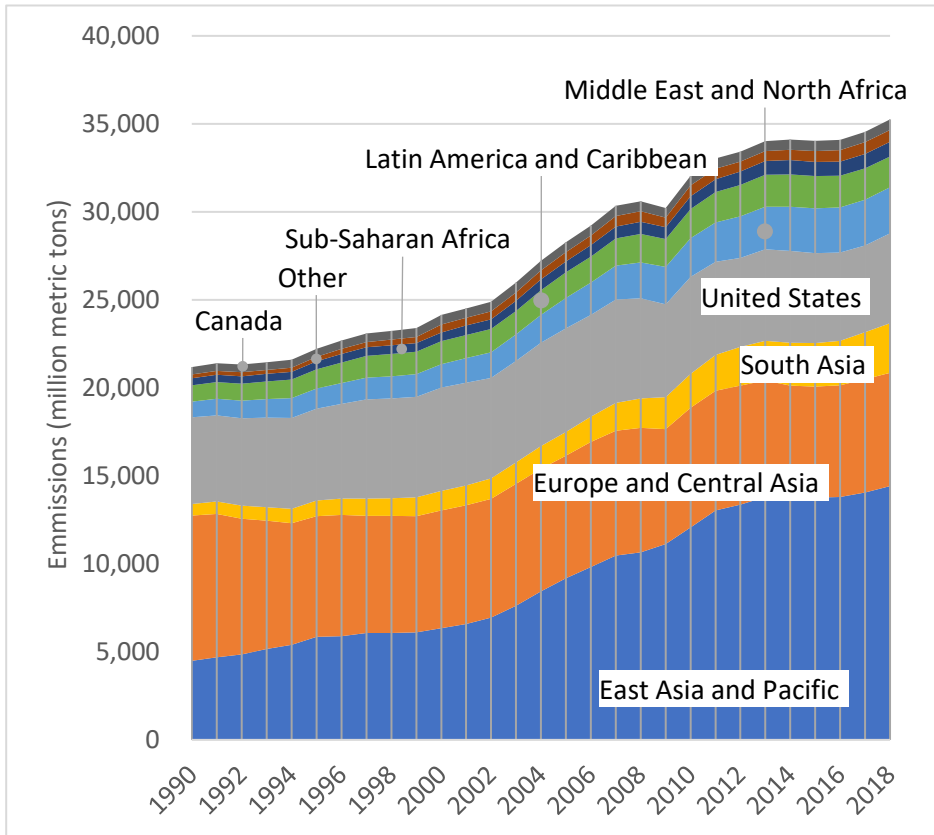


Importance of financing decarbonization in Asia

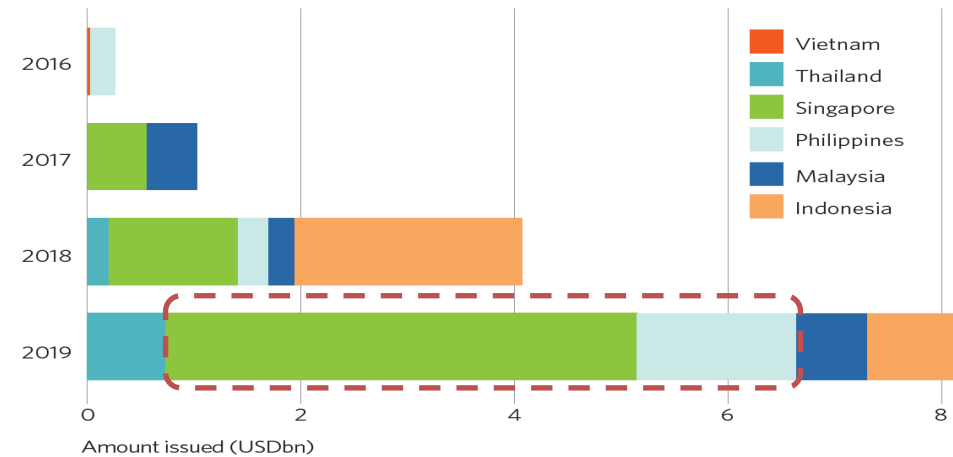
- Decarbonization in Asia is essential to tackle climate change
- Rapid development of sustainable finance in ASEAN countries towards net-zero/climate resilience, including transition opportunity

■ Global GHG emissions by region



Source: EPA's Climate Change Indicators in the United States: www.epa.gov/climate-indicators. Data source: WRI, 2021

■ Growth of green finance market in ASEAN



Source: Climate Bonds Initiative. 2020. ASEAN Green Finance State of the Market 2019.

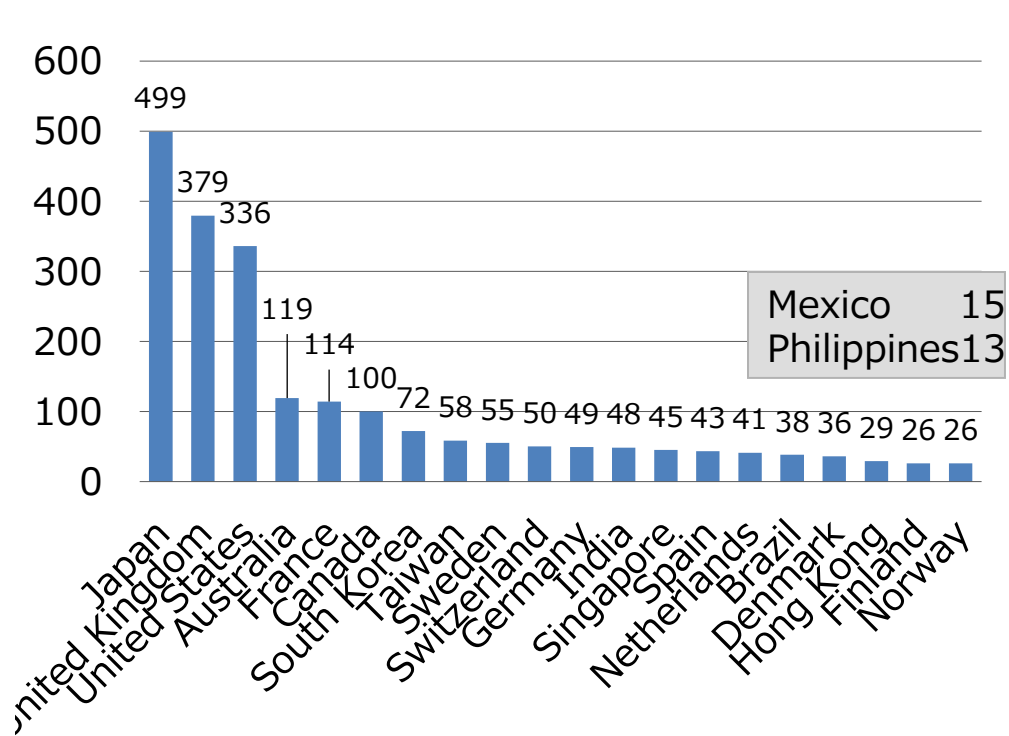
■ Development of taxonomy on sustainable finance in Asia: **supporting transition** as well as building resilience

- **Malaysia** published Climate Change and Principle-based Taxonomy in April 2021
- **Singapore** proposes green taxonomy covering transitional activities (consultation closed in March 2021)

TCFD disclosure in Asia

- There is a room to increase TCFD supporters in Asia
- TCFD aligned reporting become mandatory in some countries; may be needs for institutions supporting disclosure in non-financial sector

■ Top 20 TCFD supporters' countries



Source: TCFD Supporters. Retrieved September 15, 2021, from <https://www.fsb-tcfd.org/supporters/>.

■ Recent regulatory development of climate disclosure in Asia

Singapore	<ul style="list-style-type: none"> ✓ MAS published Environmental Risk Management Guidelines for financial institutions aligned with TCFD in Dec 2020. ✓ SGX proposes mandatory climate reporting from 2023 in Aug 2021.
Hong Kong	<ul style="list-style-type: none"> ✓ HKMA & SFC Green and Sustainable Finance Cross-Agency Steering Group announced its plan to make TCFD disclosure mandatory by 2025 in Dec 2020.
Malaysia	<ul style="list-style-type: none"> ✓ SC Malaysia updated Malaysian Code on Corporate Governance (MCCG) in Apr 2021; board’s action for understanding climate-related risks and opportunities introduced.

- **TCFD Consortium led by private sector was established** under the leadership including Prof. Kunio Ito, the chairman of the Study Group, to serve as a forum for dialogue between companies and financial institutions. Ministry of Economy, Trade and Industry, Ministry of the Environment and Financial Services Agency participates as observers.
- Since its establishment in May 2019, the Consortium has published the Green Investment Guidance and revised the TCFD Guidance formulated by the METI's TCFD Study Group. It has been promoting domestic TCFD disclosure in both quality and quantity as a forum to discuss efforts for effective information disclosure and appropriate investment decisions related to climate change.

Organization

***METI, MOE and FSA join as observers**

General Meeting

Steering Committee

***consists of 15 cross-sectoral experts**

WG on Disclosure

- Location of disclosures
- Scenario analysis
- Expanding coverage of sector-specific disclosures

WG on Information Use

- How to evaluate disclosed information
- Guidance for users

Roundtable

- Dialogue between preparers and users

Practical guide for Scenario Analysis in line with TCFD recommendations

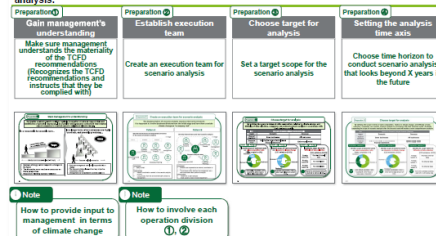
- Ministry of the Environment of Japan (MOEJ) has been providing support programs for conducting scenario analysis in line with the TCFD since 2018.
- MOEJ published **“Practical guide for Scenario Analysis in line with TCFD recommendations 3rd edition”** in March 2021, based on sample Scenario Analysis cases from 2020.
- In 2021, MOEJ is providing scenario analysis support programs for 7 companies (SCSK Corporation, GUNZE LIMITED, Nishi - Nippon Railroad Co., Ltd., Nippon Paper Industries Co., Ltd., Fuji Oil Company, Ltd., Maruha Nichiro Corporation, UACJ Corporation) (The results will be released in March 2022)

2018 (6 companies)	First half of 2019 (6 companies)	Second half of 2019 (6 companies)	2020 (6 companies)
ITOCHU Corporation Mitsui O.S.K. Lines, Ltd. Sumitomo Forestry Co., Ltd. Tokyu Fudosan Holdings Corporation Japan Airlines Co., Ltd. Mitsubishi Motors Corporation	Kajima Corporation Calbee, Inc. Development Bank of Japan Inc. FUJIFILM Holdings Corporation Furukawa Electric Co., Ltd. Meiji Holdings Co., Ltd.	Kagome Co., Ltd. KYOCERA Corporation Seven & i Holdings Co., Ltd. Chiyoda Corporation Lion Corporation LIXIL Group Corporation	ASKUL Corporation ORIX Asset Management Corporation Kyushu Railway Company Shin-Etsu Chemical Co., Ltd. Mitsui Mining & Smelting Co., Ltd. YASKAWA Electric Corporation

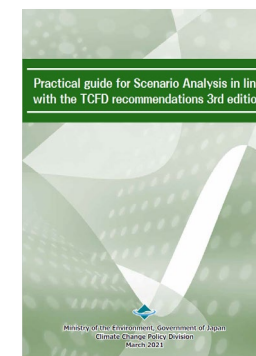
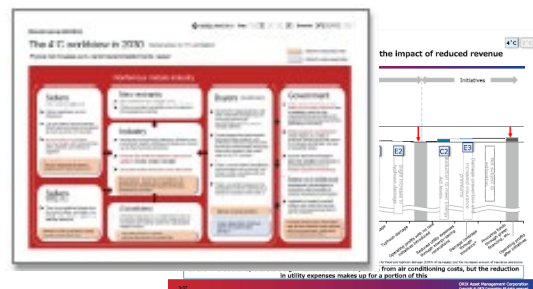
Introducing practice examples from 2019 and 2020 in Practical guide ver3.0

① Organizes key points of scenario analysis practice

[When starting a Scenario Analysis]
Gaining understanding from management on the significance of scenario analysis is important. Establishing a team, scope and time horizon is necessary when starting scenario analysis.



② Illustrates 18 different scenario analysis (practice) examples(2019, 2020)



※ For the examples of 6 companies in 2018, refer to “Practical guide for Scenario Analysis in line with TCFD recommendations ver2.0”

<https://www.env.go.jp/policy/tcf.html>
 ※Search “TCFD practical guide 3rd” on the web

TOKYO-Mitsui O.S.K. Lines, Ltd. (MOL) Transition Loan Project Outline

■ Corporate Profile

Type of Business	Shipping
Location	Japan
Business	One of the Japanese leading shipping companies. Their business is based on the following four pillars; Dry Bulker Transport, Energy Transport, Product Transport and Associated Business

■ Loan Outline

Borrower	TOKYO-Mitsui O.S.K. Lines, Ltd.
Evaluation Agency	Japan Credit Rating Agency, Ltd.
Arrangers (Co-arranger)	Development Bank of Japan Inc. Sumitomo Mitsui Trust Bank, Ltd. (Sumitomo Mitsui Banking Corporation)
Schedule	September 2021

Emission Reduction Targets (Base Year: 2019)

2035	GHG emission intensity - 45%
2050	Net Zero among the entire group



Use of Proceeds

Use of Proceeds	Construction/procurement of two LNG-fueled ferries
Ship Name	Sunflower Kurenai : December 2022 Sunflower Murasaki : March 2023
Ship Manufacturer	Mitsubishi Shipbuilding Co., Ltd.

Transition Strategy (from Group Environmental Vision 2.1)

Adoption of Clean Alternative Fuels	GHG emission intensity - 45% by 2035 <ul style="list-style-type: none"> • In 2020 : Deploy net zero emissions ocean-going vessels • By 2030 : Apx 90 LNG-fueled vessels • By 2035 : Apx 110 net zero emissions ocean-going vessels
Enhancement of Energy-Saving Technologies	<ul style="list-style-type: none"> • boldly tackle the introduction of innovative energy-saving technologies alongside further advancement of the introduction of environment -friendly technologies
Building Business Models to Enable Net Zero GHG Emissions	<ul style="list-style-type: none"> • Build business models to enable net zero GHG emissions by being actively involved in regulation and rule-making through industry associations and related government agencies.
Expanding Low-Carbon and Decarbonization Projects through Use of the MOL Group's Concentrated Strengths	<ul style="list-style-type: none"> • Achievement of "Green Ocean Shift" and contribute to clean energy supply chains from upstream to downstream.