

Dialogue between the Outside Directors

Hideto Fujii
Outside Director

Etsuko Katsu
Outside Director



MOL is striving to further enhance its governance to realize growth through reinvention.

The Company's outside directors Hideto Fujii and Etsuko Katsu discussed how MOL should strengthen its governance in order to get into new fields beyond conventional ocean shipping business and to realize the 10-year vision to "Become a Group of Business Units with No. 1 Competitiveness in Respective Areas" amid dramatic changes in the external environment.

Evaluation of MOL's Governance

Fujii: In my evaluations of MOL's governance, the extremely open and natural discussions that are held at Board meetings have always impressed me. Since the start of my position, I recognized that such discussions have been an unchanging part of MOL's corporate culture. They enable the Company to provide a foundation for and play an important role in enhancing the effectiveness of the Company's governance.

Katsu: I also give the Company high praise for having a corporate culture that facilitates the open exchange of opinions. From the beginning of my assignment, I have had the impression that MOL was a global company given the nature of its business. Through the actual discussions, I was truly moved by how open-minded the Company's approach was and how

discussions were consistently held with a global view far beyond Japan-based perspectives and ways of thinking.

Fujii: Given MOL's history of having developed as a major player in the ocean shipping industry, it may be easy to become optimistic and assume that MOL can naturally continue to enjoy such position going forward. However, based on the dramatically changing global economy, MOL is anticipating the future and taking steps by actively promoting a forward-thinking approach and carefully selecting businesses to be preferentially invested within its portfolio.

Katsu: "Rolling Plan," which entails reviewing the Company's medium-term management plan each year, is an extremely good idea. Taking into account the current external environment, including

intensifying geopolitical risks and the rise of protectionism, leading companies in the ocean shipping industry in particular are facing increasingly difficult challenges. Seeing the hardships that are arising in this industry, it was an extremely important action for the Company to transition to "Rolling Plan," which is flexible and agile, rather than adhere to a conventional medium-term management plan that aims to pursue a set vision and strategies for several years.

Fujii: Since I took on the position of outside director, there have been two major changes. The first change was the improvements the Company has made to the format and process regarding projects brought up at Board meetings. Discussions are now held on specific projects with a clear awareness of their level of strategic importance or of their relationship with "Rolling Plan." By determining a clear focus, the Company is now able to sufficiently deliberate the most important aspects pertaining to each project with a sense of speed. The other significant change was that the Company has been able to set up opportunities to actively share issues relating to projects and discuss during the examination phase of a project. Such an opportunity allows for more specific discussions toward a project's realization before final decisions

are made, and I believe this was an excellent trend for the Company to adopt.

Katsu: In the past two years, the volume of information that is shared at Board meetings has greatly increased, thereby helping the directors to be better aware of the particular details of each issue. Especially in the case of the integration of the containership business, there has been a significant increase of information since last year, despite the fact that several details were actually not communicated in the beginning of the integration process. Also, in order to take proactive steps to address risks that would likely materialize as losses in the future fiscal years, the Company set aside adequate provisions and extraordinary loss related to the integration. The speed at which the Company was able to do this is something I believe deserves praise.

Fujii: At the time of the NIPPON MARU accident last year, the measures the Company should take to respond to the accident and prevent a reoccurrence were promptly reported to Board of Directors. It was a good example showing the Company's well-functioning governance. I have a high opinion of the swift responses taken against scandal, more so than the action toward business growth.

The Role the Nomination Advisory Committee and the Remuneration Advisory Committee Should Play

Katsu: As can be seen in the revision of Japan's Corporate Governance Code, we are being constantly reminded how the role of committees has become more and more significant in terms of meeting social demands. When it comes to director nomination, the face-to-face information, which we can obtain as outside directors, is somewhat limited compared with inside directors, and it is therefore important to have a large number of opportunities to receive information that helps us gain an understanding of future management candidates.

In the case of MOL, we have been given opportunities to meet with the candidates rather frequently at training programs and presentations given at Board meetings. These are extremely valuable opportunities for us.

Fujii: At a recent meeting of the Nomination Advisory Committee, we discussed how we should select the candidates for future management positions as well

as the direction to develop them. The Nomination Advisory Committee should become more involved when the Company considers the qualities, the size of the pool, and the evaluation standards for candidates.

Furthermore, for the Remuneration Advisory Committee, there is a need to incorporate non-financial indicators in evaluations, in addition to short-, medium-, and long-term contribution to profit. Also, the committee should deepen its discussions on the ideal evaluation standards and remuneration levels regarding efforts toward projects with future potential and other qualitative aspects.

The roles of both of these committees have become more significant than ever from the points of eliminating arbitrariness, ensuring transparency and fairness, and establishing an effective framework to increase sustainable corporate value.

For Our Sustainable Growth

Dialogue between the Outside Directors

Evolution of Governance to Accelerate Growth through Reinvention

Reinforcement of Risk Management during This Period of Change

Fujii: In the process of strategically allocating resources toward becoming a "Group of Business Units with No. 1 Competitiveness in Respective Areas," the business fields that are highly specialized and enable differentiation should be prioritized. However, the specific projects that the Company should pursue in the future will likely be more complex both qualitatively and quantitatively due to the further diversification of countries in which these projects take place and the increasing scale of investment. For overseas projects, an even wider range of risk factors is to be considered. Also, the larger the scale of investment becomes, the more sophisticated risk management is required from various aspects, including deciding what scheme to go with, diversifying risk through joint investment, and establishing project finance frameworks. At the same time, it is essential that the Company thoroughly monitor the ongoing projects. As the conditions surrounding a project can change rapidly, the Company needs to be always well aware of how its evaluation varies from when the investment is decided and swiftly adjust the plan depending on the situation. Accordingly, it is of the utmost importance that the Board of Directors enact a two-pronged approach relying on beforehand risk management enhancement and continuous monitoring.

Katsu: When it comes to risk management, in addition to the "Total Risk Control"* approach, which considers things from a set point in time, it is also important to adapt and appropriately respond to the situation at the time. For example, for the currently popular topic of clean energy transport, it goes without saying that its initial evaluation varies as time passes due to changes in the external environment and the competition conditions. While the "Rolling Plan" already requires such mechanism, the Company must carefully monitor the changes occurring with each project and make swift decisions.

* "Total Risk Control" is a unique risk management method in the industry developed by the Company based on management methods commonly used in financial institutions. The method controls the total amount of risk in the whole fleet at a level that is less than the Company's shareholders' equity even in the event that the market continues to be at historically low levels for an extended period of time.

Fujii: Reflecting on MOL's risk management to date, the relative comparisons between its shareholders' equity and overall risk amount were done properly and periodically. Meanwhile, the Company sometimes was unable to utilize its risk control method in decision-making for investment. However, each division has better recognized its importance through repeated discussions on specific projects, including the recent integration of the containership business.

While aiming to enhance corporate value over the medium to long term, it is also extremely important for a company to increase its presence as an entity that contributes to the sustainability of society and the resolution of social issues.



As projects become more complex both qualitatively and quantitatively, it is of the utmost importance that the Board of Directors ensures beforehand risk management enhancement and continuous monitoring.



Accordingly, the "Total Risk Control" approach is being applied even more thoroughly.

Katsu: It is important that each division understands risk management perspectives and controls risks independently. At the same time, the most crucial aspect in risk management is how the Board of

Directors can steer the Company as a whole. As outside directors, we will therefore confirm whether the Company is consistently making decisions incorporating global trends and is heading toward the appropriate direction from a macro perspective.

ESG Initiatives to Ensure Sustainability

Katsu: While strengthening cash flows is obviously necessary in the aim to enhance corporate value over the medium to long term, it is also extremely important for a company to increase its presence as an entity that contributes to the sustainability of society and the resolution of social issues such as those adopted under the SDGs. MOL includes environmental and governance-related goals within its "Rolling Plan," as management that integrates ESG elements is becoming key.

Fujii: Recently, companies are required to respond to multifaceted issues such as social and environmental issues from an ESG standpoint. This trend can also be a new business opportunity. MOL has traditionally shared a DNA of contributing widely to society, for which it should be proud. While deepening the knowledge and faculty cultivated by the many social contributions the Company has made through its businesses, I would like to see MOL move forward with projects to reduce environmental burden and

contribute more extensively to social activities such as education.

Katsu: I have also experienced this kind of DNA within the mindset of personnel involved in ocean shipping. In terms of "Rolling Plan," environmental perspectives are being incorporated deeply within the strategies from the standpoint of both business opportunities and risk, such as the Company's participation in clean energy fields and its response to SO_x regulations. In addition, as diversity is becoming increasingly important, the Company newly appointed a female Audit & Supervisory Board member and an executive officer in fiscal 2019. I hope to see MOL hold discussions from more diversified viewpoints going forward. Although MOL tends to be seen as a male-dominated company, there is actually a considerable number of women working in managerial positions as well as non-Japanese staff. Therefore, I can expect more from the future human resources strategy that takes diversity into account.

Board of Directors, Audit & Supervisory Board Members, and Executive Officers

(As of June 25, 2019)



Junichiro Ikeda Born 1956
Representative Director

Apr. 1979 Joined Mitsui O.S.K. Lines, Ltd.
Jun. 2004 General Manager of Human Resources Division
Jun. 2007 General Manager of Liner Division
Jun. 2008 Executive Officer
Jun. 2010 Managing Executive Officer
Jun. 2013 Director, Senior Managing Executive Officer
Jun. 2015 Representative Director, President, Chief Executive Officer (to present)

Shizuo Takahashi Born 1959
Representative Director

Apr. 1981 Joined Mitsui O.S.K. Lines, Ltd.
Jun. 2006 General Manager of Corporate Planning Division
Jun. 2008 Executive Officer, General Manager of Corporate Planning Division
Jun. 2010 Executive Officer
Jun. 2011 Managing Executive Officer
Jun. 2014 Director, Managing Executive Officer
Jun. 2015 Director, Senior Managing Executive Officer
Apr. 2018 Representative Director, Executive Vice President, Executive Officer (to present)

Takeshi Hashimoto Born 1957
Representative Director

Apr. 1982 Joined Mitsui O.S.K. Lines, Ltd.
Jun. 2008 General Manager of LNG Carrier Division
Jun. 2009 Executive Officer, General Manager of LNG Carrier Division
Jun. 2011 Executive Officer
Jun. 2012 Managing Executive Officer
Jun. 2015 Director, Managing Executive Officer
Apr. 2016 Director, Senior Managing Executive Officer
Apr. 2019 Representative Director, Executive Vice President, Executive Officer (to present)

Akihiko Ono Born 1959
Director

Apr. 1983 Joined Mitsui O.S.K. Lines, Ltd.
Jun. 2010 General Manager of Corporate Planning Division
Jun. 2011 Executive Officer, General Manager of Corporate Planning Division
Jun. 2015 Managing Executive Officer
Apr. 2017 Senior Managing Executive Officer
Jun. 2018 Director, Senior Managing Executive Officer (to present)

Takashi Maruyama Born 1959
Director

Apr. 1983 Joined Mitsui O.S.K. Lines, Ltd.
Jun. 2010 General Manager of Finance Division
Jun. 2011 Executive Officer, General Manager of Finance Division
Jun. 2015 Managing Executive Officer
Jun. 2017 Director, Managing Executive Officer
Apr. 2018 Director, Senior Managing Executive Officer (to present)

Hideto Fujii (Independent Officer)
Outside Director

Jun. 2015 Adviser, Sumitomo Corporation (to present)
Jun. 2016 Outside Director, Mitsui O.S.K. Lines, Ltd. (to present)

Etsuko Katsu (Independent Officer)
Outside Director

Apr. 2003 Professor, School of Political Science and Economics, Meiji University (to present)
Mar. 2015 Director, Center for Entrance Examination Standardization (to present)
Jun. 2016 Outside Director, Mitsui O.S.K. Lines, Ltd. (to present)
Nov. 2016 Administrative Board Member, International Association of Universities (to present)
Apr. 2018 Chairman of Fund Management Advisory Committee, The Japan Foundation (to present)
Mar. 2019 Outside Director (Audit & Supervisory Committee Member), DENTSU INC. (to present)

Masaru Onishi (Independent Officer)
Outside Director

Apr. 2013 Trustee, KEIZAI DOYUKAI (Japan Association of Corporate Executives) (to present)
Jun. 2015 Trustee, International University of Japan (to present)
Jul. 2018 Senior Representative, External Affairs, Japan Airlines Co., Ltd. (to present)
Jul. 2018 Visiting Professor, Toyo University (to present)
Oct. 2018 Advisor, Mitsubishi Heavy Industries, Ltd. (to present)
Jun. 2019 Outside Director, Teijin Limited (to present)
Jun. 2019 Outside Director, Mitsui O.S.K. Lines, Ltd.

Kenji Jitsu Born 1960
Audit & Supervisory Board Member

Apr. 1984 Joined Mitsui O.S.K. Lines, Ltd.
Jun. 2009 General Manager of CSR and Environment Office, Corporate Planning Division
Jun. 2013 General Manager of Investor Relations Office
Jun. 2015 General Manager of Accounting Division
Jun. 2017 Audit & Supervisory Board Member, Mitsui O.S.K. Lines, Ltd. (to present)

Toshiaki Takeda Born 1964
Audit & Supervisory Board Member

Apr. 1986 Joined Mitsui O.S.K. Lines, Ltd.
Jun. 2015 General Manager of General Affairs Division
Apr. 2018 General Manager of Secretaries & General Affairs Division
Jun. 2019 Audit & Supervisory Board Member, Mitsui O.S.K. Lines, Ltd. (to present)

Hideki Yamashita (Independent Officer)
Outside Audit & Supervisory Board Member

Apr. 1982 Registered as an attorney at law
Apr. 1985 Established YAMASHITA HIDEKI LAW OFFICE (now YAMASHITA & TOYAMA LAW OFFICE) (to present)
Mar. 2012 Outside Corporate Auditor, I-cell Networks Corp. (to present)
Jun. 2014 Outside Audit & Supervisory Board Member, Mitsui O.S.K. Lines, Ltd. (to present)

Junko Imura (Independent Officer)
Outside Audit & Supervisory Board Member

Aug. 1994 Registered as a certified public accountant
Sep. 2015 Visiting Professor, Tama Graduate School of Business (to present)
Jul. 2018 Established Imura Accounting Office (to present)
Jun. 2019 Outside Audit & Supervisory Board Member, Mitsui O.S.K. Lines, Ltd. (to present)

For Our Sustainable Growth

Board of Directors, Audit & Supervisory Board Members, and Executive Officers

Executive Officers

Junichiro Ikeda

President, Chief Executive Officer

Shizuo Takahashi

Executive Vice President, Executive Officer

[Assistant to President, Chief Compliance Officer, Chief Information Officer, Deputy Director General of Technology Innovation Unit, Responsible for: The Americas Area, Kansai Area, Corporate Audit Division, Secretaries & General Affairs Division, Corporate Marketing Division, MOL Information Systems, Ltd.]

Takeshi Hashimoto

Executive Vice President, Executive Officer

[Assistant to President, Director General of Energy Transport Business Unit, In charge of Human Resources Division, Responsible for: Europe and Africa Area, Energy Business Strategy Division, Bunker Business Division]

Akihiko Ono

Senior Managing Executive Officer

[Deputy Director General of Safety Operations Headquarters, Deputy Director General of Product Transport Business Unit, Responsible for: Corporate Planning Division, Liner Business Management Division]

Takashi Maruyama

Senior Managing Executive Officer

[Chief Financial Officer, Responsible for: Corporate Communication Division (IR), Finance Division, Accounting Division]

Yoshikazu Kawagoe

Senior Managing Executive Officer

[Chief Technical Officer, Director General of Technology Innovation Unit, Responsible for: Technical Division, Smart Shipping Division, Secondarily Responsible for MOL Information Systems, Ltd.]

Koichi Yashima

Senior Managing Executive Officer

[Responsible for: Asia, the Middle East, Oceania Area, Managing Director of MOL (Asia Oceania) Pte. Ltd.]

Toshiaki Tanaka

Managing Executive Officer

[Director General of Dry Bulk Business Unit, Responsible for: Dry Bulk Business Planning & Co-ordination Division, Bulk Carrier Division]

Masanori Kato

Managing Executive Officer

[Chief Safety Officer, Director General of Safety Operations Headquarters, Responsible for: Human Resources Division, Marine Safety Division, Secondarily Responsible for Smart Shipping Division]

Kenta Matsuzaka

Managing Executive Officer

[Deputy Director General of Energy Transport Business Unit, Responsible for: LNG Carrier Division, LNG Marine Technical & Ship Management Strategy Division]

Masato Koike

Managing Executive Officer

[Deputy Director General of Energy Transport Business Unit, Responsible for: Tanker Division (A), Tanker Division (B), Secondarily Responsible for Bunker Business Division]

Yutaka Hinooka

Managing Executive Officer

[Director General of Product Transport Business Unit, Responsible for Port Projects & Logistics Business Division]

Kayo Ichikawa

Executive Officer

[Chief Communication Officer, Responsible for: Work Efficiency Improvement, Sustainability Promotion, Corporate Communication Division, Secondarily Responsible for: Corporate Planning Division, Human Resources Division]

Toshinobu Shinoda

Executive Officer

[General Manager of Corporate Planning Division]

Hirofumi Kuwata

Executive Officer

[Deputy Director General of Dry Bulk Business Unit, Deputy Director General of Energy Transport Business Unit, Responsible for: Steaming Coal & Energy Project Division, New & Clean Energy Business Division]

Nobuo Shiotsu

Executive Officer

[Deputy Director General of Dry Bulk Business Unit, Responsible for Iron Ore and Coal Carrier Division]

Tsuneo Watanabe

Executive Officer

[Deputy Director General of Energy Transport Business Unit, Responsible for: Tanker Division (B) (Chemical Tanker Business), Managing Director of MOL Chemical Tankers Pte. Ltd.]

Atsushi Igaki

Executive Officer

[Deputy Director General of Product Transport Business Unit, Responsible for Ferry Business Division, Chairman of Ferry Sunflower Limited]

Hiroyuki Nakano

Executive Officer

[Deputy Director General of Energy Transport Business Unit, Responsible for Offshore Project Division]

Hirotohi Ushioku

Executive Officer

[Deputy Director General of Product Transport Business Unit, Responsible for Car Carrier Division]

Michael P.Y. Goh

Executive Officer

[Deputy Director General of Product Transport Business Unit, Responsible for Port Projects & Logistics Business Division (NVOCC Business), Secondarily Responsible for Asia, the Middle East, Oceania Area, Chief Executive Officer of MOL Consolidation Service Ltd.]

Kazuhiko Kikuchi

Executive Officer

[Deputy Director General of Dry Bulk Business Unit, Responsible for Wood Chip Carrier Division, General Manager of Bulk Carrier Division]

Junko Moro

Executive Officer

[Responsible for: Diversity Promotion, Human Resources Division]

Mitsuru Endo

Executive Officer

[Deputy Director General of Safety Operations Headquarters, Responsible for: Marine Technical Management Division, LNG Marine Technical & Ship Management Strategy Division, Secondarily Responsible for: Marine Safety Division, Smart Shipping Division]

Corporate Governance

Governance Summary

Governance System Company with an Audit & Supervisory Board	Total Directors 8 Including outside directors (ratio) 3 (37.5%)	Total Audit & Supervisory Board Members 4 Including outside Audit & Supervisory Board members (ratio) 2 (50%)	Independent Officers (Directors and Audit & Supervisory Board Members) 5
Number of Board Meetings Held in Fiscal 2018 10	Attendance Rate of Outside Directors for Board Meetings in Fiscal 2018 100%	Term of Directors 1 year	Stock Option System Yes
Retirement Benefit System No	Anti-Takeover Measures No	Compliance Rules Yes	External Compliance Advisory Service Desk Yes

HISTORY

2000	Management organization reform: 1. Introduced system of executive officers 2. Established the Executive Committee 3. Reformed the Board of Directors (positioned as highest-ranking decision-making body and supervisor of business activities), reduced membership from 28 to 12 4. Appointed two outside directors 5. Established the Corporate Visionary Meeting Established the IR Office Started scheduling Annual General Shareholders' Meeting to avoid overlapping with other shareholders' meetings	2001	Formulated Compliance Policy, established the Compliance Committee
		2011	Revised MOL's Compliance Policy and Rules of Conduct
		2014	Revised the Compliance Policy, established Chief Compliance Officer (CCO)
		2015	Established the Nomination Advisory Committee and Remuneration Advisory Committee (chaired by outside directors)
		2017	Established independence determination standards for outside directors and Audit & Supervisory Board members

Corporate Governance for Sustainable Growth and Enhancement of Corporate Value

MOL greatly shored up its management structure around 2000. Taking a lead position among Japanese companies at that time, MOL established an advanced and highly transparent corporate governance structure by, for example, inviting outside directors and introducing an executive officer system. The business environment surrounding the marine transport business and its risk factors change rapidly. In order to navigate through such a difficult situation, we must accurately grasp our business environment, always confront risks appropriately, and effectively

utilize management resources in a careful balance of offense and defense. We believe that the essentials of corporate governance are fostering sustainable growth and increasing corporate value by making decisions swiftly and boldly, guided by appropriate risk management, while ensuring the transparency and fairness of management and carefully considering the viewpoints of our diverse stakeholders. Based on this belief, we will make continuous efforts to promote our level of corporate governance.

For Our Sustainable Growth

Corporate Governance

Corporate Governance System

MOL has established a corporate governance system that maximizes shareholder profits through appropriate allocation of management resources, with high transparency of corporate management from a shareholder's perspective. The Board of Directors, with the participation of independent outside directors, supervises and encourages business operations, which are carried out by the president as chief executive officer. In addition, as a company with an Audit & Supervisory Board, business and accounting audits are conducted by four Audit & Supervisory Board members, including two outside members.

To enhance the functionality of the Board of Directors,

we have expanded the scope of authority transferred to the Executive Committee, and narrowed down and reviewed which issues to be taken up by the Board so that more of its meeting time can be used to discuss the MOL Group's long-term vision and strategy direction and supervise management.

At MOL, we believe that the true strength of corporate governance is drawn out not by its structure or organization, but by whether or not it functions effectively. The framework described in the preceding paragraphs is operated in the manner outlined in the following sections.

Board of Directors

The Board of Directors comprises five internal directors and three outside directors who have no stake in the Company. As the Company's highest-ranking decision-making body, it

discusses and decides on basic policies and the most important matters related to MOL Group management.

Deliberation on Corporate Strategy and Vision

At every Board meeting, one hour out of the three is committed to "Deliberation on Corporate Strategy and Vision," where opinions are exchanged freely in regard to our management strategies, long-term vision, and overall management in general, including outside directors and outside Audit & Supervisory Board members.

Agenda for Fiscal 2018

Month	Agenda
May	Direction and strategy for technological innovation
July	Strategy for international logistics business
September	Strategy for offshore businesses
October	Direction of next management plan
December	Corporate marketing strategy
January	Strategies of Non-Vessel Operating Common Carrier (NVOCC) business expansion
February	Overall summary of "Rolling Plan 2019"

Nomination Advisory Committee and Remuneration Advisory Committee

MOL created the Nomination Advisory Committee and the Remuneration Advisory Committee as discretionary organizations under the Board of Directors. In order for outside directors to supervise directors responsible for business execution more effectively, both committees are chaired by an outside director and comprised of three outside directors and the Company president (as of June 25, 2019). Each committee discusses from an objective

standpoint emphasizing the perspective of shareholders. The Nomination Advisory Committee focuses on the selection and dismissal of directors and executive officers. The Remuneration Advisory Committee focuses on the remuneration of officers, including incentives for contributing to long-term enhancement of corporate value. The Board of Directors respects the advice from both committees and makes necessary resolutions.

Meetings in Fiscal 2018

< Nomination Advisory Committee > Number of meetings: 4

Chair of committee: Masayuki Matsushima
Members: Koichi Muto, Junichiro Ikeda, Masayuki Matsushima, Hideto Fujii, Etsuko Katsu

Main Agenda

- Selection process for the president
- Involvement of Nomination Advisory Committee in election and dismissal of Audit & Supervisory Board members
- Election of officers (including outside officers) for fiscal 2019

< Remuneration Advisory Committee > Number of meetings: 4

Chair of committee: Hideto Fujii
Members: Koichi Muto, Junichiro Ikeda, Masayuki Matsushima, Hideto Fujii, Etsuko Katsu

Main Agenda

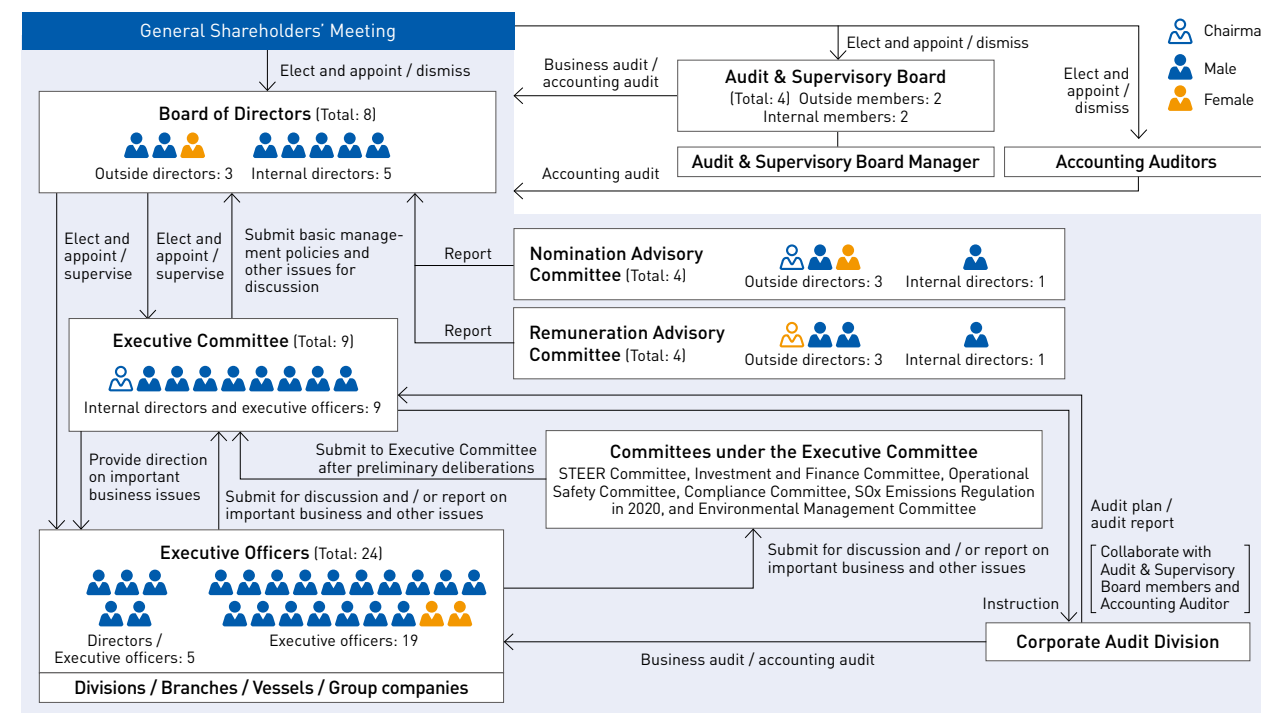
- Bonus for directors for fiscal 2017
- Remuneration for directors in fiscal 2018
- Formula for remuneration for executive officers

Executive Committee and Committees

Within the scope of the basic policy approved by the Board of Directors, MOL transfers a significant amount of authority to conduct businesses to the Executive Committee. This helps to speed up decision-making on individual matters by the president and the executive officers.

There are six committees under the Executive Committee to study and deliberate especially important matters, which will be brought to the Executive Committee, and matters straddling divisions (see the chart on page 51).

Corporate Governance Organization (as of June 25, 2019)



For Effective Corporate Governance

Assessment of Board Effectiveness

MOL regards enhancing corporate governance as an important management issue to ensure sustainable growth. Accordingly, effectiveness of the Board of Directors is assessed each fiscal

year. The results of this assessment is used to improve Board effectiveness further.

Measures Taken to Improve the Board of Directors in Fiscal 2018

The Company implemented various measures in light of issues raised from the effectiveness assessment of the preceding fiscal year. MOL shifted more authority to the Executive Committee, enhanced prior explanation of issues to be brought up to the Board of Directors, held "Board Member Discussion Sessions" to facilitate early-stage discussion and share information of important matters, and simplified its materials for use in meetings.

Summary of Assessment in Fiscal 2019

Elicit feedback from Board of Directors and Audit & Supervisory Board members via self-evaluation questionnaire → Summarize results of questionnaire → Report results and hold discussions at the Board of Directors' meeting

Main Items Rated in the Self-Evaluation Questionnaire

- Composition of the Board of Directors
- Quality of discussion and appropriateness of risk management
- Effectiveness of discussions pertaining to management plan
- Management of "Deliberation on Corporate Strategy and Vision"

Assessment Results in Fiscal 2019

After an assessment, it was concluded that the Board of Directors' meeting operated with a sufficient level of effectiveness under an appropriate composition. Especially, the simplification of materials implemented in fiscal 2018 improved discussions at meetings, and that "Board Member Discussion Sessions" served as an opportunity for fruitful exchanges of information and opinions. There were some constructive opinions on agenda, time allocation, and ideal explanations for further improvement, which are recognized as issues to work on.

Training for Directors and Audit & Supervisory Board Members

MOL provides opportunities for directors and Audit & Supervisory Board members to acquire the knowledge and expertise necessary to fulfill the duties of each role. Expenses related to this training are covered by the Company.

Furthermore, support system for outside directors and Audit & Supervisory Board members to increase the effectiveness of its

supervisory function is in place. For example, they are given an orientation upon their appointment to understand the nature of the Company's businesses. Moreover, in order to improve deliberations at Board meetings, discussion topics are shared and explained beforehand on paper or face to face and timely reporting is made whenever an important business execution takes place.

For Our Sustainable Growth

Corporate Governance

Appointment and Dismissal Process of Directors and Audit & Supervisory Board Members

MOL appoints a variety of directors with different backgrounds in terms of areas of expertise and experience, whether they be officers with a deep knowledge of Company business or outside directors and Audit & Supervisory Board members who bring an independent and objective viewpoint.

The Company has set up the Nomination Advisory Committee in order to add objectivity and transparency to the selection process and improve accountability in the selection of directors and Audit & Supervisory Board members. The committee selects the candidates based on its set of selection criteria and give advices to the Board of Directors. The Board then nominates the candidate directors and Audit & Supervisory Board members, taking into account advice from the Nomination Advisory Committee.

Candidates for Audit & Supervisory Board members are

submitted to the Board of Directors after gaining the approval of the Audit & Supervisory Board.

Selection Criteria for the Board of Directors

- a) Candidates must possess extensive experience and knowledge and be capable of enhancing the Company's corporate value
- b) Candidates must have a broad viewpoint, foresight, and be able to make management decisions from a global perspective
- c) Candidates must possess high moral fiber and good sense

Selection Criteria for Audit & Supervisory Board Members

- a) Candidates must have an appropriate set of experience, qualification, ability, and expertise
- b) Candidates must possess a high degree of financial and accounting knowledge (more than one member)

Role of Outside Directors and Outside Audit & Supervisory Board Members

To incorporate an outside perspective in Company management and to add a layer of supervision to business execution, the Company appoints three outside directors. Outside directors confirm the appropriateness of management decisions and check the status of business operations from a shareholder's perspective based on their individual experience and knowledge, while playing a major role in revitalizing the Board of Directors by expressing beneficial opinions regarding overall management. In addition, two of the four corporate Audit & Supervisory Board members are selected from outside. As the importance of the audit system in a company has increased, the Company ensures the independence of a corporate Audit & Supervisory Board member from management and execution. A total of five, including three outside directors and two outside Audit & Supervisory Board members, have been designated as independent officers.

Major Activities of the Outside Directors in Fiscal 2018

- Lectures and discussions in director training sessions (Tokyo)
- Attendance at the inauguration ceremony and observation of MOL Magsaysay Maritime Academy (MMA) (Philippines)
- Discussion meetings with MOL Group companies (Singapore)



Outside directors Mr. Matsushima (Top row, left) and Ms. Katsu (Bottom row, left) at inauguration ceremony for MMA (Philippines)



▶ Please refer to Independence Criteria for Outside Officers on page 18 of the **NOTICE OF CONVOCAION OF THE ORDINARY GENERAL MEETING OF SHAREHOLDERS**.
<https://www.mol.co.jp/en/ir/stock/gms/pdf/notice19.pdf>

Reasons for Appointment of Outside Directors

Name	Reason for Appointment
Hideto Fujii (Reappointed)	Mr. Fujii has many years of experience and expertise from his involvement in Japan's economic management and policy finance. Using such experience and insight, he proactively contributes to discussions at meetings of the Board of Directors from a position of independence and fairness, and appropriately fulfills his role as a supervisor of the Company's execution of operations. He has also contributed to enhancing the transparency and objectivity of decision-making procedures in the Nomination Advisory Committee and the Remuneration Advisory Committee.
Etsuko Katsu (Reappointed)	Ms. Katsu proactively contributes to discussions at meetings of the Board of Directors from a fair and independent standpoint, reflecting her extensive knowledge and insight as an expert in international economics and finance, experience in university management, and experience and knowledge regarding global human resource development initiatives. As such, she appropriately fulfills her roles such as supervising the Company's business execution. She has also contributed to enhancing the transparency and objectivity of decision-making procedures in the Nomination Advisory Committee and the Remuneration Advisory Committee.
Masaru Onishi (Newly appointed)	We believe that Mr. Onishi will contribute to increasing the Company's corporate value while maintaining and strengthening its corporate governance, drawing on his considerable experience and achievements as a corporate manager and his extensive experience in the operation of boards of directors at other companies as a chairman.
Hideki Yamashita (Current)	Mr. Yamashita has many years of experience, specialized knowledge, and a strong dedication to compliance as an attorney at law, and he effectively fulfills his duties as an Audit & Supervisory Board member responsible for auditing management and execution of business operations from a fair and objective standpoint.
Junko Imura (Newly appointed)	Ms. Imura has many years of experience as a certified public accountant and extensive knowledge related to accounting. We therefore deem that she will be able to competently carry out her duties as an outside Audit & Supervisory Board member who performs audits of management and business execution from a position of objectivity and fairness.

Compensation for Directors, Audit & Supervisory Board Members, and Independent Public Accountants

MOL adopts a performance-based compensation system for directors as motivation to increase corporate value in the medium to long term, and as an appropriate means to secure talent. Furthermore, the Remuneration Advisory Committee deliberates over compensation and treatment system such as calculation methods and individual remuneration for members of the Board of Directors, including outside directors.

Compensation for the Audit & Supervisory Board members is determined within the limits approved at the General Shareholders' Meeting, with consideration given to whether it is full- or part-time employment, the amount of auditing work assigned, and the levels of director compensation, after discussion with the Audit & Supervisory Board. Bonuses and stock options are not provided to Audit & Supervisory Board members.

The amounts of compensation for directors, Audit & Supervisory Board members, and independent public accountants are as follows.

Compensation for Directors and Audit & Supervisory Board Members

	No. of people remunerated	Total remuneration (Millions of yen)
Directors (excluding outside directors)	7	381
Audit & Supervisory Board members (excluding outside members)	2	65
Outside directors and outside members	5	61
Total	14	507

Director Compensation System

[Monthly Remuneration] Each director receives monthly compensation based on their position and level.

[Bonuses] Bonuses are determined based on performance and provided in June every year. It is a set amount calculated according to the Company's performance, adjusted based on director position, added to an individual bonus calculated based on performance of the division for which the director is responsible.

(Performance-based compensation is determined by the degree to which the Company meets performance goals, dividend payout ratio target, and qualitative goals in its management plan. The qualitative goals are evaluated based on the specific progress made in the following three areas: 1) The Company's investment and business strategies, 2) Enhancing awareness of long-term goals and improving competitiveness in pricing, and 3) Highlighting theme of priority areas which supports meeting long-term goals.)

[Stock Options] Stock options are granted every August to directors, based on each director's position.

Compensation for the Accounting Audit & Supervisory Board Members

	Compensation for audit operations (Millions of yen)	Compensation for non-audit operations (Millions of yen)	Total (Millions of yen)
Parent company	88	1	89
Consolidated subsidiaries	109	2	111
Total	197	4	201

Internal Control System

MOL has put in place a basic policy on the establishment of internal control systems* and extends beyond the scope required by law to promote activities to further enhance MOL Group management effectiveness, efficiency, and transparency, namely ensuring the appropriateness of business operations and the trustworthiness of financial reporting. The following are extracts from the policy on two topics: 1) Compliance, and 2) Role of the Audit & Supervisory Board members.

* The policy was approved by the Board of Directors in 2006, with final revisions made in 2018.

1. Compliance

The Company has set up a Compliance Committee, which is headed by the Chief Compliance Officer, and formulated the Compliance Policy. General managers of each division are appointed as Compliance Officers. They are responsible for enforcing compliance regulations within their division, and are also required to report to the Compliance Committee in the event of a compliance breach. The Corporate Audit Division, a body that operates independently of the Company's divisions, provides a counseling service regarding compliance. The division also undertakes investigations of breaches and reports the results to the Compliance Committee. In addition to the existing counseling service, the Company set up an external advisory service desk, which we entrusted an outside attorney to run. The desk offers anonymous counseling services.

Furthermore, Group companies in Japan and overseas have implemented e-learning in order to further promote thorough

compliance. In fiscal 2018, 5,874 employees took lectures on antitrust or competition law, while 5,503 employees took lectures on anti-corruption (anti-bribery). In addition, employees are required to attend in-person lectures on antitrust law upon reaching new management levels, and the Company provides annual antitrust seminars for officers and employees.

2. Role of the Audit & Supervisory Board Members

MOL has determined rules regarding reporting to its Audit & Supervisory Board members, creating a system in which directors, executive officers, and employees report to the Audit & Supervisory Board members on the important matters that may impact the Company's business or performance. These rules also safeguard appropriate frameworks for reporting legal violations and other compliance issues to Audit & Supervisory Board members. Furthermore, the representative directors strive to hold regular meetings with Audit & Supervisory Board members, and the Corporate Audit Division works in coordination with the Audit & Supervisory Board members to provide assistance. In these ways, the Company actively facilitates effective auditing by the Audit & Supervisory Board members.

E-learning Participation Rates for Fiscal 2018

Antitrust act or competition law	98.0%
Anti-corruption (Anti-bribery)	98.1%
Internal control	85.3%
ICT governance	91.1%

Note: E-learning sessions about antitrust act or competition law, anti-corruption (anti-bribery), and ICT governance were conducted by MOL Group companies in Japan and overseas. Sessions on internal control were held only in Japan.