

Our Response to SBT Validation

JULY 2024

- The targets and milestones set in the MOL Group Environmental Vision 2.2 are at the optimum level to allow MOL, a multimodal shipping company operating on a global scale, to accelerate carbon reduction whilst providing sustainable and economical transport services across the world. We consider them to be sufficiently ambitious and yet realistic in comparison with the levels presented by experts in the shipping sector. For the following reasons we have not obtained Science-Based Targets (SBT) validation for our reduction targets, and we do not plan to revise our targets for the purpose of validation.
 - Our mission is to provide economical and sustainable transportation services globally. We have set our current reduction targets with the aim of both providing such transportation services and protecting the environment.
 - Currently, there is a considerable gap between the SBT requirement standards, and our targets and milestones set in MOL Group Environmental Vision 2.2, such as,
 - The SBTi (Science Based Targets initiative) requires 2040 as the target year for achieving net zero, while we have set 2050 as our target.
 - For near-term reduction targets, the SBTi's Corporate Net-Zero Standard requires an annual linear reduction rate of 4.2%, while we set an average annual reduction rate of 2.1% (23% reduction over 11 years from 2019 to 2030).
 - This level of the SBT requirement standards presents an extremely difficult reduction pathway for MOL, which operates various types of vessels on shipping routes across the world including developing countries. As such, meeting the SBT requirement standards while providing sustainable and economical transport services is not feasible based on the current circumstances and foreseeable future of the technological development, supply, and maintenance of decarbonized fuels, and bunkering infrastructure. (Please note that the level of the SBT requirement standards is higher than those for the reduction pathways presented by the IEA, etc., which take into consideration the difficulties common to the whole shipping industry.)
 - Therefore, revising our current targets to obtain the SBT validation, while recognizing that meeting the requirements, is unrealistic is not advisable from the perspective of appropriately fulfilling public accountability.
- MOL Group's Environmental Vision 2.2 targets allow an appropriately balanced approach based on expert analysis within the shipping sector.

- MOL has set a target of achieving net zero emissions by 2050, and we believe that our reduction pathway meets and exceeds the standards envisioned for “international shipping” in the IEA’s net-zero scenario and is thus 1.5°C compliant.
- Furthermore, we are actively participating in International and Japanese initiatives, including the First Movers Coalition and the GX League, aiming to achieve this target, while also investing in decarbonization technologies such as Wind-propulsion and deploying low-carbon and decarbonized fueled-vessels including LNG-fueled vessels.
- We will engage with and encourage SBTi, whenever we have the opportunity, to revise their guidance to better reflect the actual conditions faced by globally operating shipping companies.
- Although we are requesting the SBTi to correct the method of setting the reduction rate, at the same time, we agree with the SBTi’s initiatives, and will continue to formulate and implement net-zero targets and plans with reference to the initiatives presented by the SBTi.