



Management Foundation Underpinning MOL:

Corporate Governance and Corporate Social Responsibility

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

(At the end of June, 2016)

Board of Directors



Koichi Muto
Representative Director Born 1953

Apr. 1976 Joined Mitsui O.S.K. Lines, Ltd.
Jun. 2002 General Manager of Bulk Carrier Division
Jan. 2003 General Manager of Corporate Planning Division
Jun. 2004 Executive Officer, General Manager of Corporate Planning Division
Jun. 2006 Managing Executive Officer
Jun. 2007 Director, Managing Executive Officer
Jun. 2008 Director, Senior Managing Executive Officer
Jun. 2010 Representative Director, President and Executive Officer
Jun. 2015 Representative Director, Chairman of the Board, Executive Officer (current)



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 (current)



Kenichi Nagata
Representative Director Born 1956

Apr. 1979 Joined Mitsui O.S.K. Lines, Ltd.
Jun. 2005 General Manager of Coal and Iron Ore Carrier Division
Jun. 2007 Executive Officer, General Manager of Coal and Iron Ore Carrier Division
Jun. 2009 Managing Executive Officer
Jun. 2013 Senior Managing Executive Officer
Jun. 2015 Representative Director, Executive Vice President, Executive Officer (current)



Masahiro Tanabe
Director Born 1957

Apr. 1979 Joined Mitsui O.S.K. Lines, Ltd.
Jun. 2003 General Manager of Logistics Business Division
Jun. 2008 Executive Officer, Managing Director of MOL (Europe) B.V.
Jun. 2011 Managing Executive Officer
Jun. 2013 Director, Managing Executive Officer
Jun. 2015 Director, Senior Managing Executive Officer (current)



Shizuo Takahashi
Director Born 1959

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 (current)



Takeshi Hashimoto
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 Senior Managing Executive Officer
Jun. 2016 Director, Senior Managing Executive Officer (current)

Independent Officers



Masayuki Matsushima
Outside Director

Jun. 2011 Director of Mitsui O.S.K. Lines, Ltd. (current)
Jun. 2011 Outside Director of Mitsui Fudosan Co., Ltd. (current)
Nov. 2012 Chairman of NWIC Co., Ltd. (current)
Sept. 2014 Senior Advisor of Integral Corporation (current)
Jun. 2016 Outside Director of JGC Corporation (current)



Hideto Fujii
Outside Director

Jun. 2015 Adviser of Sumitomo Corporation (current)
Jun. 2016 Director of Mitsui O.S.K. Lines, Ltd. (current)



Etsuko Katsu
Outside Director

Apr. 2003 Professor of School of Political Science and Economics, Meiji University (current)
Jan. 2013 Board Member of Japan-United States Educational Commission (current)
Mar. 2015 Vice President of Center for Entrance Examination Standardization (current)
Jun. 2016 Director of Mitsui O.S.K. Lines, Ltd. (current)

Audit & Supervisory Board Members



Takashi Nakashima Born 1959
Audit & Supervisory Board Member

Apr. 1982 Joined Mitsui O.S.K. Lines, Ltd.
Jun. 2009 General Manager of Research Office
Jun. 2011 General Manager of General Affairs Division
Jun. 2015 Audit & Supervisory Board Member of Mitsui O.S.K. Lines, Ltd. (current)

Takehiko Ota Born 1960
Audit & Supervisory Board Member

Apr. 1984 Joined Mitsui O.S.K. Lines, Ltd.
Jun. 2008 General Manager of Investor Relations Office
Jun. 2013 Audit & Supervisory Board Member of Mitsui O.S.K. Lines, Ltd. (current)

Independent Officers

Hiroyuki Itami
Outside Audit & Supervisory Board Member

Apr. 2008 Professor of Tokyo University of Science, Graduate School of Innovation Studies (current)
Jun. 2010 Outside Corporate Auditor of JFE Holdings, Inc. (Current)
Jun. 2011 Audit & Supervisory Board Member of Mitsui O.S.K. Lines, Ltd. (current)

Hideki Yamashita
Outside Audit & Supervisory Board Member

Apr. 1982 Attorney-at-Law (current)
Apr. 1985 Established YAMASHITA & TOYAMA LAW AND PATENT OFFICE
Mar. 1993 Patent Attorney (current)
Mar. 2012 Outside Corporate Auditor of I-cell Networks Corporation (Current)
Jun. 2014 Audit & Supervisory Board Member of Mitsui O.S.K. Lines, Ltd. (current)

Executive Officers

Koichi Muto

Chairman

Junichiro Ikeda

President, Chief Executive Officer

Kenichi Nagata

Executive Vice President

(Assistant to President, Dry Bulk Business Unit, Dry Bulk Business Planning & Co-ordination Office, Dry Bulk Carrier Division (B))

Masaaki Nemoto

Senior Managing Executive Officer (Safety Operations Headquarters, Human Resources Division, Marine Safety Division, Dry Bulk Carrier Supervising Office, Tanker Safety Management Office, LNG Safety Management Office)

Masahiro Tanabe

Senior Managing Executive Officer (Finance Division, Accounting Division Investor Relations Office, Liner Division, Port Projects & Logistics Business Division, Group Business Division, Research Office)

Shizuo Takahashi

Senior Managing Executive Officer (Chief Compliance Officer, Chief Information Officer, Safety Operations Headquarters, Internal Audit Office, Secretaries Office, Corporate Planning Division, Public Relations Office, MOL Information Systems, Ltd.)

Takeshi Hashimoto

Senior Managing Executive Officer (Energy Transport Business Unit, Energy Business Strategy Office, Steaming Coal Carrier Division, LNG Carrier Division, Offshore and LNG Project Division, LNG Safety Management Office)

Toshiya Konishi

Managing Executive Officer (Port Projects & Logistics Business Division, Chief Executive Representative in Americas)

Takashi Maruyama

Managing Executive Officer (Finance Division, Investor Relations Office)

Akihiko Ono

Managing Executive Officer (Liner Division)

Akio Mitsuta

Managing Executive Officer (Energy Transport Business Unit, Tanker Division, Tanker Safety Management Office)

Naotoshi Omoto

Managing Executive Officer (Car Carrier Division)

Toshiyuki Sonobe

Managing Executive Officer (Group Business Division, Kansai Area, Japan Logistics Business Promotion)

Yoshikazu Kawagoe

Managing Executive Officer (Technical Division)

Koichi Yashima

Managing Executive Officer (Human Resources Division, General Affairs Division)

Hideo Horiguchi

Executive Officer (Accounting Division)

Mitsujiro Akasaka

Executive Officer (Chief Executive Representative in Asia, Middle East & Oceania, Managing Director of Mitsui O.S.K. Bulk Shipping (Asia Oceania) Pte. Ltd.)

Toshiaki Tanaka

Executive Officer (Dry Bulk Business Unit, Dry Bulk Carrier Division (A), Dry Bulk Carrier Supervising Office)

Nobuo Ishihara

Executive Officer (Chief Executive Representative in Europe & Africa, Managing Director of Mitsui O.S.K. Bulk Shipping (Europe) Ltd.)

Kenta Matsuzaka

Executive Officer (Offshore and LNG Project Division, General Manager of LNG Carrier Division)

Masanori Kobayashi

Executive Officer (Safety Operations Headquarters, Tanker Safety Management Office, LNG Safety Management Office, Marine Safety Division)

Yutaka Hinooka

Executive Officer (General Manager of Liner Division)

Masato Koike

Executive Officer (General Manager of Tanker Division)

Masanori Kato

Executive Officer (Safety Operations Headquarters, Human Resources Division, Marine Safety Division, Dry Bulk Carrier Supervising Office)



As an outside director, I'd like to frankly express my opinion to help implement the Business Structural Reforms and improve corporate value.

Masayuki Matsushima Outside Director

Regarding Fiscal 2015 Business Structural Reforms

In fiscal 2012, my second year as one of MOL's outside directors, the Company carried out the first Business Structural Reforms, shifting operations of free vessels in dry bulkers to Singapore and recording around ¥100.0 billion in business structural reform costs. At the time, we believed that if we booked this loss, the Company's operational structure would improve, and we would eventually be able to make a remarkable recovery. However, market conditions worsened more severely than expected and, as a result, the Company was again forced to implement Business Structural Reforms, which led to the loss of around ¥180.0 billion. In regard to this, I truly regret my actions as an outside director.

At this point, I believe that we must ensure the success of the fiscal 2015 Business Structural Reforms and that this is truly the last round of reforms. Implementing these will be painful, but each employee and each executive must share this sense of crisis as we come together to face this challenge head on with indomitable determination. We say that corporations are, at their hearts, people. Well, MOL has excellent human resources. I firmly believe that if everyone focuses their efforts toward one objective, we will see clear results.

Participating in the Deliberation on Corporate Strategy and Vision

While we have discussed various themes at the Deliberation on Corporate Strategy and Vision, we have also had repeated discussions on containerships, and these are connected to the current round of Business Structural Reforms. The containerships business is in the red even if you sum up the results throughout the past decade. We have repeatedly discussed ways to fundamentally strengthen the earnings structure for containerships, as opposed to merely tweaking existing measures to improve profitability. With each round of discussion, we delved further into the details, going from an objective analysis of circumstances to proposals of specific strategies. At the deliberations, I asked how big the containership fleet should be and if the current portfolio of routes was sufficient. It took some time, but after some debate at the Deliberation on Corporate Strategy and Vision, the resulting ideas were incorporated into the Business Structural Reforms. I'm now eagerly awaiting the results of these ideas.

Customer-centric Perspective, Global Perspective: These I Expect of MOL

I have been saying that I would like business activities to be conducted from both a customer-centric perspective and a global perspective. Recently, I strongly feel that MOL has moved to a position where customer perspectives are valued. MOL has broken away from the past where the soaring marine transport market allowed less focus on customers. Take, for example, an electric power company. As a customer they might want to import coal or they might want to import LNG. In April 2016, MOL established the Energy Transport Business Unit, which bridges various segments, including tankers, LNG carriers and steaming coal carriers. I believe this was the result of the kind of debate I mentioned earlier. Moreover, I hope MOL becomes a company with high levels of customer satisfaction, a company that provides finely turned solutions by leveraging the latest, highly innovative technology, including artificial intelligence.

Global perspectives refer to leveraging MOL's expansive global network and enhancing partnerships between regions or within countries to more effectively capture cargo demand or otherwise leverage MOL's collective strengths. This also reflects our debates, and in June 2015, MOL established chief executive representatives for the three major regions of the Americas; Europe and Africa; and Asia, the Middle East and Oceania. Moreover, in April 2016, MOL established country representatives for key countries under the chief executive representatives. Each representative can broadly conduct sales activities throughout their region or country, as well as across business fields. In addition, there are more opportunities to meet global customer needs through cooperation between representatives. Because we have established the necessary framework, going forward I would like MOL to really invigorate this and actually rack up some accomplishments.

Regarding My Role as Outside Director and the Establishment of the Nomination Advisory Committee and the Remuneration Advisory Committee

Outside directors are not omnipotent. While I do think that having outside directors is a good idea and increases transparency, it is delusional to expect them to be a magic wand that makes everything go smoothly.

The issue is not about how many outside directors you have got. Rather, it's about how the Board of Directors is functioning as a whole, including outside directors. I believe that the duty of outside directors is to do what inside officers cannot do—in other words, using their outside perspective to provide frank, objective comments.

On the other hand, looking at MOL, I would assess the functioning of the Board of Directors as exceeding expectations. Sufficient documents and data are provided before meetings, allowing both the inside and outside directors to engage in earnest discussion. This increases management transparency, activating checks and balances. Moreover, in September 2015, MOL established the Nomination Advisory Committee and the Remuneration Advisory Committee, enabling even deeper communication. I think both these committees are major assets for the Company. Going forward, I would like to continue frankly expressing my opinions with the aim of supporting the successful implementation of the Business Structural Reforms and improving corporate value.

MOL's Deliberation on Corporate Strategy and Vision

At MOL, three hours are set aside for every board meeting, with one of the hours allotted to Deliberation on Corporate Strategy and Vision. At the Deliberation on Corporate Strategy and Vision, a theme is selected related to our management strategy, long-term vision or management in general. A free exchange of opinions ensues at these deliberations which include outside directors and outside Audit & Supervisory Board members.

FY2015 Deliberation on Corporate Strategy and Vision: Agenda Topics

FY2015	Agenda
April, May, July	MOL's corporate governance
September, October	The advancement of global personnel
December	Portfolio of the tanker business and business policy going forward
January, February	The future of containership business
March	Business strategy for LNG carriers and offshore businesses

Corporate Governance

Governance at a Glance

System of governance	Company with an audit & supervisory board
Total directors	9
Outside directors (ratio)	3 (1/3)
Total audit & supervisory board members	4
Outside audit & supervisory board members (ratio)	2 (1/2)
Independent officers (directors and audit & supervisory board members)	5
Meetings of the Board of Directors held in fiscal 2015	10
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 a system of executive officers
 2. Established an Executive Committee
 3. Reformed the Board of Directors (redefined its duties as the highest-ranking decision-making body and the supervision of business activities) and reduced membership from 28 to 12
 4. Elected two outside directors
 5. Established the Corporate Visionary Meeting
 Established the IR Office
 Started holding the Annual General Shareholders' Meeting on a day relatively free of other shareholders' meetings

2001

Established Compliance Policy and a Compliance Committee

2011

Revised MOL's Compliance Policy and Rules of Conduct

2014

Revised the Compliance Policy, establishing a chief compliance officer (CCO)

2015

Established the Nomination Advisory Committee and Remuneration Advisory Committee

Corporate Governance—Enabling Sustainable Growth and Raising Corporate Value

Effective corporate governance has two sides. The defensive side focuses on eliminating risks and ensuring business is conducted in line with social norms and corporate ethics. The other side is offensive, striving to maximize corporate value by accurately evaluating latent risks in the process of pursuing business opportunities, then actively taking those risks deemed reasonable. A company needs both wheels of governance. One brings order, the other provides growth dynamics. With both wheels firmly in place, a company can gain the trust of its customers, stockholders, business partners, employees, local communities and other stakeholders to sustainably conduct business.

MOL greatly shored up its management structure in the years surrounding 2000. Taking a lead position among Japanese companies, MOL established an advanced, highly transparent corporate governance structure by, for example, inviting outside

directors and introducing an executive officer system. We are reaping the benefits of those efforts, yet MOL has only arrived at its current position through a process of continuous improvement and evolution. We work hard to enhance corporate value.

Corporate Governance Organization

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 as shown in the chart on the next page. The Board of Directors (with the participation of independent outside directors, who are indispensable to corporate governance) 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.

In 2015, we established the Nomination Advisory Committee and Remuneration Advisory Committee, further strengthening corporate governance. Operating under the Board of Directors, these committees are chaired by outside directors and take an objective viewpoint emphasizing the perspectives of stakeholders in performing their respective roles. The Nomination Advisory Committee considers the selection of directors and executive officers, while the Remuneration Advisory Committee deliberates on compensation for directors, including incentives to increase corporate value over the long term.

To make even better use of the Board of Directors, we are working to carefully select and revise issues taken up by the board so that it can dedicate more of its meeting time to the MOL Group Long-Term Vision, strategy direction and management oversight. Accordingly, we have expanded the scope of authority transferred to the Executive Committee to accelerate decision-making related to business operations.

At MOL, we believe that the essence of corporate governance lies not in its structure or organization, but in whether or not it functions effectively. The framework described in the preceding paragraph is operated in the manner outlined in the following sections.

The Board of Directors

The Board of Directors, as the Company's highest-ranking decision-making body, discusses and decides on basic policy and the most important matters connected with MOL Group management. It consists of nine directors, including three outside directors. In principle, the Board of Directors convenes around 10 times a year, and as necessary.

Major investment projects over a certain size, such as the construction of new vessels, are submitted to the Board of Directors at the basic policy formulation stage. The directors thoroughly evaluate and discuss the pros and cons of the projects and make decisions on their feasibility from many perspectives. Transferring the authority to implement projects within the scope of the basic policy to executive officers supervised by the President speeds decision-making on individual projects.

And the Board of Directors holds Deliberation on Corporate Strategy and Vision. At each meeting, the board focuses on a

particular topic concerning management strategies, MOL's long-term vision or other subjects involving management. These discussions provide an opportunity for lively debates that include the outside directors and audit & supervisory board members, thus helping to ensure that the perspective of shareholders is reflected in how MOL is managed.

Executive Committee and Committees

Within the scope of the basic policy approved by the Board of Directors, MOL transfers significant authority to implement projects to the Executive Committee. This helps to speed up decision-making on individual projects by the executive officers supervised by the President.

MOL has also established the following sub-committees of the Executive Committee to study and discuss especially important matters and projects straddling divisions that will be submitted to the Executive Committee for discussion. (See the chart below.)

Functions of Outside Directors and Reasons for Appointment

As part of efforts to strengthen corporate governance, MOL has been appointing outside directors since 2000, with the aim of bolstering oversight of the execution of business operations by bringing an outside perspective to management.

MOL has appointed three outside directors whose experience encompasses the realms of finance, business, and academia in Japan. MOL has adjudged that all three individuals are independent and have neutral positions with no conflicts of interest with the Company. The outside directors draw on their individual

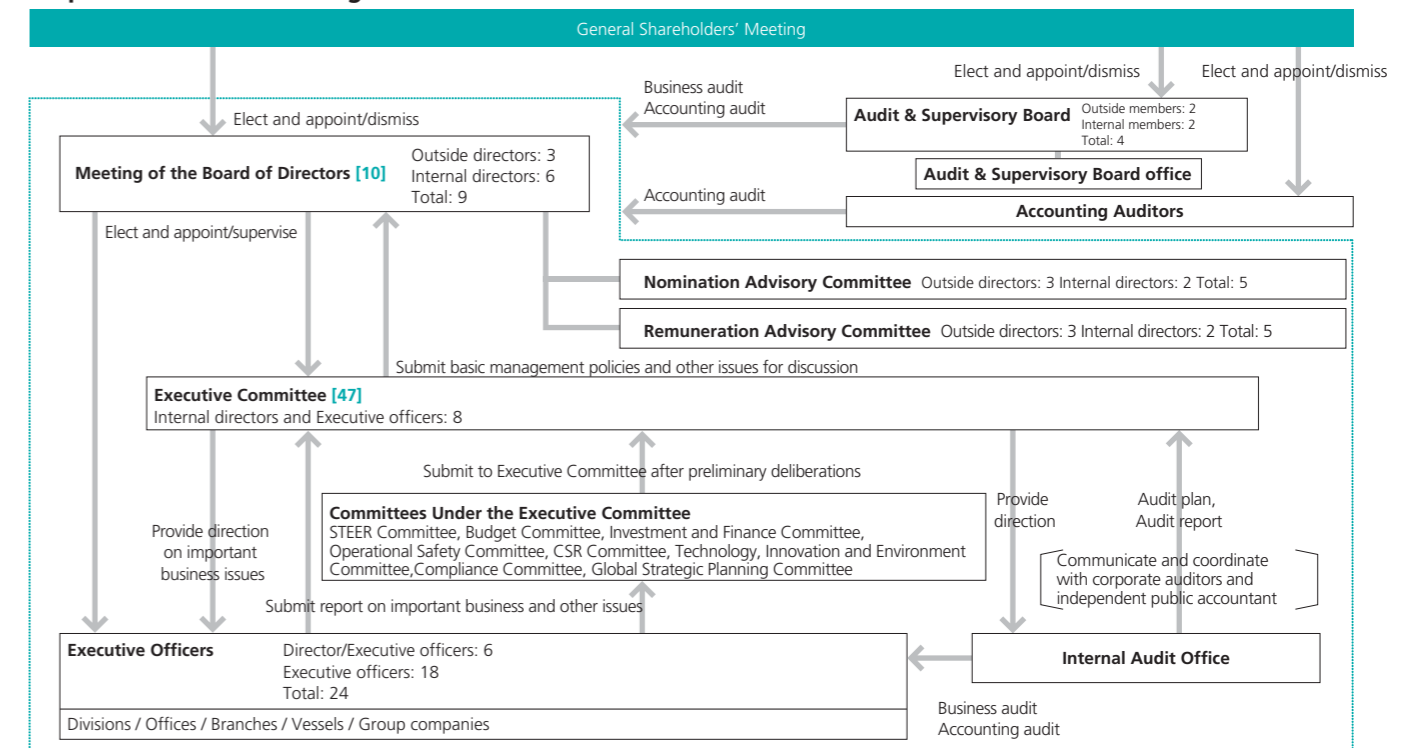
experience and insight to check the appropriateness of management and the status of execution of business operations from the shareholders' standpoint. At the same time, they express valuable opinions about management as a whole. In these ways, the outside directors play a major role in enhancing the operation of the Board of Directors.

Reasons for Appointment of Outside Directors

Name	Position	Reason for Appointment
Masayuki Matsushima	Outside Director of Mitsui Fudosan Co., Ltd. Chairman of NWIC Co., Ltd. Senior Advisor of Integral Corporation Outside Director of JGC Corporation	MOL adjudged that he has a neutral position with no conflicts of interest with the Company as well as extensive, wide-ranging experience in and knowledge of finance and other sectors. He will thus be able to bring a global perspective to the Company's management and appropriately supervise business execution.
Hideto Fujii	Adviser of Sumitomo Corporation	MOL adjudged that he has a neutral position with no conflicts of interest with the Company as well as extensive, wide-ranging experience in and knowledge of the management of Japan's economy and monetary policy. He will thus be able to help maintain and strengthen the Company's corporate governance from an independent and fair perspective.
Etsuko Katsu	Professor of School of Political Science and Economics, Meiji University Vice President of Center for Entrance Examination Standardization Board Member of Japan-United States Educational Commission	MOL adjudged that she has a neutral position with no conflicts of interest with the Company as well as experience and insight in university management and global human resource development. She is also an expert in international finance. She will thus be able to offer advice on the Company's management and business execution from an independent perspective and contribute to the maintenance and reinforcement of corporate governance.

(As of June 30, 2016)

Corporate Governance Organization (as of June 21, 2016)



Numbers in brackets show the number of meetings of the Board of Directors, Executive Committee during fiscal 2015.

Functions of Outside Audit & Supervisory Board Members and Reasons for Appointment

MOL has appointed four audit & supervisory board members, who are responsible for performing statutory auditing functions, including two outside audit & supervisory board members who are completely independent and have no conflicts of interest with MOL. At a time when corporate auditing systems are taking on added importance, it goes without saying that the independence of members from management and policy execution is assured. Our audit & supervisory board members work closely with the Internal Audit Office and independent public accountants to assure effective corporate governance. They also work on strengthening corporate governance and compliance throughout the group.

Reasons for Appointment of Outside Audit & Supervisory Board Members

Name	Position	Reason for Appointment
Hiroyuki Itami	Professor of Tokyo University of Science, Graduate School of Innovation Studies Outside Corporate Auditor, JFE Holdings, Inc	MOL adjudged that he has a neutral position with no conflicts of interest with the company, and that he has wide-ranging experience and knowledge for checking the appropriateness of management decisions and supervising the execution of business operations from the shareholders' perspective based on his specialist knowledge as a scholar of business administration.
Hideki Yamashita	Attorney-at-Law and Patent Attorney, YAMASHITA & TOYAMA LAW AND PATENT OFFICE, Outside Corporate Auditor, I-Cell Networks	MOL adjudged that he has a neutral position with no conflicts of interest with the Company, and that he has wide-ranging experience and knowledge for checking the appropriateness of management decisions and supervising the execution of business operations from the shareholders' perspective based on his specialist knowledge as an attorney at law.

(As of June 30, 2016)

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

The Board of Directors, including the outside directors, determines compensation for the directors and audit & supervisory board members. Compensation paid to directors and audit & supervisory board members in fiscal 2015 is shown in the following table.

The Company has granted stock options to all directors, executive officers, general managers of divisions and branch offices and managers in similar positions, as well as to presidents of consolidated subsidiaries, to motivate them to carry out operations for the benefit of shareholders.

Compensation for Directors and Audit & Supervisory Board Members

	No. of people remunerated	Total remuneration (¥ millions)	(Thousands of U.S.\$)
Directors (Excluding outside directors)	8	¥328	\$2,918
Audit & Supervisory Board Members (Excluding outside members)	3	64	573
Outside directors and outside members	5	45	402

Compensation for Independent Public Accountants

	Compensation for audit operations (¥ millions)	Compensation for non-audit operations (¥ millions)	Total (¥ millions)	(Thousands of U.S.\$)
Parent company	¥108	¥4	¥113	\$1,006
Consolidated subsidiaries	103	2	106	990
Total	¥212	¥7	¥219	\$1,947

Independent Officers

MOL has designated its three outside directors and two outside audit & supervisory board members as independent officers because there is no concern about a conflict of interest with general investors in conformity with the criteria for independent officers of listed securities exchanges. Each of these individuals plays a major role in corporate governance by checking the appropriateness of management decisions and supervising the execution of business operations from the shareholders' perspective based on their experience and insight.

Internal Control System

MOL has established a basic policy on the establishment of internal control systems* and goes 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. We have chosen two extracts from the policy and introduce them below: 1. Compliance and 2. Role of the audit & supervisory board members.

*Established by resolution of the Board of Directors in 2006, partially amended in 2015

1. Compliance

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

2. Role of the Audit & Supervisory Board Members

The MOL Group has established rules for 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 Company's operations and important matters that may impact business 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 regularly meet

with audit & supervisory board members, and the Internal Audit Office works in coordination with the audit & supervisory board members to provide assistance. In these ways, the Company actively cooperates with the audit & supervisory board members to facilitate effective auditing.

Measures Ensuring Compliance with the Antimonopoly Act

In 2014, the Japan Fair Trade Commission (JFTC) found MOL had violated Article 3 of the Antimonopoly Act. Considering this violation to be a very serious matter, we established the Review Committee of Recurrence Prevention Measures for Anti-competitive Practices, headed by the President. The committee has examined and executed various concrete policies to prevent a recurrence of cartel activities, including revising the compliance system and reforming the corporate culture. The measures resolved by the Review Committee of Recurrence Prevention Measures for Anti-competitive Practices are now being carried on by the Compliance Committee.

For more detailed compliance information, see the Safety, Environmental and Social Report.



Annual General Shareholders' Meeting

MOL aims to hold open General Shareholders' Meetings. In addition to sending the notice of the general meeting of shareholders out about three weeks before the meeting, MOL avoids dates when many Japanese companies hold their annual meetings so that as many shareholders as possible can attend.

MOL has also enabled shareholders to exercise their voting rights by mobile phone and the Internet, in addition to postal voting, so that shareholders who cannot attend the annual meeting can vote on proposals. Furthermore, MOL has used the electronic voting platform for institutional investors so that proxy voting rights holders can exercise voting rights. Moreover, a summary of questions received about matters reported and proposed at the annual meeting is posted on MOL's website after the conclusion of the meeting in the interest of fair disclosure.

Accountability

MOL believes that timely, full and fair disclosure of corporate and financial information is an important aspect of corporate governance. In addition to being accountable to shareholders and investors by providing information, the Company makes every effort possible to reflect their opinions in management.

The distinguishing feature of our investor relations activities is that the President takes the lead in their implementation. In fiscal 2015, the President participated in the Company's presentations of quarterly results and attended meetings with domestic and foreign investors. The Company is also aware of the need for full and fair disclosure to all investors, whether in Japan or overseas. At the same time its quarterly financial results in Japanese are released over the Tokyo Stock Exchange's TDnet, the Company posts them to its website with an accompanying English translation. The Japanese and English drafts of presentation materials are also posted on the website. This information is e-mailed on the same day to foreign investors registered with the Company. MOL actively disseminates information about management strategy, investment plans, market conditions and other information

through its website.

As recommended by the Corporate Governance Code, MOL proactively holds constructive dialogues with institutional investors and there will be no change to this policy. Feedback is regularly provided to management with regard to the content of discussions held with investors and analysts. Going forward, MOL will further bolster the quality and quantity of communication while being mindfully aware of fair disclosure.

The responsibility to provide information is not limited to management and financial issues. MOL's basic stance is to quickly disclose information, even if it is negative such as information on accidents, to all stakeholders. Furthermore, we hold regular drills for responding to the media in emergencies and are working to strengthen our ability to be able to quickly and properly disclose information.

MOL will continue working to raise confidence in its business policies and management through close communication with various stakeholders.

IR Activities in Fiscal 2015 (April 2015–March 2016)

Activity	Frequency	Details
For securities analysts and institutional investors	Business performance presentations	4 times Quarterly results/forecasts
	President's small meetings	2 times Held for analysts in Japan
For overseas institutional investors	Overseas investor road shows	5 times Once in North America, twice in Europe, twice in Asia (Hong Kong and Singapore)
	Conferences held by securities companies	5 times Attended conferences in Japan and held individual Meetings
For individual investors	Corporate presentations for individual investors	3 times Attended seminars for individual investors in Tokyo, Osaka and Nagoya: once in each city.

IR Materials (available on MOL's website)

Material	Japanese	English
Financial reports	Yes	Yes
Stock exchange filings (financial highlights, etc.)	Yes	Yes
Business performance presentation materials (including summaries of Q&A sessions)	Yes	Yes
Annual reports	Yes	Yes
Securities reports	Yes	No
Quarterly reports	Yes	No
Business reports for shareholders	Yes	Yes
Safety, Environmental and Social reports	Yes	Yes
Investor guidebooks	Yes	Yes
Market data	Yes	Yes

Safe Operation

Safe operation is of the utmost importance and lies at the heart of MOL's management. Unfortunately, while at sea, a fire occurred on MOL Ferry's SUNFLOWER DAISETSU in July 2015, and one seafarer lost his life. In light of this tragedy, we will redouble our efforts going forward to fortify our safe operating system and ensure the thorough implementation of measures to prevent serious marine incidents as we strive to become the world leader in safe operation.

Safe Operation Management Safe Operation Management Structure

MOL reorganized the division responsible for safe operation in February 2015. This move was aimed at integrating and horizontally disseminating information among different types of vessels while maintaining a structure that focuses on the front-line operation of every vessel type, reinforcing company-wide operational safety measures, and developing an organizational structure that focuses all the authority necessary to be responsible for the entire Group's safe vessel operations into the Marine Safety Division. Under the new structure, all land-based and ocean-going personnel are united to strive to maximize operating safety, with the goal of becoming the world leader in safe operation.

Organizational Structure Supporting Safe Operation



*MOL Ship Management Co., Ltd., and MOL LNG Transport Co., Ltd.

Emergency Response System

MOL continues to strengthen its systems so that it can provide an accurate response in the unlikely event of an emergency.

■ Safety Operation Supporting Center (SOSC)

The SOSC is staffed at all times by two marine technical specialists, including an experienced MOL captain. They use the FMS. Safety system, which was developed in cooperation with Weathernews Inc., to monitor weather and related developments where our vessels are operat-



Safety Operation Supporting Center (SOSC)

ing. FMS.Safety is used to check on the weather, sea, and other conditions surrounding the around 880 vessels operated by MOL Group companies 24 hours a day 365 days a year. There is always someone ready and at hand if a ship captain needs assistance. The system collects information on weather, international media reports, and other factors that might affect vessels under way so that the SOSC stands ready to offer timely information and advice and help prevent serious accidents before they happen.

■ Accident Response Drills

MOL regularly conducts accident response drills on vessels while at sea. These drills simulate various situations such as an onboard fire or water immersion, or act of piracy or terrorism, so that seafarers can respond swiftly and appropriately in an emergency. Head Office conducts serious marine incident emergency response drills twice a year with the cooperation of the Regional Coast Guard Headquarters. The drills involve MOL's President, other corporate officers, representatives of relevant departments and ship management companies, and vessels. In November 2015, we conducted an emergency response drill based on the premise of our LNG carrier colliding with a containership while underway in Tokyo Bay. In May 2016, we conducted an emergency response drill based on the premise of our VLCC colliding with a containership while underway offshore the eastern coast of Himeshima in Oita Prefecture. We will continue to conduct drills on a regular basis and further strengthen our emergency response system.



Evacuation drill on board

Safe Operation Measures

Efforts to ensure safe operation will never end. Coupled with the revision and continuation of policies already in place to strengthen safe operation, MOL will thoroughly implement policies to prevent a recurrence of serious marine incidents.

Making Processes for Realizing Safe Operation Visible

MOL has introduced objective numerical indicators for measuring safety levels, and also set the following numerical targets, including the Four Zeroes.

1. Four Zeroes (an unblemished record in terms of serious marine incidents, oil pollution, fatal accidents and cargo damage)
2. LTIF¹ (Lost Time Injury Frequency): 0.25 or below
3. Operational stoppage time²: 24 hours/ship or below
4. Operational stoppage accident rate³: 1.0/ship or below

In fiscal 2015, MOL worked on three important targets:

- (1) Eradicate work-related accidents causing death, and reduce work-related accidents causing injury,
 - (2) Eradicate collisions and groundings, and
 - (3) Eradicate machinery trouble resulting in a dead ship condition (a ship being unable to move under its own power).
- However, we were regrettably unable to achieve the Four Zeroes due to the previously mentioned fire that occurred aboard the ferry. We will nevertheless continue to work toward achieving these targets.

Preventing New or a Recurrence of Serious Incidents

MOL is constantly, repeatedly implementing and raising awareness of fundamental matters while striving to thoroughly keep fresh the memory of serious incidents we have experienced and prevent a recurrence of serious incidents while giving due consideration to improving teamwork, safety awareness, awareness of relevant parties and vessel management quality. We will continue to adapt our accident prevention system by making improvements related to both seafarer training and ship facilities to break the chain of errors in which minor factors combine and ultimately lead to major maritime accidents.

In terms of seafarer training, we are thoroughly implementing drills prior to boarding and supervising the instruction of less experienced seafarers. We are also enhancing land-based education and training curriculum and programs such as "hazard experience" training sessions and BRM drills.⁴ These measures are geared towards enhancing the ability of seafarers to perceive danger and promoting teamwork. In addition, we are working to raise safety awareness among seafarers by collecting information from each vessel in operation on examples of incidents and problems as well as close calls⁵ and by using videos, photos and illustrations to appeal to the visual sense of seafarers. In terms of ship facilities, we are working to equip ships with error-resistant equipment and promoting the adoption of information technology. This involves promoting the fail-safe design concept by providing shipyards and equipment manufacturers with feedback from vessels in operation on areas of non-conformance and

areas in need of improvement.

It is the MOL Group's ultimate goal to eradicate work-related accidents causing death. MOL analyzes the factors and causes behind accidents from various angles and uses the results to make improvements in ship facilities. It also asks employees on land and at sea to discuss and propose preventive measures for examples of serious incidents and problems as if they were each wholly responsible as part of efforts to prevent accidents. In light of the fact that one seafarer lost his life in a ferry fire, we are committed to redoubling our efforts to prevent accidents.

Cooperation for Safe Operation

The MOL Group works together with vessels, shipowners, and ship management companies to work toward achieving the world's highest level of safe operation of all owned and chartered vessels by sharing safety-related information. The Company regularly broadcasts "Safety Alerts"—information pertaining to safe operation, including work-related incidents involving casualties—to every vessel. MOL conducts "Safety Operation Meetings" and "Safety Campaigns" involving vessels, shipowners, ship management companies and even the sales division to deepen understanding of its safety standards and to discuss safety improvements. MOL also inspects vessels to check whether its safety standards are understood well and put into effect. If there is a need to make improvements, MOL will take corrective actions, communicating with the vessel, shipowner and ship management company in the process.

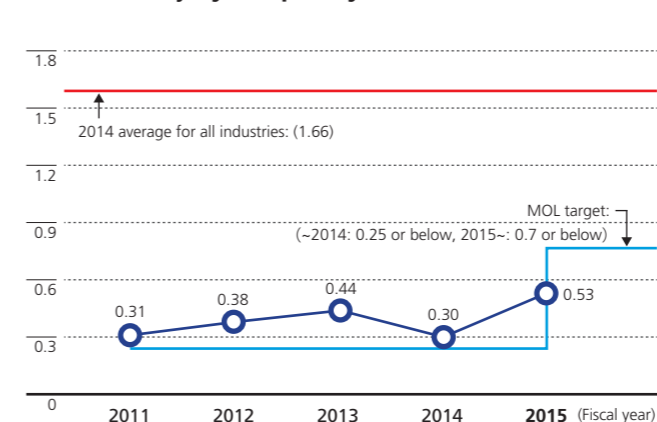
For detailed safe operation, see the Safety, Environmental and Social Report.



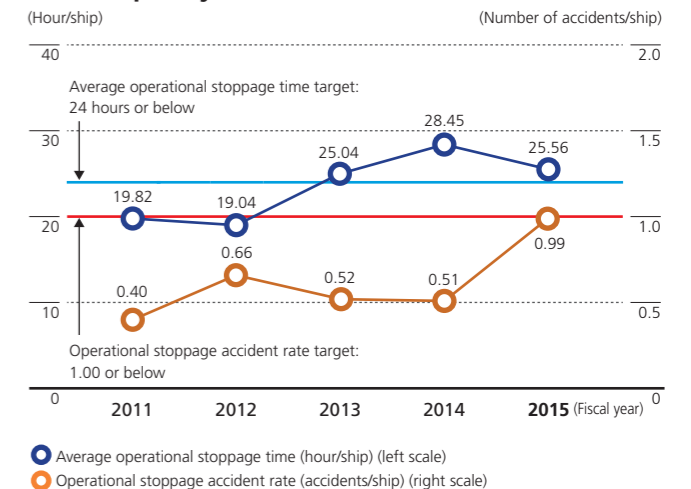
ESG-based IR Meetings

In March 2016, many institutional investors attended a meeting we held entitled "Achieving the World's Safest Operations." We explained our safety measures in regard to both our facilities and

Lost Time Injury Frequency (LTIF)



Operational Stoppage Accidents Average Time and Frequency



our personnel, as well as how we have learned from previous marine incidents to strengthen our safety initiatives. They were also given a tour of our SOSC during the meeting. This was also a valuable opportunity for us to explain how MOL creates long-term value.

Establishing a Self-Operated University of Merchant Marines in the Philippines

Filipino seafarers form the core of the crews on MOL's operated vessels. As operation technology grows increasingly sophisticated, we expect to see more activity for these seafarers. As the culmination of MOL's initiatives aimed at safe operations, we will establish the largest self-operated university of merchant marines in the Asia-Pacific region as we plan to reinforce efforts to secure and train excellent seafarers and achieve the world's safest operations.

For detailed new Maritime Academy in Philippines, see the Safety, Environmental and Social Report.



Third party evaluations

Safe Operation, Including Evaluations of Seafarer Educational Programs

Standard Training Courses for liquefied gas transportation certified by DNV GL AS

The LNG Carrier Standard Training Course and the LEG/LPG Carrier Standard Training Course implemented globally by MOL were certified by Norway's Det Norske Veritas (DNV) GL AS in 2007 for compliance with the LNG carrier crew ability standards and in 2016 for compliance with the LEG/LPG advocated by SIGTTO.**

** Society of International Gas Tanker & Terminal Operators Ltd.



Management program for seafarer education and training acquired certification from DNV GL AS

MOL's management program for seafarer education and training was recognized to be effective and certified in its tanker and LNG carrier operations by DNV GL AS in 2012 for compliance with the Competence Management System (CMS).



Glossary

- *1 LTIF (Lost time injury frequency): Number of work-related accidents per one million hours worked that resulted in time lost from work of one day or more. In the scope of calculations, we originally included only workplace illnesses and injuries requiring disembarkation from the ship. The LTIF criteria was strengthened from fiscal 2015, and now includes any workplace illness or injury that prevents a worker from resuming even a reduced workload on that day, regardless of whether the illness or injury requires disembarkation. Average for all industries (2014) was 1.66; for shipping industry, 1.33; for transportation equipment manufacturing industry, 0.51. (Source: 2014 Survey on Industrial Accidents issued by the Ministry of Health, Labour and Welfare)
- *2 Operational stoppage time: Expresses the amount of ship operational stoppage time due to an accident per ship per year.
- *3 Operational stoppage accident rate: Expresses the number of accidents that result in ship operational stoppage per ship per year.
- *4 Bridge resource management drill: Simulating an incident on a vessel operation simulator to enable seafarers to acquire response techniques. It includes MOL's original programs.
- *5 Close calls: Risky incidents that came very close to causing a more serious accident.

Risk Management

The Company identifies the risks surrounding the MOL Group, such as fluctuations of freight rates, with the aim of managing and reducing these risks. MOL has designated the reinforcement of total risk control as one measure to strengthen its management foundation and support the successful execution of the plan. To fully exercise sustainable risk management, the Company transparently quantifies its comprehensive risk.

Fluctuations of Cargo Volume, Fleet Supply and Freight Rates

The global shipping business, like many other industries, is greatly affected by trends in the global economic cycle, and is thus subject to both macroeconomic risk, as well as business risk associated with trends in specific industries. There are a multitude of factors that are subject to change, such as fluctuations in the economies of individual countries, changes in trade structures, vessel supply-demand balance, market conditions and cargo volumes. Achieving the best performance hinges on objectively analyzing information so as to continually increase the probability of generating higher earnings. With this in mind, MOL has adopted a strategy of "diversifying operations to reduce risk" and "raising highly stable profits" by aligning its fleet to match international marine transport demand in the transport of both raw materials and finished goods. In this way, we strive to maximize returns and sustain profit growth. In accordance with our internal market risk management regulations, we appropriately reduce risks

related to fluctuation, especially those arising from freight rates, bunker prices, exchange rates, and interest rates. The Investment and Finance Committee also identifies, analyzes and evaluates risks related to such material issues as investment in ships.

Diversifying Operations to Reduce Risk

MOL operates a "full-line marine transport group." As of the end of March 2016, we operated around 880 vessels, ranging from dry bulkers, tankers, and LNG carriers to car carriers and containerships, capable of transporting a diverse range of raw materials and finished goods. Each type of ship and each type of cargo have particular supply and demand trends, and create particular markets. While some of these markets are highly correlated with each other, others are negatively correlated depending mainly on the economic environment, so the impact in one sector offsets the impact in another. By assessing the suitability of a particular vessel type for medium- to long-term contracts and market exposure the Company expects, MOL constructs an optimum business portfolio, which allows the Company to pursue higher profits while mitigating risks.

Building up Highly Stable Profits Through the Use of Medium- and Long-Term Contracts and Other Means

The Company pursues medium- and long-term contracts won based on long-standing relationships of trust with customers. These contracts ensure a stable future cash flow that will help reduce the risk that market fluctuations could have on its results.

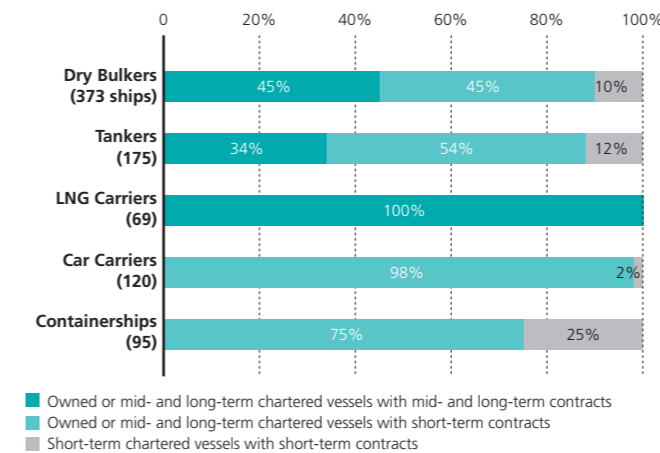
International marine transportation is expanding, but considering the ongoing glut of shipbuilding capacity, more time will likely need to elapse before a structural turnaround is realized in the market environment. The Company aims to conclude contracts that are not largely affected by changes in the external business environment and constitute a stable source of profit. By expanding these contracts from a long-term perspective, MOL will create an even steadier earnings structure. To achieve this objective, one of the options we will look closely at as a matter of priority is M&A deals in growing sectors which enjoy a relatively stable cash flow.

Exchange Rate Fluctuations

Although MOL has concluded transport contracts on a yen-denominated basis with some Japanese clients, most transactions in the international marine transport business are concluded on a U.S. dollar-denominated basis. Despite our best efforts to incur expenses in U.S. dollars, U.S. dollar-denominated revenue currently exceeds U.S. dollar-denominated expenses, so when the yen strengthens against the U.S. dollar this can have a negative impact on Group earnings. In fiscal 2016, we project that each ¥1-per-dollar change in the yen-U.S. dollar exchange rate will have an impact of approximately ¥1.0 billion on consolidated ordinary income.

Variation of Procurement and Contract terms

(as of March 2016)



Market Exposure % by Vessel type

(as of March 2016)

Vessel Type	Total number of Fleet	Market Exposure
Capsize	92	26%
Mid-and small-size bulkers	143	52%
VLCC	33	18%
Product Tanker	45	78%
LPG Tanker	9	33%

Underlined words are explained in the Glossary on page 18.

Interest Rate Fluctuations

MOL depends mainly on the issuance of corporate bonds and funds borrowed from banks and other financial institutions to meet working capital and capital expenditure requirements. Loans are denominated in either yen or U.S. dollars, with funds procured at variable interest rates affected by interest rate fluctuations. As of March 31, 2016, interest-bearing debt totaled ¥1,045.0 billion, and around 60% of that loan principal is locked in at a fixed interest rate. As a result, an increase of 1 percentage point in market interest rates on both yen-denominated and U.S. dollar-denominated interest-bearing liabilities would impact annual consolidated ordinary income by no larger than approximately ¥3.0 billion. Although MOL has benefited from ultra-low interest rates in the aftermath of the financial crisis, the Company is taking steps to mitigate the risk of a future interest rate rise. It plans to flexibly adjust the ratio of variable-rate and fixed-rate loans through interest rate swaps and other means according to changes in financial conditions, taking into consideration the balance between variable- and fixed-rate interest.

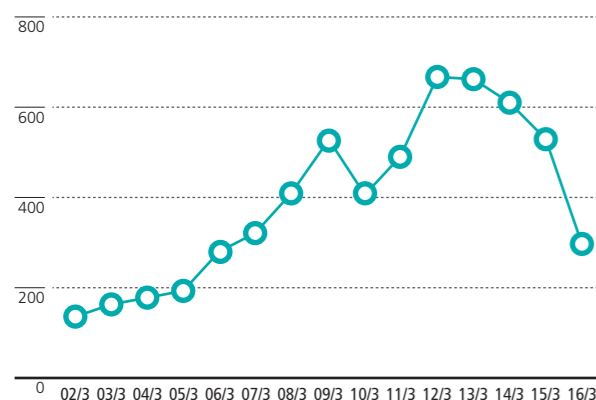
Bunker Price Fluctuations

The market price of bunker is generally linked to the price of crude oil, and any increase in bunker prices has a negative impact on earnings for the MOL Group. The Group operates a fleet of approximately 880 vessels, whose annual fuel consumption amounts to around 5.5 million tons of bunker. The Company is able to pass on about 60% of the risk to customers. Therefore, an increase of US\$1 per metric ton in the average annual price of bunker would lower earnings by approximately ¥0.17 billion (net of hedging) at the maximum.

Sensitivity of Earnings to Exchange Rate/Interest Rate/Bunker Price Fluctuations

Exchange Rate (¥/US\$)	A ¥1 appreciation reduces ordinary income by approximately ¥1.0 billion
Interest Rate (%)	A 1 percent rise in both yen- and U.S. dollar-denominated interest-bearing debt reduces ordinary income by approximately ¥3.0 billion
Bunker Price (US\$/MT)	A US\$1/MT increase reduces ordinary income by approximately ¥0.17 billion

Average Bunker Price (Consumption price) (US\$/MT)



Stricter restrictions to reduce sulfur oxide emissions generated by ships could be introduced as soon as 2020. These restrictions would require the use of low-sulfur fuel oil containing less than 0.5% sulfur across all ocean regions, which could have an impact on fuel costs. In the event fuel costs rise, the Company intends to pass on these higher costs by raising freight rates and other fees.

Vessel Operations

MOL operates a fleet of approximately 880 vessels and it is therefore impossible to ignore the risks related to various incidents that may occur on the high seas. In order to prevent accidents, the Company has introduced a variety of measures such as safety standards, a safety management system, comprehensive crew education and training, and establishment of organizations to support safe operations.

Furthermore, MOL has arranged sufficient insurance coverage so that its financial results will not be materially impacted, should the Company or a third party suffer damages in the unlikely event of an MOL-operated vessel being involved in a collision, sinking, fire or other marine incident.

Group Company Operational Management

The MOL Group Corporate Principles serve as the basis for setting regulations at MOL Group companies. Each Group company submits required reports to MOL in a timely manner in accordance with Group Company Management Regulations. After properly ascertaining the financial conditions and business risks, the Company, as a shareholder, requests Group companies obtain permission prior to executing important management matters.

Natural Disaster or Similar Event

An earthquake, other natural disaster or an outbreak of an infectious disease (hereinafter "disaster or similar event") could affect MOL-operated vessels, offices and facilities, as well as employees, hampering business operations.

MOL puts the highest priority on ensuring the safety of its vessels and personnel in the event of a disaster or similar event. The Company has formulated a business continuity plan documenting procedures to enable it to continue providing core ocean transport services and quickly restore operations in the unlikely event that they are suspended. This business continuity plan establishes organizations and delegates authority for duties relating to maintaining the safe operation of vessels, execution of transportation contracts and charter agreements, financial preparation, securing required personnel, and other matters. Furthermore, for some years MOL has been conducting regular disaster-preparedness drills on and off premise at Head Office, aboard ships and throughout the Group's other facilities, as well as taking other measures to ensure preparedness. By addressing issues arising from these drills, MOL believes that it maintains a high state of readiness. Nevertheless, in the event of a disaster or similar event in which MOL cannot completely avoid damage, the Company's business performance may be affected.

Corporate Social Responsibility (CSR)

MOL's Approach to CSR

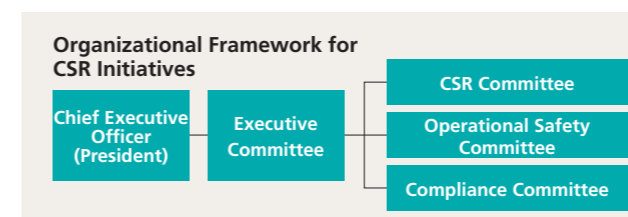
In our view, CSR means conducting business management that adequately takes into account laws and regulations, social norms, safety and environmental issues, human rights and other considerations, and developing together with society sustainably and harmoniously while earning the support and trust of stakeholders, including shareholders, customers, business partners, employees and local communities.

In order to fulfill these responsibilities, MOL deliberates on CSR-related policies and measures, primarily through the three committees under the Executive Committee.

The MOL Group's initiatives and policies regarding overall CSR are deliberated on by the CSR Committee, which then sets single-year, medium- and long-term targets and conducts regular reviews.

The Operational Safety Committee discusses basic policies and measures for ensuring the safe operation of MOL Group-operated vessels through rigorous attention to every detail. The Compliance Committee discusses basic policies and measures for enhancing the compliance system, dealing with compliance violations, and establishing a structure for protecting and managing personal information.

For more information on MOL CHART, see the left side of the four page spread on the inside cover under the title, "Long-Term Vision: To make the MOL Group an excellent and resilient organization that leads the world shipping industry."



Participating in the UN Global Compact

CSR activities are broad and, from time to time, the strength and priority of those activities change depending on the operating environment, global circumstances and region where business is being developed. With business activities spread across the globe, MOL believes that building good relationships with various stakeholders worldwide and contributing to the realization of sustainable growth of society are vital as it seeks to realize the ideas set forth in the MOL Group Corporate Principles. In order to contribute to an international framework for realizing these goals, MOL became the first Japanese shipping company to participate in the United Nations (UN) Global Compact in 2005. Since then, MOL has worked to support and practice the 10 principles in 4 areas of the UN Global Compact, which shares the same values as MOL's Rules of Conduct, which were established as a set of guidelines for executives and employees.

10 Principles of the Global Compact

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

The MOL Group Basic Procurement Policy

We formulated the MOL Group Basic Procurement Policy in 2012. This clearly documents our CSR activity policy regarding the Group's procurement activities. To embed this policy in the MOL Group, we work throughout our supply chain to observe laws and regulations and social norms, incorporate consideration for environmental protection in our activities, pursue safety, engage in fair trading and build trust, with the understanding and cooperation of business partners. In this way, we aim to contribute towards the realization of sustainable societies together.

The 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 towards the realization of sustainable societies together.

Medium-Term CSR Objectives

1. Thoroughly implement safe operation and provide safe, secure, stable, high-quality services.
2. Deepen initiatives to ensure thorough compliance.
3. Strengthen initiatives on corporate governance.
4. Promote personnel training and diversity to strengthen comprehensive Group capabilities.
5. Make further progress on solving social issues and promoting environment initiatives as an environmentally advanced company.
6. Actively disclose sustainability data.
7. Promote social contribution activities related to MOL's businesses.

For more detailed CSR information, see the Safety, Environmental and Social Report.



Diversity

The MOL Group operates globally, employing approximately 20,000 employees and seafarers of many diverse nationalities.

We are working to create and improve inclusive work environments that allow diverse human resources—including women and individuals of all nationalities—to realize their full potential and excel. By thus promoting diversity and inclusion, we aim to heighten the comprehensive strength of the Group.

Initiatives on the Environment

Key Environmental Issues

In March 2014, we identified the highest-priority environmental issues and set about addressing those issues in a proactive manner. To identify these priorities, we analyzed issues from international conditions regarding environmental issues; the opinions of stakeholders including customers, investors, and so on; as well as our own internal viewpoints. Finally, through discussions in the CSR Committee, we identified the following five issues.

- 1 Comply with environmental regulations
- 2 Utilize technologies to reduce environmental impact
- 3 Disclose environmental data
- 4 Ensure safe operation
- 5 Contribute to conservation of biodiversity

Organizational Structure for Environmental Initiatives

To effectively promote environmental initiatives based on the MOL Environmental Policy, the CSR Committee, a sub-committee of the Executive Committee, oversees planning and promotion of environment-related measures under the direction of the president. The CSR Committee assesses environment-related risks and opportunities involving MOL, identifies the highest-priority issues in the Group's environmental management, and sets environmental targets, striving to achieve environment-friendly business activities.



Environmental Management System

To precisely grasp and manage the environmental risks and opportunities in our businesses, we established the environmental management system MOL EMS21 in April 2001, and since then we have made ongoing efforts to improve it. Every year, the CSR and Environment Office conducts an internal audit based on MOL EMS21. The chairman, who is responsible for environmental management, receives the results of the internal audit and confirms whether the system is functioning effectively.

Since 2003, we have had a third-party audit by DNV GL Business Assurance Japan KK every year, and a renewal audit every three years, and have earned ISO 14001 certification for our environmental management system. The results of our fiscal 2015 audit showed no non-conformity.

The MOL Group Environmental Target System

We have implemented the Group Environmental Target System, targeting major Group companies in Japan (52) and overseas (20). Every year, each company sets environmental targets to reduce the environmental impact of our business activities based on specific guidelines that are in line with the midterm management plan, and establishes action plans to achieve those targets. Along with those targets, we collect each company's data on its own environmental impact (fuel consumption, electric power consumption, paper usage, waste, and so on).

For more detailed diversity information, see the Safety, Environmental and Social Report.



For more detailed environmental initiatives information, see the Safety, Environmental and Social Report.



Environmental Regulations

Schedule of Environmental Regulations by IMO, etc

Regulations	2015	2016	2017	2018	2019	2020	2025
Tackling Global Warming	GHG emissions	EEDI*1	Phase 1			Phase 2	Phase 3
		SEEMP*2	Mandatory				
	* Introduction of MRV (Monitoring, Reporting and Verification of actual fuel consumption) and MBM (Market-Based Measures) is under study toward further reduction of GHG emissions.						
Preventing Air Pollution	NOx emissions*3	General Sea Areas	Tier II				
		ECA*4	Tier II	Tier III			
	SOx emissions*5	General Sea Areas	Sulfur limit 3.5%				Sulfur limit 0.5%*6
ECA		Sulfur limit 0.1%					
Marine Environment Protection	Ballast Water Management Convention*7	General Sea Areas	(Adopted in 2004: not ratified)		Expected to be mandatory		
		Regulation by USGC*8	(Enforced in 2012) Mandatory				
	Minimizing the transfer of invasive aquatic species by shipping*9	(Guideline adopted in 2011)					
Ship Recycling Convention*10	(Adopted in 2009: not ratified)						

*1 EEDI (Energy Efficiency Design Index) is a measure of ships energy efficiency (g/ton-mile). The required EEDI of each Phase is as follows: Phase 0=0%, Phase 1=10%, Phase 2=20% (Applied to new ships)

*2 SEEMP (Ship Energy Efficiency Management Plan) is required to be drawn up to show optimal measures of operation that should be adjusted to the characteristics of individual ships, and to be kept on board a ship. (Applied to both new and existing ships)

*3 The regulation for reduction of NOx in exhaust gases: Tier I is applied to ships laid down in 2000-2010, Tier II to ships laid down in/after 2011, and Tier III to ships laid down in/after 2016.

*4 The existing ECAs (Emission Control Areas) are: 1. Within 200 miles off the coast of USA and Canada (NOx/SOx) 2. The USA Caribbean Sea area (NOx/SOx) 3. The Baltic Sea and the North Sea areas. (SOx)

*5 The regulations for reduction of SOx contained in fuel oil. (Applied to both new and existing ships)

*6 A review in 2018 on the availability of the required fuel oil may conclude to postpone the application to 2025.

*7 The convention shall enter in force 12 months after the following conditions are met, and it is increasingly likely that it enters into force in 2017. (Applied to both new ships and, after certain grace periods, to existing ships)

Conditions: Ratification by not less than 30 countries representing a combined total G/T of more than 35% of the world's merchant fleet. (As of May 2016, 50 countries representing a combined total G/T of 34.81% have ratified.)

*8 Regional regulation by U.S. Coast Guard.

*9 The guideline aimed at minimizing transfer of invasive aquatic species attaching to the bottom of ships, recommending installation of the systems on vessels to keep the bottom clean without marine organisms and other measures. (It remains as a voluntary guideline during the review period.)

*10 The convention prohibits and restricts the fitting and use of treaty-specified hazardous materials, and requires vessels to prepare, record and update inventory lists showing the quantity and location of hazardous materials on ships over a ship's lifetime. The convention shall enter into force 24 months after the following conditions are met: Conditions: Ratification by not less than 15 countries representing a combined total G/T of more than 40% of the world's merchant fleet and an annual ship recycling volume not less than 3% of the combined tonnage of the ratifying countries. (As of March 2016, 3 countries have ratified.)

Environmental Investments and CO₂ Reductions

Environmental Investments

	(Billions of yen)	
	Fiscal 2014	Fiscal 2015
Environment-related R&D activities	¥0.7	¥0.3
Utilization and expansion of existing environmental technologies	2.1	0.9
Responses to environmental regulations	0.5	2.2
Initiatives to save bunker fuel	0.9	1.0
Initiatives of Group companies	0.2	0.3
Total	¥4.3	¥4.6

CO₂ and Cost Reductions from Environmental Measures

	(FY)	2013	2014	2015
CO ₂ emissions reductions (1,000t)		279	348	303
Cost Reductions (¥ billions)		¥5.5	¥5.5	¥3.1

Underlined words are explained in the Glossary on page 18.

Third-Party Evaluations

Environment Related

■ ISO 14001 Certification

MOL has used its own environmental management system MOL EMS21 since April 2001, and also holds ISO 14001 certification, an international standard for environmental management. (Since 2003)



■ ISO 50001 Certification

MOL acquired ISO 50001 certification for its energy management system and ISO 14001 certification for its environmental management system. (2014) Certified companies: MOL Ship Management Co., Ltd. (2014), MOL Ship Management

(Singapore) Pte. Ltd. (2014), MOL Ship Management (Hong Kong) Company Ltd. (2014) and Magsaysay MOL Ship Management, Inc. (2015)

■ Recognized by CDP as Leader in Climate Change Transparency and in Corporate Action on Climate Change

MOL was recognized as a leader for the depth and quality of the climate change data it has disclosed for independent assessment through CDP, an international non-profit organization.



This marks the third time and second consecutive year MOL has received this distinction.

Social Contribution Activities

MOL aims to be a company that grows sustainably and harmoniously with society. We proactively undertake social contribution activities that only a shipping company with a global network can. We are also focusing our efforts on activities in which our employees themselves participate. Examples include the following:

- Transporting used children’s shoes and donating used containers to Zambia
- Hosting a discussion between the mayor of Miyako City, Iwate Prefecture and young people aboard the NIPPON MARU cruise ship
- Hosting a charity event in the employee cafeteria to address global food challenges

For more detailed Social Contribution information, see the Safety, Environmental and Social Report.



Third-Party Evaluations

Overall CSR, including evaluation of socially responsible investment (SRI)

■ CSR Rating by the Dow Jones Sustainability Indices (DJSI)

Since 2003, MOL has been included in the DJSI Asia Pacific, a designation reserved for companies capable of sustaining growth over the long term while maintaining excellence in environmental, social, and investor relations programs.



■ CSR Rating by the FTSE4Good Global Index

FTSE is a global index company owned by the London Stock Exchange. Since 2003, FTSE has included MOL in one of its major indices, the FTSE4Good Global Index, which is a socially responsible investment index.



■ The Morningstar Socially Responsible Investment Index (MS-SRI)

Since 2003, MOL has been selected by Morningstar Japan K.K. for superior social responsibility and included in the MS-SRI.



■ SMBC Sustainability Assessment Loan

In 2016, MOL received the highest rating for SMBC Sustainability Assessment Loans from Sumitomo Mitsui Banking Corporation (SMBC), winning specific praise for timely and accurate disclosure of environmental, social, and governance (ESG) issues and for its initiatives on sustainability.



■ SMBC Nadeshiko Assessment Loan

MOL became the first company in the marine transport industry to be approved for an SMBC Nadeshiko Loan by Sumitomo Mitsui Banking Corporation (SMBC), receiving praise for being a growth company where women can be expected to play an active role thanks to our initiatives aiming to create a workplace where women can play a more active role.