainable Blue Economy at <https://www.icmagroup.org/assets/documents/Sustainable-finance/Bonds-to-Finance-the-Sustainable-Blue-Economy-a-Practitioners-Guide-September-2023.pdf>

⁴ IFC Guidelines for Blue Finance 2022 at https://www.ifc.org/wps/wcm/connect/industry_ext_content/ifc_external_corporate_site/financial+institutions/resources/guidelines-for-blue-finance

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I. Use of Proceeds

JCR's Key Consideration on this Factor

JCR will firstly confirm whether the proceeds financed are appropriated to blue projects that contribute to the sustainable marine economy and have clear environmental impacts in this section. Secondly, in case where any potential negative environmental or social impacts are assumed for the use of proceeds, JCR will confirm whether these impacts have been thoroughly reviewed by a specialized internal department or external third-party organization, whether necessary avoidance or mitigation measures have been taken or whether they pose a serious risk to the implementation of other green/blue projects or the achievement of the Sustainable Development Goals (hereinafter referred to as "SDGs") targets. JCR will refer to the IFC Performance Standard, World Bank EHS Guidelines or the list of exempted projects established by UNEP FI SBEI for verification. Finally, JCR will confirm that the use of proceeds is aligned with SDGs.

▶▶▶ Current Status of Evaluation Targets and JCR's Evaluation

The use of proceeds designated by MOL in this framework is for MOL's new expenditures and refinance of existing expenditures for offshore wind power generation, ocean thermal energy conversion, Wind Hunter and Wind Challenger, initiatives for efficient operation, installation of ballast water treatment system and installation of SOx scrubbers, all of which are expected to contribute to the sustainable marine economy and environmental benefits.

The Framework for the Use of Proceeds

1. Use of Proceeds

The proceeds from blue bond issuance will be used to refinance new and existing investment in the eligible projects listed below. Note that refinancing will be limited to projects implemented no longer than 36 months earlier than the time of blue bond issuance.

Eligible Blue Projects

SBE Practitioner's Guide Blue Project Categories	GBP Green Project Categories	Eligible Projects
Marine Renewable Energy	Renewable energy	Capital investment, R&D, funding, etc. for businesses relating to offshore wind power generation

		Including capital investment, R&D, funding, etc. for SOV (Service Operation Vessels)
Sustainable Marine Transport		Capital investment, R&D, funding, etc. for Ocean Thermal Energy Conversion¹
	Clean transportation	Capital investment, R&D, etc. for Wind Hunter Project²
	Clean transportation Energy efficiency	Capital investment, R&D, etc. relating to the wind propulsion device portion of ships outfitted with Wind Challenger³
		Capital investment, etc., for initiatives toward more efficient marine vessel operation Capital investment, etc., for PBCF ⁴ and propeller introduction and replacement
	Terrestrial and aquatic biodiversity conservation	Capital investment, etc., for ballast water management system⁵ introduction
Pollution prevention and control	Capital investment, etc., for SOx scrubber⁶ introduction	

JCR's Evaluation for the Framework

1. Impacts on Sustainable Marine Economy by Projects

(1) Use of Proceeds 1: Expenditures for Offshore Wind Power Generation

Use of Proceeds¹ is for expenditures related to offshore wind power generation, including capital investments and investment funds in domestic and overseas offshore wind power generation projects or investment funds in companies engaged in offshore wind power generation projects and construction costs of SOV used for maintaining offshore wind power generation. This use of proceeds falls under "Marine renewable energy" in the SBE Guide, "Renewable energy" in the "Green Bond Principles" and "Project for renewable energy" among the uses of proceeds exemplified in the "Green Bond Guidelines."

In order to achieve the short-term GHG reduction target in the 1.5 degrees Celsius target of the Paris Agreement, it is necessary to introduce currently available and cost-effective technologies as early as possible and wind power generation is one of the technologies. The introduction is expected to accelerate rapidly toward 2030 in the IEA's NEZ scenario⁵, and the share of wind power of the global electricity generation is expected to increase from 7 per cent to 19 per cent between 2022 and 2030. The capacity of power generation is also likely to increase from 75 GW to 320 GW between 2022 and 2030, one-third of which will be provided by offshore wind generation, which is required to be introduced increasingly to achieve the global net-zero goal.

In Japan, offshore wind power generation has been positioned as the key to make renewable energy a main power source in the "Vision for Offshore Wind Power Industry (1st)" and the followings are expected: (1) introduction in bulk, (2) reasonable electricity costs and (3) large economic ripple effects. The Fourth Ocean Basic Plan (hereinafter referred to as "Ocean Basic Plan") formulated in April 2023, has "comprehensive ocean security" and "building the sustainable ocean" as its two pillars, and the government will promote environmental improvements, including the development of laws to expand offshore wind power generation into the EEZ (exclusive economic zones) as specific measures for the latter, from the perspective of the ocean sector's contribution to carbon neutral. Steady efforts are required to achieve the goal of 5.7 GW in FY 2030, the target to introduce offshore wind power generation so as to realize the Japanese government's "Carbon Neutral Declaration" by 2050, its target of a 46 per cent reduction in CO₂ emissions by FY 2030 and the further challenge of reaching a 50 per cent reduction in CO₂ emissions.

According to a report by the Organization for Economic Cooperation and Development (OECD),⁶ the ocean is rich in resources and has the potential to boost economic growth, employment and innovation, and the gross value added (GVA) of the ocean economy could exceed \$3 trillion by 2030. On the other hand, the report states that the world already faces problems of overutilization, pollution, biodiversity loss and climate change, and that a responsible and sustainable approach to marine economic development is needed to realize the full potential of

⁵Net Zero Roadmap: A Global Pathway to Keep the 1.5 °C Goal in Reach in 2023 by IEA at <https://www.iea.org/reports/net-zero-roadmap-a-global-pathway-to-keep-the-15-0c-goal-in-reach>

⁶The Ocean Economy in 2030 provided by OECD in 2016 at https://www.oecd-ilibrary.org/economics/the-ocean-economy-in-2030_9789264251724-en

the oceans. The Japanese government's Ocean Basic Plan also listed "conservation, recovery and maintenance of the marine environment" as one of the measures to be taken, and the government strives to use and develop the sustainable oceans, based on the international initiatives such as SDGs.

From this sustainability perspective, offshore wind power generation is large scale development in the ocean, and appropriate evaluations and measures are required for the impacts on the marine environment and biodiversity. It should take notice that the important is to appropriately assess environmental impacts and to take necessary measures, such as bird strikes by birds or bats and impacts on marine organisms, such as fish or marine mammals along with disturbance of the seafloor or noise. The project must be promoted with appropriate engagement with local communities or stakeholders such as fishermen.

This proceeds will be used for capital expenditures and investment funds on domestic and overseas offshore wind power generation projects or investment funds in companies engaged in offshore wind power generation projects, which will contribute to the achievement of global and domestic net-zero targets; therefore, JCR has evaluated that the environmental benefits are recognizable.

The project for which this use of proceeds is appropriated includes costs to build SOV. SOV refers to an offshore support vessel with many accommodations in which maintenance technical experts can stay is operable at sea for a certain period and is used for maintaining offshore wind power plants. The SOV in this appropriation project will be equipped with a Dynamic Positioning System (DPS) to constantly maintain a safe distance between the vessel and the offshore wind turbines or a special gangway (humanitarian bridge) with a motion compensation function to absorb ship motion caused by waves to safely transfer the technical experts from the vessel onto the offshore wind turbine platform. JCR has evaluated that the effects to reduce GHG emissions through offshore wind power generation projects are obvious and the environmental benefits are recognizable although heavy oil is presently used as SOV fuels.

MOL has strived to comply with international environmental regulations aimed at marine environmental protection, biodiversity protection, air pollution and climate change countermeasures and to identify risks and to control negative impacts by conducting marine surveys and environmental assessments in any projects. JCR has evaluated that this use of proceeds will contribute to the sustainable marine economy since the clear environmental benefits can be confirmed as mentioned above.

(2) Use of Proceeds 2: Expenditures for Ocean Thermal Energy Conversion

The use of proceeds 2 is for capital expenditures, research and development expenses and investment funds related to ocean thermal energy conversion. This use of proceeds falls under "Marine renewable energy" in the SBE Guide, "Renewable energy" in the "Green Bond Principles" and "Project for renewable energy" among the uses of proceeds exemplified in the "Green Bond Guidelines."

Ocean Thermal Energy Conversion (hereinafter referred to as "OTEC") is a renewable energy source that uses the temperature difference between warm seawater in the surface layer (hereinafter referred to as "surface water") and cold seawater in the deep sea (hereinafter referred to as "deep water") to generate power without emitting CO₂ during power generation. The solar energy-stored surface water and deep water at around 1 to 7 degrees Celsius at 600 to 1,000 meters depth are taken and the temperature difference between the two is used to generate electricity. Ocean thermal energy has little daily fluctuation if any, and its seasonal variations are predictable, enabling to systematically generate electricity as a base power source.

In Japan surrounded on all four sides by the sea, it has a large amount of renewable energy usable in waters (marine renewable energy,) including offshore wind power, wave power, tidal currents, ocean currents or ocean temperature differences. According to a report⁷ by the New Energy and Industrial Technology Development Organization (NEDO,) Japan's energy potential (available sources) from energy with the marine temperature difference is estimated to be 904 GWth, and the installed capacity and power generation (including onshore and offshore installations) would be 6 GWth and 47 TWh/year, respectively in cases where power generation facilities are ideally installed taking its geographical conditions into consideration.

Many island countries and regions rely upon diesel power for electricity; however, electricity prices are on the rise due to the invasion of Ukraine or rising transportation costs. For this reason, a shift to renewable energy has been advancing, and OTEC is one of the options. OTEC is expected to be a baseload power source toward carbon neutral in island countries and regions. In Japan, an OTEC demonstration project of a 100 kW has been carried out since 2012, led by Kumejima-Cho in Okinawa Prefecture and Saga University. MOL has been participating in the operation of the OTEC demonstration facility since April 2022. MOL aims to accumulate know-how on OTEC operations and to realize the world's first commercial OTEC on a 1 MW class around 2026 through its participation in the operation in the only OTEC demonstration facility in Japan. Deep seawater used for power generation can be used for secondary purposes in various sectors, such as fisheries, agriculture or air conditioning since the water quality remains the same and the water temperature is as low as 10 to 12 degrees Celsius even after it is used for power generation. The combined use of deep seawater as a local resource for OTEC or fisheries is also known as the "Kumejima Model," and the Company aims to expand this model to other countries, including Mauritius, Malaysia or Indonesia.

The projects for which the proceeds will be used include OTEC's demonstration projects in Kumejima or Mauritius and capital investment funds in the commercial phase of the project in the future. JCR has evaluated that environmental benefits are recognizable as costs on renewable energy. In the current demonstration project, consideration is given to the impacts on the marine environment or ocean creatures, and no clear negative impacts have been confirmed so far. In the commercialization phase, the Company will comply with international regulations or local laws and regulations and will strive to minimize negative impacts through appropriate measures

⁷ TSC Foresight Vol. 28, "Toward the Formation of Technology Strategy for the Marine Energy Sector" by NEDO in 2016 at <https://www.nedo.go.jp/content/100880816.pdf>

such as environmental assessments. Accordingly, JCR has evaluated that the use of the proceeds will contribute to the sustainable marine economy.

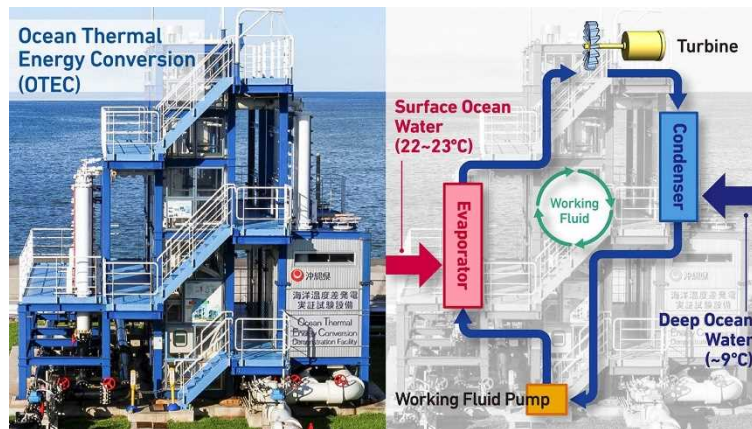


Figure 1 OTEC power generation facility⁸

(3) Use of Proceeds 3: Expenditures for Wind Hunter Project

The use of proceeds 3 is for expenditures related to the Wind Hunter project. The project with this use of proceeds include expenditures for research and development projects related to the Wind Hunter project and for the construction of ships with Wind Hunter-related technology in addition to the Wind Hunter project. This use of proceeds is categorized into "Sustainable marine transport" in the SBE Guide, "Clean transportation" in the "Green Bond Principles" and "Project for clean transportation" among the use of proceeds illustrated in the "Green Bond Guidelines."

The Wind Hunter project refers to a project to develop a zero-emission ship powered by wind and hydrogen, which uses offshore wind power generation for producing hydrogen as well as for propulsive force for vessels. In addition to the wind propulsion system technology in the Wind Challenger project, described below, the wind turbine underwater will generate electricity during sailing and will produce hydrogen through electrolysis of pure water generated from seawater. The Company is considering methods to utilize the hydrogen produced to assist propulsive force in weak wind and to supply hydrogen stored to demand areas. MOL aims to build a large zero-emission cargo carrier and hydrogen production ship by 2030, utilizing the technology from the Wind Hunter project.

According to a survey conducted by IEA in 2020⁹ for GHG emissions from international shipping, CO₂ emissions from the entire international shipping as of 2018 were roughly 700 million tons or about 2.1 per cent of the global CO₂ emissions. Power fuels of ships are currently dependent upon petroleum fuel (heavy oil) only, and the international shipping is recognized as a hard-to-abate sector that will be difficult for decarbonization with current measures. The International Maritime Organization (hereinafter referred to as "IMO") set reduction targets as the GHG

⁸ Source: MOL's website at <https://www.mol.co.jp/bam/005/>

⁹ World Energy Outlook 2020 by IEA in 2020 at <https://www.iea.org/reports/world-energy-outlook-2020>

reduction strategy as the guidelines toward carbon neutral in the international shipping sector. In July 2023, the 2023 IMO GHG Reduction Strategy¹⁰ was adopted, revising the initial strategy adopted in 2018 (the 2018 IMO GHG Reduction Strategy) to include a goal of net zero GHG emissions by around 2050. The interim target is a 20 to 30 per cent reduction by 2030 and a 70-80 per cent reduction by 2040 (from 2008, respectively) and the goals for the future measures (rules) to be formulated by the IMO are to introduce 5 to 10 per cent of zero-emission fuels by 2030 and to improve transportation efficiency (CO₂ emissions per unit transportation) by 40 per cent (from 2008.)

The Ministry of Land, Infrastructure, Transport and Tourism (hereinafter referred to as "MLIT") has provided a technical roadmap as a "Roadmap Toward Zero Emissions in International Shipping"¹¹ for specific measures toward carbon neutral following the formulation of the 2018 IMO GHG Reduction Strategy. The first generation of zero-emission vessels without CO₂ emissions by using zero emission fuels and by installing CO₂ capturing device is set to be introduced between 2028 and 2030 in the roadmap.

The project for which this proceeds will be allocated is to develop zero-emission ships required to achieve the GHG reduction target set by the IMO and the environmental benefits are recognizable. The first generation zero-emission vessels assumed to be introduced between 2028 and 2030 in the roadmap by the MLIT will externally use zero-emission fuels; however, the Wind Hunter with more advanced technologies will produce hydrogen as its fuels while it is under operation. MOL's plan to build a large zero-emission cargo carrier and hydrogen production ship with technologies of the Wind Hunter by 2030 is more ambitious than the MLIT's roadmap. Accordingly, JCR has evaluated that this use of proceeds will contribute to the sustainable marine economy.

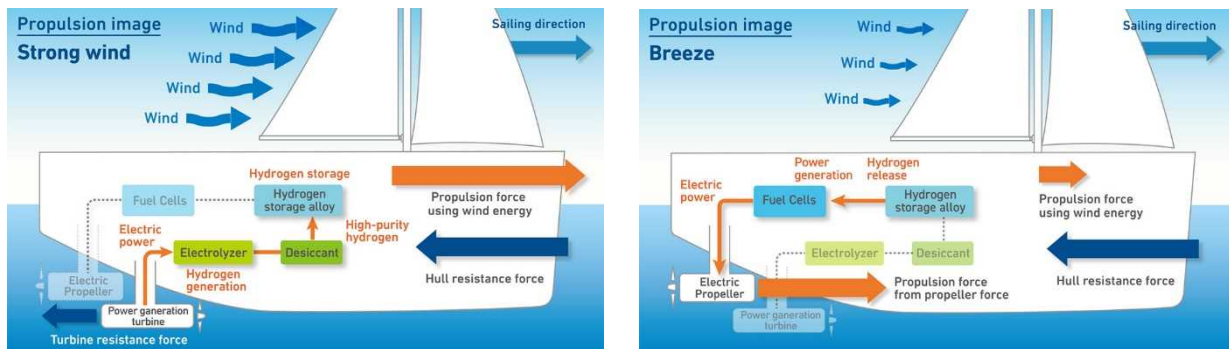


Figure 2 Propulsive Image of Wind Hunter¹²

(4) Use of Proceeds 4: Expenditures relating to Wind Propulsion Devices Portion of Ships Outfitted with Wind Challenger

¹⁰ The 2023 IMO Strategy on Reduction of GHG Emissions from Ships of IMO in 2023 at <https://www.imo.org/en/OurWork/Environment/Pages/2023-IMO-Strategy-on-Reduction-of-GHG-Emissions-from-Ships.aspx>

¹¹ Roadmap toward Zero Emissions in International Shipping by MLIT in 2020 at

https://www.mlit.go.jp/maritime/GHG_roadmap.html

¹² Source: MOL website at <https://www.mol.co.jp/bam/004/>

Use of proceeds 4 is for expenditures related to wind propulsion devices portion of ships outfitted with Wind Challenger. This use of proceeds is categorized into "Sustainable marine transport" in the SBE Guide, "Energy efficiency", "Clean transportation" in the "Green Bond Principles" and "Project for energy efficiency", "Projects for clean transportation" among the uses of proceeds exemplified in the "Green Bond Guidelines."

Wind Challenger refers to a wind propulsion system with sails, which are installed on board to receive the wind force to propel the vessel. Wind Challenger does not interfere with existing energy-saving devices below the waterline and can be installed on all types of ships (bulk carriers, tankers, LNG carriers) except for car carriers¹³. Several Wind Challenger sails can also be installed with greater energy savings. The first vessel began its operation in the fall of 2022, which is expected to reduce GHG emissions by 5 to 8 per cent.

In the international shipping sector, efforts to reduce GHG emissions from ships have been made before the GHG reduction strategy was formulated, such as introducing the Energy Efficiency Design Index (EEDI) for ships and gradual tightening the regulation values. The IMO set the GHG reduction target in its 2023 IMO GHG Reduction Strategy, which listed a 40 per cent improvement in transportation efficiency (CO₂ emissions per unit of transportation) (from 2008) as mentioned above, and energy efficiency measures for new and existing ships are urgently needed. The wind propulsion system is assumed to be introduced in and after 2024 in the MLIT's roadmap. The first vessel began its operation in the fall of 2022, confirming the progress of efforts ahead of this roadmap.

Accordingly, JCR has evaluated that the project to which the proceeds will be allocated are initiatives to increase energy efficiency of ships and to contribute to the sustainable maritime economy as they contribute to the international GHG reduction targets in the international shipping.

(5) Use of Proceeds 5: Expenditures for Initiatives toward More Efficient Marine Vessel Operation

Use of proceeds 5 is for expenditures on efforts to operate the vessel more efficiently and on the introduction and replacement of Propeller Boss Cap Fins (hereinafter referred to as "PBCF") or energy-efficient propellers. This use of proceeds is categorized into "Sustainable marine transport" in the SBE Guide, "Energy efficiency", "Clean transportation" in the "Green Bond Principles" and "Project for energy efficiency", "Projects for clean transportation" among the uses of proceeds exemplified in the "Green Bond Guidelines."

PBCF is a device to improve the energy efficiency of propellers, a propulsion device of ships. In the case of a normal Boss Cap, a hub vortex is generated from the rear-end part of the Cap and roughly 10 per cent of the energy transmitted to the propeller is lost. The installation of the PBCF alters the flow of the propeller slipstream and improves the energy efficiency of the propeller by eliminating the generation of the hub vortex. A roughly 2.5 per cent reduction of fuel

¹³ Wind Challenger cannot be installed in car carriers due to their high freeboard (the height above the sea surface.)

consumption is expected by introducing the PBCF although the effect varies depending upon the ship type or size, new introduction or conversion. This product was certified by the EcoAction Program, an environmental program of the Port of Vancouver, Canada, as a device that reduces underwater noise, which is to have a negative impact on the ecosystem of underwater mammals such as whales, thereby it contributes to the conservation of marine ecosystems.

MOL is converting propellers of existing vessels into energy-saving propellers as part of its aggressive investment in energy-saving technology. The introduction of energy-efficient propellers is expected to reduce fuel consumption by 4 per cent.

Accordingly, JCR has evaluated that the appropriation project with this use of proceeds is initiatives to increase energy efficiency of ships and contributes to the sustainable maritime economy as a contribution to the international GHG reduction targets in international maritime transportation in the same manner as the use of proceeds 4.

(6) Use of Proceeds 6: Expenditures for Ballast Water Management System Introduction

Use of proceeds 6 is for expenditures on the introduction of ballast water treatment system. This use of proceeds falls under the "Sustainable marine transport" in the SBE Guide, "Terrestrial and aquatic biodiversity conservation" in the "Green Bond Principles" and "Projects related to biodiversity conservation" among the uses of the proceeds as exemplified in the "Green Bond Guidelines."

Ballast water, which is loaded as a weight depending upon the loading of cargos, can cause transboundary movement of marine organisms as ships operate, posing a risk of impacting marine ecosystems. In September 2017, the International Convention for the Control and Management of Ships' Ballast Water and Sediments (hereinafter referred to as "Ballast Water Management Convention") entered into force to manage ballast water discharge. The Ballast Water Management Convention aims to protect the marine environment or preserve biodiversity by properly managing ships' ballast water and preventing, minimizing and ultimately eliminating the movement of harmful aquatic organisms and pathogens through ballast water. The installation of ballast water treatment system is presently an internationally mandatory initiative.

The project for which the proceeds will be used is to install ballast water treatment system that meets the standards of the Ballast Water Management Convention. JCR has evaluated that the introduction of this device will contribute to protecting the marine environment and preserving biodiversity and the sustainable marine economy. As of FY 2021, MOL installed ballast water treatment systems on 91 per cent of its Group's vessels and plans to install them on all of its vessels by the end of FY 2023. The ballast water treatment systems introduced by the Company have treatment through: (1) chemicals, (2) electrolysis, (3) ultraviolet and (4) ozone, all of which meet the standards required by the Ballast Water Management Convention and have a smaller environmental impact, in particular, since chemicals are not used for (3) and ozone is used for (4) and thus the device can be used in fresh water.

(7) Use of Proceeds 7: Expenditures on SOx Scrubber Introduction

Use of proceeds 7 is for expenditures on the introduction of SOx scrubbers. This use of proceeds is categorized into "Sustainable marine transport" in the SBE Guide, "Pollution prevention and control" in the Green Bond Principles and "Projects for pollution prevention and control" among the use of proceeds exemplified in the "Green Bond Guidelines."

A SOx scrubber refers to a device that removes sulfur oxides emitted with fuels of vessels. Air pollutant emissions from ships are regulated by the IMO under the Convention on the Prevention of Marine Pollution (hereinafter referred to as "MARPOL Convention")¹⁴ worldwide regardless of international or domestic shipping. Regulations on SOx emissions have been tightened step by step since 2012, and the sulfur concentration in fuel oils has been required to be 0.5 per cent or less in general marine areas since January 2020.

The project for which the proceeds will be used is the installation expense of SOx scrubbers to comply with the SOx regulations stipulated in the MALPOL Convention. MOL has already installed the SOx scrubbers on almost all of its vessels, and plans to use the proceeds for refinancing for the devices installed during the look-back period and to pay for new devices when SOx regulations are required due to operational changes of its vessels.¹⁵ JCR has evaluated that the introduction of this device reduced SOx emissions by 86 per cent, which is a clear environmental benefits.

The exempted projects¹⁶ set forth by UNEP FI SBFI include companies that use an exhaust gas purification system (hereinafter referred to as "scrubber") in marine transportation, and in cases where scrubbers are used as a provisional solution, closed-loop scrubbers that neutralize the cleaning water with chemicals and reuse it (without discharging it into the ocean) are required instead of open-loop scrubbers that discharge the cleaning water into the ocean. Meanwhile, the MLIT compiled the direction for the measures to smoothly respond to the stricter SOx emission regulations stipulated by the IMO, and in this context, the MLIT established a "Study Group on the Impact of Scrubber Effluent on the Marine Environment" to investigate and verify scrubber effluent on the marine environment. As a result, the MLIT conclude that the possibility of impacts on marine life or water quality from scrubber effluent is significantly low, both for the short and long term. MOL is also working to achieve net-zero GHG emissions by 2050 and set KPI or milestones for fuel conversion to LNG or zero-emission fuels or introduction of zero-emission vessels. The use of high sulfur fuel oil requiring SOx scrubber is expected to decrease as the Company reduces GHG emissions and the SOx scrubbers are temporary used until these efforts progress sufficiently. Accordingly, JCR has determined that the SOx scrubbers are only provisionally used and that the impact on the environment and biodiversity along with the use of the SOx scrubbers is significantly low, and thus, the blueness of this use of proceeds will be deniable although the SOx scrubbers to be installed by the Company include open-loop systems.

¹⁴ Officially known as the "Protocol of 1978 relating to the International Convention for the Prevention of Pollution from Ships, 1973"

¹⁵ The Company complied with regulations by using low sulfur fuel that met the SOx regulations of the MALPOL Convention prior to the introduction of the SOx scrubber.

¹⁶ UNEP FI, 2021, Turning the Tide: How to finance a sustainable ocean recovery: A practical guide for financial institutions <https://www.unepfi.org/publications/turning-the-tide/>

Consequently, JCR has evaluated that the use of the proceeds will contribute to the sustainable marine economy.

2. Negative Impacts on the Environment and Society

The Framework for Negative Impacts on the Environment and Society

2-2. Negative impacts of eligible projects on the environment, and how these are addressed

2-2-1 Assumed risks

- Impact of offshore wind power generation development, Ocean Thermal Energy Conversion development, and ballast water on the marine ecosystem and marine life
- Greenhouse effect from CO₂ emitted by LNG and heavy oil combustion, and air pollution from NO_x

2-2-2 Risk mitigation measures

- Regarding offshore wind power generation development and Ocean Thermal Energy Conversion development, ocean surveys and environmental assessments will be carried out aimed at mitigating adverse impacts. By installing ballast water management systems on ships, we are endeavoring to reduce impacts on the ecosystem.
- We have set a goal of net zero GHG emissions by 2050 in ship operation, have drawn up and made public the roadmap for achieving this goal, and are introducing clean alternative fuels and energy-saving technology, while further advancing efforts for more efficient ship operation.
- In addition, we are observing international environmental regulations aimed at combating climate change, air pollution prevention, marine environment conservation, and biodiversity protection, etc., as we seek to minimize negative impacts from our businesses on the marine and global environment.

JCR's Evaluation for the Framework

MOL has identified the following negative impacts caused by the projects allocated by this framework: impacts on marine ecosystems and marine life by offshore wind power development, ocean thermal energy conversion and ballast water; greenhouse effects by CO₂ emissions from LNG and heavy oil combustion and air pollution by NO_x. The Company will work to reduce negative impacts on the ecosystem by conducting sea surveys or environmental assessments or by installing ballast water treatment systems on vessels as risk mitigation measures. MOL also declared that it set a GHG net-zero emission goal by 2050 to achieve which, it will formulate a roadmap and will take various measures based on the roadmap in its BLUE ACTION 2035, management plan and Environmental Vision 2.2. The Company will comply with international environmental regulations aimed at combating climate change, preventing air pollution and protecting the marine environment and biodiversity and will strive to minimize negative impacts on the marine and global environment via its business.

Consequently, JCR has evaluated that MOL is taking appropriate measures for all eligible projects, taking into account the negative environmental and social impacts as for the projects. JCR has also

confirmed that the use of proceeds will not pose a serious risk to achieve other SDG targets and that all of the use of proceeds except for the use of proceeds 5 do not fall under the exempted projects as defined by UNEP FI SBFI. As for the use of proceeds 5, as mentioned above, JCR has confirmed that the impact of the project on the environment and biodiversity is significantly low, and that the blueness of the project will be deniable.

The SOx scrubbers for which proceeds are used in this framework are to be installed on fuel oil-fueled vessels; however, they are to be used temporarily until MOL achieves its net zero emissions goal as mentioned above. Wind Challenger or PBCF and energy-efficient propellers are currently installed on vessels with fossil fuels; however, MOL plans to convert fossil fuels into zero-emission fuels or vessels with fossil fuels into zero-emission vessels in terms of the ships under its management. Consequently, JCR has confirmed that the use of the proceeds in this framework does not contribute to the lock-in of fossil fuels.

3. Consistency with SDGs

JCR has evaluated as contribution to the following SDGs goals and targets by referring to ICMA's SDG mapping and has confirmed that all of the use of proceeds in this framework contributes to the achievement of targets related to SDG Target 14 as confirmation items in the screening for blue projects in JCR Green Finance Evaluation Methodology.



Goal 3: Good Health and Well-being

Target 3.9. By 2030, substantially reduce the number of deaths and illnesses from hazardous chemicals and air, water and soil pollution and contamination



Goal 7: Affordable and Clean Energy

Target 7.1. By 2030, ensure universal access to affordable, reliable and modern energy services
 Target 7.2. By 2030, increase substantially the share of renewable energy in the global energy mix
 Target 7.3. By 2030, double the global rate of improvement in energy efficiency



Goal 9: Industry, Innovation and Infrastructure

Target 9.4. By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities



Goal 12: Responsible Consumption and Production

Target 12.4. By 2020, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimize their adverse impacts on human health and the environment



Goal 13: Climate Action

Target 13.1. Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries



Goal 14: Life Below Water

Target 14.1. By 2025, prevent and significantly reduce marine pollution of all kinds, in particular from land-based activities, including marine debris and nutrient pollution
 Target 14.2. By 2020, sustainably manage and protect marine and coastal ecosystems to avoid significant adverse impacts, including by strengthening their resilience, and take action for their restoration in order to achieve healthy and productive oceans
 Target 14.3. Minimize and address the impacts of ocean through sustainable management of fisheries, aquaculture and tourism acidification, including through enhanced scientific cooperation at all levels



Goal 17: Partnerships for the Goals

Target 17.16. Enhance the global partnership for sustainable development, complemented by multi-stakeholder partnerships that mobilize and share knowledge, expertise, technology and financial resources, to support the achievement of the sustainable development goals in all countries, in particular developing countries

I. Selection Criteria and Processes of the Use of Proceeds

JCR's Key Consideration on this Factor

JCR will confirm whether the objectives to be achieved through this evaluation target, the selection criteria of blue projects and the appropriateness of the process and a series of processes are appropriately disclosed to investors in this section.

▶▶▶ Current Status of Evaluation Targets and JCR Evaluation

JCR has determined that the goals, selection criteria of blue projects and processes in this framework have been appropriately involved by the departments with expertise and the management and that transparency has been ensured.

1. Goals

The Framework for Goals

2. MOL Group Corporate Mission

Our Group Corporate Mission, Group Vision, and Group Values (MOL CHARTS) have been defined as given below. At a time when awareness of the need for decarbonization and other environmental solutions is rising, along with the expectations of society for our contributions to sustainability as an enterprise, these confirm the meaning of the Group existence, the vision we aim for, and our values, as we seek to expand our business beyond transport to other areas and to reflect the changing values that come with such expansion, and to achieve further growth.

MOL Group Corporate Mission

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

MOL 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 Group Values: MOL CHARTS

Challenge	Innovate through insight <ul style="list-style-type: none"> ▪ Proactively develop business opportunities by staying ahead of the curve. ▪ Make innovation for the further growth of the company.
Honesty	Do the right thing <ul style="list-style-type: none"> ▪ Keep compliance as a Top Priority. ▪ Ensure that actions comply with social norms and the highest ethical standards.
Accountability	Commit to acting with a sense of ownership <ul style="list-style-type: none"> ▪ Tackle tasks with a sense of ownership and in cooperation with stakeholders.
Reliability	Gain the trust of stakeholders <ul style="list-style-type: none"> ▪ 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.
Teamwork	Build a strong team <ul style="list-style-type: none"> ▪ Encourage open communication with mutual respect. ▪ Share knowledge, experience, expertise and skills, and foster the next generation.
Safety	Pursue the world's highest level of safety culture <ul style="list-style-type: none"> ▪ Maintain a safety-first attitude and strive to reinforce safety awareness ▪ Return to basics by comprehending workplace safety.

3. MOL Group Management Plan "BLUE ACTION 2035"

In March 2023, we formulated a new Group Management Plan, "BLUE ACTION 2035." This plan conceives and lays out the next stage and shows the way toward a vision based on long-term strategies, so that we can take a major step to becoming a global social infrastructure company. The name 'BLUE ACTION 2035' symbolically indicates our challenge on the way to 2035 (the target year set in the plan), of achieving new growth while expanding our field as a social infrastructure company with its origins in the sea, and valuing the preciousness of the ocean and the global environment.

In carrying out "BLUE ACTION 2035" toward achieving the Group Vision (what we want to be in 2035), we will reform to a business portfolio able to maintain profitability even during a shipping downturn, aiming to increase the asset ratio of stable revenue businesses that are highly resilient to fluctuations in the shipping market to 60 percent. In addition to the three core strategies (portfolio, regional, and environmental strategies), the five core initiatives to Sustainability Issues (Environment, Safety, Human Capital, Digital Transformation [DX], and Governance) have been made a central part of the plan. The management plan has also been designed for consistency with the "MOL Group Environmental Vision 2.2," our environmental strategy, regarding the introduction of zero-emissions ocean-going vessels and the milestones toward achieving GHG emissions intensity reduction targets.

Outline of "BLUE ACTION 2035"



Core KPI targets

KPI		FY2022 Results	FY2023 Forecast	Phase 1 FY2025	Phase 2 FY2030	Phase 3 FY2035	
Financial KPI	Profit before tax (unit: JPY)	819 bil	265 bil	240 bil	340 bil	400 bil	
	Net Gearing Ratio*1	1.01	0.92	0.9~1.0			
	ROE	49.8%	10%	9~10%			
Non-Financial KPI	Environment	GHG emissions intensity reduction rate (Compared to 2019)	▲5.0%	-	-	▲45%	
	Safety	4 Zero*2	Unachieved (One fatal accident)	-	Achieve		
	Human Capital	Percentage of female employees in managerial positions (Office workers, non-consolidated)	9.2%	-	15%	[Reset by the end of Phase 1]	
		Percentage of MGKP*3 incumbents (Female/Non-HQ/Under 40s)	4.7%/18.3%/9.5%	-	8%/30%/15%		
	DX	Conversion rate to value creation and safety work (cumulative)	-	-	10%	20%	30%

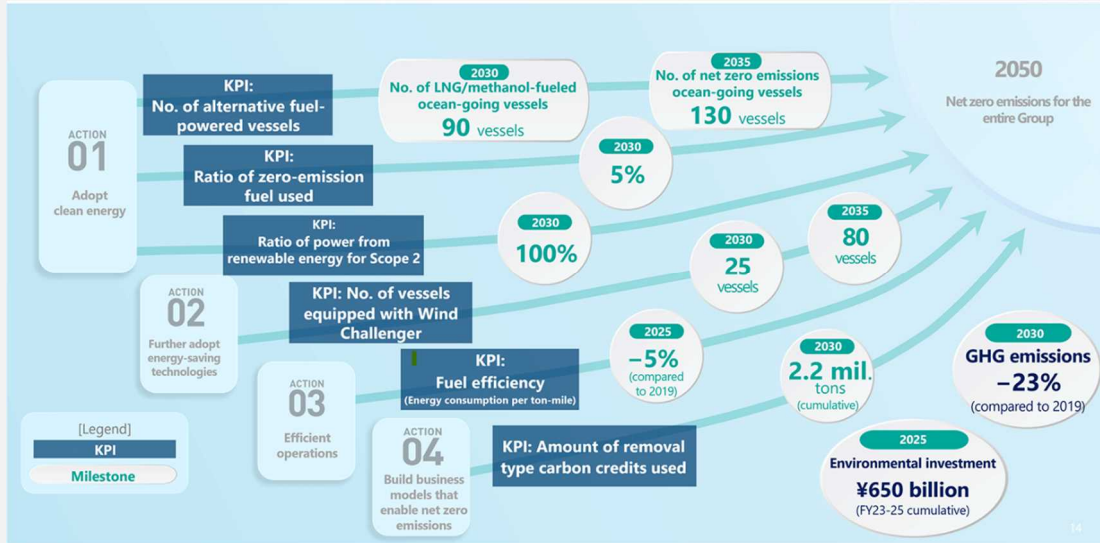
*1 The amount of interest-bearing liabilities is assumed to include off-balance assets (approx. 900 billion yen) such as charter hire liabilities that should be factored-in after IFRS is adopted. This figure is only an estimate under certain assumptions and may differ from the actual one when IFRS is formally applied.
*2 4 Zero = Zero for serious marine incidents, oil pollution, fatal accidents and serious cargo damage.
*3 MOL Group Key Positions, designated as equivalent to General Manager in Head Office, to be appointed and managed centrally across the group.

4. 'MOL Group Environmental Vision 2.2'

MOL made Environmental Strategy one of the core strategies of our Management Plan, "BLUE ACTION 2035." We have drawn up the "MOL Group Environmental Vision 2.2" as a new roadmap to achieve net zero greenhouse gas (GHG) emissions by 2050 and promote the sustainable development of people, society, and the Earth. "Environmental Vision 2.2" adds and updates key performance indicators (KPIs) and milestones as important measures of progress on the way to achieving net zero emissions by 2050 by the Group as a whole, thereby raising the effectiveness of initiatives, while clarifying the transition plan by presenting specific GHG reduction pathways. The MOL Group will make concerted efforts to reduce various impacts on the global environment, including climate policy measures and measures to protect natural capital and biodiversity, while earning the trust of a broad range of stakeholders.

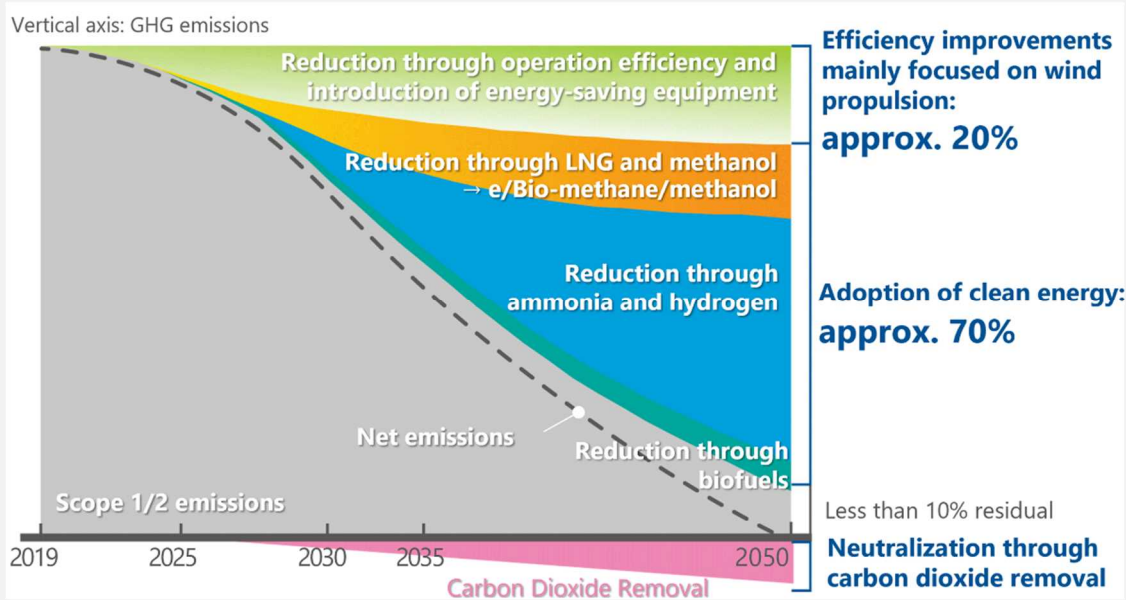
KPI & Milestones

MOL has established quantitative KPIs and milestones to measure progress on actions aimed at achieving net zero emissions by 2050.



Pathway to Net Zero Emissions

MOL has clarified our transition plan by presenting specific GHG reduction pathways toward the 2050 net-zero target, and has quantified the contributions of each initiative.



JCR's Evaluation for the Framework

MOL has identified five sustainability issues, which are based on strengthening (1) Governance (governance and compliance that support business) as its management foundation, and while (2) Innovation (innovation that advances the maritime technology) is interacting with (3) Human & Community (human activities and the development of local communities,) the Company is to solve both (4) Safety & Value (providing added value through safe transportation and social infrastructure businesses) and (5) Environment (preservation of the marine and global environment.) MOL is working on the environment (marine and global environmental preservation,) presenting targets and actions as its Environmental Vision 2.2 and set forth the following five actions to achieve net zero: (1) adopt green energy, (2) adopt more advanced energy-saving technologies, (3) have efficient operations, (4) build business models that enable net zero emissions and (5) expand low-carbon/decarbonized businesses by leveraging the Group's collective strengths. Among the uses of proceeds in this framework, expenditures on offshore wind power, Wind Hunter and Wind Challenger, and expenditures on efficient operation initiatives are corresponding to these actions.

Quantitative milestones for natural capital and biodiversity are established in the vision. The Company listed a 14 per cent reduction in SOx emissions intensity in 2030 (from 2020) as air pollutant reduction; a 5 per cent improvement in fuel efficiency in 2025 (from 2019) as resource use and energy efficiency and managing the installation rate of ballast water treatment system and disclosing progress¹⁷ as a biodiversity indicator. Among the eligible projects in this framework, the expenditures on the installation of SOx scrubbers, ballast water treatment systems, Wind Hunter and Wind Challenger and expenditures on efforts for efficient operations are initiatives that will contribute to achieving these milestones.

The portfolio strategy was set out as one of its three main strategies, aiming to "reform to a portfolio that can maintain profitability even during a shipping recession" and to "pursue both investment for growth and a yield that meets shareholders' expectations (ROA 9 - 10 per cent)" in the Company's medium- to long-term management plan, "BLUE ACTION 2035." MOL intends to control asset allocation among the market-driven business with relatively short contract terms and high volatility due to shipping market conditions, businesses that are not affected by shipping market conditions with relatively long contract terms and non-shipping businesses with low correlation with shipping market conditions, based on the target ROA for each business. The Company plans to increase the ratio of stable revenue assets from 49 per cent in 2022 to 60 per cent in and after 2025 and to increase the ratio of non-shipping assets from 27 per cent to 40 per cent. The offshore wind power project, one of the use of proceeds in this framework, is positioned as a stable revenue and non-shipping business and is a project to be implemented under this plan.

Accordingly, JCR has evaluated that financing through blue bonds under the framework will contribute to achieving MOL's management plan and environmental goals.

¹⁷ 91% of the vessels owned by the Company were equipped with the ballast water treatment systems as of FY 2021. All of the vessels will be equipped with the systems by the end of FY2023.

2. Selection Criteria

The eligibility criteria in this framework are as described in the Evaluation Phase I in this report. JCR has evaluated the project's selection criteria as appropriate.

3. Processes

The Framework for Processes

2. Process for Project Evaluation and Selection

2-1. Process for selecting eligible projects

- The MOL organizations involved in the project selection process are the Corporate Planning Division, Environment & Sustainability Strategy Division, the division in charge of the project, and the Finance Division, receiving advice from the Headquarters of Technological & Digital Transformation as needed.
- The selection of projects eligible for funding is made by the MOL Finance Division, taking into account sustainability-related targets on the environmental front, including the latest Environmental Vision, while receiving advice from the Corporate Planning Division, Headquarters of Technological & Digital Transformation, and the division in charge of the project, and following a suitable process in line with "1. Use of Proceeds" above.
- The MOL Environment & Sustainability Strategy Division verifies and confirms the suitability and eligibility of the selected projects in light of the latest environmental vision.
- The CFO gives final approval to selected projects.

JCR's Evaluation for the Framework

In selecting projects eligible for blue bond proceeds, Finance Department will select projects eligible for the appropriation of proceeds based on the use of the proceeds set forth in this framework. In selecting a project, Corporate Planning Department, Technology Innovation Unit or Controlling Department will provide advice while Environment and Sustainability Strategy Department will verify the adequacy and eligibility of the project in light of the environmental vision and will confirm whether the project (1) contributes to realizing the MOL's latest environmental vision, (2) falls under the eligible project set out in the framework and (3) has appropriate measures to address negative impacts of the project. The Chief Financial Officer (CFO) is the final approver of the selected projects. Consequently, JCR has confirmed that the specialized departments and the management have been appropriately involved in evaluating projects and selecting processes.

MOL's blue bond objectives, selection criteria and processes will be disclosed in this evaluation report and in the framework to be published on its website. The Company plans to disclose the target project in the amended shelf registration statement in executing the blue bond. Therefore, JCR has evaluated that transparency to investors is ensured.

II. Management of Proceeds

JCR's Key Consideration on this Factor

It is generally assumed that finance raisers manage the proceeds financed in many ways. JCR will confirm whether the proceeds financed under this evaluation target will be certainly allocated to blue projects and whether mechanisms and internal systems are in place to ensure that such allocations can be easily tracked and managed.

JCR will give importance to whether the proceeds financed through this evaluation target will be early allocated to the blue project and will emphasize on the evaluation of the management and investment methods of unallocated proceeds.

▶▶▶ Current Status of Evaluation Targets and JCR Evaluation

JCR has evaluated that MOL has an appropriate proceeds management system and discloses how it manages proceeds financed in this evaluation report as well as in the framework or press releases to be published in its website.

The Framework for Management of the Proceeds

3. Management of Proceeds

3-1. Use of proceeds and method of bundling funds

- The proceeds from blue bond issuance will all be bundled for allocation to the selected eligible projects.

3-2. Tracking of proceeds

- The Finance Division will manage the status of allocation of proceeds from blue bond issuance to eligible projects, while sharing this status information with the relevant divisions. The Finance Division will further perform regular tracking to ensure that the same amount of funding goes to eligible projects as that procured from blue bond issuance.

3-3. Management of unallocated funds

- If there are unallocated funds, they will be managed as cash or cash equivalents.

JCR's Evaluation for the Framework

The proceeds financed by the blue bond under this framework will be fully allocated to eligible projects, in principle, for one to three years.

The appropriation of the proceeds financed will be managed by Finance Department based on the expenditure data compiled through the internal accounting system and by Environment and

Sustainability Strategy Department. Finance Department will track and manage to ensure that the amount equivalent to that of the blue bond issuance financed under this Framework is allocated to any of the eligible projects. Unappropriated proceeds, if any, will be managed in cash or cash equivalents. The appropriation will be annually reported to CFO for approval.

The general proceeds management is audited internally and by internal and external audit firms as needed. JCR has confirmed that documents on the financing management will be stored by maintaining electromagnetically recorded management files of the proceeds financed at least until a repayment date of the bond arrives.

The method of managing the proceeds financed will be disclosed in this evaluation report and in the framework to be published on the website.

Accordingly, JCR has evaluated that MOL's financing management system is appropriately structured and highly transparent.

III. Reporting

JCR's Key Consideration on this Factor

JCR will evaluate whether the disclosure system for investors before and after financing based on this evaluation target is planned in a detailed and effective manner in this section.

▶▶▶ Current Status of Evaluation Targets and JCR Evaluation

JCR has evaluated that both of the appropriation of proceeds and the effects of environmental benefits will be adequately disclosed to investors in terms of reporting.

The Framework for Reporting

4. Reporting

Annual reporting via the MOL website will be made of the contents prescribed below regarding the allocation status of proceeds from blue bond issuance and environmental improvement benefits, to the extent possible within the constraints of confidentiality and what is reasonably feasible, until all the proceeds from blue bond issuance have been allocated to eligible projects.

4-1. Reporting on funds allocation

- Amounts allocated to each eligible project
- If there are unallocated funds, the amounts and plans for allocation

4-2. Impact reporting

Eligible Projects	Impact reporting indicators
<p style="text-align: center;">Capital investment, R&D, funding, etc. for businesses relating to offshore wind power generation</p> <p style="text-align: center;">(Including capital investment, R&D, funding, etc. for SOV (Service Operation Vessels))</p>	<ul style="list-style-type: none"> • Number of offshore wind power generation units introduced and their output • Number of vessels in which SOV, etc. has been introduced and main specifications
<p style="text-align: center;">Capital investment, R&D, funding, etc. for Ocean Thermal Energy Conversion</p>	<ul style="list-style-type: none"> • Summary of project
<p style="text-align: center;">Capital investment, R&D, etc. for Wind Hunter Project</p>	<ul style="list-style-type: none"> • Summary of project

<p>Capital investment, R&D, etc. relating to the wind propulsion device portion of ships outfitted with Wind Challenger</p>	<ul style="list-style-type: none"> • Number of ships outfitted with Wind Challenger
<p>Capital investment, etc., for initiatives toward more efficient marine vessel operation (Capital investment, etc., for PBCF and propeller introduction and replacement)</p>	<ul style="list-style-type: none"> • Number of vessels in which PBCF and propellers have been introduced • Energy saving benefit (%) compared to before project implementation
<p>Capital investment, etc., for ballast water management system introduction</p>	<ul style="list-style-type: none"> • Number of vessels in which ballast water management systems have been introduced • Volume of ballast water treated (mt/vessel/year)
<p>Capital investment, etc., for SOx scrubber introduction</p>	<ul style="list-style-type: none"> • Number of vessels in which SOx scrubbers have been introduced • SOx emission reduction (%) compared to before project implementation

JCR's Evaluation for the Framework

Reporting on the appropriation of proceeds

MOL plans to annually disclose the details set forth in this framework in terms of the appropriation of proceeds financed through the blue bond under this framework on its website. In cases where any major change is made in the financial situation after the amount of the proceeds financed has been fully allocated, the Company will disclose that matter as necessary.

Reporting on environmental benefits

MOL plans to annually disclose the contents set forth in this framework as reporting on the environmental benefits of blue eligible projects on its website. These disclosure items include quantitative indicators, such as power generation capacity in offshore wind power projects; the number of SOV installed; energy conservation effects regarding energy-saving facilities on ships; the number of ships with ballast water treatment systems or SOx scrubbers installed; the amount of ballast water treated or SOx emission reductions.

Accordingly, JCR has evaluated MOL's reporting system as adequate.

IV. Initiatives of Organizational Sustainability and Sustainable Marine Economy

JCR's Key Consideration on this Factor

JCR will evaluate whether the management of the finance raiser has positioned sustainability and its related issues, especially contribution to the sustainable marine economy, as a high priority management issue, and whether it has clearly positioned sustainable finance policies and processes or selection criteria of blue projects by establishing a department specializing in sustainability or in collaboration with external institutions in this section.

▶▶▶ Current Status of Evaluation Targets and JCR Evaluation

JCR has highly evaluated that MOL has positioned issues on sustainability and the sustainable marine economy as important management issues, has established a committee to address sustainability issues from both practical and managerial perspectives and has formulated the contents of this framework while incorporating the knowledge of internal departments in charge of practical affairs or external experts.

MOL's Initiatives to Sustainability and Sustainable Maritime Economy

MOL established the code of conduct, "MOL CHART" in 2015, based on its corporate philosophy of "From the blue oceans, we sustain people's lives and ensure a prosperous future." CHART refers to an acronym for five words that represent shared values (Challenge, Honesty, Accountability, Reliability and Teamwork.) In 2021, the Company made "Safety," which had been addressed safety under "R (Reliability)," independent as "S (Safety)" and revised it to "MOL CHARTS." The Company aims to achieve its long-term vision and increase its corporate value by strengthening and mobilizing the Group's collective strengths by ensuring that each and every employee shares these values and relies upon them for their decisions in conducting operations.

MOL is deploying various social infrastructure businesses that originate from the sea mainly in the shipping industry. MOL's Group vision is to challenge the needs in changing society such as marine conservation with advances in technology and services, and the Company recognizes the promotion of the sustainable marine economy as a core issue to realize its Group vision. The environmental strategy is positioned as one of the main strategies and "marine and global environmental conservation" is listed as one of the sustainability issues (materiality) in the new management plan for the Group, "BLUE ACTION 2035" announced in April 2023. The specific initiatives include many of those that contribute to the sustainable marine economy, such as preserving marine biodiversity, reducing GHG emissions or other air pollution emitted from the marine economy and renewable energy with marine resources or carbon credits. In the Plan, the investment amount for resolving environmental issues is disclosed and 350 billion yen will be invested in alternative fuel vessels or equipment with wind power or boosting operation efficiency

to reduce the Group's GHG emissions in the shipping business, and 300 billion yen will be invested in offshore wind power-related businesses or clean energy production/transportation and negative emission projects as expansion of low-carbon and decarbonization energy projects for three years from 2023 to 2025. This investment amount is to account for 50 per cent or more of the Company's total investment.

MOL's environmental strategy and vision for "marine and global environmental conservation" in the environmental strategy and sustainability issues are presented in the Environmental Vision 2.2. In the Vision, the Company is to achieve net zero emission by 2050 with the concerted effort throughout the Group and set the following medium- and long-term goals: "In the 2020s Deploy net zero emissions ocean-going vessels" and "By 2035 Reduce GHG emissions intensity by 45 per cent (from 2019.)" MOL listed the number of alternative fuel vessels (2030: 90 LNG/methanol-fueled ocean-going vessels; 2035: 130 net zero emissions ocean-going vessels,) a ratio of zero-emission fuel used¹⁸(2030: 5 per cent,) a ratio of power from renewable energy for Scope 2 (2030: 100 per cent,) the number of vessels equipped with Wind Challenger (2030: 25 vessels; 2035: 80 vessels,) fuel efficiency (2025: 5 per cent reduction from 2019,) an amount of removal type carbon credits used¹⁹(2030: 2.2 million tons on a cumulative basis,) and MOL declared that it will make investments of 650 billion yen between 2023 and 2025, and that it will reduce the total GHG emissions by 23 per cent (from 2019) in FY 2030 as KPI and milestones for achieving the goals.

The IMO adopted the 2018 IMO GHG Reduction Strategy in April 2018 to promote carbon neutral in the entire international shipping, with a total emissions reduction of 50 per cent or more by 2050 from 2008 and zero GHG emissions as early as possible during the 21st century. Subsequently, the Strategy was revised to the 2023 IMO GHG Reduction Strategy in July 2023, and it was agreed that the target point of zero GHG emissions would be brought forward to around 2050.²⁰ MOL's GHG reduction target is ambitious, as it declared net zero emissions in 2050, ahead of the 2023 IMO GHG reduction strategy.

The Company has internally begun operating Internal Carbon Pricing (hereinafter referred to as "ICP") and has incorporated it into management decisions such as actual investments since FY 2021. The carbon price is set with reference to the IEA Sustainable Development Scenario ("Below 2 degrees Celsius Scenario") and is applied to all of the investment approval on ocean shipping projects. The ICP has been instrumental in driving the decision-making process in the introduction of LNG-fueled vessels or Wind Challengers (energy-saving devices,) both of which are key climate change mitigation measures in the environmental vision.

MOL has established an Environment and Sustainability Committee as a subcommittee of the Executive Committee, attended by Chief Executive Officer, Chief Environmental Sustainability Officer (CESO) and other key executives, to deliberate on climate change countermeasures

¹⁸ Clean ammonia, e-methanol or e-LNG

¹⁹ No offset is made to negative emissions in calculating emissions in the middle years until 2050.

²⁰ A 20-30% reduction by 2030 (compared to 2008 levels) and a 70-80% reduction by 2040 have been set as intermediate as reduction targets.

related to the marine economy, significant environmental issues, such as marine environmental conservation, biodiversity protection or air pollution prevention and general sustainability issues. The Board of Directors is responsible for overseeing efforts to address these issues, and particularly important matters, such as reduction targets for environmental performance or the specific detailed strategies to achieve the reduction targets, are determined through the decision of the Board of Directors. Environment and Sustainability Strategy Dept. is a competent department for practical efforts for environmental strategy and sustainability initiatives, and it promotes them across the Company in cooperation with Corporate Planning Dept. and Description & Innovation Dept. MOL is formulating sustainability strategies or policies, such as disclosing materiality, environmental vision and TCFD recommendations, with knowledge of external consultants or experts.

Accordingly, JCR has highly evaluated that MOL has positioned issues on sustainability and the sustainable marine economy as important management issues, has established a committee to address these issues from both practical and management perspectives and has developed the contents of this framework by incorporating the knowledge of internal departments in charge of practical affairs and external experts.

Evaluation Phase 3: Evaluation Results (Conclusion)

Blue 1(F)

JCR assigned "b1(F)" to the "Blueness Evaluation (Use of Proceeds)" and "m1(F)" to "Management, Operation and Transparency Evaluation" for this framework based on JCR Green Finance Evaluation Methodology. As a result, JCR assigned "Blue 1(F)" to "JCR Blue Bond Framework Evaluation." This framework meets the criteria for the items required in the "Green Bond Principles," "Green Bond Guidelines" and "SBE Guide."

JCR Blue Finance Framework Evaluation Matrix

		Management, Operation, and Transparency Assessment				
		m1(F)	m2(F)	m3(F)	m4(F)	m5(F)
Blueness Evaluation	b1(F)	Blue 1(F)	Blue 2(F)	Blue 3(F)	Blue 4(F)	Blue 5(F)
	b2(F)	Blue 2(F)	Blue 2(F)	Blue 3(F)	Blue 4(F)	Blue 5(F)
	b3(F)	Blue 3(F)	Blue 3(F)	Blue 4(F)	Blue 5(F)	N/A
	b4(F)	Blue 4(F)	Blue 4(F)	Blue 5(F)	N/A	N/A
	b5(F)	Blue 5(F)	Blue 5(F)	N/A	N/A	N/A

(Responsible analysts for this evaluation: Atsuko Kajiwara and Tomohiko Inamura)

Important Explanation on this Evaluation

1. Assumptions, Significance and Limitations of the JCR Blue Finance Framework Assessment

JCR Blue Finance Framework Evaluation granted and assigned by Japan Credit Rating Agency (hereinafter referred to as "JCR") is a comprehensive statement of JCR's current opinion on the alignment with Blue Project as defined by JCR and the extent of the initiatives to ensure management, operations and transparency on the use of proceeds with policies set forth by Blue Finance Framework as the target. It is therefore not intended to evaluate specific environmental benefits and the management, operation and transparency on the use of proceeds, such as individual bonds or borrowings to be executed based on the policies concerned. In cases where the Blue Finance Framework Evaluation is provided for individual bonds or borrowings based on the framework, separate evaluation is required. JCR Blue Finance Framework Evaluation does not prove concrete environmental benefits on the environment from individual bonds or borrowings executed based on the framework, nor does it assume responsibility for any environmental benefits. JCR, in principle, will not directly measure the environmental benefits of proceeds financed through the Blue Finance Framework although JCR will confirm the items for the environmental benefits quantitatively and qualitatively measured by an issuer or borrower (hereinafter the issuer and borrower are collectively referred to as a "finance raiser") or third parties requested by the finance raiser. Blue equity may be included in the evaluation only when all assets, in case of investment corporations, fall under the Blue Project.

2. Methodology Used in this Evaluation

The methodology used to make this evaluation is posted as JCR Green Finance Evaluation Methodology in the Sustainable Finance/ESG section on the JCR's website at <https://www.jcr.co.jp/>.

3. Relation with Conduct of Credit Rating Activities

The conduct of assigning and providing JCR Blue Finance evaluation is performed by JCR as its related business and is different from the conduct of the credit rating activities.

4. Relation with Credit Rating

This evaluation is different from a credit rating and is not committed to providing a predetermined credit rating or making available for inspection.

5. Impartiality in Evaluating JCR Blue Finance Framework Evaluation

There are neither capital ties nor personnel relationships that could create a conflict of interest between this evaluation target and JCR.

Points to Consider

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JCR Blue Finance Framework Evaluation: The assessment of the extent to which proceeds financed based on the Blue Finance Framework are allocated to blue projects defined by JCR and the degree of management, operation and transparency related to the use of proceeds for the blue finance. The evaluation is made on a scale of five in the order from top to bottom with evaluation symbols, Blue 1(F), Blue 2(F), Blue 3(F), Blue 4(F) and Blue 5(F.)

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