

## A Tripartite Discussion on Corporate Governance

The outlook for the global economy remains uncertain due to the COVID-19 pandemic. Given the significant effect that the pandemic is also having on the marine transport industry's business environment, how is the MOL Group tackling near-term challenges? How will the Group advance governance to ensure sustained growth both during and after the pandemic? To consider such questions, Outside Director Masaru Onishi, Representative Director and Executive Vice President Executive Officer Takeshi Hashimoto, and Representative Director and Executive Vice President Executive Officer Akihiko Ono held a tripartite discussion in May 2020.

Masaru Onishi  
Outside Director

Takeshi Hashimoto  
Representative Director,  
Executive Vice President  
Executive Officer

Akihiko Ono  
Representative Director,  
Executive Vice President  
Executive Officer

### Response to the COVID-19 Pandemic and Business Environment Changes

**Ono** As well as having a major impact on the global economy and our business activities, the worldwide COVID-19 pandemic is a matter of life and death. Even in such a situation, the MOL Group's mission is to continue providing stable transport services as these are essential to the world's logistics. To enable us to continue business operations while preventing employees working on land and at sea from becoming infected, in February 2020 we launched the COVID-19 Countermeasures Taskforce. As someone who oversees corporate divisions, I lead the taskforce. We have been deliberating and implementing countermeasures through the taskforce.

**Onishi** I have seen up close how the MOL team—from senior management to employees in frontline operations—has promptly discussed and implemented countermeasures in response to the COVID-19 pandemic and how the team is currently continuing to make various improvements in the measures. That said, in this type of emergency, situations always arise that were not previously envisioned. Recounting the 2011 Great East Japan Earthquake, the former top official of the Tohoku Regional Bureau of the Ministry of Land, Infrastructure, Transport and Tourism, who was involved in the frontline response to the disaster, commented that, "Only the things prepared in advance were useful. By themselves, however, the things prepared in advance were insufficient." In other words, there is no such thing as being perfectly prepared. For this reason, MOL must draw on its recent experiences to enhance preparations for the future even further. Aside from measures dealing with immediate issues, MOL also advanced discussions on revising the management plan.

**Ono** Yes, that's right. During fiscal 2019, we held extensive discussions on the fiscal 2020 management plan. By March 2020, we were close to fixing priority targets and strategies. However, recognizing that the subsequent spread of COVID-19 was likely to completely transform society and the business environment, we concluded that the management plan needed to be fundamentally reformulated. We resolved to create a revised roadmap showing how MOL should proceed both during and after the COVID-19 pandemic.

**Hashimoto** In April 2020, we established the Rolling Plan Special Committee as a venue for revamping and making decisions on the management plan. As my responsibility is to preside over business divisions, I chaired the new committee. Our business environment had changed dramatically not only due to the pandemic but also because of a significant drop in the price of crude oil in March. However, the degrees to which and the ways in which these changes affected respective business segments were different. At the outset, the committee conducted an all-out effort focused on ascertaining the situation. In addition to conducting detailed analysis of individual business segments, committee members devoted a great deal of time to analyzing medium- to long-term mega-trends, which is essential for the establishment of business strategies.

**Onishi** Although we have experienced the global recession triggered by the collapse of Lehman Brothers in 2008, the effect on the real economy of the current crisis spread much more rapidly than then. I believe that in response to this huge, simultaneous impact that occurred worldwide, MOL took correct steps. The Company did not just implement immediate measures

for operational risks but also made a quick decision to revise management strategy. Moreover, these matters were discussed separately due to their totally different time frames.

### Risk Management Befitting a New MOL

**Hashimoto** In recent years, the MOL Group has advanced business strategies aimed at converting its business portfolio by concentrating the investment of management resources on fields that both enable the Group to use its strengths to achieve differentiation and to generate stable profit. In the process of developing and implementing these strategies, I feel that common in-house criteria for risks that should be taken, and risks that should be avoided have become entrenched. Risks always accompany business investments. However, a culture of thoroughly discussing the minute details of these risks—such as their root causes, their probability of actualization, and our ability to cope with worst-case scenarios—has become firmly established throughout the Group. Inevitably, market conditions affect the performance of marine transport companies to some extent. Nonetheless, if we can base decisions on reasonable overviews of the correlation between our coping abilities and the risks that should be taken, we will be able to succeed more often than we fail.

**Ono** In the past, we gave weight to investment recovery ratio and return on investment (ROI) when evaluating investment propositions. However, as we are currently engaged in business fields beyond the traditional marine transport industry, we have added internal rate of return (IRR) and return on risk (ROR) as important indicators for investment evaluation and

At MOL, senior management shares a clear understanding of the Company's cause, in other words, for what MOL exists. This, in my view, is their most commendable attribute.

#### Masaru Onishi

Mr. Onishi was appointed as an outside director of MOL in June 2019. In 1978, he joined Japan Airlines Co., Ltd., where ultimately he was given overall responsibility for maintenance and safety. He has deep insight based on his experience as a corporate manager at the highest levels, which includes serving at Japan Airlines as representative director and president between 2011 and 2012, as representative director and chairman between 2012 and 2014, and as director and chairman between 2014 and 2018.







**First and foremost, we must take defensive measures based on a correct understanding of the situation. However, advancing aggressive measures in anticipation of conditions both during and after the COVID-19 pandemic is also vital.**

#### Takeshi Hashimoto

Mr. Hashimoto became a MOL representative director and executive vice president executive officer in April 2019. After joining MOL in 1982, he spent a large part of his career engaged in the LNG carriers and offshore businesses. Currently, as an executive vice president executive officer he is responsible for overall management, presiding primarily over the business divisions.

conduct multifaceted management of investments accordingly. Looking back over the history of the industry, almost all marine transport companies' management failures have resulted from excessive investment during favorable market conditions. To avoid repeating such mistakes, we have constructed a system that stipulates the total amount of risk that the entire Group can tolerate and then controls the amount of risk that it actually takes. Further, in the past two or three years we have developed an improved system for decisions on individual investments that enables evaluation of risk and return in a way that is consistent with macro-level management of total risk. Through these systems, I believe that we are finally arriving at a desirable form of risk control that simultaneously enables safety and boldness.

**Onishi** At the time of my appointment as an outside director, I honestly felt that MOL was avoiding business risk too much. This was because when senior management was analyzing the risk and return of a new investment proposition, discussions tended to veer toward envisioning worst-case scenarios. Over the year since I was appointed, however, I feel that I have at last come to understand MOL's approach to risk. I now see that senior management's goal is to achieve a robust corporate structure first of all and to give priority to disciplined business management suited to MOL's current growth phase.

**Hashimoto** Having the ability to take both defensive and aggressive measures appropriately is, as you said, the ideal state of any truly robust entity. We have rebuilt our risk control system and taken measures to reduce our exposure to market conditions precisely because of the success in the 2000s and subsequent failure that we experienced. That said, it is important to make sure the experience of failure is not holding us back unduly.

**Onishi** As Mr. Ono pointed out, the Company has made a good deal of progress in visualizing indicators, and backing up proposals with figures is indispensable. On the other hand, if it was possible to evaluate all corporate activities by quantifying them, business executives would not be needed. In my opinion, the greatest asset of MOL's management decision-making process is that senior management shares a clear understanding of the Company's cause, in other words, for what MOL exists. When determining the direction in which a company should proceed, it is important for the senior management teams to think deeply about how each direction relates to the company's unique existential value and social mission. Thanks to the corporate culture MOL has fostered, when senior management is deciding to embark upon a new business, members state why the Group should be engaged in the business and how it relates to the Group's cause and the matter is thoroughly discussed at Board of Directors' meetings. I think this is an excellent state of affairs.

## The Constant Evolution of Governance

**Onishi** As a member of the advisory committees for nomination and remuneration, I believe that the greatest advance related to governance in fiscal 2019 was the establishment of a succession plan for the president. We held discussions that focused on three points: the credentials that a president of MOL should have, the establishment of a selection process, and ways of fostering candidates. I take pride in the fact that we have created one of the most progressive systems of its kind among Japanese companies. In addition, from fiscal 2019 we revamped systems so that outside Audit & Supervisory Board members were able to be non-voting participants in the advisory committees. This contributed greatly to the liveliness of discussions.

**Hashimoto** I also feel that discussions at meetings of the Board of Directors, the Executive Committee, and respective committees have become livelier. Aiming to arrive at better conclusions, participants exchange opinions that are franker and more heated than before.

**Ono** The Board of Directors really has evolved to become more and more dynamic. The points that

outside directors and outside Audit & Supervisory Board members make are quite critical on occasion, giving all of our discussions a healthy tension.

**Onishi** In fiscal 2019, we concentrated on preparing the succession plan, and now I want to begin reforming the directors' compensation system in fiscal 2020. Previously, MOL was a progressive company with respect to the development of governance systems. For example, it was one of the first to introduce a stock option system. However, given the further acceleration of discussions throughout society about optimal compensation systems as well as the changes in MOL's business fields in recent years, I think there is scope for changes that make the compensation more appropriate. Particularly important points for discussion are how to effectively incorporate long-term incentives into the compensation system and the proportion of fixed compensation and short-term and long-term incentives. While we have only just begun discussing the matter, over the next year or two I would like to establish systems that provide foundations suitable for the enhancement of MOL's corporate value over the medium to long term.

**Thanks to our reforms in recent years, I believe that we are finally arriving at a desirable form of risk control that simultaneously enables safety and boldness.**

#### Akihiko Ono

Mr. Ono was appointed as a MOL representative director and executive vice president executive officer in April 2020. He joined MOL in 1983 and served for many years in the Corporate Planning Division and the Containership segment. Currently, as an executive vice president executive officer he is responsible for overall management, presiding primarily over the corporate divisions.



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

[As of June 30, 2020]



**Junichiro Ikeda**  
Representative Director  
Born 1956

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)



**Takeshi Hashimoto**  
Representative Director  
Born 1957

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**  
Representative Director  
Born 1959

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  
Apr. 2020 Representative Director, Executive Vice President Executive Officer (to present)



**Etsuko Katsu**  
Outside Director (Independent Officer)

Apr. 2003 Professor, School of Political Science and Economics, Meiji University (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 Group Inc. (to present)



**Masaru Onishi**  
Outside Director (Independent Officer)

Apr. 2013 Trustee, KEIZAI DOYUKAI (Japan Association of Corporate Executives) (to present)  
Jun. 2015 Trustee, International University of Japan (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. (to present)



**Kenji Jitsu**  
Audit & Supervisory Board Member  
Born 1960

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)



**Takashi Maruyama**  
Representative Director  
Born 1959

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  
Apr. 2020 Representative Director, Senior Managing Executive Officer (to present)



**Toshiaki Tanaka**  
Director  
Born 1960

Apr. 1984 Joined Mitsui O.S.K. Lines, Ltd.  
Jun. 2011 General Manager of Iron Ore & Coal Carrier Division  
Jun. 2014 Executive Officer, General Manager of Iron Ore & Coal Carrier Division  
Jun. 2015 Executive Officer  
Apr. 2017 Managing Executive Officer  
Jun. 2020 Director, Managing Executive Officer (to present)



**Hideto Fujii**  
Outside Director (Independent Officer)

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



**Toshiaki Takeda**  
Audit & Supervisory Board Member  
Born 1964

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**  
Outside Audit & Supervisory Board Member (Independent Officer)

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**  
Outside Audit & Supervisory Board Member (Independent Officer)

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)  
Dec. 2019 Outside Audit & Supervisory Board Member, T. HASEGAWA CO., LTD. (to present)  
Jun. 2020 Outside Director, Audit and Supervisory Committee Member, Mitsubishi UFJ Trust and Banking Corporation (to present)



## Executive Officers

### Junichiro Ikeda

President, Chief Executive Officer

### Takeshi Hashimoto

Executive Vice President Executive Officer

Assistant to President Executive Officer (Mainly for business divisions), Supervisor for Human Resources Division, Responsible for; Europe and Africa Area

### Akihiko Ono

Executive Vice President Executive Officer

Assistant to President (Mainly for corporate divisions), Chief Compliance Officer, Chief Information Officer, Deputy Director General, Safety Operations Headquarters, Deputy Director General, Technology Innovation Unit, Responsible for; Regional Strategy for Japan, The Americas Area, Refreshing Organization, Enhancing Group Management, Secretaries & General Affairs Division, MOL Information Systems, Ltd.

### 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, Technology Innovation Unit, Responsible for; Technical Division, Smart Shipping Division, Secondly Responsible for MOL Information Systems, Ltd.

### Koichi Yashima

Senior Managing Executive Officer

Responsible for; Asia, the Middle East and Oceania Area, Managing Director of MOL (Asia Oceania) Pte. Ltd.

### Toshiaki Tanaka

Managing Executive Officer

Chief Environment and Sustainability Officer, Director General, Dry Bulk Business Unit, Responsible for; Dry Bulk Business Planning & Co-ordination Division, Secondly Responsible for Corporate Planning Division (Mainly for Environment Strategy and Sustainability Promotion)

### Masanori Kato

Managing Executive Officer

Chief Safety Officer, Director General, Safety Operations Headquarters, Responsible for; Human Resources Division, Marine Safety Division, Secondly Responsible for Smart Shipping Division

### Kenta Matsuzaka

Managing Executive Officer

Director General, Energy Transport Business Unit, Responsible for; Energy Business Strategy Division, LNG Carrier Division, LNG Marine Technical & Ship Management Strategy Division

### Masato Koike

Managing Executive Officer

Deputy Director General, Energy Transport Business Unit, Responsible for; Bunker Business Division, Tanker Division

### Yutaka Hinooka

Managing Executive Officer

Director General, Product Transport Business Unit, Responsible for; Port Projects & Logistics Business Division

### Toshinobu Shinoda

Managing Executive Officer

Chief Communication Officer, Responsible for; Corporate Planning Division, Corporate Communication Division

### Hirofumi Kuwata

Managing Executive Officer

Deputy Director General, Dry Bulk Business Unit, Deputy Director General, Energy Transport Business Unit, Responsible for; Steaming Coal & Renewable Energy Project Division, Ferry and Associated Business Division (Except for Ferries and Coastal RoRo Business)

### Nobuo Shiotsu

Executive Officer

Deputy Director General, Dry Bulk Business Unit, Responsible for; Work Efficiency Improvement, Iron Ore and Coal Carrier Division

### Atsushi Igaki

Executive Officer

Deputy Director General, Product Transport Business Unit, Responsible for; Ferry and Associated Business Division (Ferries and Coastal RoRo Business)

### Hiroyuki Nakano

Executive Officer

Deputy Director General, Energy Transport Business Unit, Responsible for; Offshore Gas Project Division, Offshore Project Division

### Hiroto Ushio

Executive Officer

Deputy Director General, Product Transport Business Unit, Responsible for; Car Carrier Division

### Kazuhiko Kikuchi

Executive Officer

Deputy Director General, Dry Bulk Business Unit, Responsible for; Bulk Carrier Division, Wood Chip Carrier Division

### Junko Moro

Executive Officer

Responsible for; Diversity Promotion, Human Resources Division

### Mitsuru Endo

Executive Officer

Deputy Director General, Safety Operations Headquarters, Responsible for; Marine Technical Management Division, LNG Marine Technical & Ship Management Strategy Division, Secondly Responsible for Marine Safety Division, Smart Shipping Division

### Osamu Sakurada

Executive Officer

General Manager of Port Projects & Logistics Business Division

### Akira Sasa

Executive Officer

Deputy Director General, Energy Transport Business Unit, Secondly Responsible for Tanker Division (Mainly for Product Tanker and Chemical Tanker Business)

### Ryusuke Kimura

Executive Officer

Chief Digital Officer, Assistant to Chief Information Officer, Deputy Director General, Technology Innovation Unit, Deputy Director General, Product Transport Business Unit, Responsible for; Corporate Marketing Division, Liner Business Management Division

### Kyoya Nitta

Executive Officer

General Manager of Offshore Gas Project Division

## Corporate Governance

### 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.

### Governance Summary (As of June 30, 2020)

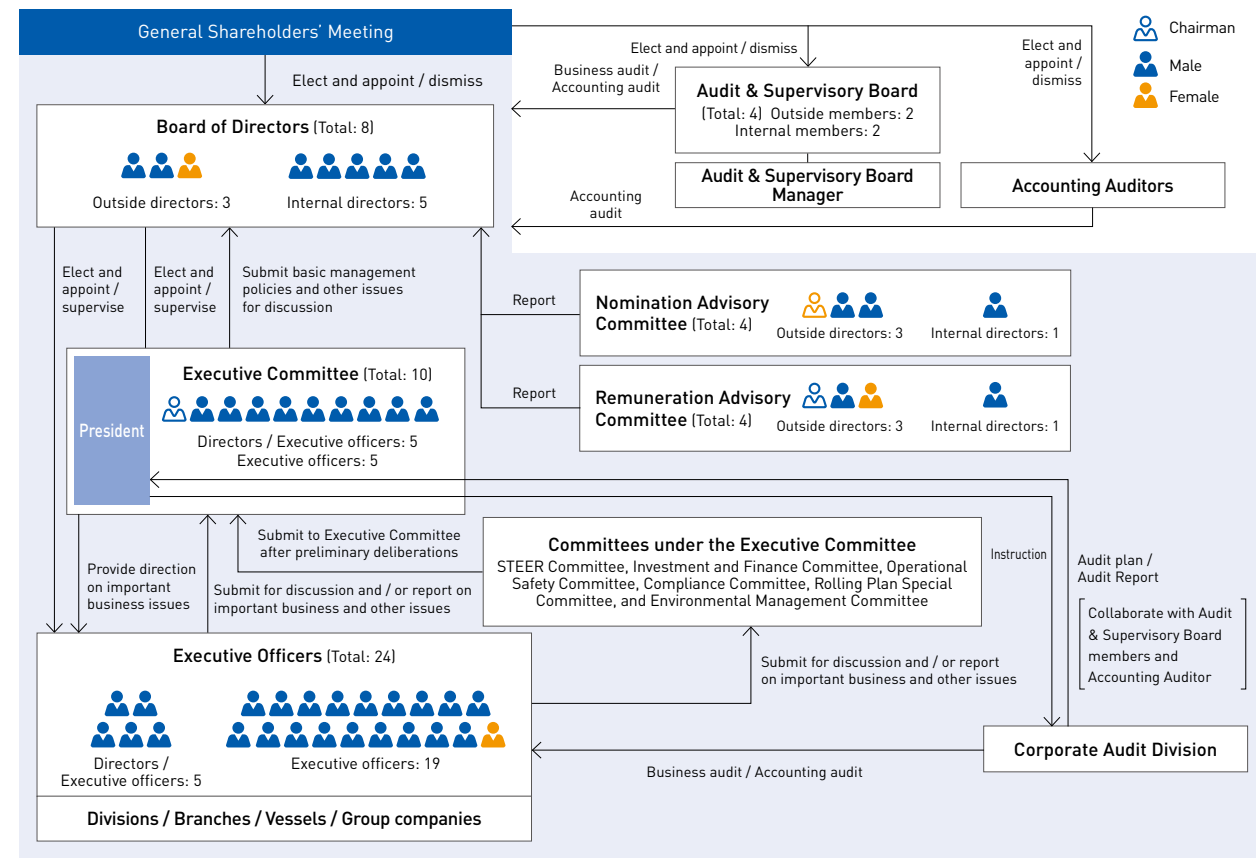
<b>Our Key Progresses in 2019</b> <ul style="list-style-type: none"> <li>• Formulation of a President and CEO succession plan</li> <li>• Participation of outside Audit &amp; Supervisory Board members on the Nomination Advisory Committee and the Remuneration Advisory Committee as non-voting members</li> <li>• Reduction of strategic shareholdings</li> </ul>			
<b>Governance System</b> Company with an Audit & Supervisory Board	<b>Total Directors</b> 8 Including outside directors (ratio) 3 (37.5%)	<b>Total Audit &amp; Supervisory Board Members</b> 4 Including outside members (ratio) 2 (50%)	<b>Independent Officers</b> (Directors and Audit & Supervisory Board Members) 5
<b>Percentage of Female Directors</b> 12.5% (1 out of 8)	<b>Number of Board Meetings Held</b> 10 (Fiscal 2019)	<b>Attendance Rate of Outside Directors for Board Meetings</b> 100% (Fiscal 2019)	<b>Term of Directors</b> 1 year
<b>Nomination Advisory Committee</b> Chair of committee: Etsuko Katsu (outside director) Number of members: 4 Percentage of outside directors: 75% Number of meetings: 6 (Fiscal 2019)		<b>Remuneration Advisory Committee</b> Chair of committee: Masaru Onishi (outside director) Number of members: 4 Percentage of outside directors: 75% Number of meetings: 5 (Fiscal 2019)	
<b>Performance-Based Compensation</b> Yes	<b>Stock Option System</b> Yes	<b>Retirement Benefit System</b> No	
<b>President Succession Plan</b> Yes	<b>Strategic Shareholdings as a Percentage of Net Assets</b> 8.0% (including unlisted stocks) (as of March 31, 2020)	<b>Anti-Takeover Measures</b> No	

Corporate Governance

Corporate Governance Structure

MOL has established a corporate governance system that maximizes shareholder profits through the most appropriate allocation of management resources, with higher transparency of corporate management.

Corporate Governance Organization (As of June 23, 2020)



Major Organizations

Name	Details
<b>Board of Directors</b>	As the Company's highest-ranking decision-making body, the Board of Directors discusses and decides on basic policies and the most important matters connected with MOL Group management. At MOL, out of the three hours scheduled for every Board of Directors' meeting, one hour is allotted to "Deliberation on Corporate Strategy and Vision." For this deliberation, a theme is selected related to our management strategy, long-term vision, or management in general, providing the opportunity for free exchange of opinions including outside directors and outside Audit & Supervisory Board members. Since fiscal 2018, we have also held "Board Member Discussion Sessions" at appropriate intervals following Board of Directors' meetings to facilitate the early-stage sharing and discussion of important issues that have not reached the stage of official board agenda.
<b>Audit &amp; Supervisory Board</b>	The Audit & Supervisory Board draws up audit plans and reports and shares audit results. All Audit & Supervisory Board members attend meetings of the Board of Directors, and full-time members also attend Executive Committee and other committee meetings to audit the deliberation and decision-making processes. By combining the information held by the full-time members and the high level of specialized expertise of the outside members, MOL has created a system that ensures the active exercise of authority from an objective standpoint.
<b>Nomination Advisory Committee and Remuneration Advisory Committee</b>	Under the Board of Directors, MOL has created the Nomination Advisory Committee and the Remuneration Advisory Committee as discretionary organizations. Both committees comprise three outside directors and the Company president, chaired by an outside director. The Nomination Advisory Committee focuses on the selection and dismissal of directors and executive officers. The Remuneration Advisory Committee focuses on the remuneration of directors and executive officers, including incentives for contributing to long-term enhancement of corporate value. Each committee discusses these matters from an objective standpoint.
<b>Executive Committee and Committees under the Executive Committee</b>	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 expedite decision-making on individual matters. Six committees exist under the Executive Committee to study and deliberate particularly important matters which are brought to the Executive Committee, as well as cross-divisional propositions.

Main Agenda Items for Each Advisory Committee in Fiscal 2019

Nomination Advisory Committee (held 6 times)	Remuneration Advisory Committee (held 5 times)
President and CEO succession planning Outside Audit & Supervisory Board member participation in the Nomination Advisory Committee as non-voting members Election of directors and executive officers for fiscal 2020 and other matters	Bonus for directors for fiscal 2018 and monthly remuneration for directors for fiscal 2019 Outside Audit & Supervisory Board member participation in the Remuneration Advisory Committee as non-voting members Director and executive officer compensation plans and other matters

Main Agenda Items for the Board of Directors' "Deliberation on Corporate Strategy and Vision" in Fiscal 2019

Month	Agenda	Month	Agenda
July	LNG carrier business strategy	December	Latent customer needs and digitalization
September	ICT strategy	January	MOL's Corporate Principles
October	Direction of Rolling Plan 2020	February	Overall summary of Rolling Plan 2020

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

The MOL Group has set up the Nomination Advisory Committee in order to improve objectivity and transparency in selection procedures for directors and Audit & Supervisory Board members and also to strengthen accountability. The committee selects the candidates based on its set of standards and submits a report to the Board of Directors. From fiscal 2019, outside Audit & Supervisory Board members also began attending committee meetings as non-voting members so they could understand the deliberation process and express their opinions.

Standards for appointing directors

- a) Personnel who are able to contribute to enhancement of the enterprise value of the Company based on a wealth of experience and knowledge
- b) Personnel who are able to make management decisions globally from a broad-ranged perspective and foresight
- c) Personnel with high ethical standards and solid common sense

Standards for appointing Audit & Supervisory Board members

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

The Board of Directors nominates the candidate directors and Audit & Supervisory Board members, taking into account reports submitted by the Nomination Advisory Committee. Candidates for Audit & Supervisory Board members are submitted to the Board of Directors after gaining the consent of the Audit & Supervisory Board.

Expected Expertise and Attributes for Directors

	Corporate management	Finance	Strategy and marketing	Global business	Risk management and compliance	ESG	Government agency or research institution
<b>Internal</b>							
Junichiro Ikeda Representative Director	●		●	●	●		
Takeshi Hashimoto Representative Director	●		●	●	●		
Akihiko Ono Representative Director			●	●	●	●	
Takashi Maruyama Representative Director		●		●	●		
Toshiaki Tanaka Director			●	●		●	
<b>Outside</b>							
Hideto Fujii Outside Director (Independent Officer)		●				●	●
Etsuko Katsu Outside Director (Independent Officer)		●				●	●
Masaru Onishi Outside Director (Independent Officer)	●			●	●		

Up to four areas of particularly expected expertise for the respective director. (The chart above does not indicate all the knowledge or expertise each director possesses.)

President and CEO Succession Plan

To appoint a president and CEO (hereinafter referred to as the "president") who is eligible for the company in a timely and appropriate manner, MOL has formulated a succession plan for the president that contains requirements, the appointment procedures, and a cultivation plan for

successor candidates. The Nomination Advisory Committee will deliberate on a plan for the next president (including the re-appointment and dismissal of the incumbent president) based on the succession plan and submit it to the Board of Directors.

## Assessment of Board of Directors' Effectiveness

MOL assesses and analyzes the effectiveness of its Board of Directors by conducting a self-assessment questionnaire each year and deliberating the results at a Board of Directors' meeting. We strive to enhance Board of Directors' effectiveness by ascertaining issues through this process and formulating improvement measures.

Conducting Effectiveness Assessments	<p><b>Schedule</b></p> <p>Overview explanation of the procedure to directors: Late April (at a Board of Directors' meeting)</p> <p>Implementation of questionnaire: Early May</p> <p>Deliberations based on questionnaire results: Late May</p>	<p><b>Main Items in the Self-Evaluation Questionnaire</b></p> <ul style="list-style-type: none"> <li>• Composition of the Board of Directors</li> <li>• Quality of discussions and appropriateness of risk management</li> <li>• Effectiveness of discussions pertaining to management plan</li> <li>• Management of "Deliberation on Corporate Strategy and Vision"</li> </ul>												
Assessment Results in Fiscal 2019	<p>After an assessment, it was concluded that the Board of Directors was composed appropriately and operated with a sufficient level of effectiveness. In particular for fiscal 2019, newly introduced summary sheets that organize the outlines and issues of agenda items further enhanced the productivity of discussions. The "Board Member Discussion Sessions" introduced in fiscal 2018 have become an established practice, and were highly acclaimed to have facilitated early-stage sharing and discussion of important issues that had not yet reached the board agenda. To further enhance effectiveness, there were some constructive opinions on which agenda items to take up and their time allocation. Opinions were also raised on the importance of focused discussions on medium- to long-term strategies corresponding to changes to the business environment due to COVID-19 and global economic trends</p>	<p>post-COVID 19. These points were recognized as issues to tackle going forward.</p> <p><b>Number of Agenda Items and Average Deliberation Time at Board of Directors' Meetings</b></p> <p>(Number of agenda items) (Minutes)</p> <p>By narrowing down the number of items to be discussed at meetings, we increased deliberation time per item.</p> <table border="1"> <thead> <tr> <th>Fiscal Year</th> <th>Number of agenda items resolved (left)</th> <th>Average deliberation time per agenda item (right)</th> </tr> </thead> <tbody> <tr> <td>FY2017</td> <td>61</td> <td>6.7</td> </tr> <tr> <td>FY2018</td> <td>56</td> <td>6.8</td> </tr> <tr> <td>FY2019</td> <td>43</td> <td>8.2</td> </tr> </tbody> </table>	Fiscal Year	Number of agenda items resolved (left)	Average deliberation time per agenda item (right)	FY2017	61	6.7	FY2018	56	6.8	FY2019	43	8.2
Fiscal Year	Number of agenda items resolved (left)	Average deliberation time per agenda item (right)												
FY2017	61	6.7												
FY2018	56	6.8												
FY2019	43	8.2												
Directions for Fiscal 2020	<p>Taking into consideration the issues recognized during the fiscal 2019 assessment, in the next fiscal year the Board of Directors will work on improvements in three areas aiming to further enhance its effectiveness. These areas are (1) prioritizing agenda items to be discussed at Board of Directors' meetings, (2) reviewing the meeting outlines (number of meetings and their duration), and (3) inventing ways to make discussions more effective, such as organizing points of issues and improving explanation methods.</p>													

Initiatives to Ensure the Functions of Outside Directors and Outside Audit & Supervisory Board Members	
Support systems	Examples of activities of outside directors and outside Audit & Supervisory Board members (Fiscal 2019)
<ul style="list-style-type: none"> <li>• Providing orientations on MOL Group's business at the time of assuming office</li> <li>• Prior explanation by documents or meeting on the Board of Director agenda items before each meeting</li> </ul> <p style="text-align: right;">and others</p>	<ul style="list-style-type: none"> <li>• Lectures and discussions at training sessions for executive officers, liaison meetings of group Audit &amp; Supervisory Board members, etc.</li> <li>• Attendance at the long-service award and family day event for Filipino seafarers (the Philippines)</li> <li>• On-site visits to MOL-operated vessels as part of MOL's safety operation campaign</li> <li>• Observation of MOL Group companies' operation</li> </ul>

## Policy on Strategic Shareholdings

MOL holds shares in companies with which it has important business relationships and close cooperative relationships, including business alliances, for the purpose of enhancing the growth and corporate value of the company over the medium to long term by maintaining and strengthening these relationships. For the shares held by the Company, the rationality of holding them, such as the adequacy of the purpose and the profitability in light of the cost of capital, are reported to the Board of Directors individually every year. Following a comprehensive verification, shares that do not have adequate reasons to be kept are gradually reduced. As the result of the reduction of shares under this policy, the ratio of strategic shareholdings to net assets\* had been reduced to 8.0% (7.0% if only listed stocks are counted) as of March 31, 2020.

\* The total balance sheet amount of investment securities held for purposes other than pure investment as a percentage of consolidated net assets

## Method of Computing Compensation for Directors and Audit & Supervisory Board Members

Director Compensation
<p><b>Basic Policy on Design of the Remuneration System</b></p> <ul style="list-style-type: none"> <li>• The remuneration system shall give incentives for improving corporate value sustainably.</li> <li>• Remuneration shall be at a sufficient level for securing human resources, with reference to companies in the same industry or companies of the similar size.</li> <li>• The system shall be linked with business performance giving incentives for reaching performance goals, and achievement rate on the Company's strategic items shall be evaluated qualitatively.</li> <li>• Remuneration shall employ objective and transparent procedures, drawing on decisions made by the Board of Directors based on the findings of the Remuneration Advisory Committee, the majority of which consists of outside directors, chaired by an outside director.</li> </ul>

### Composition of Remuneration

Remuneration for MOL's directors consists of fixed monthly remuneration, performance-based cash bonus, and stock options. The composition ratio below is for a model case based on the assumption that the target of around ¥80.0 to ¥100.0 billion in ordinary profit is achieved.

Item	Component	Composition ratio	Details
Fixed Remuneration	Monthly Remuneration	65%	<ul style="list-style-type: none"> <li>• An amount of remuneration is determined for each director depending on their responsibilities.</li> <li>• A fixed amount is paid monthly in cash.</li> </ul>
	Performance-Based Compensation (Bonuses)	30%	<ul style="list-style-type: none"> <li>• The level of performance of the entire Company's business results is determined based on achievement of performance goals set forth in the management plan, in consideration of dividend payout ratios and qualitative achievement of goals.</li> <li>• Bonus is determined by the base amount for each position according to the level of performance of the entire Company's business results, and additional individual compensation depending on the results of a division in charge. (No lower limits)</li> <li>• A variable amount is paid in cash every June.</li> </ul>
Variable Remuneration	Stock Options	5%	<ul style="list-style-type: none"> <li>• Aims to give incentives for sustainably improving corporate value and sharing value with shareholders even further</li> <li>• The exercise period is from the day marking two years past the grant date to the day marking 10 years past the grant date.</li> <li>• Provided every August based on the position of each director</li> </ul>

### Indicators for Performance-Based Compensation (Bonuses)

<Financial Indicator>	<Performance Indicator by Division>	<Qualitative Indicator>
<ul style="list-style-type: none"> <li>• Consolidated ordinary profit (loss)</li> <li>• Profit (loss) attributable to owners of parent</li> <li>• Dividend payout ratio</li> </ul>	<ul style="list-style-type: none"> <li>• Level of achievement of the budget set at the beginning of the fiscal year</li> <li>• Capital efficiency ratio</li> </ul>	Achievement of specific measures for the following strategic items is considered*. <ol style="list-style-type: none"> <li>(1) Concentrated investment of management resources in the business fields where MOL has strengths, which will mainly be offshore businesses</li> <li>(2) Provision of stress-free services which MOL will provide from the customer's perspective</li> <li>(3) Promotion of environmental strategy and development of the emission-free business into a core business</li> </ol>

\* For details, please refer to the overview and state of progress on Rolling Plan 2020 on pages 18 to 21.

The Board of Directors and the Remuneration Advisory Committee engaged in deliberation a total of three times with regard to bonuses for fiscal 2019 and monthly remuneration for fiscal 2020. In fiscal 2019, ordinary profit and profit attributable to owners of parent substantially surpassed the previous fiscal year's levels and the annual dividend per share was increased year on year. This performance was sufficient to consider

paying the directors increased bonuses than in the previous fiscal year. However, with the global economy entering a sharp downturn due to the spread of COVID-19, cargo volumes have stalled and shrunk, making the outlook extremely uncertain. Given these circumstances, for fiscal 2019 the company paid directors 0.5 months' remuneration as a bonus.

### Compensation for Audit & Supervisory Board Members

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

### Compensation for Directors and Audit & Supervisory Board Members (Fiscal 2019)

Category	Number of people	Total remuneration, by type (millions of yen)			Total compensation (millions of yen)
		Monthly remuneration	Bonuses	Stock options	
Directors (excluding outside directors)	6	261	11	13	287
Audit & Supervisory Board members (excluding outside members)	3	64	—	—	64
Outside directors and outside Audit & Supervisory Board members	7	51	1	2	55

The abovementioned amounts include compensation paid to one internal director, one internal Audit & Supervisory Board member, one outside director and one outside Audit & Supervisory Board member who stepped down during fiscal 2019.



## Compliance

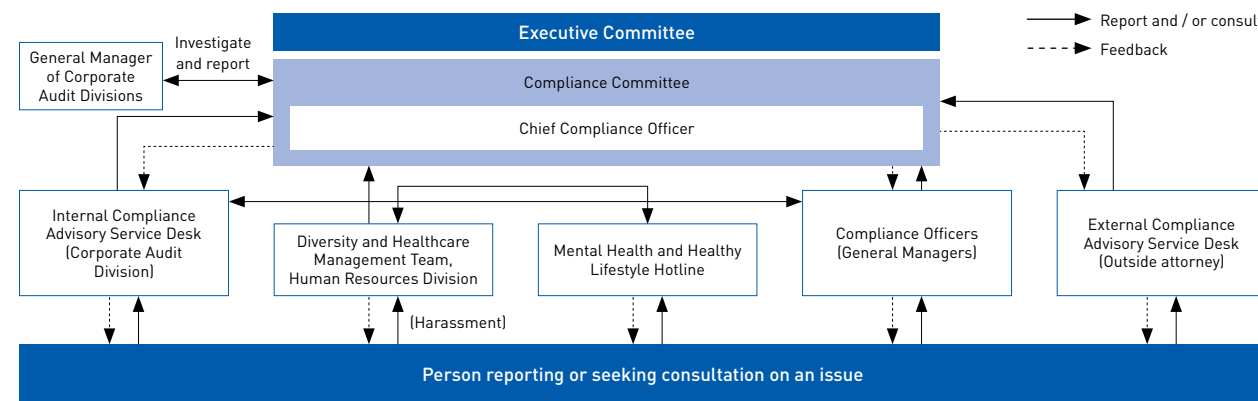
For more detailed information on compliance-related matters, please visit our website. <https://www.mol.co.jp/en/corporate/compliance/index.html>

### Compliance Framework

In 2014, the Japan Fair Trade Commission (JFTC) found that the MOL Group had violated Article 3 of the Japanese Antimonopoly Act in certain car carrier shipping trades. The MOL Group has taken measures to reinforce its compliance efforts, including ongoing training, to ensure that the importance of compliance—as the major premise of all corporate activities—is

etched deeply into the minds of all executives and employees, and make it the linchpin of decisions in daily business operations.

The Compliance Committee, chaired by the chief compliance officer, convenes every three months and conducts regular monitoring. Case examples are also disclosed within the Company.



### Compliance Policy

The MOL Group has established a Compliance Policy as the basis for achieving compliance. Article 5 of the Policy sets down individual standards of conduct to be applied to the Company's executives and employees as

they pertain to various stakeholders. The Policy also establishes the compliance roles and responsibilities of each organization and officer and how to deal with violations.

### Compliance Advisory Service Desks

The MOL Group has established internal and external compliance advisory service desks available in Japanese and English. These service desks can be used by officers, employees, and temporary staff of MOL and its Group companies. In fiscal 2019, there were 27 reports and consultations. The external advisory service desk is entrusted to an outside attorney to run. The attorney transmits reports and consultations received to the Compliance Committee and continues to serve as a

liaison between the Company and people submitting reports or seeking consultations. Both service desks keep reports and consultations strictly confidential and ensure that personnel, including those cooperating with an investigation, are not treated unfairly. We also welcome compliance-related inquiries through our website from external parties, including customers and suppliers both domestic and international.

### Initiatives to Comply with Antitrust Laws and Prevent Corruption

The MOL Group takes rigorous measures to ensure compliance with the Antitrust Act and prevent corruption. We have an Antimonopoly Act Compliance Code and an Anti-Corruption (anti-bribery) Policy, as well as a Do's & Don'ts Guide, which provides a set of more specific guidelines. We also implement a range of training sessions to keep all employees informed by providing them with overviews and points to note in relation to domestic and international laws and regulations.

Anti-Corruption Policy	As stated in its Compliance Policy, to ensure the building of good relationships based on trust with customers and contractors, MOL established the Mitsui O.S.K. Lines' Anti-Corruption Policy in October 2015. This policy eliminates bribery and excessive business entertaining of public servants as well as those outside the government in Japan and overseas.
E-Learning	MOL holds continuous e-learning sessions covering antitrust and competition acts, anti-corruption (anti-bribery), internal control, and ICT governance. In fiscal 2019, we had an average participation rate of 94.1% in these sessions.
Lectures for Executives and Employees	Employees are required to attend lectures on antitrust law upon reaching new position levels, and we also hold lectures on anti-bribery.
Organizational Culture Questionnaire	To engender an organizational culture with "self-cleansing" capabilities in relation to compliance violations, we conduct a biannual organizational culture questionnaire survey of our employees. Each department head uses the survey to ascertain the issues in their departments and make improvements.

## Social Responsibility

### Supply Chain Management

MOL procures vessels from shipyards (owned vessels) as well as other ship owners (chartered vessels). Given that marine vessels are the lifeblood of our business, we apply the MOL Safety Standard Specifications to both owned and chartered vessels (with the exception of short-term charters) to make the equipment of all vessels under our control live up to certain standards and keep our Standard Specifications constantly updated to ensure their effectiveness. During the construction of our owned vessels, we send supervisors to the shipyard to keep a close on-site watch on building quality. These supervisors work with shipyard masters and safety management officers to check the situations of sites and identify risk factors for worker injuries and fire outbreaks, requesting improvements if necessary.

When we sell off our vessels, in cases when the buyer intends to dismantle the vessel, we bind them to use a demolition yard that has third-party certification (from ClassNK) stating that the yard meets all prescribed safety, environmental, and labor standards and complies with the Hong Kong International Convention for the Safe and Environmentally Sound Recycling of Ships\*. We also manage the dismantling process by requiring detailed reports of the work.

As described above, even before the delivery of a new vessel from a shipyard or a ship owner as well as in stages after the disposal of a vessel, we are actively involved to ensure safety, reduce environmental impact, and improve labor conditions of workers.

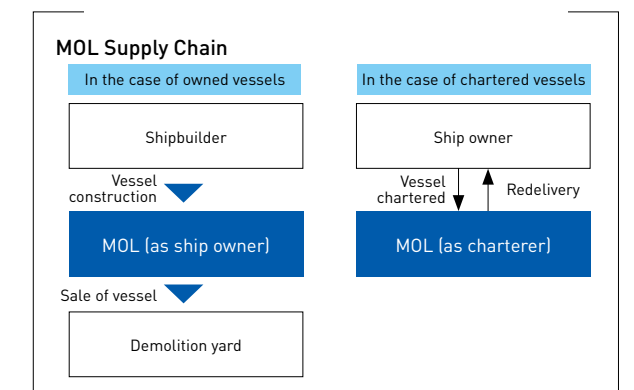
\* The convention was adopted by the IMO in May 2009 to ensure the safe and environmentally sound recycling of ships. As of August 2020, the convention has not yet gone into effect as it is still in the process of being ratified by some countries. The convention requires vessels to prepare, record, and update inventory lists showing the quantity and location of hazardous materials within the ship's structure. It also establishes the conditions required of ship recycling facilities (demolition yards). Ahead of the convention's enforcement, MOL has already established rules for demolition yard selection pursuant to the convention.

### Human Rights

In 2005, MOL became the first Japanese shipping company to participate in the United Nations (UN) Global Compact. We express our support for, and practice of, universal principles regarding human rights and labor, and we have published a statement on our website in line with the UK Modern Slavery Act of 2015. Our code of conduct, which ensures compliance by our officers and employees also includes an article on "Respect for human rights and prohibition of discrimination or harassment." This article codifies and demands compliance with rules on respect for human rights, banning of discrimination, understanding of different cultures and customs, and prevention of harassment.

**Initiatives to Safeguard the Human Rights of Our Crews**  
MOL adheres to the four fundamental rights of seafarers stipulated under the Maritime Labour Convention 2016: (1) freedom of association and the effective recognition of the right to collective bargaining; (2) the elimination of all forms of forced or compulsory labor; (3) the effective abolition of child labor; and (4) the elimination of discrimination in respect of employment and occupation. Our internal maritime compliance policy also prohibits discrimination and establishes procedures for dealing with complaints about harassment.

We also follow the MOL Group Basic Procurement Policy when purchasing any product or service, including vessels.



### MOL Group Basic Procurement Policy

The MOL Group procures goods and/or services in accordance with the following basic policy:

1. We comply with applicable laws, regulations and social norms, and pay due consideration to the protection of the environment.
2. We procure goods and/or services, including the delivery or execution of such goods and/or services, that meet high safety standards.
3. We conduct fair trade, and endeavor to establish trusting relationships with contractors.

We work to make sure that our contractors understand our Basic Procurement Policy, with the aim of contributing toward the realization of sustainable societies together.

### Awareness Campaigns

To instill thorough awareness of human rights, MOL holds lectures on human rights as part of its Head Office stratified training. The Company also holds harassment prevention lecture sessions as part of pre-orientation for personnel before they are assigned to positions in Group companies, etc., in Japan or overseas.

### 10 Principles of the UN Global Compact

Human Rights	1. Business should support and respect the protection of internationally proclaimed human rights; and 2. Make sure that they are not complicit in human rights abuses.
Labor	3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining; 4. The elimination of all forms of forced and compulsory labor; 5. The effective abolition of child labor; and 6. The elimination of discrimination in respect of employment and occupation.
Environment	7. Businesses should support a precautionary approach to environmental challenges; 8. Undertake initiatives to promote greater environmental responsibility; and 9. Encourage the development and diffusion of environmentally friendly technologies.
Anti-Corruption	10. Businesses should work against corruption in all its forms, including extortion and bribery.