

Navigating the Future

MOL REPORT 2019
| Year ended March 31, 2019 |



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MOL GROUP CORPORATE PRINCIPLES

As a multi-modal transport group, we will:

1

Actively contribute to global economic growth and development, anticipating the needs of our customers and the challenges of this new era

2

Strive to maximize corporate value through creativity, operating efficiency, and promotion of ethical and transparent management

3

Nurture and protect the natural environment by maintaining the highest standards of operational safety and navigation



MOL CHART

Our Values

■ MOL CHART ■

MOL CHART represents the values that are to be shared by all members of the MOL Group worldwide. These values shall be common guidelines to pursue the best course of action for the highest quality of output for our stakeholders and to achieve MOL's corporate goal.

Challenge

Innovate through insight

Honesty

Do the right thing

Accountability

Commit to acting with a sense of ownership

Reliability

Gain the trust of customers

Teamwork

Build a strong team

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MOL's Communication Tools

MOL produces the following publications as a means of promoting communication with stakeholders. The latest versions of all reports can be found on our website.

<https://www.mol.co.jp/en/ir/>



MOL Report



Investor Guidebook



Market Data

Forward-Looking Statements

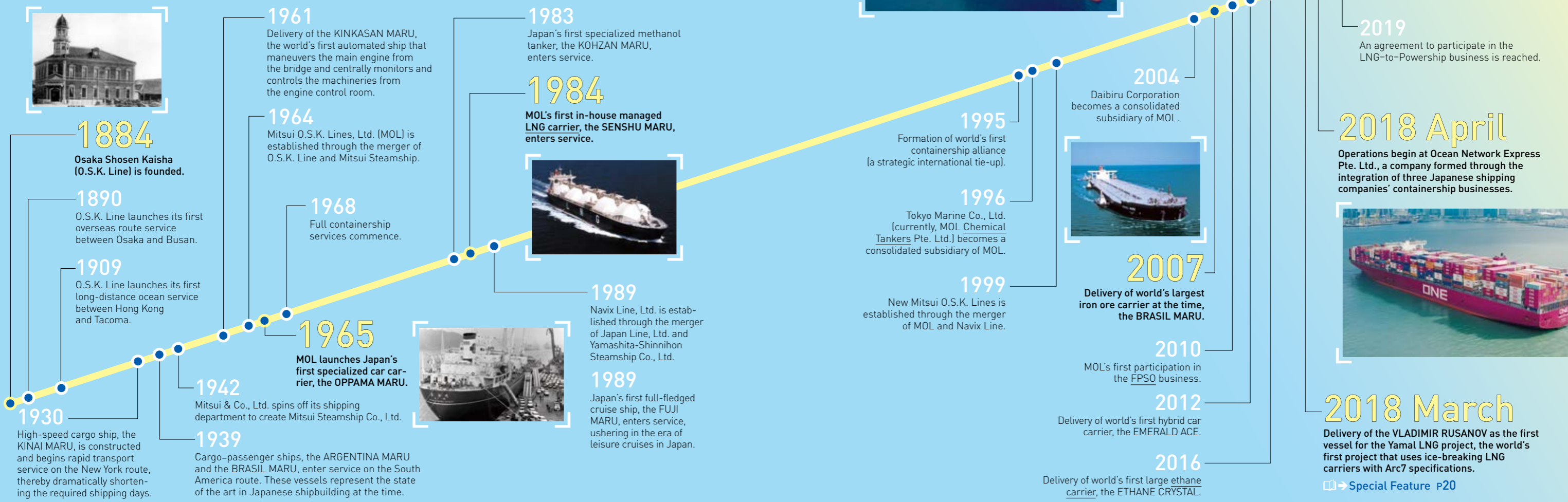
This report contains forward-looking statements concerning MOL's future plans, strategies, and performance. These statements represent assumptions and beliefs based on information currently available* and are not historical facts. Furthermore, forward-looking statements are subject to a number of risks and uncertainties that include, but are not limited to, economic conditions, worldwide competition in the shipping industry, customer demand, foreign currency exchange rates, price of bunker, tax laws, and other regulations. MOL therefore cautions readers that actual results may differ materially from these predictions.

* As of June 30, 2019 unless otherwise specified

Our Foundation

MOL's History: "Spirit of Challenge and Innovation"

Throughout its more than 130 years of history, MOL has grown into one of the world's largest full-line marine transport groups by constantly anticipating the needs of its customers and future demand, while overcoming various challenges along the way. What has enabled this is MOL's "spirit of challenge and innovation." MOL will continue to nurture this spirit as it heads into the next 130 years.



Self-Reinvention to Adapt to External Changes

1884 — 1945

Formed as a group of small-sized ship owners coming together in order to survive as a business, MOL advances and expands into overseas routes.

The founding of MOL can be traced back to Osaka Shosen Kaisha (O.S.K. Line), which was established in 1884 by ship owners in the Seto Inland Sea area and their in-kind contributions of 93 vessels. At that time, the *sakoku* (closed country) era of Japan had come to an end, and the Meiji Restoration was already underway. Accordingly, the need for marine transport on both domestic and overseas routes rose dramatically. The Company had actively expanded into coastal shipping routes by the 1890s and successfully launched its first long-distance ocean service around 1910. In these ways, the Company has grown as a foundation underpinning the development of foreign trade in Japan.

1946 — 1999

MOL grows into a world-leading full-line marine transport group amid the postwar recovery and rapid economic expansion of Japan.

Many Japanese merchant shipping fleets were destroyed during World War II. Amid Japan's successful recovery from the devastation of war, MOL became an integral part of the development of the Japanese economy through its marine transport services. While doing so, the Company grew into a full-line marine transport group that possesses a wide range of vessels. The Company worked to promptly respond to the need for specialized and large-sized vessels and repeatedly took on challenges from a technological standpoint, including launching the world's first automated vessel that centrally controls the main engine from the engine control room and Japan's first specialized car carrier. This approach enabled MOL to create new value and opened up the opportunities for business field expansion.

2000 — 2008

MOL actively invests in natural resources and energy transport fields in anticipation of economic development and the rising demand for natural resources in China.

After the 1999 merger with Navix Line, which was particularly strong in transporting natural resources and energy, MOL aggressively invested in these fields, predicting China's economic development and increased demand for natural resources. The Company continued to scale up its fleet of dry bulkers including iron ore and coal carriers and tankers, which transport commodities such as crude oil and petroleum products. Reaping the benefits of these upfront investments, profit in fiscal 2007 reached a record high, thanks to the unprecedented boom in marine transport that was driven by the rapid expansion of imports in China.

2009 —

MOL implements its bold Business Structural Reforms in response to the rapidly changing business environment. Further, MOL transitions into a marine transport group that fits the needs of the new era.

Against the backdrop of a global economic slowdown and the oversupply of vessels, the shipping market stumbled and has continued to struggle with ongoing stagnation. To respond to the increasingly difficult business environment, MOL implemented the Business Structural Reforms, which targeted the dry bulk business and carried out the integration of the containership businesses of three Japanese shipping companies. Additionally, the Company invested preferentially in its areas of strength, including the LNG carrier and offshore businesses, while working to expand into the new fields of environmental and emission-free businesses to meet the needs of the new era. In these ways, MOL will continue to pursue challenge and innovation as a global leader in marine transport.

Value Creation Model

Through a two-pronged approach that involves the management plan, called "Rolling Plan," and initiatives toward the sustainability issues, the MOL Group aims to realize its 10-year vision to "Become a Group of Business Units with No. 1 Competitiveness in Respective Areas." At the same time, by providing unique, high-quality transport services, the Group is working to resolve social issues and increase corporate value as an indispensable lifeline that supports people's daily lives and industries.

Customers and Society

- Marine and Global Environmental Conservation
- Innovation for Development in Marine Technology
- Value-Added Transport Services
- Human Resource Cultivation and Community Development
- Governance and Compliance to Support Businesses

MOL's Sustainability Issues (Materiality)

☞ P26

Contributing to the Sustainable Development Goals (SDGs) through addressing social issues to minimize our negative impact on society and maximize our social value



Value-Added Transport Services ☞ P28

Realizing High-Quality Transport Services That Support People's Daily Lives and Industries

- Offer safe and stable transportation
- Provide highly economical solution to customers through large-volume and bulk transport services
- Provide high-quality transport services that meet customer needs
- Contribute to establishment of energy infrastructure in emerging countries

PDCA Cycle Based on Changes in the External Environment

Management Plan "Rolling Plan 2019"

☞ P12

1. Concentrated investment of management resources in the business fields where MOL has strengths, which will mainly be offshore businesses
2. Provision of "stress-free services," which MOL will offer from the customer's perspective
3. Promotion of environmental strategies and development of the emission-free business into a core business

10-Year Vision

Become a Group of Business Units with No. 1 Competitiveness in Respective Areas

Continue to accumulate highly stable profits while ensuring other variable profits

- Marine and Global Environmental Conservation ☞ P32
- Innovation for Development in Marine Technology ☞ P36
- Human Resource Cultivation and Community Development ☞ P38
- Governance and Compliance to Support Businesses ☞ P49

- Marine Technical Skills Safe Operation
- ICT
- Technological Development
- Human Resources
- Governance

MOL's Business Foundation

For Our Sustainable Growth

Message from the CEO

We will sustainably increase our corporate value by realizing our 10-year vision to “Become a Group of Business Units with No. 1 Competitiveness in Respective Areas.”

Junichiro Ikeda
President & CEO




How We See the External Environment

We need to take a step beyond conventional marine transport model and enter new business fields.

Global trade systems as well as the overall economic structure are clearly in a period of transition, making it extremely difficult for us to predict the future business environment. When we look at the world, investment demand in developed countries is slowing down, while that in the emerging markets is still growing although the outlook is becoming unclear. Under such circumstances where there is a mixture of positives and negatives in the overall external environment, it is becoming more and more challenging for our company to foresee customer trends.

The growing level of environmental awareness is another trend that has a significant impact on the marine transport industry. Especially in regard to climate change,

both public and private sectors around the world are promoting efforts to dramatically reduce greenhouse gas (GHG) emissions by 2050 based on an international consensus, namely the long-term targets of the Paris Agreement. In light of this, we must sensitively capture the changes in the world, think beyond our conventional business models, and take prompt action to change.

To adjust ourselves to such circumstances, in fiscal 2017 we transitioned from our previous practice of adopting three-year management plan to setting a yearly “rolling type” management plan. The intention was to maintain flexibility in our management and foster a corporate culture that proactively pursues changes by appropriately ascertaining our future direction without being constrained to our current business performance. In fact, by actively responding to diversifying demand, we have already taken on repeated challenges, which cultivated our insight and built up a track record in the energy domain. In addition, in terms of resolving environmental issues, we decided to accelerate our efforts by placing these issues at the center of our

business strategies and focusing on environmental and emission-free businesses.

As we stated in “Rolling Plan 2019,” the time is over in which one successful business model can keep working and ensure growth in the future. We therefore need to leverage our long-cultivated competitiveness and business foundation to take a step beyond the conventional marine transport model and enter new business fields.

To Continue Being the Chosen Partner of Our Customers

We must make an unrelenting effort to further enhance our intangible assets.

So far I have talked about the changes that are happening, but there are certain things that do not change over time. One thing is our role as a marine transport company and the value we provide our customers. Even as the times

change, the most important role and essential value of marine transport remains to transport goods safely and efficiently. We must continue to preserve this unchanging value. From a customer’s perspective, I would say that marine transport services still cause a certain amount of stress. Our ultimate mission is to reduce this stress as much as possible, and we will remain thoroughly committed to fulfilling this mission going forward.

Now, the question is what can we do in order to be more proactive in dealing with customers’ stress. When I consider where the source of our value is, I believe that lies with our intangible qualities, an example of which is our human resources. They also include the track record we have built in providing solutions to our customers based on safe operations. The strong trust-based relationships we have cultivated with our customers through such services is another intangible quality. Of course, we have also been promoting initiatives to develop other aspects of our business, which include our technical skills and IT. However, focusing just on these aspects will allow us beat the competition only in the near term, as other

For Our Sustainable Growth

Message from the CEO

companies will at some point catch up and we will lose our competitive edge.

In the marine transport business, we are often not explicitly told the specific requests by the customers in terms of methods or timing. This means we have to make concerted efforts to understand the nature of our customers' businesses, including the direction of their strategies, our position within their value chain, and their order of priorities. Then, based on such understanding, we need to offer them solutions that meet their needs. This is an area in which we can differentiate ourselves from the competition. To continue being the chosen partner of our customers, we must make an unrelenting effort to further enhance our intangible assets.

Direction of "Rolling Plan 2019"

We will strongly commit to gaining "No. 1 Competitiveness in Respective Areas."

We developed "Rolling Plan 2019" by keeping the fundamental directions of the Rolling Plans of the past two years, but refining it based on our analysis of the external environment mentioned earlier, the needs of our stakeholders, and fields for growth. The major difference made this time was that out of the three elements we have thus far adopted in our management plans as the 10-year vision for the MOL Group, we chose "Become a Group of Business Units with No. 1 Competitiveness in Respective Areas" as the element that best defines our vision. "No. 1 Competitiveness in Respective Areas" is not limited to universal factors such as profitability, cost competitiveness, safety, or trust. It also includes competitiveness unique to each business that can be the reason our customers and business partners choose to work with us. Moreover, the concept of relativity to the competition is something I place particular importance on. As we constantly compete with other major players, simply claiming on our own that we are No. 1 is rather meaningless. Winning or losing in a competition boils down to how our services compare with those of our competitors. Accordingly, we need to always ask ourselves what specifically sets us apart from others and whether or not we are actually doing better than them. Ultimately, it is imperative that we secure a position that allows us to remain one step ahead of the competition.

Marine transport is an industry that cannot be parted from the effect of the market conditions. Even with a good level of stable profits, we cannot avoid the occasional impact of fluctuating market conditions. However, at times of such fluctuations, we can still minimize the negative impact and maximize the positive if we are able to maintain "No. 1 Competitiveness in Respective Areas." It is obvious that such competitiveness determines our success or failure as the cycle repeats over the long run. That is why I sincerely and strongly believe we as a company should always keep this in mind.

Our core strategies for achieving "No. 1 Competitiveness in Respective Areas" are "Concentrated investment of management resources in the business fields where MOL has strengths, which will mainly be offshore businesses," "Provision of 'stress-free services,' which MOL will offer from the customer's perspective," and "Promotion of environmental strategies and development of the emission-free business into a core business." Especially for "Provision of 'stress-free services,' which MOL will offer from the customer's perspective," we will remain dedicated to thoroughly promoting such services. Some management plans that I have seen seemed to lack consideration to what is really useful for the customer. This comes from our tendency to focus on our competitors, which can cause us to lose sight of the essential perspective of our customers. Some think that providing "stress-free services" ultimately means differentiating, but that is not what we are aiming for. We want our customers to be impressed with our services, and choose our services because of the fact that they are truly useful. I wanted our management plan to clearly state the importance of seeing things from the perspective of customers. We will therefore continue to position "Provision of 'stress-free services,' which MOL will offer from the customer's perspective" as an important pillar of our management plans going forward.

Progress in Fiscal 2018

We succeeded in laying the groundwork for our future in each business field.

For the progress we made in fiscal 2018, let me begin my explanation with our business performance. In April 2018, operations commenced at Ocean Network Express Pte. Ltd. (ONE), our integrated containership business venture. However, due to such factors as confusion surrounding the start of operations of ONE, we unfortunately posted a large deficit in the containership business. With that said, we were still able to secure a net overall ordinary profit and profit attributable to owners of parent that were close to the initial forecasts, thanks to the steady accumulation of stable profits from medium- to long-term contracts in the Dry Bulk Business, Energy Transport Business, and other businesses, as well as the relatively strong market conditions. The positive effect from the Business Structural Reforms that we have implemented in the past also helped push up the results. I have gained a certain sense of accomplishment to see we have finally become a company that can close its accounts without having to record a significant extraordinary loss due to the negative legacy of the shipping boom in the 2000s.

Turning our attention to our 10-year vision, fiscal 2018 was a year in which we steadily laid the groundwork for achieving it in each of our business fields. Regarding business development, there were several significant achievements made especially in our offshore businesses. In addition to FPSO, which is already established as a pillar for our profit accumulation, FSRU is also becoming another pillar, as can be seen in the projects we are currently involved with. Witnessing this progress, I became convinced that offshore businesses have the potential to serve as our core in the future. As for "stress-free services," one excellent example of our success in fiscal 2018 is the accumulation of long-term contracts using new-order wood chip carriers. This was achieved through a thoughtful sales process that revolved around the customer's point of view, meaning that the frontline personnel deeply understood what solutions our customers needed and when they needed them, which allowed our personnel to make the appropriate proposals. In regard to "develop environmental and emission-free



businesses into core businesses," I believe that offering LNG-based solutions will be the key to tackling issues related to greenhouse gases and SOx, on the part of the marine transport industry. In line with that, we achieved several milestones in fiscal 2018, including the LNG-fueled tugboat ISHIN's successful delivery and the conclusion of long-term charter contracts for LNG fuel supply vessels in Europe and Singapore. Looking into the future, we will further accelerate initiatives geared toward growth in this area so that our environmental and emission-free businesses become profitable enough to be considered as our valid core businesses.

Focus Areas in Fiscal 2019

Through concentrated investment of resources, we will further solidify our competitiveness in respective areas.

Our core growth strategies basically remain unchanged in fiscal 2019. Continuing on from the previous fiscal year, we will focus our investment in areas where we have strengths, such as offshore businesses, LNG carriers, chemical tankers, and ferries, in order to further solidify our competitiveness in these fields. Meanwhile, as a change adopted under "Rolling Plan 2019," we have positioned offshore businesses as the leading key area in which we will concentrate investment. Since I became president, I have always been troubled by the fact that, for many years, we have been unable to clearly state what will be our next main business pillar to replace the dry bulk business. However, in light of the progress we have made in fiscal 2018, and the confidence we have gained through it, I now

For Our Sustainable Growth

Message from the CEO

can say that the offshore businesses can be the leading force to drive the Company's future. In developing offshore businesses, I strongly believe that the fact we are the only shipping company in Asia owning an FSRU appealed to our customers. As a matter of fact, the range and potential of our businesses are growing significantly. What has been making this growth possible is our comprehensive strengths, including our long-cultivated marine technical skills, technological capabilities, the relationships with shipyards and other various partners, and so on. This is not something that others can easily imitate.

Meanwhile, just because we do not consider a certain business a key area, it does not mean that we will not invest resources in it. There are some businesses that we have yet to call key areas but still actually hold great competitiveness. For other businesses where we have thus far been unable to fully demonstrate our competitiveness, my intention is to have them improve their competitiveness. As we did with the Structural Reforms in the Dry Bulker Business and the integration of the containership business, we will take action to increase our competitiveness in such areas so that all our businesses can play a role in contributing to profits. And in case we ultimately see no progress or room for improvement to obtain No. 1 competitiveness in a certain business, we in management will monitor it and examine a wide range of options for dealing with it.

Fiscal 2019 Initiatives That Underpin Our Management Policies

We will continue to work on our priority areas for development and further evolve as a company.

To enhance the value we provide and realize "stress-free services," we will continue our efforts to strengthen our five priority areas for development, which we have been adopting since "Rolling Plan 2017." Among them, what we value above all else is the "Marine technical skills," which is one of the most important factors that supports our safe operation. Having said this, however, an accident regrettably occurred involving our cruise ship the NIPPON MARU in fiscal 2018. In light of this, I would like to offer my sincerest apologies for the trouble and worry we caused our customers and all the parties concerned. At the same time, I will promise we will strive to ensure an accident like

this does not happen again. To regain trust from our customers, we have adopted as a focus area for fiscal 2019 "Development of Groupwide safety and quality management" and are working to further reinforce the safety of our operations.

For "ICT" and "Technological development," we launched our first application, "Fleet Viewer," in May 2019 under the FOCUS Project, which aims to utilize voyage and engine data of our vessels, and we plan to release another app around October 2019. We believe these apps will help us enhance the safety of our operations and avoid economic losses by promptly discovering equipment abnormalities. Such technology will also play a key role in realizing autonomous sailing. When it comes to tangible aspects within our technological development, we are steadily making progress in the area of LNG-fueled vessels, including the previously mentioned delivery of the LNG-fueled tugboat ISHIN. In addition, our vessels received the Ship of the Year award, which is given by the Japan Society of Naval Architects and Ocean Engineers to vessels that are outstanding in terms of concept and design, for two consecutive years. Our success with the ice-breaking vessels for the Yamal LNG project is another example of our technological advantage. I am proud of the high reputation we receive for our technological capabilities. Following the lead of our Technology Department, we will keep striving to spur logistics innovations by anticipating the needs of customers as well as society and refining our ICT and technological capabilities.

Turning to "environmental and emission-free businesses," we need to both capture new business opportunities as explained earlier and further reduce our environmental



burden on society. In relation to the latter, we set "Strategic actions for compliance with SOx regulations" as a focus area for fiscal 2019, and are preparing for SOx regulations that will tighten in January 2020. For our overall environmental strategies, the newly established Environmental Management Committee will take initiatives to develop and promote Companywide strategies.

In terms of "Workstyle reforms," progress is being made centered on reforms to the workplace. In May 2019, a non-territorial office, which is a remodeled version of the fifth floor of our Head Office, opened for a trial. This is an attempt to realize the ideal workstyle we target in our reforms. Currently, the effectiveness of this pilot office is being examined. This new office aims to revitalize communication and promote creativity. I look forward to seeing how it will improve productivity, which is one of the goals of "Workstyle reforms."

ESG Approach to Promote Sustainability

MOL needs to tackle social issues head on through fulfilling the essence of its business as a marine transport company.

In addition to formulating "Rolling Plan 2019," we have also newly identified our Sustainability Issues (Materiality). Looking at the recent trend of growing awareness and importance of environmental, social, and governance (ESG) issues, we can tell that they are dramatically different from the conventional thinking that calls for corporations to realize a profit while also fulfilling their corporate social responsibilities (CSR). For example, Goal 1 of the SDGs is to "End poverty in all its forms everywhere." To work on this problem, we must consider what we can and should do as a marine transport company to help eliminate poverty. We must earnestly verify the essential value of our business itself to ensure that we are playing a useful part in addressing this issue. It is for that reason that we placed "Value-added transport services" as the first one among our Sustainability Issues. I believe that tackling issues related to SDGs or ESG head on through our business itself is the approach we need to take in order to further improve our corporate value.

That was an example on poverty or the economy, but our basic approach to other themes such as the environment

is the same. For example, it is a fact that marine transport places a burden on the environment, and this is something that causes concern and stress for our customers. To realize the significant concept of providing "stress-free services," it is essential that we—as a provider of marine transport services that support the core of our various customers' value chains—both maximize the positive impact, which is the solutions we offer for environmental issues and minimize the negative, which is our environmental burden. To that end, the Sustainability Issues that we have adopted are inseparable from the three core strategies we have established under "Rolling Plan 2019." By promoting a two-pronged approach of executing our management plan and resolving our Sustainability Issues, we aim to maximize our social and corporate value over the medium to long term.

In Closing

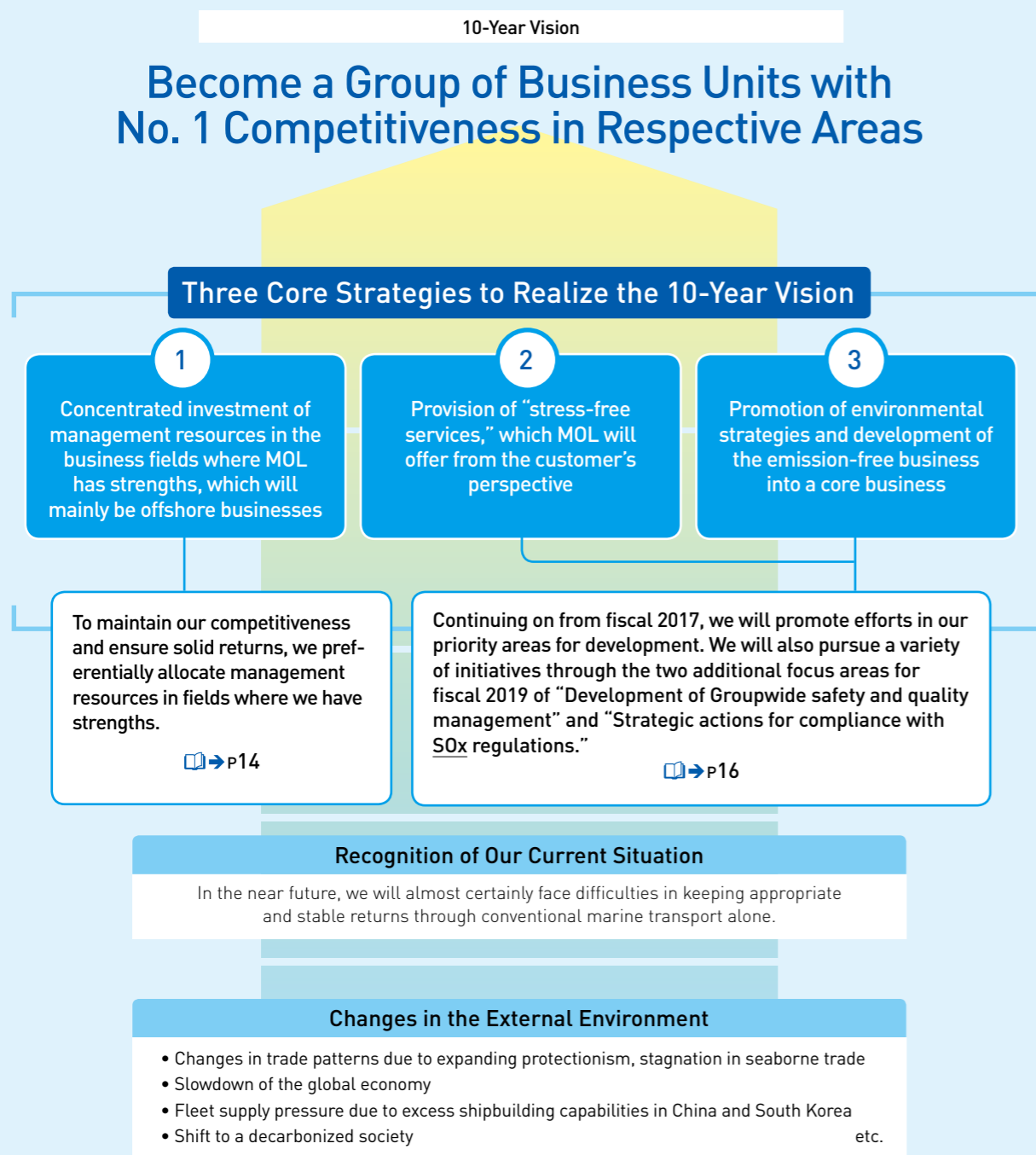
We will steadily move forward with confidence on the path we need to follow as a company.

As I mentioned earlier, in light of the rapid changes occurring in the external environment, we will not be able to offer our shareholders and other stakeholders expected returns by simply following our conventional business model. I believe that our new management plan further clarifies the direction we need to head as a company going forward while maintaining a proper awareness of our current circumstances. Of course, we still need to flexibly examine specific actions to take in response to the changing environment. However, I believe that "Rolling Plan 2019" provides a universal direction for us, and so we will steadily proceed in that direction with confidence. I will take the lead with a strong belief that MOL, as a solutions provider for all matters related to maritime affairs centering on marine transport, can provide "stress-free services" to our customers and "Become a Group of Business Units with No. 1 Competitiveness in Respective Areas." I would like to ask our shareholders and all stakeholders for their continued understanding and support as we pursue these endeavors.

For Our Sustainable Growth

Overview of the Management Plan “Rolling Plan 2019”

We have been adopting rolling-type management plans since fiscal 2017. With “Rolling Plan 2019,” we worked to create a management plan that is clear and can gain the support of our stakeholders. Based on our recognition of the current situation, including changes in the external environment, we formulated our 10-year vision to “Become a Group of Business Units with No. 1 Competitiveness in Respective Areas” as well as the three core strategies that we will promote to realize this vision.



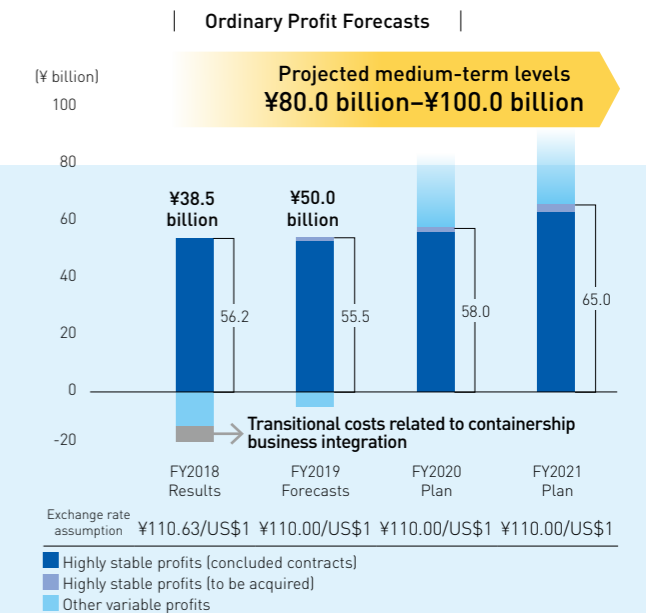
Road Map toward Improving Business Performance

With the aim of realizing our medium- to long-term profit and financial targets shown below, we have broken down our ordinary profit into two classifications, “highly stable profits” and “other variable profits (losses),” according to the differences in profit structure. While continuing efforts to accumulate highly stable profits, we have reorganized the fleet to a more competitive one that is resistant to market fluctuations in order to secure other variable profits. In this way, we transformed our business model to be able to secure profits regardless of the market environment (please see the column below).

As a result, in fiscal 2018, although we recorded an ordinary loss of ¥14.3 billion in the Containership segment due mainly to the impact of confusion regarding the start of operations of the integrated company Ocean Network Express (ONE), we were able to record ordinary profit from other businesses of ¥52.8 billion, thanks to the stable profits generated primarily in the Dry Bulk and Energy Transport businesses and the relatively favorable market condition. This indicates that we have steadily transitioned to a business structure that can achieve solid returns no matter what the conditions of the market may be.

As we move forward, we will prioritize the allocation of resources into businesses and projects where the MOL Group boasts strengths with a view to generating highly stable profits. At the same time, we will work on improving other variable profits, a recently difficult task, in such ways as bringing ONE into the black, leveraging its competitiveness bolstered through the

business integration. Through these efforts, we aim to achieve our target levels for ordinary profit.



Exchange rate assumption ¥110.63/US\$1 ¥110.00/US\$1 ¥110.00/US\$1 ¥110.00/US\$1

Highly stable profits (concluded contracts)
Highly stable profits (to be acquired)
Other variable profits

Highly stable profits + Other variable profits (losses) = Ordinary profit (total)

Highly stable profits: Dry bulkers / Tankers (under medium- to long-term contracts), LNG carriers / Offshore businesses, and Associated businesses

Other variable profits (losses): Dry bulkers / Tankers (under short-term / spot business), Car carriers, Containerships, Terminals & Logistics, and Ferries & Coastal RoRo ships

Medium- to Long-Term Profit Levels and Financial Indicators

	Vision for profit levels over the medium term	Fiscal 2027 Targets
Ordinary profit	¥80.0 billion–¥100.0 billion	¥150.0 billion–¥200.0 billion
ROE	8–12%	—
Gearing ratio	2.0 times or less	1.0 times

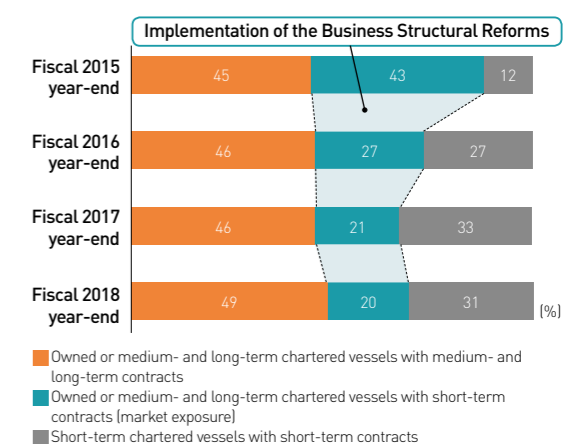
Shareholder Returns

Set a 20% dividend payout ratio as a guideline in the near term and work to improve this ratio over the medium to long term.

Transition to a More Competitive Fleet Composition Highly Resistant to Market Fluctuations

In the Dry Bulk Business Unit, which has an enormous presence in our business portfolio, the market plummeted to record-low levels after the 2008 financial crisis as the balance between supply and demand collapsed due to the supply glut of new vessels. These severe conditions continued over the long term. Under these circumstances, a large number of vessels in the business unit became unprofitable because of the high and rigid cost structure. Accordingly, the Dry Bulk Business Unit had become a major factor behind our sluggish business performance in the mid-2010s. Instead of just waiting for market recovery, we took proactive actions to improve profitability. In fiscal 2015, we implemented the Business Structural Reforms that involved sweeping actions to eliminate unprofitable vessels primarily in the Dry Bulk Business Unit. Although these reforms led to significant loss on the sale of vessels and losses associated with the cancellation of charter contracts, they allowed the business unit to successfully transition to a business model that can generate stable profits regardless of movements in the spot market.

Reducing Market Exposure within the Dry Bulk Fleet



For Our Sustainable Growth

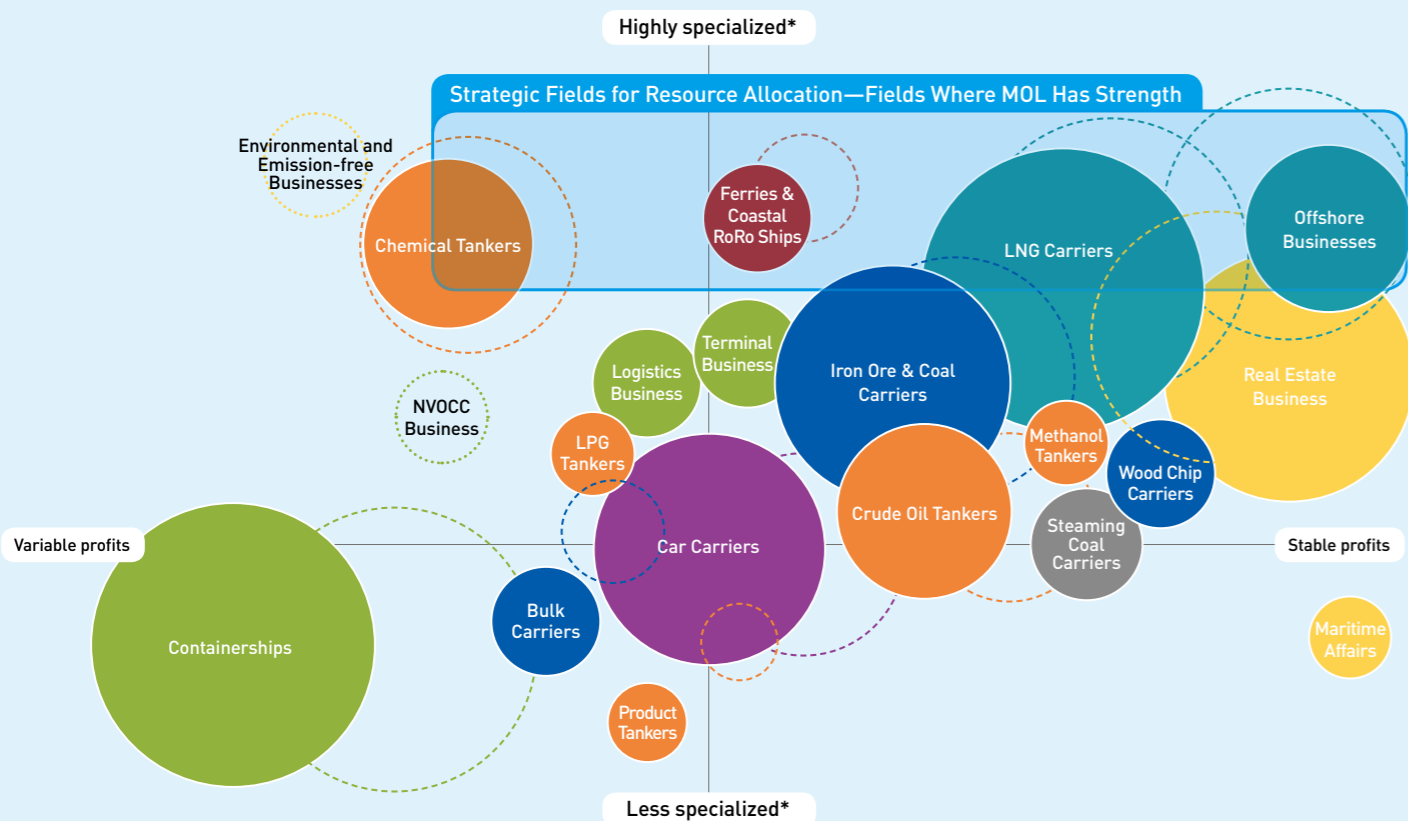
Overview of the "Rolling Plan 2019" Management Plan

Concentrated investment of management resources in the business fields where MOL has strengths, which will mainly be offshore businesses

Characteristics of the MOL Group's Business Portfolio

One of the World's Largest Full-Line Marine Transport Groups with a Highly Diversified Business Portfolio

- Unique business model that develops a wide range of highly competitive businesses as a group
- The Group's comprehensive strengths that enable the provision of one-stop solutions to the various transportation needs of customers
- Reduced market risks by a highly diversified business portfolio
- Accumulated marine technical skills and insights through horizontal expansion into various businesses



- The size of the circle indicates the total amount of assets used (as of September 30, 2018).
- Dotted lines show directions and scale at which MOL is aiming.

* In plotting the vertical axis (from highly to less specialized), each business was considered comprehensively after taking into account the perspectives listed below.

- MOL's relative competitiveness
- Versatility of vessel type
- Niche or mass market
- Competitive environment

Concentrated Investment of Management Resources to Further Enhance Our Strengths

<p>Offshore Businesses</p> <p>FPSO, FSRU, Powership businesses, etc., where the knowledge and experience MOL has accumulated in LNG and energy transport can be applied to address environmental and emerging market needs</p>	<p>LNG Carriers</p> <p>High-value-added, highly difficult LNG transport and handling businesses based on track records in areas such as operation of ice-breaking vessels</p>
<p>Chemical Tankers</p> <p>Total logistics business for liquid chemicals, not limited to ocean transport by tankers</p>	<p>Ferries</p> <p>Development of a cutting-edge ferry fleet, capitalizing on increasing demand caused by the modal shift</p>

Policy on the Allocation of Management Resources

To establish an optimal business portfolio that enables sustainable growth, we analyze and evaluate all of our businesses periodically from two perspectives: the stability of profits and competitiveness compared with other companies. Based on this analysis and evaluation, we are strategically allocating

management resources into target fields. Under "Rolling Plan 2019," we have clarified our intention to primarily invest management resources into fields centered on offshore businesses where we can demonstrate our strengths.

Strategy by Business

In terms of our respective business strategies, while taking into account changes in the external environment, we have determined the following strategies for achieving growth by leveraging the strengths of each business to their fullest. To realize our vision to "Become a Group of Business Units with

No. 1 Competitiveness in Respective Areas," we will further enhance the strengths of each business and accelerate initiatives to promote "stress-free services" that are truly convenient for customers.

Business	Strategies for Growth
Dry Bulk Business	
Dry Bulkers	Provide services based on customer needs such as solutions for environmental issues, etc.
Energy Transport Business	
Tankers	Product tankers: Utilize a tanker pool to maintain service network while reducing market exposure and to ensure fee-based revenue Chemical tankers: Become a total logistics solutions provider for liquid chemicals by actively expanding business domains vertically
LNG Carriers	Expand businesses in high-value-added fields where we can leverage our track record as an industry leader and vast insight Expand the LNG bunker fuel supply business
Offshore Businesses	Collaborate with companies that have the top position in each field and local partners with a massive regional presence
Steaming Coal Carriers	Build and introduce next-generation steaming coal carriers that offer benefits to customers in respect to safety, efficiency, and environmental performance, etc.
Product Transport Business	
Car Carriers	Reorganize service network with an emphasis on operational profitability while making the most of the cost competitiveness of the fleet
Containerships	Swift turn to profitability for ONE by optimizing cargo and service portfolio and generating synergistic effects of business integration
Logistics	Develop asset-light businesses
Ferries	Capture demand through steady fleet expansion
Associated Businesses	Tugboats: Promote efforts toward new technologies and overseas businesses Real Estate: Actively develop overseas businesses

Please see the "Overview of Operations by Segment" section on pages 58-69 for details on progress.

For Our Sustainable Growth

Overview of the "Rolling Plan 2019" Management Plan

Enhancing Management Resources That Support Business Plans

Priority Areas for Development and Focus Areas for Fiscal 2019

To realize "stress-free services" that are truly convenient for customers, we have set our priority areas for development where we will work on a Companywide level. Under "Rolling Plan 2019," we have additionally established two new focus areas for fiscal 2019. These are "Development of Groupwide

safety and quality management" and "Strategic actions for compliance with SOx regulations." We will strive to improve our service quality and, by doing so, enhance the relative competitiveness of our overall businesses going forward.

Priority Areas for Development (Continuing from fiscal 2017)	
Marine Technical Skills	Thoroughly enforce safe operations that underpin high-quality transportation and work to further improve ship management quality
ICT	Develop underlying technologies for autonomous sailing and promote the FOCUS Project ①, which aims to utilize the huge amount of data collected from operating vessels
Technological Development	Promote the construction of LNG-fueled vessels, etc.
Environmental and Emission-Free Business	Promote the LNG fuel supply business as well as studies and research on alternative fuels Establish a driving force within the Group to promote environmental management (Environmental Management Committee created on April 1, 2019 as an organization under the Executive Committee)
Workstyle Reforms	Promote workplace reforms ②

Focus Areas for Fiscal 2019	
Development of Groupwide Safety and Quality Management	Visualize the status of Groupwide safety and quality Improve Groupwide safety awareness and take specific measures
Strategic Actions for Compliance with SOx Regulations	Take actions on a Groupwide basis in order to enable MOL-operated vessels to switch fuels safely and economically Examine the effects of compliant oil on vessel performance in order to prevent any technical problems that may arise

FOCUS Project
The FOCUS Project aims to further enhance safe operation and reduce environmental burden by utilizing a vast number of onboard sensors to collect, thoroughly monitor, and analyze voyage and engine data from roughly 150 Company vessels under navigation.

Workplace Reforms
In May 2019, a newly established pilot office was opened on the fifth floor of our Head Office. Benefits of this pilot office are going to be studied in an effort to realize the workstyles we aim for.

➡ Please see the "Addressing Sustainability Issues" section on pages 26-41 for the progress of each initiative.

Identifying Sustainability Issues Linked to Our Rolling Plans

Year by year, the approach toward environmental and social issues is having a greater impact on a company's management and corporate value. To continue to be a corporate group that can understand and meet the latent needs of customers and society in any time and accelerate the realization of our 10-year vision, we have identified Sustainability Issues (Materiality) that are

linked with our rolling plans. We will strive to respond to these issues simultaneously with the strategies we have adopted under "Rolling Plan 2019," as represented by environmental and emission-free businesses. In doing so, we will try to maximize both our economic and social value.

MOL's Sustainability Issues (Materiality)

- Value-added transport services
- Marine and global environmental conservation
- Innovation for development in marine technology
- Human resource cultivation and community development
- Governance and compliance to support businesses

➤ **Maximizing our economic and social value through efforts to address these issues**

Progress Made under "Rolling Plan 2018"

Leveraging Our Experience in Handling LNG and Operating FSRUs to Participate in the LNG-to-Powership Business

In March 2019, we formed a partnership with Karpower International B.V.* in the LNG-to-Powership business. Under the brand name KARMOL, we are carrying out joint investment and business activities related to the Powership business so that we can become the world's most reliable LNG-to-Powership solutions provider.

In the KARMOL brand LNG-to-Powership business, gas used as fuel will be supplied to the powership from an FSRU. The electricity generated by the powership will then be stably provided to shore grids and facilities. Leveraging our long-accumulated track record and expertise involving LNG carriers and FSRU businesses and Karpower's insight on the construction, maintenance, and operation of powerships, which the company has cultivated as a pioneer in this business area, we aim to address the growing demand for electric power, primarily in emerging countries, through providing solutions that offer high added value in terms of cost competitiveness and low environmental impact.

We have positioned offshore businesses as a priority area for the investment of management resources in order to make use of our strengths to realize sustainable growth. With this new LNG-to-Powership business, not only will we aim to accumulate

stable profits, we will also work to strengthen the relative competitiveness of our overall offshore businesses by acquiring know-how through the provision of total solutions throughout the LNG value chain, from LNG transport to regasification and power generation.

We are currently in the middle of converting an LNG carrier into an FSRU that supplies gas to the powership. Going forward, we will jointly promote projects under the KARMOL brand and work to provide competitive energy solutions in a wide range of regions with growing energy demand. In these ways, we aim to establish a solid track record over the next several years.

* Karpower International B.V. is the core company involved in the Powership business under Karadeniz Holdings established in Turkey in 1948.



Powership owned by Karpower

Accelerating the Evolution into a Total Logistics Provider for Liquid Chemicals

Our Group company for the chemical tanker business, the wholly owned subsidiary MOL Chemical Tankers Pte. Ltd., took several actions in fiscal 2018 with the aim of transforming itself into a total logistics provider for liquid chemicals.

First, in September 2018, MOL Chemical Tankers established SEA-MOL NV, a joint venture with the Belgian terminal company SEA-Tank Terminal Antwerp NV, with a view to participating in the tank terminal business. SEA-MOL is planning the construction of a liquid chemical storage terminal in the Port of Antwerp. This terminal will allow for connections between a diverse range of transportation means and serve as a hub for customers.

In January 2019, MOL Chemical Tankers acquired 100% of shares in a Danish chemical tanker operator, Nordic Tankers A/S. Through this acquisition, the company is now able to expand its global service network by incorporating the operational foundation of Nordic Tankers, which boasts strengths in the Atlantic Ocean and in South America. This in turn will allow the company to further extend its presence, which it has already firmly established in its core Pacific Ocean routes as well as routes between the Middle East and Asia.

Furthermore, in February 2019 MOL Chemical Tankers acquired a 20% share in the Dutch tank container transport company Den Hartogh Holding B.V. and subsequently concluded a collaborative business partnership agreement. Den Hartogh is

a global logistics company that operates businesses centered on the transportation of liquid chemicals and gases by tank containers within Europe and all over the world.

Through these actions, MOL Chemical Tankers will strive to gain access to new customers while aiming to realize services that meet the diverse transport needs of customers, such as streamlining of transportation flow utilizing tank terminals as a hub and small-lot transport via containers. At the same time, the company will work to generate synergies within the MOL Group from a broad range of perspectives, such as making use of human resources with expertise in the tank container and tank terminal businesses.

Overview of the Transition into a Total Logistics Provider for Liquid Chemicals

- Expansion of global service network
Acquisition of Nordic Tankers
- Response to diversifying demand for liquid chemical transport
Participation in tank container business
- Vertical expansion in the supply chain
Entrance into the tank terminal business

MOL commenced operations of its first Arc7-class ice-breaking LNG carrier for the Yamal LNG project.

➡ Please see "Special Feature" on pages 20-25 for details.

For Our Sustainable Growth

Message from the CFO

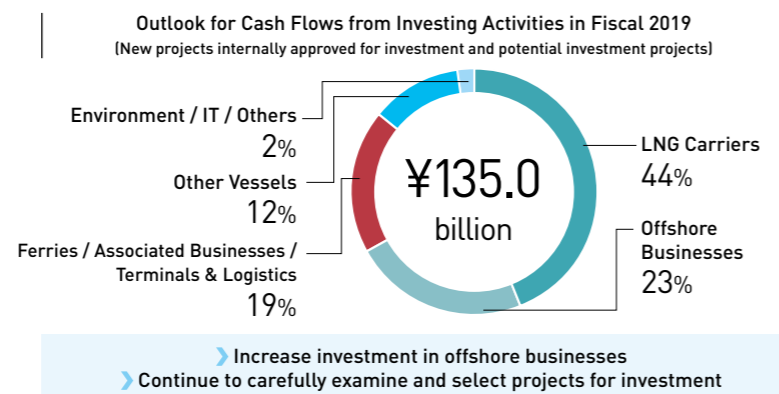
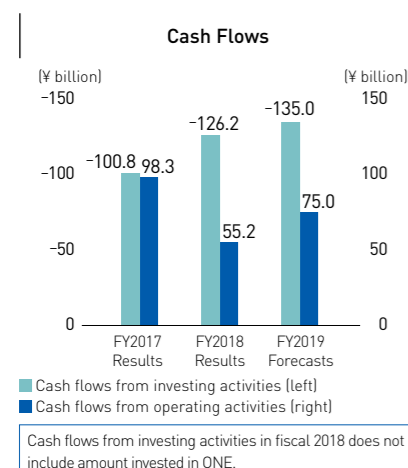


Takashi Maruyama
Senior Managing Executive Officer

Financial Strategy for "Rolling Plan 2019"

A stable financial foundation is essential to achieving our 10-year vision of "Become a Group of Business Units with No. 1 Competitiveness in Respective Areas" under our "Rolling Plan." For this to happen, we need to be able to continuously invest in businesses where we have a competitive advantage, first and foremost in our offshore businesses but also in LNG carriers, chemical tankers, and ferries and coastal RoRo ships. A stable financial foundation also provides us with enough credibility to guarantee the steady execution of long-term contracts, which can sometimes span over the course of 20 years or more, for the purpose of accumulating our priority—"highly stable profits." Likewise, to offer our customers competitive freight and charter rates, it is imperative that we procure funds under more favorable conditions than our competitors. Accordingly, although our investment appetite is strong, we are practicing financial discipline while aiming for a gearing ratio of 2.0 times or less over the medium-term (the gearing ratio at the end of

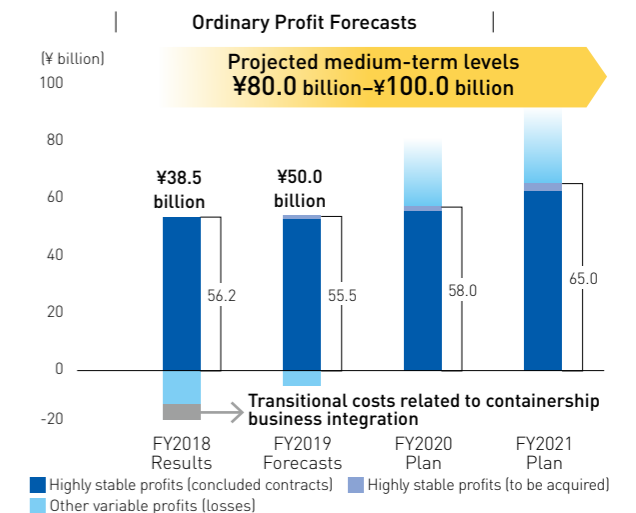
fiscal 2018 was 2.11 times). In fiscal 2019, we plan to execute investment totaling net cash outflows of ¥135.0 billion, primarily in LNG carriers and offshore businesses. While we anticipate negative free cash flow, we are striving not to increase our interest-bearing debt. With this goal in mind, we rigorously select projects for investment using in-house indicators that give consideration to capital costs and combine various methods to minimize the balance sheet burden, such as the sale of assets including stock cross-holdings, the sale and lease-back of vessels, the utilization of secondhand vessels, and project financing. This approach has been received positively, allowing us to maintain a BBB (stable) rating from Rating and Investment Information, Inc. (R&I) and an A- rating from Japan Credit Rating Agency, Ltd. (JCR). In addition, our approach has garnered the support of a broad range of financial institutions, including megabanks, regional banks, government-affiliated financial agencies, and foreign banks.



Road Map for Improving Profit

Our basic strategy is to steadily accumulate "highly stable profits" while securing "other variable profits." As for highly stable profits, which are generated by long-term contracts lasting two years or more, we are projecting increases to ¥55.5 billion, ¥58.0 billion, and ¥65.0 billion, in fiscal 2019, fiscal 2020, and fiscal 2021, respectively. These increases will represent the result of our aggressive efforts to invest in LNG carriers and offshore businesses since the mid-2010s. With regard to other variable profits (losses), we regrettably posted a deficit in fiscal 2018 due to the impact of operational teething issues during the start-up period at the integrated containership business company, ONE. However, in fiscal 2019, ONE will turn profitable and with this turnaround we expect to see nearly balanced profits and losses on a basis that excludes the general management expenses of the Head Office. From fiscal 2020, we anticipate a return to the black. Accordingly, we believe that our medium-term target for ordinary profit levels of between

¥80.0 billion and ¥100.0 billion and return on equity (ROE) of between 8% and 12% are more than achievable.



Our Role as a Crucial Member of Society

Recently, institutional investors have been asking more often about our efforts toward achieving the SDGs. Since ancient times, the transport of goods by ship has enriched people's lives. Even now, at the height of e-commerce, ocean shipping, which involves physical transport, is irreplaceable in the global consumer economy. The fact that the Company has been able to operate its businesses over 130 years is the result of its importance to the global economy as an artery of logistics. At the same time, it is undeniable that the marine transport industry places a burden on the global environment, including the emission of CO₂ into the atmosphere from the consumption of fuel. With this reality, the industry has become increasingly concerned in recent years about contributing to environmental preservation. The strengthening of SOx regulations reflects this trend. Meanwhile, we believe that we can do more to help reduce the negative impact on the global environment than simply complying with regulations. For example, we can play a greater role through providing solutions that meet our customers' needs related to environmental countermeasures and supplying clean energy, which we will develop as new businesses. While still small in scale, we have begun efforts toward the LNG bunker fuel supply business, participated in the offshore wind power generation facilities business, introduced LNG-fueled tugboats, and entered into the LNG-to-Powership business. In these ways, we are starting to see the fruits of our efforts in a wide range of environmental fields that we have been pursuing.

In order to capitalize on the heightened global awareness of the SDGs from a financing perspective, we issued Green Bonds totaling ¥10.0 billion. These bonds are issued to institutional and individual investors for the sole purpose of funding environment-related projects. The issuing of Green Bonds to individual investors was unprecedented for a Japanese company, and with this new opportunity, we received a high rate of applications for the purchase. We will continue to utilize Green Bonds not only as a way to meet the needs of investors who wish to contribute to the environment and a better society but also as a tool for diversifying our fund-raising methods. On the back of this response, we plan to issue Sustainability Bonds in fiscal 2019, which will provide financing for projects that address issues related to the SDGs.

I firmly believe that a company cannot pursue business over the long term without providing value to society. As a global ocean shipping company, we will fulfill our role as a lifeline for people around the world while working to lessen the burden on the global environment. Through these efforts, as a crucial member of society we hope to gain the support of all our stakeholders, including our most valued—our customers.

Intended Use of Green Bond Funds	
Project Name	Amount [¥ billion]
Ballast water treatment systems	5.5
SOx scrubbers	2.2
LNG bunkering vessels	1.4
LNG-fueled vessels (tugboats)	0.7
New PBCF	0.2
Total	10.0

For Our Sustainable Growth

Special Feature

MOL Opens Up a New Sea Route for LNG Trade —Joining the Yamal LNG Project

The Yamal LNG is a project that ambitiously makes use of the world's first Arc7 class ice-breaking LNG carriers to transport liquefied natural gas (LNG) from the plant in Russia's Yamal Peninsula to markets around the world. The project continues to run smoothly, with our first of three vessels having been in operation over a year since March 2018, and the second one since October of the same year.

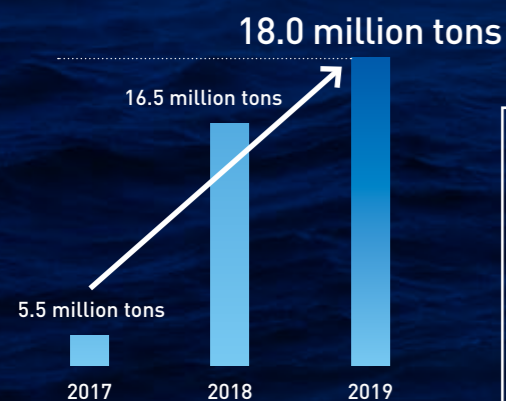
This section will describe the MOL Group's bold venture into unknown territory, namely, entering the Northern Sea Route for LNG transport.



Potentiality of the Arctic

Due to growing concern over global warming, more emphasis is being placed on natural gas as a source of clean energy. As a result, worldwide demand for LNG is on the rise. Although roughly 30% of the world's undiscovered natural gas reserves are said to lie beneath the Arctic Circle, the lack of proper means of transport has limited the full use of these resources. The Yamal LNG project became the first one to break through this situation.

LNG production capacity of Yamal and other Novatek-related LNG projects



The Yamal LNG Project

The Yamal LNG project is a large-scale LNG production and export project jointly owned by Russia-based Novatek, France-based Total, and China-based China National Petroleum Corporation (CNPC). The project, which began operations in December 2017, enabled year-round LNG transport from Russia's Yamal Peninsula to markets around the world by utilizing the world's first Arc7* class ice-breaking LNG carriers. Leveraging our expertise of LNG carriers garnered from years of experience, we signed a long-term charter contracts for three Arc7 class ice-breaking LNG carriers and four conventional-type LNG carriers, and are now responsible for part of the overseas shipping for the project.

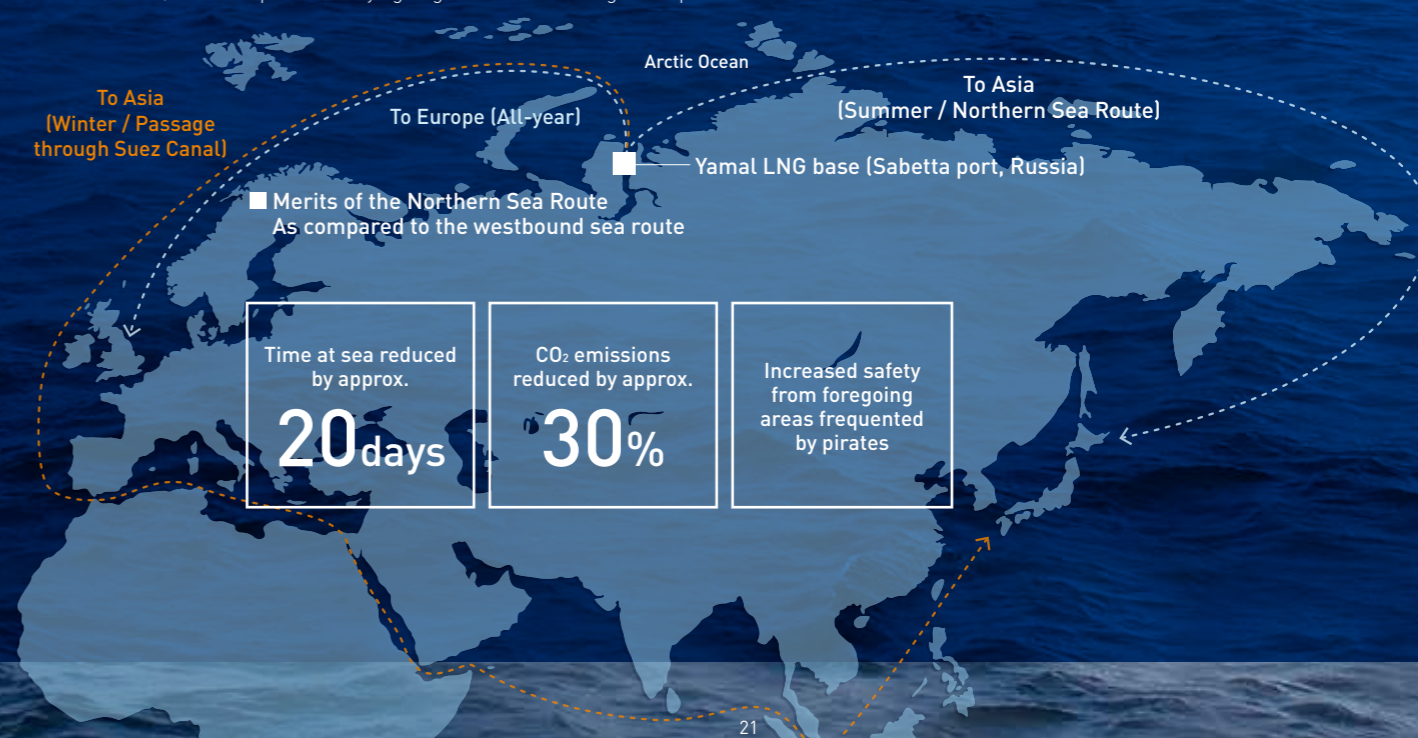
* Ice-breaking and ice-resistant carriers are assigned an "ice class" based on their ice-breaking capabilities and degree of ice resistance as determined by hull strength and onboard equipment. There are nine classes determined by the Russian Maritime Register of Shipping: Ice1 to Ice3 and Arc4 to Arc9, with higher numbers denoting higher ice-breaking capabilities and a higher degree of ice resistance.

Yamal LNG Project	
Operator	Yamal LNG
Production timeline	Train 1: 2017 Train 2: 2018 Train 3: 2018 Train 4: 2019
Production volume	17.4 million tons/year (3 trains of 5.5 million tons plus 1 train of 0.9 tons)
Transport	Ice-breaking LNG carriers (Ice class Arc7): 15 (including three co-owned by MOL and China COSCO Shipping) Conventional-type LNG carriers: 11 (including four co-owned by MOL and China COSCO Shipping)

The LNG Transport Route from Yamal

The most defining characteristic of the marine transport aspect of the Yamal LNG project is the use of Arc7 class ice-breaking carriers to open up the Northern Sea Route for LNG transport. High-spec ice-breaking carriers made it possible to pass through thick-ice eastbound sea routes in the summer, in addition to year-round use of the westbound sea routes where the ice is relatively thin. Most importantly, transport to East Asia, which requires 35 days going westbound through Europe

and the Suez Canal, is now possible in a considerably shorter time period of about 15 days by navigating eastbound. Establishment of the Northern Sea Route for LNG transport has major merits, including a significant reduction in CO₂ emissions and lower transport costs, both a result of the shorter passage.



For Our Sustainable Growth

Special Feature



20–30 year long-term contracts for a total increase of ¥100 billion in ordinary income

* A transfer of cargo between two ships positioned alongside each other

Entering the Unchallenged Route

The Yamal Peninsula, which means “the end of the world” in the local language, is an extremely cold land with air temperatures reaching -60°C in winter. The key issue was how to facilitate year-round transport of LNG from this place closed off by permafrost to Asia and Europe.

The revolutionary project that solved this crucial issue really began picking up steam in 2011. In 2013, Novatek, Total, and CNPC teamed up to materialize the plan of exporting LNG from a base at Sabetta port in the Eastern Yamal Peninsula. They called out for international marine transport companies who were willing to take part in the project. Due to the staggering amount of technical difficulty compounded by the political risks attached to the project, some companies were hesitant to be involved, but we, based on risk assessments honed over many years of business, judged that it was manageable. Ultimately, it was determined that a joint venture of MOL and China COSCO Shipping would own and operate three out of the 15 ice-breaking LNG carriers committed to the project, and accordingly shipbuilding orders for these ships were placed with Daewoo Shipbuilding & Marine Engineering Co., Ltd in 2014. Out of all the marine transport companies in Japan, we were the only one participating in this project.

Overcoming Obstacles with Comprehensive Strength from Years of Experience

We faced a variety of obstacles in executing this unprecedented project, such as construction of special ships, training of the crew, and financing. For the ship construction, this project required the world's first LNG carriers capable of breaking through ice up to 2.1-meters thick on its own, without the assistance of a separate ice-breaking ship.

Because LNG carriers must keep and carry LNG at -162°C in their tanks, even conventional-type ones require a particularly high level of technical prowess and safety measures compared to other merchant ships. To construct a ship with specifications required to withstand the harsh environment of the Arctic Ocean, even more careful and complicated steps have to be taken. To this end, all parties involved, including the shipyard, worked together from the planning stage to thoroughly uncover all possible risks. From there, we solved each issue through repeated trial and error, examining things from different angles, for everything from the materials to structure.

Crew training was another issue. Navigation through polar waters requires compliance with the Polar Code,* which includes requisite training for crew members. At that time, none of our seafarers had polar sailing experience. Therefore, with the help of the outside partners, we had them complete special training from scratch.

Financing brought its own set of challenges. After concluding the shipbuilding agreement, sanctions against Russia were tightened, which forced us to adopt a different funding structure than we initially planned. However, we were able to achieve it by utilizing our deep well of financing experience across a range of projects.

It was our experience, expertise, and partnerships, accumulated through our many years of taking on challenges, that enabled us to overcome these various obstacles. Without a doubt, the success in this project was the fruit of our comprehensive capability as a marine transport company.

In December 2017, construction of our first ship was completed. The ship was christened the VLADIMIR RUSANOV, after the early 20th century Russian Arctic explorer and geologist. With the same trailblazing energy of its namesake, the VLADIMIR RUSANOV began operation in the Arctic Ocean in March 2018.

* International standards adopted by the International Maritime Organization (IMO) to ensure ship safety and environmental conservation for vessels navigating through polar waters.

Applying Accumulated Expertise to Bigger Challenges

Since the beginning of operation over one year ago, the VLADIMIR RUSANOV has been keeping good working order with no major trouble, and has been accumulating new accomplishments. Further progress is on the horizon, with our second ship having begun operation last year, and the third one set for completion this summer. At the same time, this opens up opportunities for us to apply the expertise acquired from the Yamal LNG project to other areas in the Arctic Ocean in addition to Russia, such as Canada or the coast of Alaska, that have also been confirmed to contain an abundance of resources. The Yamal LNG project was a challenge that took us into uncharted territory. With this accomplishment, we have cleared the path for new possibilities. Leveraging the experience acquired from this project, we will keep driving forward as one of the world's leading marine transport companies.

Tackling the Northern Sea Route

To execute a project amid the cruel environment of the Arctic Ocean, some special specifications had to be installed to the ships and specialized training for the crew had to be arranged. Below are some examples of such preparations.

Special Specifications for the Ships

Double-Acting Ice-Breaking System

One important feature of the ice-breaking LNG carriers to ensure safe and unfailing navigation, even through the thick ice covering the waters of the Arctic Ocean, is the “double-acting ice-breaking system.”

Typically, the ship will navigate ahead through open water and thin ice, but when facing thick ice, it will turn 180° using the double-acting ice-breaking system and proceed astern (backwards). By going astern, it can navigate through thicker ice up to 2.1 meters, as opposed to 1.5 meters with the bow ahead, because the stern is heavier and its shape is better suited for breaking ice. This is the first time that this technology has been adopted in an LNG carrier, and it plays an important role in the safe operation of the ship.



Specialized Training for Navigating the Northern Sea Route

The Polar Code, a set of international standards for shipping in polar regions, is set in place to ensure ship safety and environmental conservation. As we place the highest priority on safety measures for our ship crew, we give training to a broader range of crew members, not just the ones required by the code. Below are a few examples of such training.

On-Land Training for Icy Waters

At the Makarov Training Centre and Sovcomflot Training Centre in St. Petersburg, Russia, crew members acquire essential knowledge for ice navigation, including the characteristics of ice, and usage of ice charts. In addition, crew complete a practical training program for ice navigation maneuvers utilizing simulators at these facilities.

At-Sea Training for Icy Waters

The Polar Code requires that captains and first officers have a minimum of two months of experience aboard a vessel operating in a polar region. We managed to meet this requirement thanks to the cooperation from other companies. Our captains and first officers were given the opportunity to board ships transporting modules and materials for construction of the LNG plant in Sabetta of the Yamal LNG project, which were operated by two Dutch module ship and heavy carrier operating companies, and also atomic ice-breaking ships operated by Russian State shipping company Atomflot.



For Our Sustainable Growth

Special Feature

“This Groundbreaking Project Would Not Have Succeeded without the Hard Work of All Its Crew Members.”

To lead the world’s first ice-breaking LNG carrier project to success, we had to make careful preparations for navigating through a harsh natural environment and operating Arc7 ice-breaking LNG carriers. We had to complete not only ice navigation training as required by the Polar Code but also training for operating a type of propulsion engine with which the Company had no previous experience. Training programs varied from those using simulators to numerous on-site ice navigation training programs at sea. All in all, the thorough preparation spanned two and a half years.

The VLADIMIR RUSANOV is an ice-breaking LNG carrier that is equipped with outstanding specifications for adapting to severe environments and ensuring safety. Still, there are hardships that you only experience during the actual voyages. As we continued to take on new challenges such as ice trials,



Robert G Valentine
Master / VLADIMIR RUSANOV

eastward sailing to Asia, and Ship-to-Ship LNG Transfer operation, we occasionally faced extreme bad weather and ocean conditions. However, thanks to our well-trained crew members who came together to fulfill their duties and the well-designed special equipment onboard such as ice radars, we managed to overcome these challenges. Overall, these voyages were extremely meaningful experience in which we were able to utilize and confirm the effectiveness of our training and the proper functionality of the equipment aboard the vessel.

In closing, I am extremely proud of the fact that I was able to fulfill my duties as a member of this exceptionally challenging and groundbreaking project. The success of the voyage is the direct result of the hard work and efforts of all crew members involved.

“The Project Progressed Smoothly Because We Dealt With Problems before They Appeared.”

Over its first year, the VLADIMIR RUSANOV provided service continuously without halting operations once. This gives me confidence that the project is progressing well. In order to complete construction of this new type of ship on-schedule and according to the required specifications, we held risk assessment meetings with all parties involved, including the shipyard. Starting with the designing stage, we went over every aspect with a fine-tooth comb to figure out the potential risks and their countermeasures. By doing this, we were able to take actions to avoid anticipated difficulties we could face in later stages. In addition, I believe that the relationship with Daewoo Shipbuilding & Marine Engineering that had already been cultivated from other projects we had worked on together previously allowed for an open exchange of opinions at an early stage, which was one of the reasons that the project progressed so smoothly. With regard to the technical aspect, we focused most on ensuring safe and stable operations of the vessel because we all understood that was the biggest issue for an LNG carrier that would navigate along the Northern Sea Route. In the event that the



Yuta Orito
Coordinator, LNG Carrier Project Team
Technical Division, Technology Innovation Unit
Mitsui O.S.K. Lines, Ltd.

ship was to stop in icy waters, not only would this be a danger to the crew members stuck at sea, but the ship would also be unable to keep the cooled LNG in its tanks, as LNG would vaporize even in the cold temperatures of the Arctic Ocean. In a worst-case scenario, this gas would have to be released into the atmosphere. To prevent this kind of situation, we incorporated mechanisms to enhance ship’s mobility, including the “double-acting ice-breaking system” and all the details such as the engine room design. Furthermore, we engaged in detailed dialogues with the crew members who were going to board the ship and incorporated their requests into the ship specifications.

The knowledge and experience we have acquired from this project, from risk assessment to actual operation of the ship is invaluable, as it can only be gained by overcoming new challenges. It will be a strength that we can leverage when taking on new projects and working with other shipyards going forward. I cannot wait to apply this expertise to our next project.

“There Is a Feeling That We Are Making History at This Very Moment.”

I am very proud that we are making important milestones in the Yamal LNG project, which is the very first to transport LNG from the Arctic Circle to the rest of the world. I strongly believe that this project has major social significance in a sense that it made year-round transport of the previously difficult-to-access natural gas locked in the Arctic Circle possible and that use of the eastbound Northern Sea Route greatly reduced transit time and the amount of CO₂ emissions.

One of the key reasons why we got selected for the project was our experience and performance as a marine transport company boasting the world’s largest fleet of LNG carriers with a track record of safe operations. I also feel our attitude to actively having taken part in new overseas projects and the fact of having built mutual trust-based relationships with worldwide partners were taken positively.

To take on this new challenge, there were initially some concerns over the risks within the Company. However, we conducted independent risk assessments on the Northern Sea Route, identified each risk from every aspect including safety, financial, and political factors, and then established fully thought-out countermeasure for each risk. We were able to participate in this project because we finally had everyone on the same page after communicating closely with those within the Company who were skeptical, explaining the feasibility of the project properly and carefully, and earning their understanding.

Be that as it may, as one would expect with an unprecedented project like this one, we faced considerable difficulties along the way. However, with any issue we faced, we were able to eventually overcome it by utilizing our accumulated knowledge and sometimes leveraging our network of outside partners. As an example, we had previous experience working as partners with China COSCO Shipping, our joint venture partner in this project, and with Daewoo Shipbuilding & Marine Engineering, the company responsible for shipbuilding. These existing trust-based relationships were a major help in moving the project forward. As another example, we were able to leverage our Group connections and received cooperation from outside companies to secure opportunities for our crew’s required special training for Northern Sea Route operations. Execution of an LNG transport project requires all aspects of a marine transport company, including risk assessment before participation, negotiations until concluding the charter contract, supervision of shipbuilding, financing, post-construction ship management, and safe operation of the ship. Accomplishing this project, despite the many issues we had to overcome, is truly the result of

the comprehensive strength we have fostered up to this point.

Fortunately, our first ship, the VLADIMIR RUSANOV, has been running well without any major issues. In addition, our second ship began operation last year and our third will be delivered this summer. Operating the world’s first ice-breaking LNG carriers gives us a feeling that we are making history at this very moment. The project is off to an amazing start, but it is just the start. With the utmost care and attention, we will strive for safe navigation and work to create a presence in the Northern Sea Route to be recognized as the top player.



Kazuya Hamazaki
General Manager
Energy Transport Business
Unit, LNG Carrier Division
Mitsui O.S.K. Lines, Ltd.

Stories from Key Members

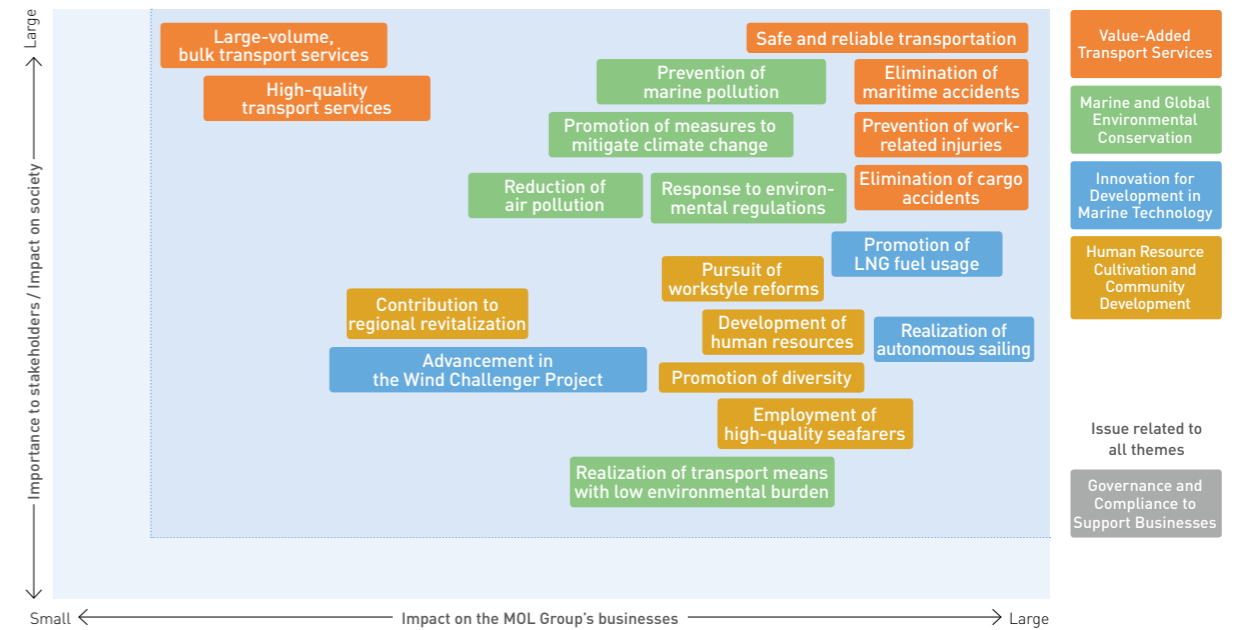
For Our Sustainable Growth

Addressing Sustainability Issues

Overview of MOL's Sustainability Issues (Materiality)

The MOL Group aims to improve its corporate value over the long term by minimizing the negative social impact of its business activities while striving to maximize its social value through contributions to the SDGs and other efforts. For this purpose, we have newly identified Sustainability Issues (Materiality), which are deeply connected with "Rolling Plan 2019."

Process for Identifying Materiality



① Concentrated investment of management resources in the business fields where MOL has strengths, which will mainly be offshore businesses ② Provision of "stress-free services," which MOL will offer from the customer's perspective ③ Promotion of environmental strategies and development of the emission-free business into a core business

Sustainability Issues (Materiality)	Themes / Targets / Goals	Risks (Negative impact in the event the goal on left is not achieved)	Opportunities (Positive impact in the event the goal on left is achieved)	Main SDGs contributed to	Management Plan "Rolling Plan 2019"												
					Three core strategies for realizing the 10-year vision			Five priority areas for development									
					①	②	③	Marine Technical Skills	ICT	Technological Development	Environmental and Emission-Free Business	Workstyle Reforms					
Value-Added Transport Services	<ul style="list-style-type: none"> Safe and reliable transportation Large-volume, bulk transport services High-quality transport services Elimination of maritime accidents Elimination of cargo accidents Prevention of work-related injuries 	<ul style="list-style-type: none"> Slowdown in economic activities and logistics Loss of trust in the Company from society Economic burden and damage to assets due to an accident Risk of casualties as a result of an accident 	<ul style="list-style-type: none"> Contribution to active economic activity and creation of new transport demand Contribution to establishment of energy infrastructure in emerging countries Long utilization of vessels through appropriate ship maintenance, which leads to enhancement of competitiveness Cultivation of operational insight 		●	●	●	●	●	●	●	●	P28				
Marine and Global Environmental Conservation	<ul style="list-style-type: none"> Prevention of marine pollution Promotion of measures to mitigate climate change Reduction of air pollution Response to environmental regulations Realization of transport means with low environmental burden 	<table border="0"> <tr> <td>Climate Change</td> <td> <ul style="list-style-type: none"> Decline in energy transport volume Delay in response to changing transport demand and trade dynamics Obstruction to safe operation caused by extreme climate conditions </td> </tr> <tr> <td>Response to Regulations</td> <td> <ul style="list-style-type: none"> Disruption to vessel operation Loss of trust in the Company from society Economic burdens such as fines and sanctions </td> </tr> </table>	Climate Change	<ul style="list-style-type: none"> Decline in energy transport volume Delay in response to changing transport demand and trade dynamics Obstruction to safe operation caused by extreme climate conditions 	Response to Regulations	<ul style="list-style-type: none"> Disruption to vessel operation Loss of trust in the Company from society Economic burdens such as fines and sanctions 	<ul style="list-style-type: none"> Incorporation of new transport demand and establishment of new transport model that quickly captures changes in cargo movements Development of new sailing routes (Arctic Ocean) 		●		●	●	●	●	●	●	P32
Climate Change	<ul style="list-style-type: none"> Decline in energy transport volume Delay in response to changing transport demand and trade dynamics Obstruction to safe operation caused by extreme climate conditions 																
Response to Regulations	<ul style="list-style-type: none"> Disruption to vessel operation Loss of trust in the Company from society Economic burdens such as fines and sanctions 																
Innovation for Development in Marine Technology	<ul style="list-style-type: none"> Promotion of LNG fuel usage Advancement in the Wind Challenger Project* Realization of autonomous sailing 	<ul style="list-style-type: none"> Obsolescence of existing technologies Inability to respond to shortage of seafarers in the future 	<ul style="list-style-type: none"> Reduction of environmental burden by the widespread use of LNG fuel and the application of natural energy Improved competitiveness of offshore businesses and marine transport Enhanced ability to respond to environmental regulations 		●	●	●	●	●	●	●	●	P36				
Human Resource Cultivation and Community Development	<ul style="list-style-type: none"> Employment of high-quality seafarers Development of human resources Pursuit of workstyle reforms Promotion of diversity Contribution to regional revitalization 	<ul style="list-style-type: none"> Loss of outstanding human resources Decline in productivity 	<ul style="list-style-type: none"> Improvement of human resource competitiveness through recruitment of outstanding talent and improved work productivity Promotion of innovation and response to business opportunities Incorporation of various ideas by attracting a diverse pool of talent from all over the world Economic development and a higher standard of living in emerging countries 		●			●				●	P38				
Governance and Compliance to Support Businesses	<ul style="list-style-type: none"> Adherence to fair business transactions Prevention of bribery and corruption Establishment of information security structure Prevention of harassment Protection of human rights 	<ul style="list-style-type: none"> Business continuity risks due to insufficient governance and internal controls Corrupted corporate culture 	<ul style="list-style-type: none"> Highly transparent and fair management Decision-making based on appropriate risk management 		●	●	●	●	●	●	●	●	●	P42			

* The Wind Challenger Project is a joint industry-academia research project that aims to significantly reduce the amount of fuel consumed by large vessels by maximizing the use of wind power through the installation of massive sail panels on vessels. MOL participates and is promoting the Wind Challenger Project, which commenced in 2009.

For Our Sustainable Growth

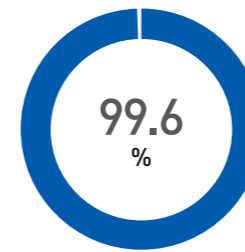
Addressing Sustainability Issues

Value-Added Transport Services



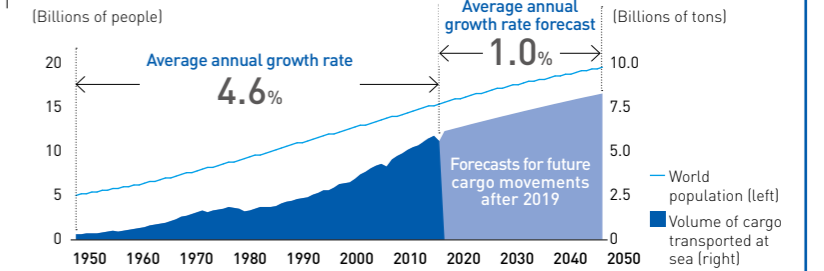
Through the transportation of various goods, such as resources, energy, raw materials, and products, the MOL Group supports people's lives and industries around the world. By continuing to provide efficient, safe, and reliable transport services sustainably, which is the core of our business, we will fulfill our role as an important part of economic and social infrastructure.

Percentage of Marine Transport within Japan's Overall Trade Volume



Source: Japan's Marine Transport Shipping Now 2018-2019, Japan Maritime Public Relations Center

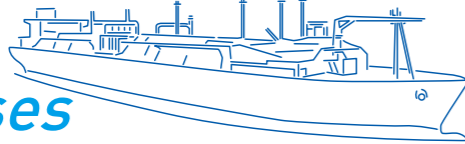
World Population and Volume of Cargo Transported at Sea



Source: Results for cargo movements were taken from Clarksons. Results and forecasts for world population were taken from the United Nations. Forecasts for future cargo movements are based off Company calculations.

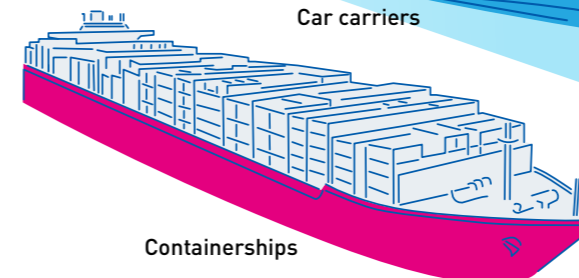
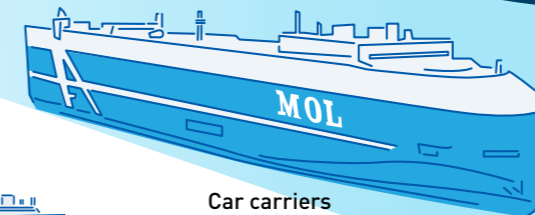
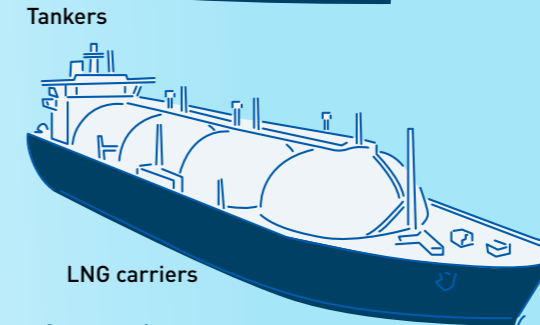
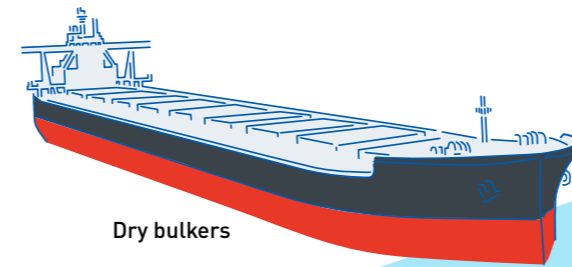
Value that MOL Provides

Offshore Businesses



Drawing on our expertise and techniques cultivated in the field of energy transport through the operation of LNG carriers and tankers, we work to offer solutions beyond transportation, such as FSRUs and FPSOs, to meet the demand for energy primarily in emerging countries.

Based on the track record and expertise we have gained in our over 130-year history, we provide safe and reliable transport services on a daily basis. In addition, through the operation of a diverse fleet that is world-leading in scale, we are able to offer large volume and low-cost transport services for various cargoes.



Customers

Food manufacturers

Paper manufacturers

Iron and steel producers

Electric power companies

Oil companies

Gas companies

Automobile and construction equipment manufacturers

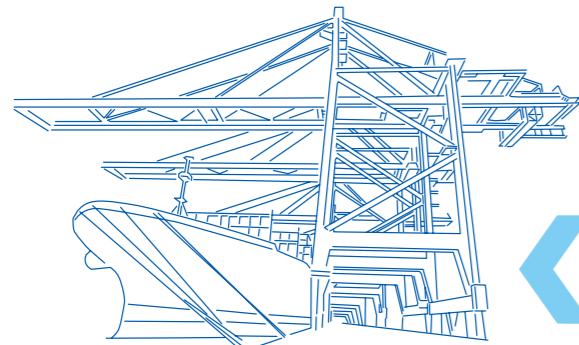
Other manufacturers

Trading houses

Forwarders

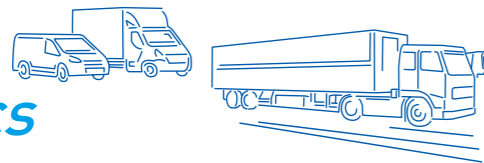
End-consumers

Terminals



We operate container terminals in five locations in Japan and eight locations overseas,* and also provide stevedore services across Japan for car carriers and other conventional cargo ships. Accordingly, we have developed a comprehensive terminal business.

Logistics



Making full use of our wide-ranging network that spans across 27 countries, we deliver a diverse combination of logistics services to our customers, including marine, air, and land transportation as well as customs clearance and warehouse management.

Marine Transport

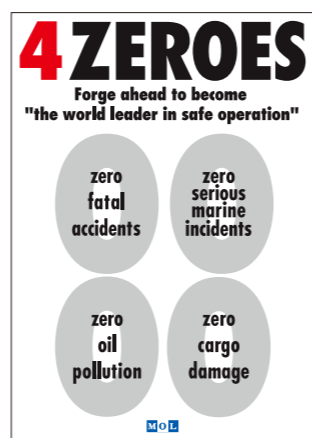
* Overseas container terminal business is scheduled to be transferred to the integrated containership business company, ONE.

For Our Sustainable Growth

Addressing Sustainability Issues
Value-Added Transport Services

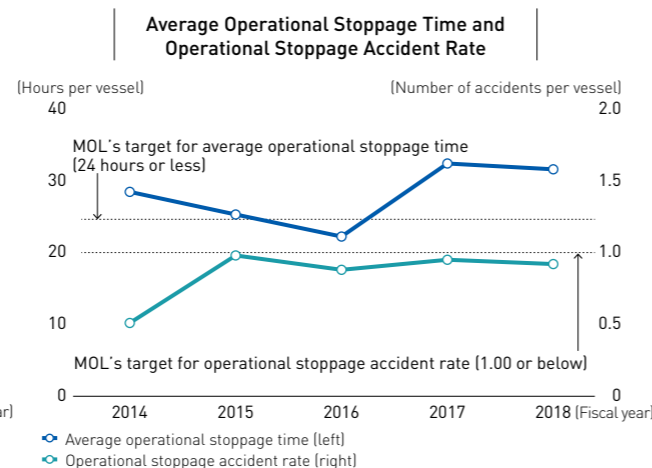
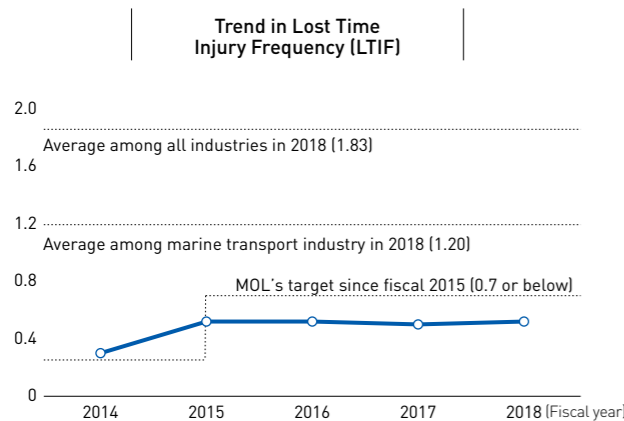
Pursuing Safe Operation That Supports High-Quality Transport Services

In sustainably providing value to society through transportation, the most important element is ensuring reliable safe operation. To visualize the process for achieving safe operation, MOL adopted the "4 Zeroes" (zero serious marine incidents, zero oil pollution, zero fatal accidents, and zero cargo damage) as its goals and monitors the continuous number of days that "4 Zeroes" are achieved. In this way, we are increasing the safety awareness among all employees in their daily duties. In addition to the 4 Zeroes, we have other key performance indicators (KPIs) listed below. For this year in particular, we have adopted "Development of Groupwide safety and quality management" as a focus area under "Rolling Plan 2019" and all corporate officers and employees of the Group are prioritizing efforts to realize the world's highest standards for safe operation.



KPIs Related to the Thorough Enforcement of Safe Operation

1	2	3	4
Continuous achievement of the 4 Zeroes for: <ul style="list-style-type: none"> Serious marine incidents Oil pollution Fatal accidents Cargo damage 	LTIF*1: 0.7 or below	Average operational stoppage time:*2 24 hours or less per vessel each year	Operational stoppage accident rate:*3 1.00 or below per vessel each year



Regarding the above KPIs, in fiscal 2018 we were unable to achieve ① as an accident regrettably occurred where the cargo space of a MOL-operated vessel caught fire. Also, as on the graph above, we were unable to achieve ③.

*1 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. Reference: 2018 average for all industries: 1.83, 2018 average in the marine transport industry: 1.20 [Source: 2018 Survey on Industrial Accidents issued by the Ministry of Health, Labour and Welfare]

*2 The amount of ship operational stoppage time due to an accident per ship per year
*3 The number of accidents that result in operational stoppage per ship per year

Safe Operation Management Structure

The Operational Safety Committee, chaired by the president, deliberates and determines basic policies and measurements for ensuring and thoroughly enforcing the safe operation of all Group vessels.

In addition, we have the Safety Operation Supporting Center (SOSC), which monitors and supports the safety of Group vessels.

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

Organizational Structure Supporting Safe Operation

Executive Committee	Operational Safety Committee	Chairman: President Vice Chairman: Director General of Safety Operations Headquarters
	Safety Operations Headquarters	Marine Safety Division Smart Shipping Division Marine Technical Management Division LNG Marine Technical & Ship Management Strategy Division Ship management companies*

Efforts to Achieve Safe Operations

Formulation of the MOL Safety Standard Specifications

Based on the lessons learned from serious marine incidents that occurred in the past, we formulated the MOL Safety Standard Specifications in 2006 with the goal of ensuring a high level of safety on all our vessels. These standard specifications are revised occasionally as necessary. The kind of specifications a vessel should be equipped with are determined to better ensure the prevention of collision and grounding, fire, flooding and loss of stability, oil leakage at sea and environmental pollution, and workplace accidents, which all have a significant impact on society and on Company profits. We apply such specifications to MOL-operated vessels.

Cultivation of a Safety-Oriented Culture

MOL implements a vast range of initiatives with the hope of fostering an awareness of safe operation in each employee. In our Safety Campaigns, which we conduct twice a year, directors and employees gather together onboard our ships to share information and exchange opinions on accident prevention. Furthermore, we have been holding annual Safety Conferences for seafarers on leave at locations across the globe since 2007. They are important

opportunities to learn about actual accidents and work-related disasters and actively discuss the causes and measures to be taken to prevent reoccurrence.

Establishment of the Safety Operation Supporting Center (SOSC)

The SOSC was established in 2007 within the Head Office under the motto "Never let the captain get isolated." The SOSC is staffed by two marine technical specialists, including an experienced MOL captain. By monitoring the weather, sea, and other conditions surrounding the approximately 830 vessels operated by the MOL Group, the SOSC provides information on vessel operation in a timely fashion.

The SOSC provides assistance to all ship captains 24 hours a day, 365 days a year.



Progress on Autonomous Sailing Using ICT

➡ Please see page 37 for details (examples of MOL's technological innovation).

Response to Allision of the NIPPON MARU in the Port of Guam

In December 2018, the NIPPON MARU, which is operated by Group company Mitsui O.S.K. Passenger Line, Ltd., allied into a pier in the Port of Guam. Following the occurrence, Mitsui O.S.K. Passenger Line received an order from Japan's Ministry of Land, Infrastructure, Transport and Tourism to ensure the safety of its transport services. The company has submitted the reoccurrence prevention measures, which are listed on the right, and its president and responsible officers have all taken pay cuts. The Master and Chief Engineer who were onboard the vessel at the time of the incident have been severely reprimanded in accordance with in-house disciplinary regulations. MOL solemnly recognizes the inadequacies of Mitsui O.S.K. Passenger Line that have been brought to light as a result of this incident, and has reduced the pay of its president and responsible officers. We offer our sincerest apologies for the inconvenience and concern caused to the passengers and all the people affected. We will monitor and

support the measures that Mitsui O.S.K. Passenger Line implements to prevent any such incident from reoccurring. At the same time, we will make concerted efforts for "Development of Groupwide safety and quality management," which was adopted as a focus area for the current fiscal year under "Rolling Plan 2019."

Outline of Measures to Prevent Reoccurrence

- 1. Hold regular trainings to improve operational techniques
-2. Strengthen education on internal alcohol management regulations
- Conduct inspections to prevent employees from working under the influence of alcohol
- Establish an effective safety management structure on its own initiative
- Implement policies to strengthen safety management as a company

➡ Please visit the following website for more details on measures to prevent reoccurrence in response to the order to ensure safety (Only available in Japanese).
<https://www.nipponmaru.jp/news/wp-content/uploads/sites/2/19f37d3ff3180b1ead02a9b720f49d70.pdf>

For Our Sustainable Growth

Addressing Sustainability Issues

Marine and Global Environmental Conservation

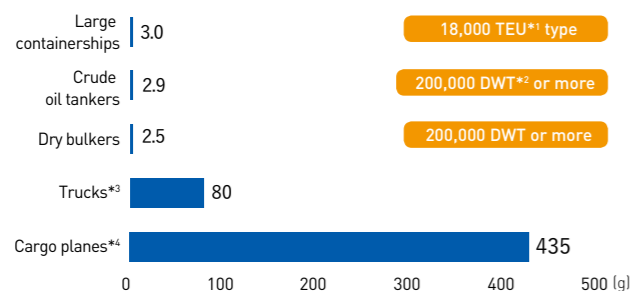


MOL has identified five important themes for the Sustainability Issue of "Marine and global environmental conservation," which are "Prevention of marine pollution," "Promotion of measures to mitigate climate change," "Reduction of air pollution," "Response to environmental regulations," and "Realization of transport means with low environmental burden." We are taking specific measures to address these important themes, such as reducing CO₂, SO_x, and NO_x emissions, thorough ballast water management in order to preserve biodiversity, and selecting vessel demolition yards from a standpoint of the impact to the environment. At the same time, we are examining new initiatives for reducing marine plastics.

To Curtail Greenhouse Gas (GHG) Emissions

Compared with other transportation methods, the amount of CO₂ emissions and air pollutants from marine transport per transport unit is remarkably small because a large volume of cargo can be moved all at once. However, we cannot ignore the fact that marine transport contributes to the overall amount of emissions being

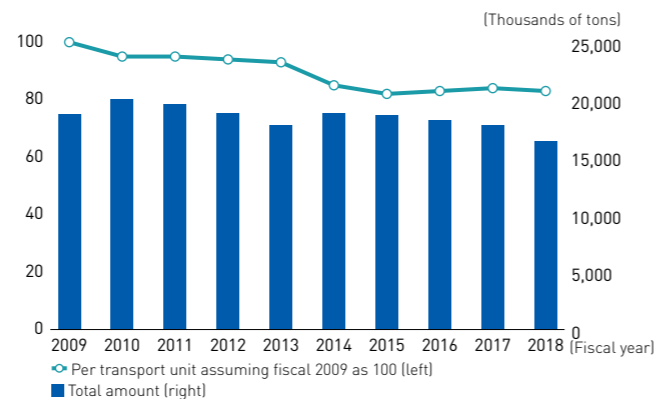
CO₂ Emitted When Transporting One Ton of Cargo One Kilometer



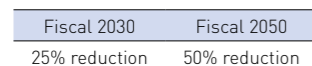
*1 Twenty feet Equivalent Unit *3 Over 40 tons
*2 Deadweight Tonnage *4 Boeing 747
Source: *Challenges in the Marine Transport Industry*, The Japanese Shipowners' Association

released into the atmosphere, having a negative impact on the environment. Accordingly, we have adopted GHG emissions targets under MOL Group Environmental Vision 2030, which was formulated in April 2017, in order to make active efforts to reduce GHG emissions as an eco-minded company.

CO₂ Emissions of MOL Vessels



GHG Emissions Targets under MOL Group Environmental Vision 2030 (Compared with fiscal 2014 / Per transport unit)



In April 2018, the IMO^{*5} determined GHG emissions targets^{*6} in accordance with the Paris Agreement.^{*7} Based on the IMO targets, we are currently considering revisions to our targets as well as concrete measures for achieving these targets.



▶ Please refer to the Environmental Data section on our corporate website for more details.
<https://www.mol.co.jp/en/csr/environment/data/index.html>

*5 The International Maritime Organization (IMO) is a specialized agency of the United Nations established in 1958 to promote collaboration among government agencies on a variety of issues in the maritime field, including marine safety and the prevention of marine pollution by vessels.

*6 At the 72nd meeting of its Marine Environment Protection Committee, held in April 2018, the IMO determined targets for reducing the GHG emissions of international shipping sector. These targets aim to improve fuel efficiency of the sector compared with 2008 levels by 40% or more by 2030, and by 70% or more by 2050. In addition, these targets strive for a 50% reduction in total GHG emissions by 2050, while

encouraging efforts toward eventually eliminating GHG emissions as quickly as possible within the 21st century.

*7 In the Paris Agreement, a long-term target was set for keeping a global temperature rise this century well below 2°C compared with pre-industrial levels. The agreement also aims to pursue efforts to limit the temperature increase even further, to 1.5°C.

*8 The Energy Efficiency Design Index (EEDI) is an index used during the design of a new ship to calculate the ship's theoretical CO₂ emissions on a g/ton-mile basis. The required EEDI reduction rate in each phase is as follows: Phase 1= 10%, Phase 2= 20%, and Phase 3= 30%-50% (depending on type of vessel)

Response to Other Environmental Regulations

SO_x Regulations

SO_x Regulations
The SO_x regulations limit the percentage of sulfur content in fuel in order to curtail the amount of sulfur in gas emissions. Starting in January 2020, the IMO will lower the current limit of 3.5% or less to 0.5% or less.

There are primarily three ways to comply with the tightening regulations: Use compliant oil, install SO_x scrubbers, and use LNG or other alternative fuels. While our approach for the time being focuses mainly on the use of compliant oil, we are examining the best choice for each of our vessels.

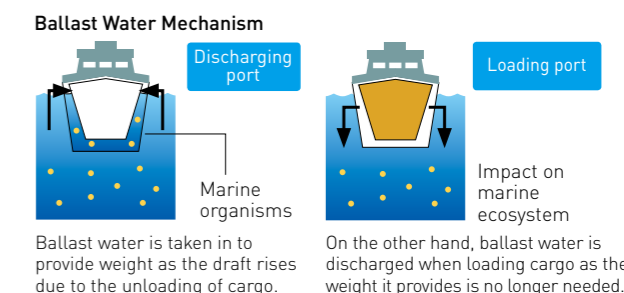
Compliant oil	<ul style="list-style-type: none"> In anticipation of tighter SO_x regulations, we are implementing combustion tests using sample fuels at the MOL Group's technological research centers to confirm performance and stability during use. We also implement trials with actual vessels, such as car carriers and tankers. We are engaging in procurement negotiations with leading suppliers around the world, including major oil companies. In Singapore, which is a major port for bunkering (oil replenishment), we have secured a large part of the necessary amount of compliant oil for all MOL vessels for use during fiscal 2019. Compliant oil costs more than heavy oil, which has been used conventionally. As such, the cost of bunker fuel is expected to rise. We believe that the costs related to environmental initiatives implemented on a global scale is something that should be shared among the whole society. We are working to gain the understanding of our customers for reflecting the additional fuel costs in freights and other fees.
SO_x scrubbers	<ul style="list-style-type: none"> We are installing SO_x scrubbers primarily for larger vessels such as Very Large Crude Carriers (VLCCs) and Capesize bulkers, because such larger vessels can recover the cost of such installation more quickly. It is scheduled that we install SO_x scrubbers on approximately 60 vessels across the Group by 2022, including cases where it is at the request of our customers.
LNG and other alternative fuels	<p>▶ Please see page 36 for our efforts toward LNG-fueled vessels (Innovation for Development in Marine Technology).</p>

Ballast Water Management

Ballast Water Management Convention
The Ballast Water Management Convention highlights the negative impact of the cross-border transfer of foreign marine organisms, which occurs when vessels release ballast water, on marine ecosystems. Under the convention, all vessels are mandated to install ballast water treatment systems by 2024.

In anticipation of the enactment of the Ballast Water Management Convention, adopted by the IMO, we decided to make the installation of ballast water management systems a Companywide policy in fiscal 2014. As of April 2019, we have

completed installation of these management systems on 142 vessels, which is roughly 54% of owned vessels.



Ship Recycling

Ship Recycling Convention
The Hong Kong International Convention for the Safe and Environmentally Sound Recycling of Ships (Ship Recycling Convention) was adopted by the IMO in May 2009. The convention is not yet in effect as it is still in the ratification process in each country. However, after its implementation the Ship Recycling Convention will require inventory lists showing the quantity and location of hazardous materials on ships.

When we demolish a ship, we select yards that are verified by ClassNK* for compliance with the Ship Recycling Convention. In addition, we are working on making inventory lists in accordance with the Ship Recycling Convention.

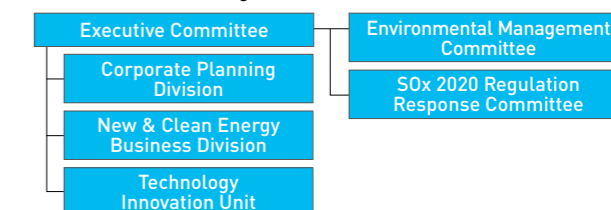
* Nippon Kaiji Kyokai, or ClassNK, is an international ship classification society. ClassNK carries out vessel surveys and also examines and monitors vessels in operation and issues certificates of vessel classification.

Environmental Management Structure

Environment-related policies were previously discussed at meetings of the Technology, Innovation and Environment Committee, the CSR Committee, or others. In April 2019, we established the Environmental Management Committee, which serves under the Executive Committee and is chaired by the vice president, to confirm important management issues to address and strengthen necessary efforts. In addition to formulating environmental targets and monitoring progress made toward reaching these targets, the Environmental Management Committee will be in charge of

promoting environmental and emission-free businesses, which we aim to establish as core businesses in the future.

Structure for Promoting the Environmental Initiatives



For Our Sustainable Growth

Addressing Sustainability Issues

Marine and Global Environmental Conservation

Our Efforts to Address Environmental Issues

In the management plan announced in fiscal 2017, we set our goal to develop environmental and emission-free businesses into core businesses in the future. Since then, we have proceeded with various efforts to achieve this goal. Over the past three years, a total of ¥18.4 billion has been invested in environment-related areas.

Environmental Investments	(Billions of yen)		
	Fiscal 2016	Fiscal 2017	Fiscal 2018
Environment-related R&D activities	0.4	0.5	0.9
Utilization and expansion of existing environmental technologies	0.5	0.8	1.8
Responses to environmental regulations	3.1	3.1	3.6
Initiatives to save bunker fuel	1.1	0.8	0.6
Initiatives of Group companies	0.3	0.5	0.4
Total	5.4	5.7	7.3

Progress in Environmental and Emission-Free Businesses

We have adopted "Promotion of environmental strategies and development of the emission-free business into a core business" as one of the three core strategies under "Rolling Plan 2019."

We are taking an approach toward establishment of environmental and emission-free businesses as the pillar for the next generation from four different perspectives: Renewable energy business, Alternative fuel business, CO₂ emissions reduction business, and Environmental value creation business.

● Fields where MOL is already involved in ○ Potential fields for MOL's involvement

Renewable Energy Business

Generate and deliver eco-friendly electricity

● Offshore wind power generation / ● Biomass power generation / ○ Solar power generation
In March 2017, we invested in Seajacks International Limited, which owns and operates Self-Elevating Platform (SEP) vessels used for installation of offshore wind power generation systems, thereby entering the renewable energy business. Going forward, we will continue to contribute to the progression of the renewable energy field.



Alternative Fuel Business

Utilize and transport using innovative fuels

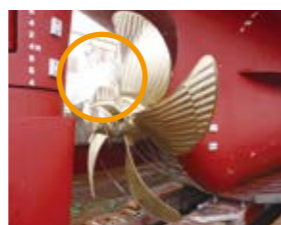
● LNG fuel supply / ● LNG-fueled vessels / ● Methanol-fueled vessels / ● Biomass fuel / ○ Hydrogen transport
Progress in LNG-fueled vessels

➡ Please see page 36 for details (Innovation for Development in Marine Technology).

CO₂ Emissions Reduction Business

Support emissions reductions

● PBCF / ● Utilization of wind power as energy (for vessel propulsion) / ● Northern Sea Route / ● LNG to Powership / ○ CO₂ capture and storage (CCS) / ○ Sale of highly energy-efficient equipment (storage batteries, LED lighting, etc.)
Propeller Boss Cap Fins (PBCF) is a kind of propeller attachment jointly developed by MOL, Akishima Laboratories (Mitsui Zosen) Inc., and MOL Techno-Trade, Ltd. that helps reduce the resistance to ship propulsion. In 2017, MOL Techno-Trade commenced sales of an upgraded version of PBCF, which has been confirmed to reduce a vessel's fuel consumption by 5% compared to a ship without a PBCF.



Navigation of Northern Sea Route

➡ Please see page 20 (Special Feature) for details.

Environmental Value Creation Business

Create value from environmental activities themselves and conduct related trading activities

● Green finance / ○ Investment in energy-saving and renewable energy venture companies / ○ Emission rights businesses (Sale of carbon offsets)

In fiscal 2018, we issued a total of ¥10.0 billion in Green Bonds for the purpose of raising funds for our green projects, ¥5.0 billion of which sold to individual investors for the first time as a Japanese company.

In addition, in July 2019 we plan on issuing a total of ¥20.0 billion in Sustainability Bonds, which extends the usage of the funds to projects that address issues related to the SDGs.

Participation in Task Force on Climate-related Financial Disclosures (TCFD)

We endorse the recommendations of the TCFD.

Scenario Analysis

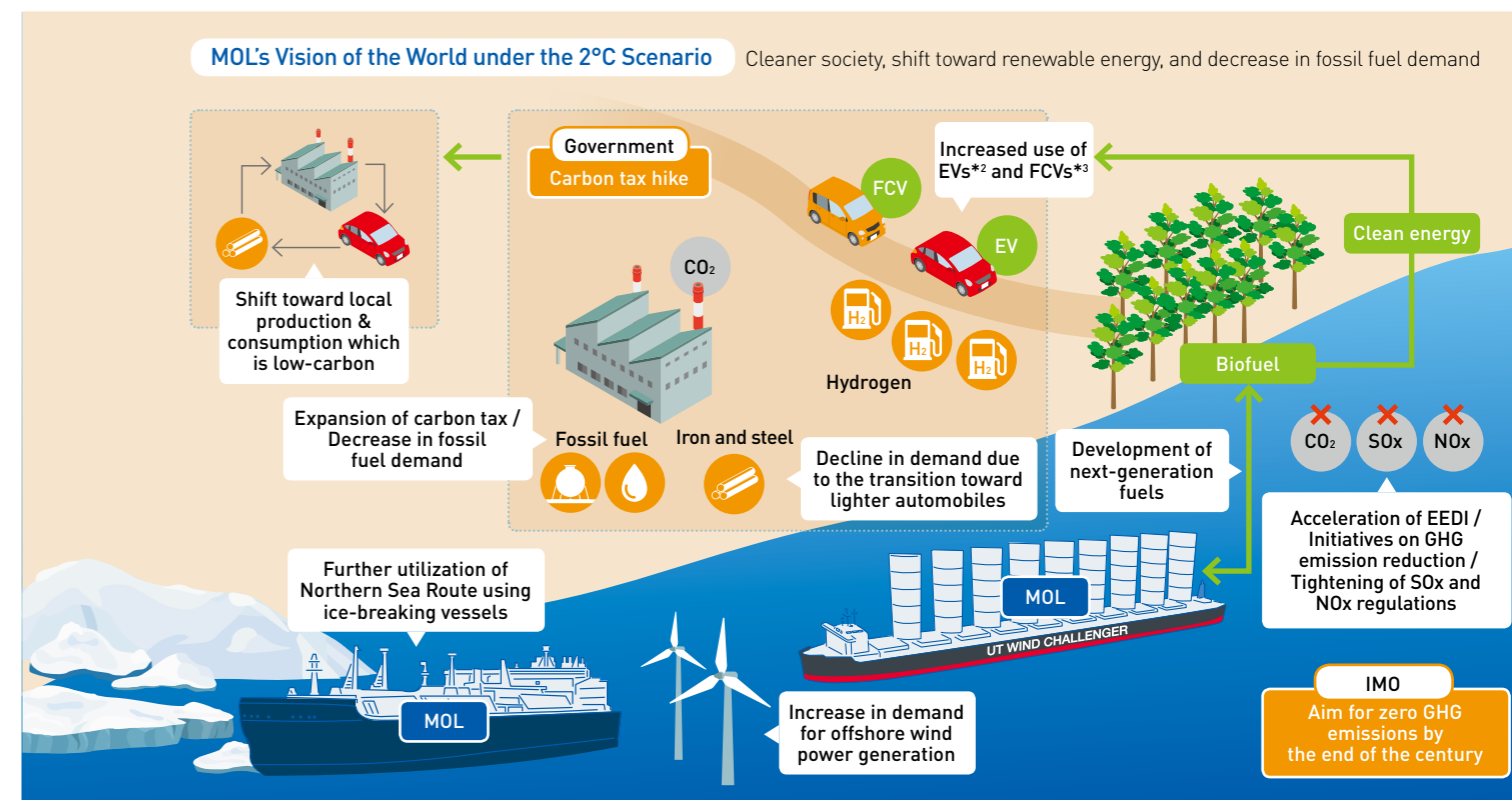
In 2018, with the support of the Ministry of Environment and under TCFD recommendations, we conducted scenario analysis on a trial basis where we incorporated climate-related risks and opportunities into our management strategies. In this trial, we made an estimation of transport volumes, fleet demand, and other factors under the 2°C and 4°C scenarios.*1 In doing so, we examined the impact of higher temperatures on our businesses and measures we can implement going forward. More details of our analysis are available in the *Practical Guide*

for Scenario Analysis in Line with TCFD Recommendations, which was published by the Ministry of the Environment.

Based on the insight we have gained through this trial, we will further deepen our scenario analysis, impact evaluation, and examination of future measures, and work to reflect the results in our management strategies.

*1 Climate scenarios announced by such organizations as the International Energy Agency (IEA) and the Intergovernmental Panel on Climate Change (IPCC). The 2°C Scenario is a scenario in which the necessary measures are implemented to control temperature increases to 2°C or less. The 4°C Scenario is a scenario in which economic initiatives and additional measures to address climate change are not implemented.

➡ For more details, please see pages 39–49 of the *Practical Guide for Scenario Analysis in Line with TCFD Recommendations* (Only available in Japanese).
http://www.env.go.jp/policy/Practical_guide_for_Scenario_Analysis_in_line_with_TCFD_recommendations.pdf



*2 Electric Vehicles *3 Fuel Cell Vehicles

Future Measures to Mitigate Climate Change

Soft measures	<ul style="list-style-type: none"> Impose output limits on ship's main engine to curtail CO₂ emissions / Conduct further slow steaming Enhance operational efficiency by keeping the fastest route and optimal trim using the Internet of Things (IoT)
Hard measures	<ul style="list-style-type: none"> Install energy-saving equipment in new and existing vessels Construct LNG-fueled vessels Promote the Wind Challenger Project Expand joint industry-academia research and R&D investment aimed at next-generation fuels, such as biofuel, as well as technological innovation of ships
Business portfolio change	<ul style="list-style-type: none"> Expand renewable energy businesses such as offshore wind power generation and related businesses Further develop offshore businesses such as FSRUs, which promote the use of eco-friendly LNG fuel, and the LNG-to-Powership business
Response to climate-related regulations and conditions	<ul style="list-style-type: none"> Collaborate with related organizations to get involved in the formulation of rules at IMO Collect information on carbon pricing and take action accordingly Strive to deepen society's understanding regarding the higher costs that come with efforts to reduce CO₂ emissions

For Our Sustainable Growth

Addressing Sustainability Issues

Innovation for Development in Marine Technology



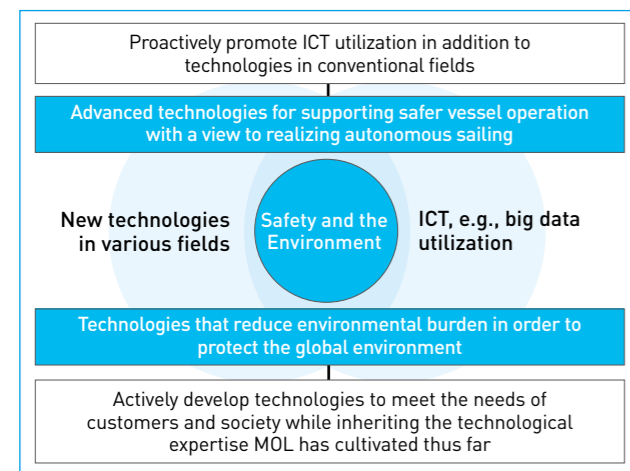
To realize the 10-year vision, the MOL Group has established the three core strategies, including "Provision of 'stress-free services,' which MOL will offer from the customer's perspective" and "Promotion of environmental strategies and development of the emission-free business into a core business." With a view to executing these strategies, we are promoting technological development using natural energy and information and communications technology (ICT).

Basic Policy on Technological Innovation

For technological development in the marine industry, the focus had been on underlying technologies for the parts of ship. In recent years, the potential has expanded further due to the rapid development of ICT such as IoT and big data.

Centered on the ISHIN NEXT—MOL SMART SHIP PROJECT,

which commenced in November 2016, we aim to spur logistics innovation that captures the future needs of customers and society through both ICT and Technological Development, two of the priority areas for development adopted under our management plan.



Our Goals

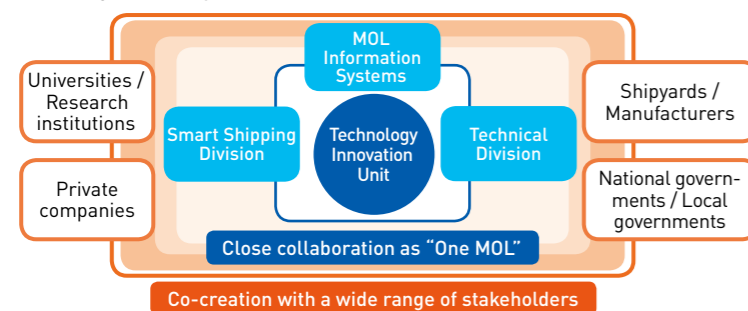
1 Eliminate human error and achieve safe operation by leveraging automated technologies	Autonomous Sailing
2 Develop eco-ships using natural energy	Wind Challenger Project
3 Develop vessels using alternative fuels that help reduce CO ₂ emissions	LNG-Fueled Vessels
4 Expand the installation of equipment for collecting vessels' operational data and create next-generation types of ship management support systems	FOCUS Project
5 Provide technological solutions for issues related to logistics services	

Structure for Accelerating Technological Innovation

We established the Technology Innovation Unit in April 2018 with the goal of stepping up our efforts in technological development. The unit comprises three organizations: the Technical Division, which is in charge of managing and developing technologies from hard aspects of the vessels; the Smart Shipping Division, which is in charge of marine-related ICT; and MOL Information Systems, Ltd.,

a Group company responsible for providing Groupwide IT support. These three organizations collaborate to promote the development of next-generation technologies. Additionally, in the ISHIN NEXT—MOL SMART SHIP PROJECT, the Technological Innovation Unit actively pursues inter-industry collaboration with external institutions, including the Wind Challenger Project.

Technological Development Platform



Examples of Technological Development through Co-Creation with External Institutions

- Forecast for dry bulker movement
- Market estimations for dry bulks
- MOL Light House
- Wind Challenger Project
- FOCUS Project
- Autonomous sailing
- Cameras to monitor loading and unloading operation
- Support systems for Northern Sea Route sailing
- Support software for VLCC's loading and unloading operation

Examples of MOL's Technological Development

Achievement of Safe Operation through Pursuing Autonomous Sailing

Autonomous sailing is one of the projects we are working on in the ICT area, a priority area for development under management plan. By promoting ICT utilization based on the marine technical skills that we have gained over our long history, we are working to prevent human errors, which are the majority cause of maritime accidents, and help ensure the appropriate recognition, decision-making, and

operation by crew members. In these ways, we are striving to provide safer and more high-quality transport services.

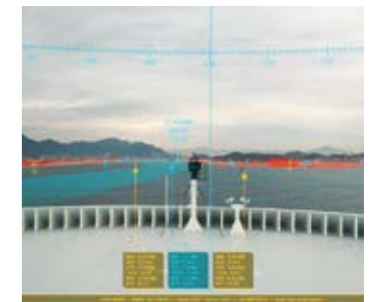
Currently, we are considering technological development for supporting vessel operation in congested sea areas and arrival / departure maneuvering as one of the utmost priorities. To that end, we are working to achieve the mechanization of watch-keeping and vessel operation, as well as auto berthing and un-berthing.

Current Progress

- Development of navigation system using AR*1 technology that provides visual support to crew members during their watch-keeping and vessel's operations
The system integrates real-time video images from the bridge camera with other vessels' information from the AIS**2 and radar (ship type, size, position, direction, speed, etc.), and displays on tablets and screens (pictured on right).
- Research and development toward creating algorithm for avoiding areas where the risk of collision is high
- Promotion of the Auto Berthing and Un-Berthing Demonstration Project (with the goal of implementing a demonstration test in 2020)

Future Targets (After 2025)

- Automatic Watch-Keeping
- Vessel's Automatic Operation
- Complete Auto Berthing and Un-Berthing



*1 The technology that integrates digital information with the real world and superimposes computer-generated images on the user's view in the real world.
*2 The Automatic Identification System that is used to share vessel and voyage information between ships.

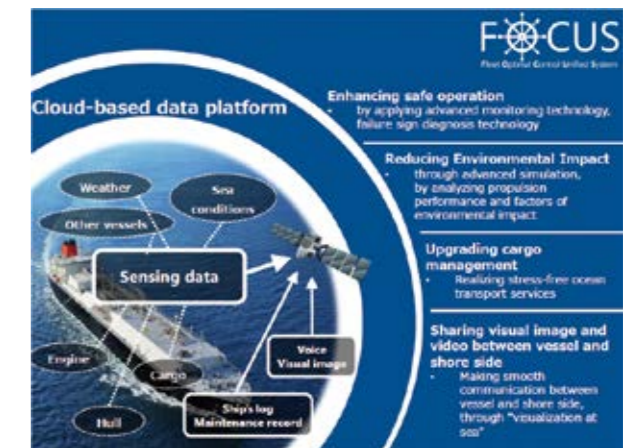
Release of FOCUS Project Part I "Fleet Viewer" Application—Aiming for the Visualization of Marine Operations

In order to realize the visualization of marine operations through enhancing collection and utilization of vessel operation data, we are promoting FOCUS Project jointly with Mitsui E&S Shipbuilding Co., Ltd. and Weathernews Inc.

By utilizing voyage and engine data collected from approximately 150 vessels, we are developing applications for more advanced vessels' operation monitoring and propulsion performance analysis. In doing so, we aim to strengthen the safe operation and reduce the environmental burden in marine transport. In May 2019, we launched "Fleet Viewer," an application geared toward reinforcing vessel management, as Part I of the FOCUS Project. "Fleet Viewer" collects nearly 6,000 sensing data at a high frequency (one-minute intervals) including the operational status of all equipment, vessel position, and ocean and weather information. All data is shared among vessels and various locations on shore.

As Part II of the FOCUS Project, we plan on releasing a new

application around October 2019. This application will visualize the degradation of ships over time as well as the impact of ships on the environment, both of which are difficult to assess from shore. In these ways, we will strive to leverage ICT utilization in an even more sophisticated manner.



Commencement of Service of the LNG-Fueled Tugboat ISHIN

LNG fuel is a clean energy source which gives off less CO₂ and SO_x emissions compared with fossil fuels. Amid growing environmental awareness around the world, global demand for LNG fuel is expected to increase significantly. Accordingly, we have been working to develop LNG-fueled vessels. As a fruit of these efforts, we commenced service of the LNG-fueled tugboat ISHIN in fiscal 2018.

ISHIN is Japan's first tugboat built to conform to the IGF Code.* Moreover, its excellent environmental performance earned the top rating of four stars under the Ministry of Land, Infrastructure, Transport and Tourism's energy-saving rating scheme for Japan's coastal ships. With its ability to navigate at high speeds, ISHIN offers

escort services to large cargo ships sailing Osaka Bay and the Seto Inland Sea. ISHIN also assists arrival and departure maneuvering at ports. We will accumulate the know-how through ISHIN's operation to enhance our Groupwide expertise on LNG-fueled vessels.

MOL takes a proactive approach in popularizing the use of LNG fuel to meet the environmental needs of our customers and society.

* The IGF Code stands for the International Code of Safety for Ships Using Gases or Other Low-Flash Point Fuels. The code establishes safety requirements for vessels that run on gas and low-flashpoint fuels, and took effect on January 1, 2017.



For Our Sustainable Growth

Addressing Sustainability Issues

Human Resource Cultivation and Community Development



Human resources are the driving force for the Group's growth and what underpin our brand and reliability. We aim to achieve sustainable growth based on MOL CHART, the values shared by all Group members worldwide, and by creating an organizational culture that allows a diverse group of human resources from different backgrounds, including nationality and gender, and with varying attributes to work positively and lively. Furthermore, by offering opportunities for professional education by in-house educational institutes located in countries such as the Philippines and providing stable employment, not only will we secure top-quality seafarers that are indispensable to the Group's operations, we will also contribute to the economic and industrial development of emerging countries.

Basic Policy on Human Resource Development

Developing human resources, which act as the source of our added value, and ensuring diversity are two important issues to address in order to realize our 10-year vision to "Become a Group of Business Units with No. 1 Competitiveness in Respective Areas." In the development of Group human resources, our goal is to cultivate human resources with

personal initiative and a sense of responsibility who can create new value and play an active role in the global market. To realize this goal, we provide training programs that support the growth of each employee while at the same time create an environment that brings out the full potential of our diverse human resources and allows them to work energetically.

Fostering an Organizational Culture Based on MOL CHART

To operate the wide range of MOL Group businesses on a global scale, we have been proactively employing people of different nationalities and backgrounds. Nowadays, in a time of significant changes in the external environment, it is becoming increasingly important that we have a group of people that are diverse not only in terms of nationality and gender but also in how they view and approach different situations. We can keep creating value only when such diverse people collaborate in a way each member extends his or her unique capabilities to the fullest. With that said, in order to continuously enhance our corporate

value on a Groupwide level, it is imperative to establish shared values that we cherish as a group to overcome the regional, linguistic, and cultural boundaries. Therefore, we formulated MOL CHART in April 2015 as a set of values that are to be embraced by all Group members. By instilling MOL CHART in all domestic and overseas Group employees, as well as in all crew members on our vessels and making it the foundation on which each employee makes decisions, we are fostering a corporate culture that further ensures compliance, enhances safety awareness, and promotes the creation of new value.



Challenge

Honesty

Accountability

Reliability

Teamwork

- Innovate through insight
- Do the right thing
- Commit to acting with a sense of ownership
- Gain the trust of customers
- Build a strong team

Efforts toward Human Resource Development

With a goal to cultivating human resources with personal initiative and a sense of responsibility who can create new value and play an active role in the global market, we promote the growth of each employee by offering a wide variety of training programs based on position and category of skills. These programs include onboard training for young employees, which aims to deepen

their knowledge of vessels and operations, in addition to enhancing their awareness of safety through firsthand experiences on the frontlines. They also include the One MOL Global Management College, which is designed to develop management executives for the next generation.

	Staff	Coordinators	Team Leaders	General Managers
Development of human resources who are globally active <small>Optional</small>	MOL BEST (English training) <small>Required</small>			
	Global business skills			
	Training programs before overseas transfer			
Strengthening of fundamental skills Business skills, accounting, legal affairs, and training programs in agencies <small>Optional</small>	Chinese-language courses			
		Long-term overseas training		One MOL Global Management College <small>Selection-based</small>
		Short-term overseas training		
Enhancing the ability to train team members <small>Required</small>	Practical training at in-port agency	Onboard training	Accounting, presentations, logical writing, and facilitation	
	Reading contracts in English			
	Fostering of safety awareness			
Development of management executives and leaders <small>Optional Selection-based</small>			Coaching skills	Employee evaluations
		Business strategies <small>Optional</small>	ISL leadership training (fostering innovative leaders) <small>Selection-based</small>	
			Management School <small>Selection-based</small>	One MOL Global Management College <small>Selection-based</small>
ICT literacy <small>Optional</small>	ICT literacy			
	Excel skills			
Extension lectures, etc. <small>Optional</small>	Promoting diversity			
	Mitsui Jyuku (an exclusive training program for senior employees in Mitsui Group companies)			
	Public programs, correspondence courses, and extension lectures, etc.			

Founding One of the Largest Maritime Academies in the Asia-Pacific Region

In August 2018, we opened one of the largest maritime academies in the Asia-Pacific region, MOL Magsaysay Maritime Academy Inc. (MMMA), in the Philippines.

Filipino seafarers, comprising approximately 70% of all Group crew members, serve as the core workforce on our operating vessels. To date, we have co-managed the Magsaysay Institute of Shipping (MIS), which aims to develop Filipino crewmembers that can support our high safety standards. At MIS, we conduct onboard training using a training vessel dedicated to the institute. In addition, based on the Academia-Industry Linked Program (AILP) promoted by the Philippine government, we implement a cadet training curriculum at MIS named "Third-Year Program," which involves education and training at Company facilities for students selected from partner maritime schools. At the recently opened MMMA, we accept a maximum of 300 students per year and endeavor to turn out high-quality seafarers stably and continuously based on the track record and insight we have gained from managing the MIS. We expect the graduates of MMMA to not only succeed onboard but also become personnel that can lead our organization in various fields, including safety management, voyage management, and technical support for sales divisions.

We have thus far worked on employee training through the establishment and operation of training centers that allow our crew members to acquire technical operation skills and receive pre-boarding training. One important characteristic of the MMMA is that,

as an academy, it allows us to provide education to students before they become seafarers. In addition to ship operating techniques, the MMMA emphasizes fundamental education, the ability to think logically, and a strong sense of discipline. Based on such policy, the MMMA aims to develop human resources that can someday lead the future of the Philippines itself. At the inauguration ceremony for the MMMA held in September 2018, we welcomed around 700 guests, including Secretary of the Department of Transportation Arthur Tugade, Senator Grace Poe, and H.E. Koji Haneda, the Japanese Ambassador-designate to the Republic of the Philippines. Through the MMMA, we will aspire to develop outstanding human resources who can handle safe operation at a world-class level while at the same time offering high-quality education and creating stable employment. In these ways, we will contribute to the development of local communities.



For Our Sustainable Growth

Addressing Sustainability Issues

Human Resource Cultivation and Community Development

Creation of an Environment That Draws Out Employees' Capabilities to Their Full Extent

Promoting "Workstyle Reforms"

We have established "Workstyle reforms" as a priority area for development under our management plan. The aim of these reforms is to enhance competitiveness of our human resources and accelerate innovation through a corporate culture that supports employees to work in a lively manner. To achieve our 10-year vision, we must execute our work procedures with a high level of efficiency, encourage creative thoughts that are not constrained by conventional ideas, and promote a culture and organization that can spur such creativity. In September 2016, we established the Improvement of Work Efficiency Committee, which is chaired by the president. Centered on this committee, we have been making various efforts in four focus areas—personnel system reforms, corporate culture reforms, workplace / workstyle reforms, and operational reforms—in order to enhance productivity and create time to pursue innovation that transcends conventional frameworks. At the same time, we endeavor to achieve a corporate culture where each employee can work with satisfaction and motivation.



Brand new open-plan style pilot office on the fifth floor of our Head Office where employees choose desk by drop-in basis

Four Areas of Focus for Reforming Workstyles

1 Personnel system reforms

Introduced a new structure for the personnel system in fiscal 2018 based on the following principles

- Establish a system that supports earlier identification and cultivation of managers who will lead the organization with accountability and initiative
- Diversify the range of career paths to develop or secure specialists and give employees with various backgrounds more opportunity for accomplishment

2 Corporate culture reforms

- Conduct round-table conferences named "HOT Dialogue" to enhance communication between the president and each division and between the general managers, etc.
- Provide company support for employees gatherings across divisions
- Prepare discussion board for all employees on in-house social network application
- Implement No Overtime Days
- Introduce Casual Every Day
- Encourage male employees to take childcare leave

3 Workplace reforms

- Introduce a remote work program
- Create space by reducing the amount of paper documents and establish employee lounge area for more communication
- Introduce a pilot office where employees are free to choose desk by drop-in basis and start to measure effects of such office

4 Operational reforms

- Promote the use of robotic process automation (RPA)
- Provide facilitator training to teach employees the skills needed to manage meetings better
- Introduce large touchscreen displays (Surface Hub) to improve meeting productivity
- Start the Paper OFF! Project, which aims to significantly reduce the amount of paper documents

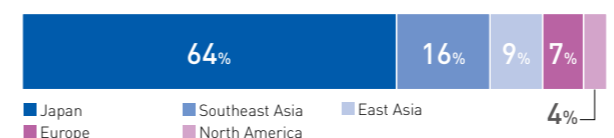
Promoting Diversity and Inclusion

The MOL Group positions the promotion of diversity as an important management strategy in order to continue to be a dynamic and innovative organization that can flexibly respond to changes in the external environment and realize sustainable growth.

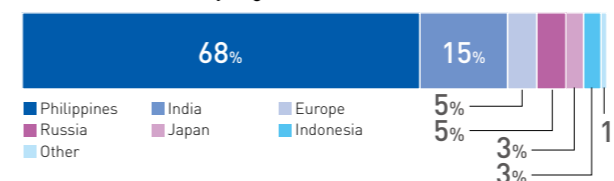
We provide various forms of support and are working to establish an environment that allows each of the approximately 15,000 multinational employees and seafarers working in the Group to maximize their abilities and play an even more active role, regardless of differences in experience, values, life stages,

and attributes. We established the Diversity and Healthcare Management Office in the Human Resources Division in 2017 (currently the Diversity and Healthcare Management Team), thereby creating a system to more intensively carry out these efforts. Moving forward, we will improve our working environments so that employees of various nationalities and from different backgrounds can contribute to the greatest extent possible. By doing so, we will enhance the comprehensive strengths of the Group.

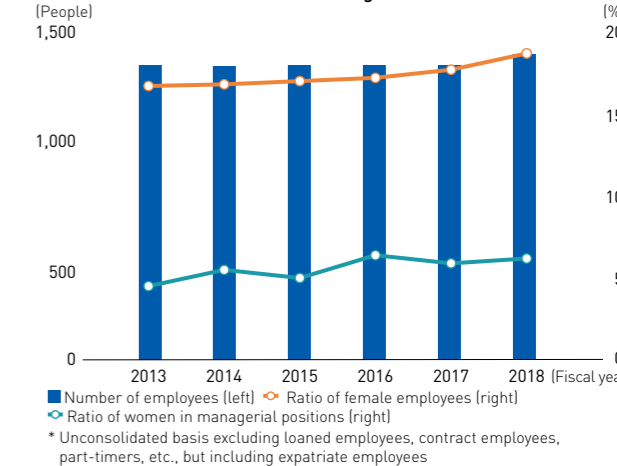
Ratio of Employees by Region (Consolidated)



Ratio of Seafarers on Company-Operated Vessels by Region (Consolidated)



Number of Employees / Ratio of Female Employees / Ratio of Women in Managerial Positions*



Recruitment of an Athlete

MOL recruited its first athlete in 2016, hiring wheelchair rugby player Kae Kurahashi. She balances both office work and athletic activities, working for the Human Resources Division two days a week (including one day of remote work) and practicing three days a week.

MOL Group executives and employees eagerly support Ms. Kurahashi who participates in both domestic and international competitions and always delivers an outstanding performance including a victory in the World Championships in August 2018 as a member of the national team.

In 2017, MOL signed an official sponsorship agreement with BLITZ, Ms. Kurahashi's wheelchair rugby team. In 2018, we became an official partner of the Japan Wheelchair Rugby Federation.

In addition to helping to promote the expansion of wheelchair rugby, we will work to foster an environment that encourages our diverse employees to play active roles inside as well as outside the Company.



Kae Kurahashi
Human Resources Division
Diversity and Healthcare
Management Team

Promoting Health and Productivity Management

We believe that ensuring the safety and health of our employees and creating a work environment, including on vessels, where they can work with peace of mind provides the foundation for our corporate activities.

Based on this belief, centering on the Diversity and Healthcare Management Team, the Company spearheads efforts to provide a wide range of support and establishes an environment that enables each and every employee to maintain and improve their mental and physical health and work with energy and motivation. These efforts were evaluated highly, with MOL being selected as a "White 500 Company" in the large enterprise category of the 2019 Certified Health and Productivity Management Organization Recognition Program, a cooperative initiative by Japan's Ministry of Economy, Trade and Industry (METI) and Nippon Kenko Kaigi.



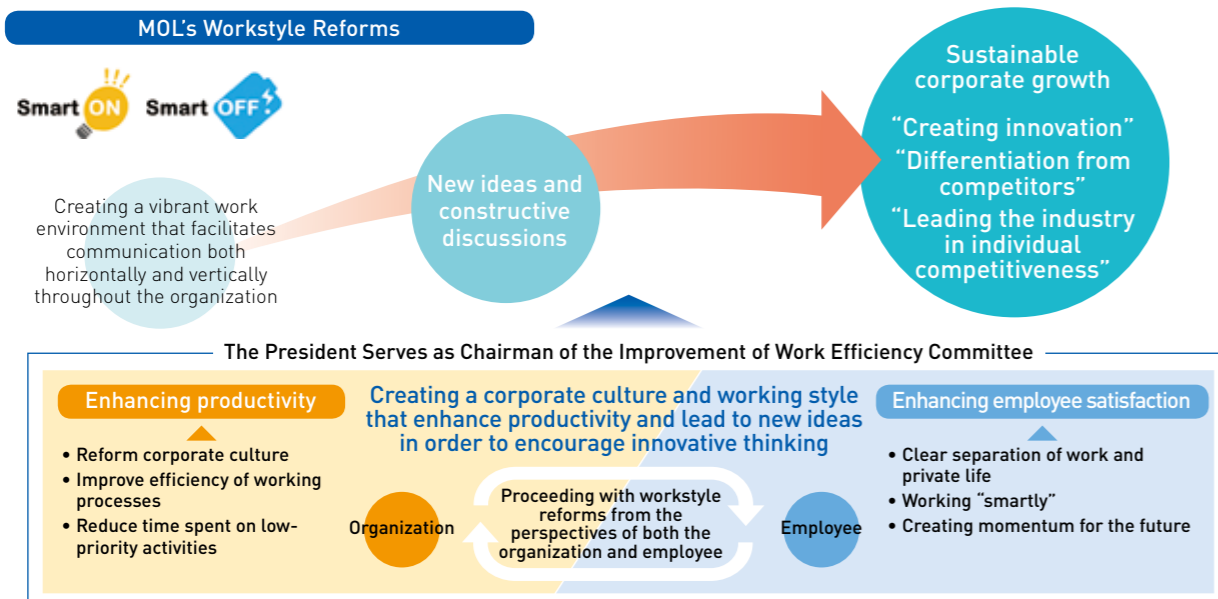
Key Initiatives in Health and Productivity Management

- In collaboration with workstyle reforms, formulate "Smart Work Plans" for each division to reform workstyles, correct the issue of long working hours, and achieve a work-life balance with the goal of creating time for generating new value
- Provide the mental and physical support of all employees—including onboard and overseas employees—through collaboration between the Human Resources Division and occupational health physicians, in-house doctors, clinical psychologists, and public healthcare nurses
- Conduct mental health consultations at major locations in Japan and introduce a web-based mental health self-check tool
- Organize health courses and campaigns on themes such as quitting smoking, stretching, walking, and sleep and eating habits, thereby promoting employee health awareness
- Implement the "Breakfast Campaign" that provides breakfast at the employee cafeteria during summer to help improve work efficiency and health
- Adopt "MOL Body Fit Exercise," a unique calisthenic exercise routine that supports the health of ocean-going employees, as well as nutrition improvement projects on MOL's fleet



For more information regarding our health and productivity management initiatives, please visit the website below.

<https://www.mol.co.jp/csr/hr/health/index.html>



Dialogue between the Outside Directors

Hideto Fujii
Outside Director

Etsuko Katsu
Outside Director



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

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

Evaluation of MOL's Governance

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

For Our Sustainable Growth

Dialogue between the Outside Directors

Evolution of Governance to Accelerate Growth through Reinvention

Reinforcement of Risk Management during This Period of Change

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

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

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

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

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



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



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

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

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

ESG Initiatives to Ensure Sustainability

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

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

contribute more extensively to social activities such as education.

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

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

(As of June 25, 2019)



Junichiro Ikeda Born 1956
Representative Director

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

Shizuo Takahashi Born 1959
Representative Director

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

Takeshi Hashimoto Born 1957
Representative Director

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

Akihiko Ono Born 1959
Director

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

Takashi Maruyama Born 1959
Director

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

Hideto Fujii (Independent Officer)
Outside Director

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

Etsuko Katsu (Independent Officer)
Outside Director

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

Masaru Onishi (Independent Officer)
Outside Director

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

Kenji Jitsu Born 1960
Audit & Supervisory Board Member

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

Toshiaki Takeda Born 1964
Audit & Supervisory Board Member

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

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

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

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

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

For Our Sustainable Growth

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

Executive Officers

Junichiro Ikeda

President, Chief Executive Officer

Shizuo Takahashi

Executive Vice President, Executive Officer

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

Takeshi Hashimoto

Executive Vice President, Executive Officer

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

Akihiko Ono

Senior Managing Executive Officer

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

Takashi Maruyama

Senior Managing Executive Officer

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

Yoshikazu Kawagoe

Senior Managing Executive Officer

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

Koichi Yashima

Senior Managing Executive Officer

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

Toshiaki Tanaka

Managing Executive Officer

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

Masanori Kato

Managing Executive Officer

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

Kenta Matsuzaka

Managing Executive Officer

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

Masato Koike

Managing Executive Officer

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

Yutaka Hinooka

Managing Executive Officer

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

Kayo Ichikawa

Executive Officer

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

Toshinobu Shinoda

Executive Officer

[General Manager of Corporate Planning Division]

Hirofumi Kuwata

Executive Officer

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

Nobuo Shiotsu

Executive Officer

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

Tsuneo Watanabe

Executive Officer

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

Atsushi Igaki

Executive Officer

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

Hiroyuki Nakano

Executive Officer

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

Hiroto Ushioku

Executive Officer

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

Michael P.Y. Goh

Executive Officer

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

Kazuhiko Kikuchi

Executive Officer

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

Junko Moro

Executive Officer

[Responsible for: Diversity Promotion, Human Resources Division]

Mitsuru Endo

Executive Officer

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

Corporate Governance

Governance Summary

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

HISTORY

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

Corporate Governance for Sustainable Growth and Enhancement of Corporate Value

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

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

For Our Sustainable Growth

Corporate Governance

Corporate Governance System

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

To enhance the functionality of the Board of Directors,

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

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

Board of Directors

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

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

Deliberation on Corporate Strategy and Vision

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

Agenda for Fiscal 2018

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

Nomination Advisory Committee and Remuneration Advisory Committee

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

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

Meetings in Fiscal 2018

< Nomination Advisory Committee > Number of meetings: 4

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

Main Agenda

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

< Remuneration Advisory Committee > Number of meetings: 4

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

Main Agenda

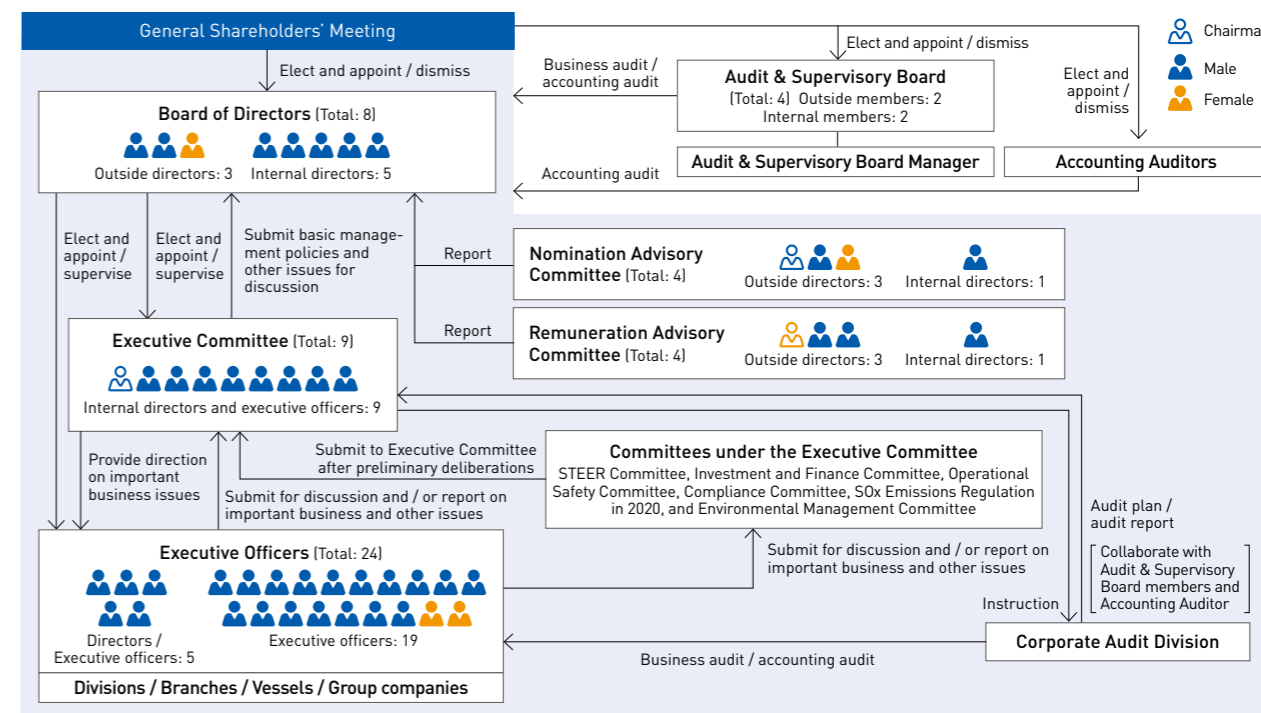
- Bonus for directors for fiscal 2017
- Remuneration for directors in fiscal 2018
- Formula for remuneration for executive officers

Executive Committee and Committees

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

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

Corporate Governance Organization (as of June 25, 2019)



For Effective Corporate Governance

Assessment of Board Effectiveness

MOL regards enhancing corporate governance as an important management issue to ensure sustainable growth. Accordingly, effectiveness of the Board of Directors is assessed each fiscal year. The results of this assessment is used to improve Board effectiveness further.

Measures Taken to Improve the Board of Directors in Fiscal 2018

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

Summary of Assessment in Fiscal 2019

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

Main Items Rated in the Self-Evaluation Questionnaire

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

Assessment Results in Fiscal 2019

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

Training for Directors and Audit & Supervisory Board Members

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

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

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

For Our Sustainable Growth

Corporate Governance

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

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

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

Candidates for Audit & Supervisory Board members are

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

Selection Criteria for the Board of Directors

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

Selection Criteria for Audit & Supervisory Board Members

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

Role of Outside Directors and Outside Audit & Supervisory Board Members

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

Major Activities of the Outside Directors in Fiscal 2018

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



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



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

Reasons for Appointment of Outside Directors

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

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

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

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

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

Compensation for Directors and Audit & Supervisory Board Members

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

Director Compensation System

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

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

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

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

Compensation for the Accounting Audit & Supervisory Board Members

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

Internal Control System

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

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

1. Compliance

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

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

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

2. Role of the Audit & Supervisory Board Members

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

E-learning Participation Rates for Fiscal 2018

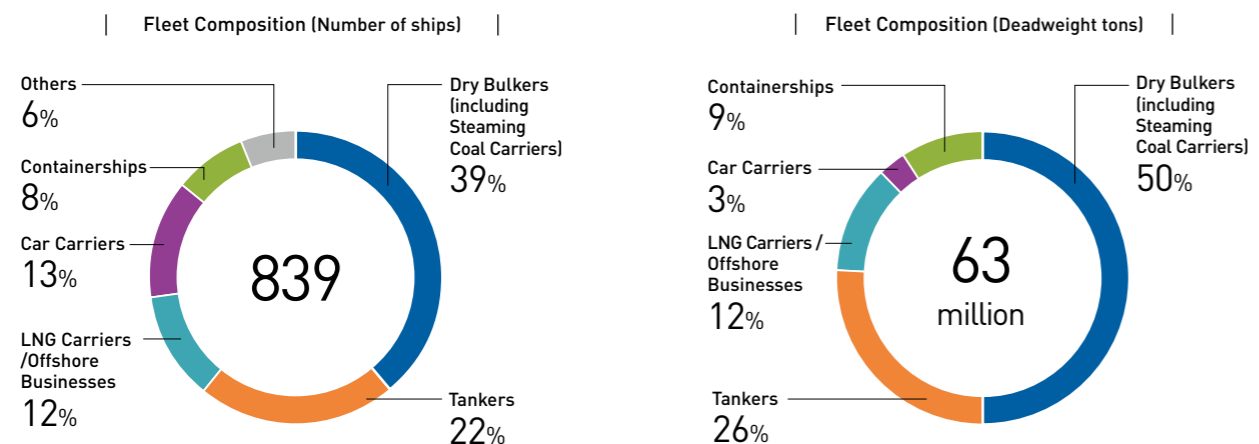
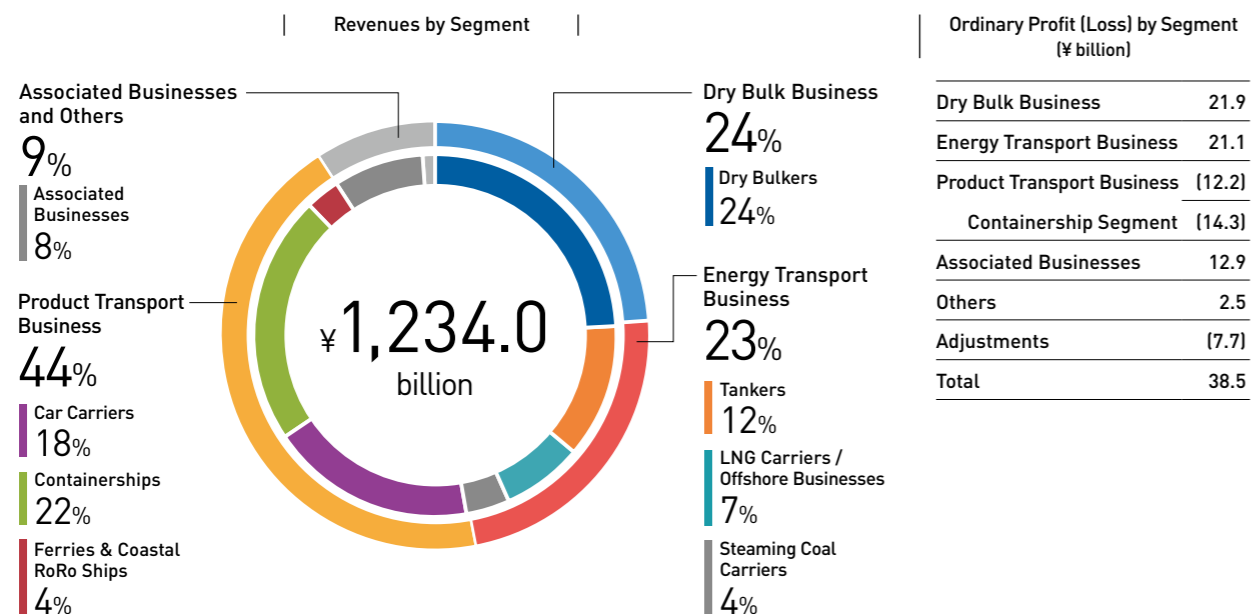
Antitrust act or competition law	98.0%
Anti-corruption (Anti-bribery)	98.1%
Internal control	85.3%
ICT governance	91.1%

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

Business Strategy & Review

At a Glance

FY2018 Performance (Consolidated)



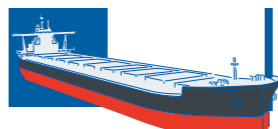
Total Assets
¥2,134.4 billion

ROE
5.2%


Equity Ratio
24.6%

Gearing Ratio
2.11 times

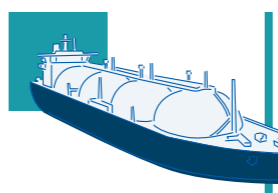
Business Activities

Dry Bulk Business  **Dry Bulk Business (excluding Steaming Coal Carriers)**

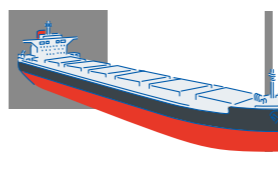
With one of the world's largest fleets, MOL reliably transports large quantities of such dry bulk cargo as iron ore, coal, grains, logs, wood chips, cement, fertilizer, and salt. Our fleet includes highly versatile bulk carriers as well as specialized vessels for specific cargo types.

Energy Transport Business  **Tankers**

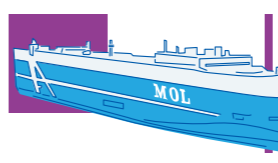
With a tanker fleet that boasts one of the largest sizes in the world, MOL is developing businesses globally. Our fleet includes crude oil tankers; product tankers that carry naphtha, gasoline, and other refined petroleum products; chemical tankers that carry liquid chemical products; methanol tankers that exclusively carry methanol; and LPG tankers that carry liquefied petroleum gas.

 **LNG Carriers / Offshore Businesses**

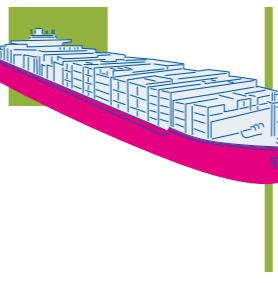
With the world's largest LNG carrier fleet, MOL safely transports LNG, which is experiencing growing global demand. In addition, we are active in offshore businesses, including FPSOs and FSRUs, which are poised for continued growth. Moving forward, MOL will vertically expand its scope of services to include the operation of LNG to Powerships and LNG receiving terminals, among others.

 **Steaming Coal Carriers**


MOL transports coal for thermal power generation, mainly on medium- to long-term transport contracts with electric power companies in Japan. Considering the expected growth, we also engage aggressively in coal transport for emerging countries. As a member of the Energy Transport Business Unit, the Steaming Coal & Energy Project Division coordinates with other divisions in the Unit to meet diversifying customer needs.

Product Transport Business  **Car Carriers**

MOL stably provides transport services to meet the changing needs of automakers moving production to optimal sites around the world. We operate globally with specialized car carriers that can effectively transport any type of vehicle from passenger cars to construction equipment.

 **Containerships**

Through a global network provided by Ocean Network Express (ONE), a company formed by the integration of the containership businesses at three Japanese shipping companies, we transport containers loaded with electric products, automotive parts, clothes, furniture, food products, and numerous other products to deliver them around the world. In addition to our self-operated routes, we expand our network through joint operations with partners, leading to wider port coverage and increased service frequency. Also, we operate container terminals and logistics businesses in Japan and overseas.

 **Ferries & Coastal RoRo Ships**

MOL operates the ferry business, which transports passengers, passenger cars and freight cars (trucks, trailers, etc.), and the coastal RoRo ships business, specializing in the transport of freight vehicles. We are increasing our presence as the leader of an eco-friendly modal shift in domestic logistics.

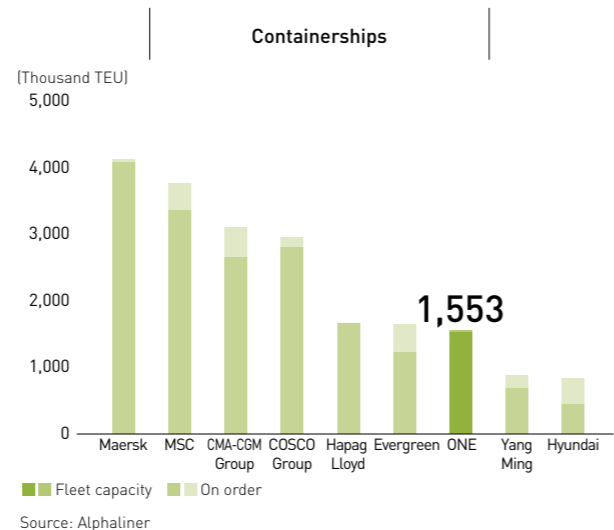
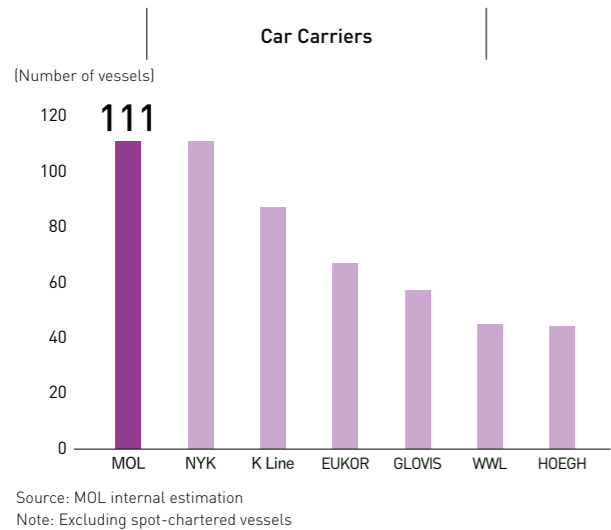
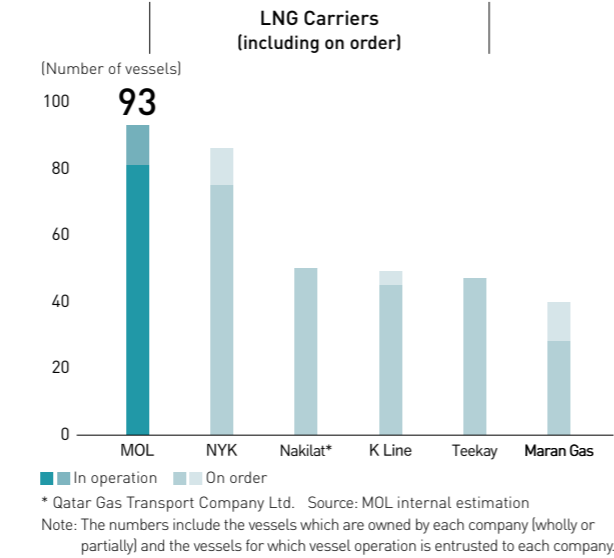
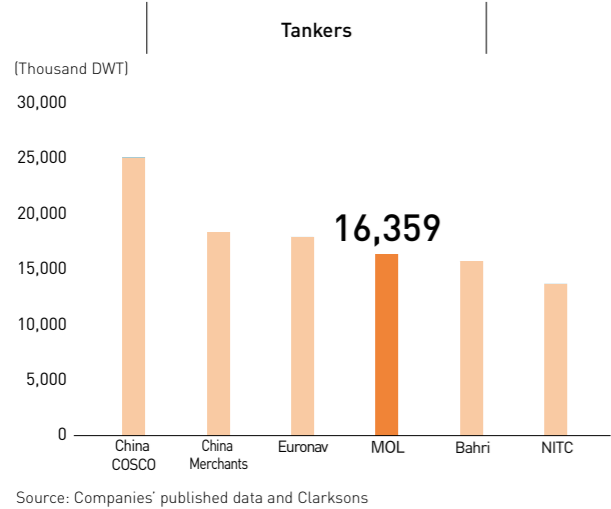
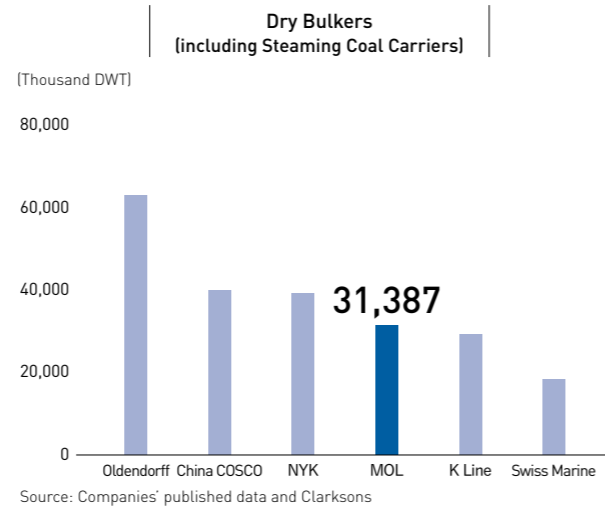
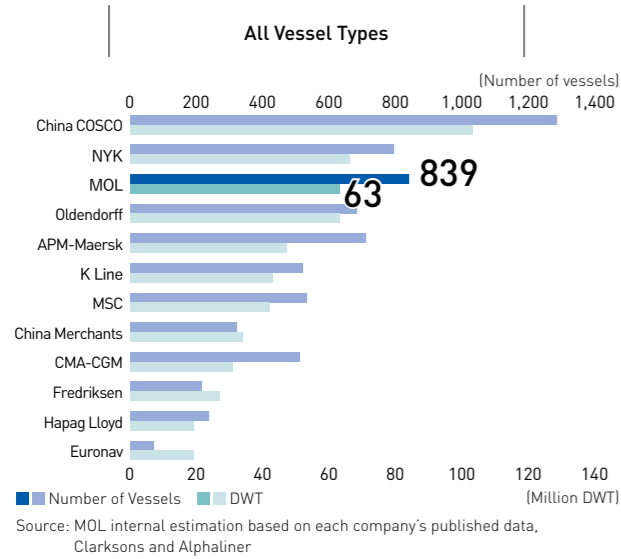
Associated Businesses

Leveraging the know-how accumulated over more than 130 years mainly in the marine transport business, we are promoting various businesses in related activities including real estate, tugboats, a cruise ship (the NIPPON MARU), and trading.

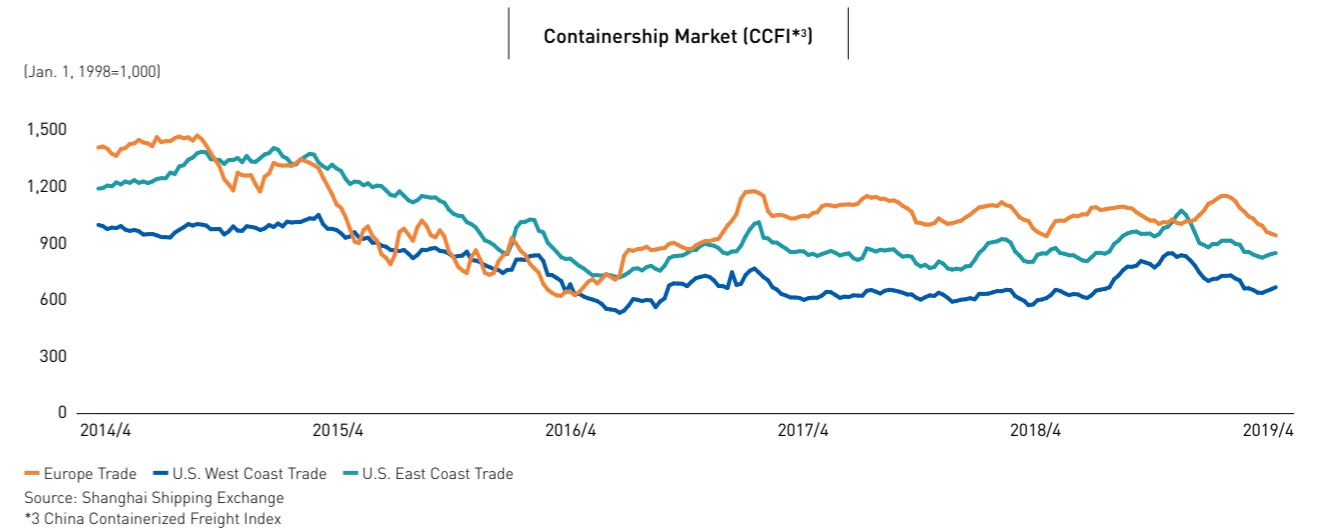
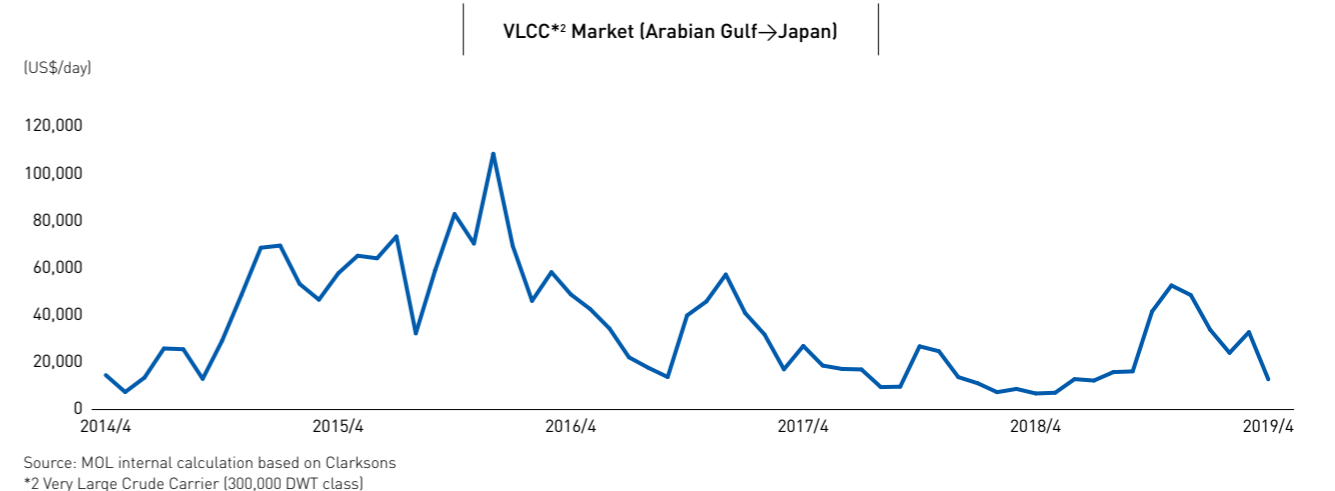
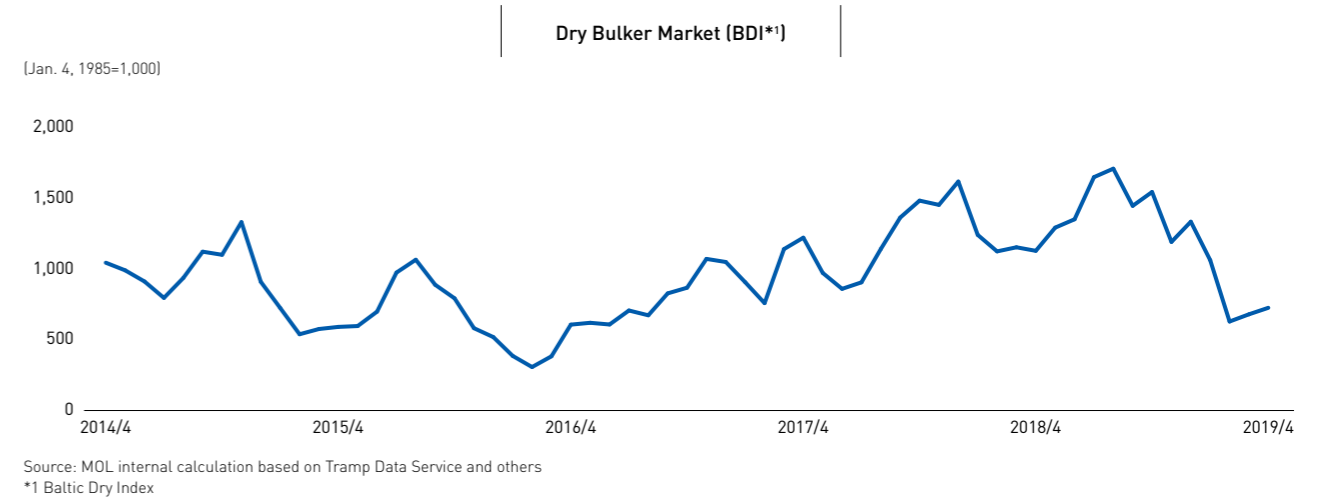
Business Strategy & Review

Market Position (Fleet Size)

[March 2019]



Market Data



Overview of Operations by Segment



(From left)	(Responsible business area)
Nobuo Shiotsu Executive Officer	Deputy Director General (Iron Ore & Coal Carriers)
Toshiaki Tanaka Managing Executive Officer	Director General (Bulk Carriers)
Hirofumi Kuwata Executive Officer	Deputy Director General
Kazuhiko Kikuchi Executive Officer	Deputy Director General (Wood Chip Carriers)



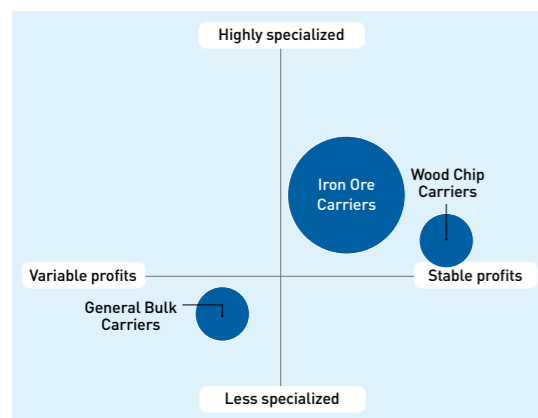
Market Environment and Business Opportunities

The dry bulker market had continued to experience an oversupply of vessels following the economic crisis in 2008 and reached a record low in 2016. Since then, however, the gap between fleet supply and demand has been gradually subsiding. While there have been short-term fluctuations due to seasonal factors and issues in exporting regions, the market has been on an overall trend of gradual recovery. In addition, fleet supply is expected to temporarily decrease as scrubber installation reaches its peak during the second half of 2019 before the tightening of SOx regulations. This will likely have a positive impact on dry bulker market conditions.

Turning to transport demand, demand for iron ore, coal, and wood chips is expected to remain solid for the time being. Additionally, in overseas markets such as China and India, the competitive edge we have gained through the high quality of our transport services will likely provide us with growth opportunities. Also, the demand for biomass fuel transport has been increasing recently, becoming a rare source for long-term contracts in the market for small- and medium-sized bulkers, where short-term contracts are mainstream. Accordingly, we view biomass fuel as a potential profit foundation for the future.

Dry Bulk Business Unit

Portfolio



Dry Bulker Fleet Table (Number of vessels)

	Standard DWT	At the end of Mar. 2019	At the end of Mar. 2018	Main cargo	
Capesize	180,000	94	88	Steel raw materials (iron ore, coking coal)	
Small- and medium-sized bulkers	Panamax	80,000	21	26	Iron ore, coking coal, steaming coal, grains, etc.
	Handymax	55,000	50	54	Steaming coal, grains, salt, cement, steel products, etc.
	Small handy	33,000	32	28	Steel products, cement, grains, ores, etc.
Subtotal		103	108		
Wood chip carriers	54,000	39	39	Wood chips, soybean meal, etc.	
Short sea ships	12,000	47	61	Steel products, plant equipment, etc.	
Total		283	296		

Business Strategies

- Steadily capture contract renewal demand from domestic customers
- Actively expand into overseas markets
- Provide high-quality, comprehensive transport services that leverage our marine technical skills and frontline capabilities
- Flexibly develop and utilize good-quality and a competitive fleet

Progress and Outlook of Business

Fiscal 2018 in Review

Iron Ore & Coal Carrier Division

We won medium- and long-term contracts by actively making proposals that ascertained customer needs. In addition, we started new businesses such as the transport of bauxite from Africa via Capesize bulkers. In terms of profit, we worked on efficient vessel operation and optimal fleet allocation, thereby realizing a year-on-year increase. Furthermore, as part of our efforts to pursue environmental and emission-free projects, since fiscal 2017 we have continued to promote the Green Corridor Project, which involves the joint production of LNG-fueled Capesize bulkers with our customers.

Bulk Carrier Division

For small- and medium-sized bulkers, we have been narrowing down market exposure to establish a fleet that is resistant to market fluctuations. This, combined with efficient vessel allocation, has allowed us to earn profits. In addition, we secured a long-term contract for the transport of biofuel. Such long-term contracts are rare in the field of small- and medium-sized bulk carriers.

Wood Chip Carrier Division

Pulp prices soared in fiscal 2018, which led to heightened demand for the transport of wood chips, a raw material for pulp. Accordingly, we realized an increase in profit. In addition, we secured stable profits through such means as acquiring new contracts and extending existing contracts.

Direction in Fiscal 2019

Iron Ore & Coal Carrier Division

We will strive to further enhance the quality of our transport services by refining the on-site skills and marine technical skills that we have cultivated over the years. In addition, we will respond to the needs of customers through initiatives toward eco-friendly transportation. By leveraging our expansive network and information-collecting ability, we will continue to take on challenges in new fields such as diverse cargo transport that we have yet to be involved with to date.

Bulk Carrier Division

In regard to small- and medium-sized bulkers, we will aim for continuous growth while maintaining a balance between cargo and fleet capacity. By forming diverse and competitive charter contracts, we will enhance our fleet's resilience to changes in market conditions and further promote efficient vessel allocation, thereby maximizing profit.

Wood Chip Carrier Division

Demand for wood chip transport is expected to remain solid during fiscal 2019. We will work to win medium- and long-term contracts in response to this demand. We will also leverage our marine technical skills and network to flexibly make proposals and enact a swift response in accordance with the individual needs of customers in Japan and overseas. In this way, we will further strengthen the trust-based relationships we have with customers.

Dry Bulk Carriers

Opportunities

- Expanding business chances in overseas markets
- Growth in cargo movements (grains, cement for infrastructure, chemical materials) due to increasing populations
- Increasing demand for biomass fuel transport

Risks

- Change in the global economy stemming from the rise of protectionism
- Increase in vessel operation costs due to the tightening of SOx regulations

Segment Strengths

- Trust-based relationships with customers
- Extensive overseas network
- Ability to make proposals that flexibly meet diverse customer needs
- Frontline capabilities at loading ports, discharging ports, and vessels including marine technical skills
- Vessels designed suitably for the port facilities of customers
- A lean fleet with resilience to market fluctuations that has been reinvented via the Business Structural Reforms (Small- and medium-sized bulkers)

Business Strategy & Review

Overview of Operations by Segment



(From left)	(Responsible business area)
Tsuneo Watanabe Executive Officer	Deputy Director General (Chemical Tankers)
Masato Koike Managing Executive Officer	Deputy Director General (Tankers)
Takeshi Hashimoto Executive Vice President Executive Officer	Director General (Steaming Coal Carriers)
Kenta Matsuzaka Managing Executive Officer	Deputy Director General (LNG Carriers)
Hirofumi Kuwata Executive Officer	Deputy Director General (Steaming Coal Carriers)
Hiroyuki Nakano Executive Officer	Deputy Director General (Offshore Businesses)



Market Environment and Business Opportunities

For crude oil tankers, the trend of fleet capacity surplus has been continuing for several years. In addition, over the medium to long term, oil demand in Japan is expected to decline, possibly inducing further integration of oil companies. Optimization of vessel allocation resulting from such integration could lead to a decrease in transport demand. However, it is anticipated that demand in India and other emerging countries will continue to rise, and demand for offshore crude oil transport will also expand.

likely be created through the construction of new plants in North America triggered by the shale revolution combined with increasing chemical demand in emerging countries. Similarly, in terms of LPG tankers, with the startup of the export terminals in North America, demand is expected to increase going forward, as long-distance trade to Southeast Asia and India—where demand continues to rise—increases. For product tankers, a rise in demand for gas oil transport is anticipated due to the impact of SOx regulations, which will tighten in January 2020.

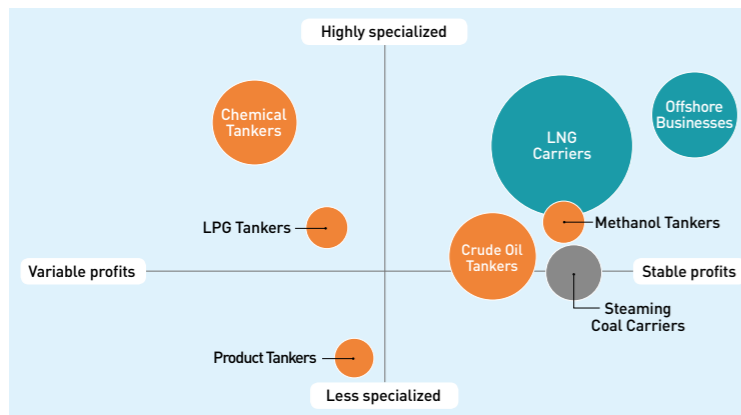
For methanol and chemical tankers, transport demand will

Energy Transport Business Unit

Business Strategies

- (Crude oil tankers and methanol tankers) Maintain long-term contracts with top-class customers and capture new demand
- (Product tankers) Reduce market exposure by streamlining fleet and transition to a business model based on entrusted vessel operation services through management of pools to maintain service networks
- (LPG tankers) Continue to maintain market presence by managing LPG tanker pool jointly with a partner
- (Chemical tankers) Become a comprehensive chemical logistics services provider through vertical expansion of business domains

Portfolio



Fleet Table (Number of vessels)

	At the end of Mar. 2019	At the end of Mar. 2018	
Tankers	Crude oil tankers	42	39
	Product tankers	21	39
	Chemical tankers	110	87
	(Methanol tankers)	(27)	(26)
	(IMOLCT*)	(83)	(61)
	LPG tankers	8	8
	Subtotal	181	173
LNG carriers (including ethane carriers)	87	83	
Offshore businesses	FPSOs	6	5
	FSU / FSRUs	4	1
	Subsea support vessels	3	1
Steaming coal carriers	47	41	

* Chemical tankers operated by MOL Chemical Tankers

Progress and Outlook of Business

Fiscal 2018 in Review

In terms of crude oil tankers, we steadily maintained medium- and long-term contracts thanks largely to the trust-based relationships we have cultivated with our Japanese and South Korean customers over many years. In addition, we acquired new contracts with other overseas charterers, thereby accumulating stable profits. We also realized long-term contract renewals for methanol tankers, which in turn helped us secure stable profits. For product tankers, we reduced the size of our fleet in fiscal 2018, from 36 vessels to 21 vessels, in response to stagnant market conditions. Meantime, we established and commenced operations of a pool company, Asahi MOL Tankers Ltd., together with Asahi Tanker Co., Ltd., with the aim of maintaining our service network and knowledge, and transitioning to a business model based on entrusted vessel operation services. In chemical tankers, one of our strategic business fields, our wholly owned subsidiary MOL Chemical Tankers Pte. Ltd. established a joint venture with SEA-Tank Terminal Antwerp NV, with a view toward constructing and operating chemical tank storage terminals in the Port of Antwerp. In addition, MOL Chemical Tankers acquired the Denmark-based chemical company, Nordic Tankers A/S, which has an operational foundation in the Atlantic Ocean region. The company also established a strategic alliance with the Dutch tank container company, Den Hartogh Logistics. As such, MOL Chemical Tankers has been taking steps toward transitioning to a comprehensive chemical logistics company.

As a result of the steady strategies we have undertaken with each type of vessel, the Tankers segment has recorded a profit for the fifth consecutive year.

Direction in Fiscal 2019

For crude oil tankers, we will continue to deepen the trust-based relationships we have accumulated with our Japanese and South Korean customers as we steadily address their renewal demand for medium- and long-term contracts as well as their diverse transport demand. At the same time, in light of the decline in domestic demand going forward, we will work to capture transport demand from overseas customers such as those in India, and also seek opportunities for new businesses, including offshore crude oil handling. For methanol tankers, we will not only work on maintaining and expanding long-term contracts with existing customers but also leverage our solid track record to capture new transport demand in North America and other regions. In regard to product tankers, while maintaining our current fleet size for the time being, we will strive to sustain our presence in the market and enhance our fleet operational efficiency through the new pool that commenced operations at the start of 2019. Turning to chemical tankers, we will maintain the progress we have been making in the tank terminal and tank container businesses to act upon the investment decisions made during fiscal 2018.

Tankers

Opportunities

- Expanding demand for offshore crude oil transport
- Increasing demand for gas oil following the tightening of SOx regulations
- Growing demand in emerging countries
- Increasing demand for chemical transport due to establishment of new plants for chemical derived from shale gas

Risks

- Vessel supply pressure
- Declining oil demand in Japan and integration of Japanese oil companies

- Economic sanctions on Iran and Venezuela, oil production cuts by OPEC, and other political risks such as trade conflicts

Segment Strengths

- Diverse tanker lineup
- Safe and high-quality fleet, vessel management capabilities, and marine technical skills
- Social reliability and trust in business continuity capabilities supported by the above
- Global business partnerships, including pool partners
- Long-cultivated customer relationships

Business Strategy & Review

Overview of Operations by Segment



LNG Carriers / Offshore Businesses

Opportunities

- Growing marine transport volume of LNG
- Rising need for FSRUs and LNG-powerships due to the increase in LNG importing countries centered on emerging countries
- Steady demand for the development of deep-sea oil fields, primarily in Brazil
- Increasing demand for offshore wind power

Risks

- Trend of shorter charter period for LNG carriers

Segment Strengths

- World's largest scale LNG fleet and a solid track record of safe operation
- Highly sophisticated marine technical skills that enable the development of new business domains, such as the operation of ice-breaking LNG carriers
- Collaborative relationships with prominent overseas partners
- High levels of creditability that allow for the stable fulfillment of super long-term contracts (15-25 years)

Market Environment and Growth Opportunities

Vertical Expansion in the LNG Value Chain

LNG marine transport volume exceeded 300 million tons in 2018, driven by demand in China and India. By 2025, this amount is expected to increase to roughly 430 million tons. To respond to this increase in demand, new gas field projects are being promoted in countries such as Mozambique and Russia and a large-scale expansion of existing projects in Qatar is underway. Meanwhile, more and more emerging countries are commencing LNG import, which has led to new business opportunities that go beyond the frameworks of conventional LNG transport, such as utilizing FSRUs and LNG-powerships as a powerful solution that can establish a base to receive LNG at low costs and in short time periods.

Crude Oil-Related Offshore Businesses

Even after demand for crude oil reaches its peak, it is likely that

there will still be needs for developing new oil fields to compensate for existing oil fields that are becoming depleted. We therefore anticipate that demand for offshore oil field production will continue for a while. Accordingly, we expect to see sustained demand for oil-producing infrastructure such as FPSOs and subsea support vessels, particularly in Brazil.

Offshore Wind Power

Demand for wind power is increasing, centered on Europe, as a form of energy with low environmental burden. Recently, wind power has started to be introduced in East Asia as well. In light of this, we expect to see business opportunities in fields such as the installation of wind power peripheral equipment as well as wind power operation and maintenance.

Business Strategies

- Leverage our industry-leading track record and expertise in the field of LNG carriers and pursue business expansion in high-value-added fields
- Secure stable profits through long-term contracts
- Vertically expand our scope of services to include not only FSRUs but also LNG-powerships and LNG terminals in order to offer "stress-free services"
- Capture business opportunities through collaboration with local partners who have significant influence in their respective regions

Progress and Outlook of Business

Fiscal 2018 in Review
LNG Carriers

We operate a fleet of approximately 90 LNG carriers, which is the largest in the world. Essentially all of these carriers are under long-term charter contracts, which helped us record profits steadily in fiscal 2018. During the year, two ice-breaking LNG carriers for the Yamal LNG project [see "Special Feature" on page 20] were delivered and the first vessel successfully

completed LNG transport to East Asia from the Arctic Ocean region going eastbound, which was a world-first achievement. In addition, we concluded a new charter contract for an LNG carrier with Uniper SE, the largest gas and electricity company in Europe, which is slated to begin in 2020.

Offshore Businesses

Our offshore businesses also operate under long-term contracts.

In fiscal 2018, a new FPSO commenced the charter, which contributed to accumulating stable profits. Additionally, we entered into a long-term contract for an FPSO off the coast of Brazil. We also agreed to participate in the construction, ownership, and operation of an FSRU in Indonesia. Capitalizing on opportunities in these ways, we have expanded our business.

Direction in Fiscal 2019

LNG Carriers

In fiscal 2019, we expect stable business performance as more new LNG carriers will be delivered to be dedicated to long-term contracts and begin to contribute to profits. In a period of transition toward a carbon-free society, we believe that LNG transport is a promising growth field that stands out within the energy domain. Amid rising demand, the needs within the LNG value chain are diversifying. To address this, we are working to expand the scope of our services vertically to include not only LNG transport but also FSRU and LNG-to-Powership business. Furthermore, by accumulating a track

record in LNG transport projects with high levels of difficulty, including voyages on the Northern Sea Route, we will strive to take part in new projects as a high-value-added service provider.

Offshore Businesses

Although no new units are scheduled to commence operations in fiscal 2019, we still expect to record stable profits from existing projects that started in and before fiscal 2018. Offshore businesses represent an area of strength in which we can leverage the expertise and technical skills that we have long cultivated through the transport of LNG and other forms of energy. Accordingly, we are prioritizing the investment of management resources in this area. Going forward, we aim to lead the way for offshore businesses in the context of the commercial distribution of resources and energy, by collaborating with business partners from the development stage of each project, differentiating ourselves in terms of quality of operation and maintenance services, and expanding our business domains to include power generation.

Time Charter Contracts That Commence between 2019-2021

	LNG Carriers		Vessels
Tokyo Gas	ex. USA	To Japan	2
JERA	ex. USA	To Japan	1
Yamal (ice-breaking LNG carriers)	ex. Russia	To China	1
Yamal (conventional-type LNG carriers)	ex. Russia	To China	4
Mitsui	ex. USA	To Japan	2
Osaka Gas / Kyushu Gas	ex. Australia	To Japan	1
Uniper	ex. USA	To Europe	1

	Offshore Businesses		Vessels / Units
Petrobras	Brazil	FPSO	2
ENI Mexico	Mexico	FPSO	1
Hong Kong LNG Terminal	Hong Kong	FSRU	1
PT Jawa Satu Power	Indonesia	FSRU	1
Swan Energy	India	FSRU	1
Swan Energy	India	FSU	1



Steaming Coal Carriers

Business Strategies

- Construct and introduce next-generation steaming coal carriers that suit customer interests (in terms of safety, efficiency, eco-friendliness, etc.)
- Accelerate promotion of LNG-fueled steaming coal carriers

Progress and Outlook of Business

The majority of our steaming coal carriers are operating under medium- and long-term contracts with our Japanese customers, and this allowed us to realize stable profits in fiscal 2018. Against the backdrop of a heightened environmental awareness, some old power stations have suspended operations or been abolished. There also have been changes and suspension of plans for new power stations. Due in part to such movements, domestic demand for coal used for power generation has been on a gradual downward trend. Nevertheless, with delays to the restart of operations of nuclear power plants, we believe there continues to be demand for coal-fired power generation as a base-load energy source that is both stable and cost effective. We will work to expand our market share in coal transport for domestic use through our differentiation

strategy, including promoting the introduction of next-generation steaming coal carriers that offer enhanced safety through double-hull cargo holds as well as LNG-fueled vessels. For overseas, we anticipate a continuous increase in demand for steaming coal in India and Southeast Asia, where energy demand has been rising following economic development. We aim to enhance our presence in these regions by leveraging our proposal capabilities, marine technical skills, and the brand power that we have cultivated through coal transport for domestic use, in addition to the comprehensive strengths of the entire MOL Group. In addition, not constraining ourselves to coal transport, we will seek opportunities in the transport of alternative fuel that meets the needs of customers and in the commercialization of technologies that promote the reduction of CO₂ emissions.

Business Strategy & Review

Overview of Operations by Segment



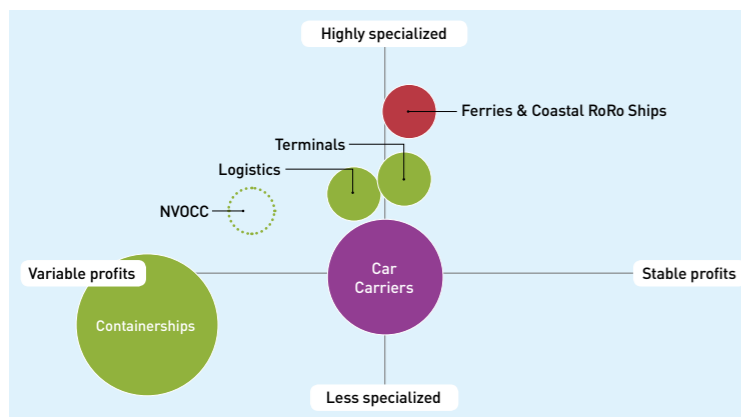
Market Environment and Growth Opportunities

In the automotive industry, there have been strong social demands for reduction of environmental impact and the evolution of mobility. In conjunction with this, technological innovation in automobile manufacturing and information transmission has been progressing simultaneously at an accelerating rate, and it is anticipated that the needs related to the marine transport of automobiles will become more and more complex. In addition, there are potential risks regarding fluctuations in the demand for automobiles due to

such factors as economic slowdowns and the rise of protective trade, which can change the trade dynamics. With that said, we expect that both the number of car sales worldwide and cargo movements via marine transport are still gradually going to increase. While transport ton-miles are on a downward trend due to the progressing shift toward local production, we believe we will see new business opportunities, such as an increase in exports from China following the widespread use of EVs.

Product Transport Business Unit

Portfolio



Fleet Table (Number of vessels)

	At the end of Mar. 2019	At the end of Mar. 2018
Car carriers	113	119
Containerships*	65	91
Ferries & coastal RoRo ships	16	14
Total	194	224

* Operated by Ocean Network Express (ONE) since April 2018

Business Strategies

- Optimize fleet scale to match our cargo portfolio
- Reorganize services including withdrawal from unprofitable routes
- Strengthen solution-proposing sales activities to customers by making use of our cost effectiveness and ICT
- Reinforce environmental and emission-free businesses in such ways as an intensive study of LNG-fueled car carriers

Progress and Outlook of Business

Fiscal 2018 in Review

On certain trade routes, there have been quarantine issues and impacts from natural disasters such as the earthquake in Hokkaido and the heavy rains in western Japan. In addition, there have been changes in the business environment, including the trade conflict between the United States and China and the new regulations for exhaust emissions and fuel economy standards in Europe. These factors led to overall stagnation in the transportation needs of automobiles. Although we made efforts to enhance vessel operation efficiency by reorganizing trade routes and streamlined our fleet scale, profit declined year on year. As achievements during fiscal 2018, all four FLEXIE series next-generation car carriers, which won the Good Design Award 2018, were delivered, thereby reinforcing the quality of our core fleet. Furthermore, we took steps to strengthen our IT infrastructure by introducing a new operational support system called PCC.NET worldwide and reformed our operational process and data foundation.

Direction in Fiscal 2019

Viewing the next several years as a period of dramatic change in the overall car transport industry, we will strive to update our services (trade routes) and fleet by enhancing the quality of our profitability analysis and improving freight rate levels. Also, with the aim of providing long-term, stable transport services to our customers, we will promote the aforementioned efforts while leveraging ICT technologies based on the new operational support system PCC.NET. In doing so, we will reinforce our solution-based sales capabilities to customers. For example, we will undertake initiatives to boost operational efficiency and enhance customer satisfaction by developing cargo tracking websites and reorganizing vehicle loading systems. As a preparation for future investments in a new fleet, we will examine LNG-fueled vessels, which is in line with efforts to strengthen our environmental and emission-free businesses. Through these efforts, we will transition to a robust organization capable of realizing significant profit.

Car Carriers

Opportunities

- Changes to the production and export structure of car manufacturers following the widespread use of electric vehicles (EVs)
- Improvement in vessel supply and demand balance following slowdown in new vessel orders

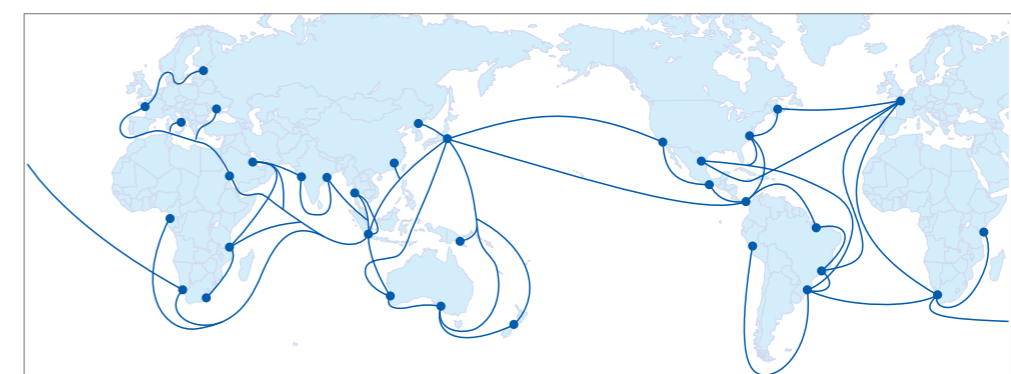
Risks

- Decline in marine transport demand stemming from the rise of trade protectionism
- Increase in vessel operation costs following the tightening SOx regulations

Segment Strengths

- High-quality, highly cost-effective fleet
- Extensive global trade routes and sales networks
- Diverse customer base that enables optimal cargo combination for each shipment

Main Routes



Business Strategy & Review

Overview of Operations by Segment



Containerships

Ocean Network Express Pte. Ltd. (ONE)

Opportunities

- Increasing volume of worldwide cargo movement
- Diversifying cargo sources
- Advancement of IT technologies that can be used to improve customer services

Risks

- Downturn in the global economy and declining cargo volume due to the further progression of trade protectionism
- Increase in vessel operation costs following the tightening of SOx regulations

Segment Strengths

- Solid customer base rooted in the big three Japanese shipping companies and THE Alliance*
- Dense service network on Transpacific and Asia-Europe trade routes leveraging the presence in the market as well as extensive services that cover the Asian region and North / South trade routes
- High level of competitiveness reinforced through the synergies from the integration of three companies (reduction of variable costs and overhead costs, etc.), which have steadily been realized since ONE's initial fiscal year
- High-quality customer service

* Containership service alliance among ONE, Hapag-Lloyd AG, and Yang Ming Marine Transport Corporation. Hyundai Merchant Marine is scheduled to join in April 2020.

Market Environment and Growth Opportunities

After the financial crisis in 2008, the growth rate of transport demand slowed while the vessel supply increased due to the deliveries of new vessels that were ordered before the crisis. This worsened the supply and demand balance for container-ships, causing long-term market stagnation. In an attempt to enhance competitiveness in such harsh market conditions, many players in the industry pursued scale expansion through means such as M&As, resulting in significant reorganization of the industry. At the beginning of the 2000s, there were 19 major

containership companies. Today, that number has been reduced to just nine. In the midst of this trend, MOL, Nippon Yusen Kaisha, and Kawasaki Kisen Kaisha decided to spin out and merge their containership businesses, thereby establishing the integrated company ONE in 2017. ONE commenced its service in April 2018, operating a combined fleet of approximately 1.55 million TEUs including on order, which is equivalent to a 6% global share.

Business Strategies

Improve profit by optimizing cargo portfolio and flexibly reorganizing trade routes

Provide highly competitive services enhanced by the generation of synergies (scale merit)

Progress and Outlook of Business

Fiscal 2018 in Review

Freight rates in Transpacific trade, which is ONE's major route, were steady overall as cargo movements remained lively against the backdrop of rather robust personal consumption in the United States and a rush-in demand related to the trade conflict between the United States and China. For Asia-Europe trade, which is the next major route for ONE following Transpacific, while the supply and demand situation worsened due to the oversupply of vessels, cargo movements themselves were still relatively solid. However, due to staff members' unfamiliarity with the IT systems and

insufficiencies in terms of the number of staff after the integration, ONE experienced tough operational conditions at the start, which not only inconvenienced customers but also led to a considerably lower number of liftings than initial expectations. Although capacity utilization rate improved in the second half as a result of extensive efforts to normalize the service, ONE recorded a significant loss in fiscal 2018. On the other hand, the synergistic effects that were envisioned at the time of integration have steadily emerged since ONE's initial fiscal year through such achievements as the reduction of variable costs and overhead costs.

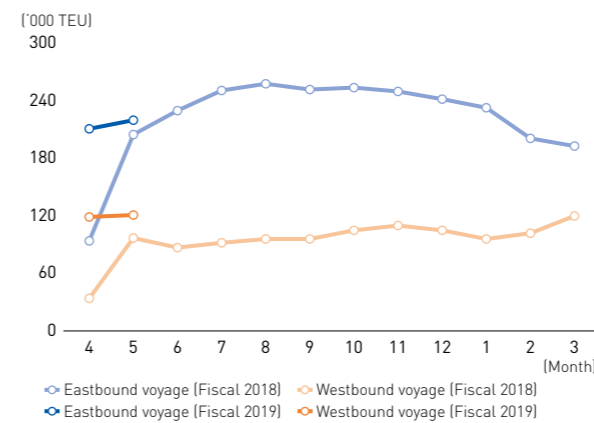
Direction in Fiscal 2019

The operational difficulties ONE experienced in its initial fiscal year of operation have already been overcome, and liftings are expected to recover to a level that is on a par with that of the three companies before the integration was implemented. Furthermore, ONE has been working on cargo portfolio optimization, which aims to combine inbound and outbound cargo collection in a way they can achieve higher profitability, as well as on upsizing vessels and trade route reorganization. By promoting these measures to improve

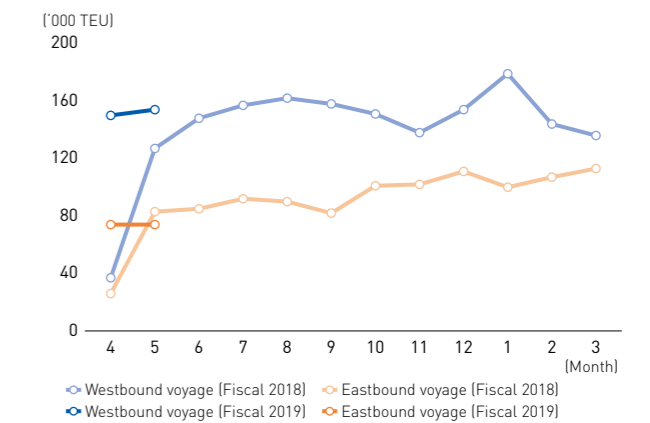
earnings, ONE intends to move into the black in fiscal 2019. In January 2020, SOx regulations that limit the percentage of sulfur content in vessel fuel oil will tighten, and this is expected to cause a hike in fuel oil prices. ONE will strive to conserve fuel oil consumption as an important mission to not only cut costs but also reduce environmental impact. Meanwhile, ONE is working to gain customer understanding to implement a fuel surcharge in order to compensate for the rise in fuel oil prices.

Liftings at ONE (Fiscal 2018 / 2019 Results)

Transpacific Trade



Asia-Europe Trade



Terminals & Logistics



Business Strategies

(Terminals) Further strengthen the competitiveness of container terminals in Japan

(Logistics) Bolster the NVOCC business and expand the customer-oriented logistics business globally through collaboration with overseas local partners

Progress and Outlook of Business

Among our container terminal businesses, overseas assets are scheduled to be transferred to ONE, and discussions are currently being held among related parties for executing this transfer. In the domestic container terminal business, we expect demand to be solid in locations such as Tokyo Bay.

In the logistics business, we established MOL Worldwide Logistics Ltd. in July 2018, which is expected to lead the MOL Group's NVOCC* business. MOL Worldwide Logistics will aggregate resources related to the NVOCC businesses of the two group companies, MOL Logistics (Japan) Co., Ltd. and MOL Consolidation Service Ltd., and strengthen these businesses

through centralized marketing, network operations, and global customer support. Additionally, for our overseas operations, we are working toward the enhancement of logistics businesses deeply rooted in local economies. In line with this, we acquired additional shares in PKT Logistics Group Sdn. Bhd., a comprehensive logistics company in Malaysia, in August 2018. Going forward, we will further expand our overseas operations through means such as collaboration with local partners.

* Non-Vessel Operating Common Carrier. Without having their own transport means (vessels), NVOCCs transport cargoes by leasing space from other shipping companies to transport cargoes between ports and to the final inland points of delivery.

Business Strategy & Review

Overview of Operations by Segment



Ferries & Coastal RoRo Ships

Business Strategies

- Improve the convenience of services for customers through upsizing vessels and enhancing intermodal transport services
- Develop the "Casual Cruise" market by launching brand-new, attractive vessels and by further promoting the "Sunflower" brand

Progress and Outlook of Business

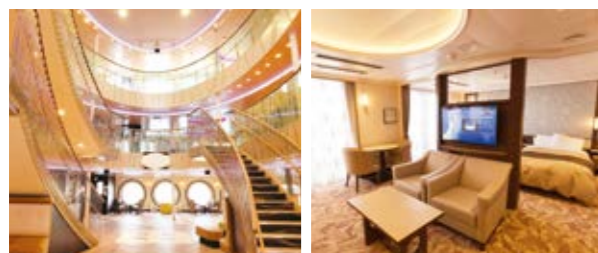
Fiscal 2018 in Review

In fiscal 2018, cargo volumes were firm due to acceleration in the modal shift. This acceleration comes from aging and a shortage of truck drivers and the promotion of workstyle reforms, to improve their labor conditions by reducing driving hours. The number of passengers was also steady for all Hokkaido, Setouchi, South Kyushu routes, partly due to our efforts such as the deployment of two new ferries on the South Kyushu route and promotion of the concept of "Casual Cruise." While overall profit declined on a year-on-year basis due to the impact of ferry cancellations caused by large-scale typhoons and prolonged mechanical troubles with vessels, we were still able to secure a profit in a stable manner.

In order to share the best practices between our consolidated subsidiaries MOL Ferry Co., Ltd. and Ferry Sunflower Limited, we established the Ferry Virtual Company (FVC). As a result, mutual exchange of information on aspects of activities that the two companies have in common, including cargo and passenger sales activities, marketing know-how, vessel management, and administrative business procedures is promoted. This is leading to improvements in business activities in both companies.

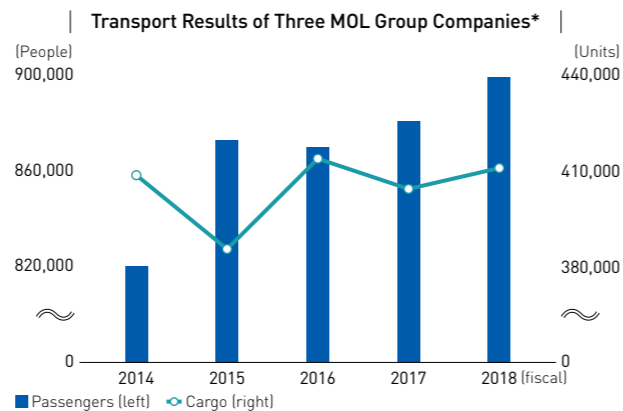
Direction in Fiscal 2019

Although no major growth is anticipated in the overall market for domestic transport due to the declining population, there are regions, such as Kyushu, where a modal shift is expected to accelerate. We believe there will still be increasing demand for transport by ferries and coastal RoRo ships in this area. To that end, we have introduced



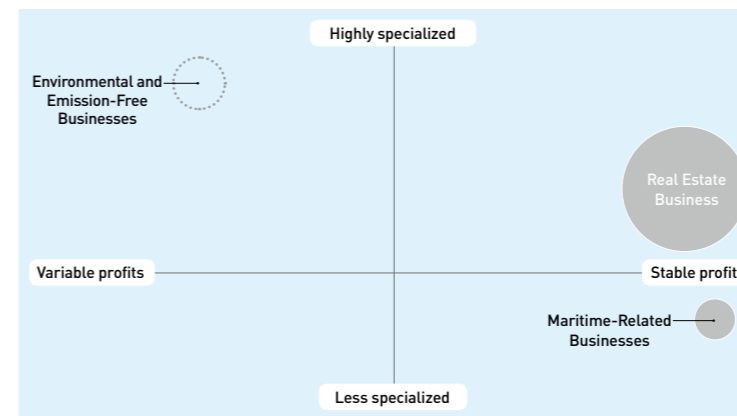
Adoption of luxurious interior design on new vessels to meet "Casual Cruise" needs

two new RoRo ships in the Tokyo-Kanda (North Kyushu) route and commenced new services operating on an everyday basis (excluding Sundays). In addition, by utilizing the many trailers we possess, we are able to provide highly convenient transportation methods to customers. These include not only port-to-port transport services using RoRo ships but also services that respond to diverse intermodal demand, such as inland transport from points of collection to points of delivery. For passenger transport, in addition to trains and airplanes, ferries are now starting to be considered as a means of transportation. Moreover, the ways people enjoy travel are diversifying, including cruises that make the experience of riding on a ship itself entertaining. Against the backdrop of these types of changes, we forecast an expansion in the markets where our concept of "Casual Cruise" can appeal. Going forward, we will keep working to enhance the quality of the fleet by replacing vessels and increase the value of the "Sunflower" brand through appropriate marketing activities with the aim of leading the new market expansion. Additionally, we will improve our services by further promoting initiatives by FVC, which was established in the previous fiscal year. We also intend to leverage the strengths of the Group to enhance safe vessel operation and address the issue of crew member shortages.



* MOL Ferry Co., Ltd., Ferry Sunflower Limited, and Meimon Taiyo Ferry Co., Ltd. (converted as MOL's share)

Associated Businesses



Shin-Daibiru Building (Osaka) Receiving the Osaka Mayor Award at the 37th Osaka Machinami Awards

Business Strategies

- (Real estate) Target properties in major cities, etc., that hardly decline in value regardless of market conditions
- (Tugboat) Horizontally share the best practices of each tugboat company within the Group and participate in overseas projects using secondhand vessels
- (Cruise ship) Thoroughly reinforce safe operation and capture steady cruise demand
- (Maritime-related, trading, and new businesses) Expand the scale and the domains of the business

Progress and Outlook of Business

Fiscal 2018 in Review

This segment comprises MOL's real estate, cruise ship, tugboat, trading, and other businesses. In the real estate business, although the lease office market performed favorably centered on the metropolitan areas, profit edged down slightly year-on-year due to the impact of large-lot tenant replacement. Meanwhile, we acquired properties in both domestic and overseas markets that can be expected to contribute to stable profit in the future.

In terms of the tugboat business, the first LNG-fueled tugboat ISHIN was delivered in Osaka Bay in February 2019. Additionally, a new business in Viet Nam was launched.

Cruise ship, trading, and other businesses achieved relatively solid results, and the overall performance of associated businesses was on a par with that of the previous fiscal year.



Direction in Fiscal 2019

In fiscal 2019, we will continue to operate each business in a stable manner, and expect to achieve a result similar to that of fiscal 2018. In the real estate business, although the favorable market conditions are expected to continue until around 2020, there is the possibility that rent levels will drop after that in some areas and for certain properties. Therefore, we will continue our efforts to maintain and expand our portfolio of properties in major urban areas that will not be impacted by market conditions to keep accumulating stable profit. For tugboats, we will examine ways to reinforce our overseas businesses, including in Viet Nam. In the cruise ship business, we will thoroughly foster and instill safety awareness while at the same time working to capture steady cruise demand. In other business fields, we will aim to enter into offshore peripheral businesses and new business domains in which we can leverage our long-cultivated expertise, including environmental and emission-free businesses such as wind power businesses as well as transportation vessels for offshore wind power sites and other associated businesses.

Data Section

Financial and Non-Financial Highlights

(Millions of yen)

	MOL ADVANCE		GEAR UP! MOL		RISE 2013	STEER FOR 2020			ROLLING PLAN		
	2009/3	2010/3	2011/3	2012/3		2013/3	2014/3	2015/3	2016/3	2017/3	2018/3
For the year											
Shipping and other revenues	¥1,865,802	¥1,347,964	¥1,543,660	¥1,435,220	¥1,509,194	¥1,729,452	¥1,817,069	¥1,712,222	¥1,504,373	¥1,652,393	¥1,234,077
Shipping and other expenses	1,564,485	1,228,478	1,328,959	1,368,794	1,432,014	1,587,902	1,683,795	1,594,568	1,388,264	1,513,736	1,094,915
Selling, general and administrative expenses	104,104	98,546	91,300	90,885	92,946	100,458	116,024	115,330	113,551	115,972	101,442
Operating profit (loss)	197,211	20,939	123,400	[24,459]	[15,766]	41,092	17,249	2,323	2,558	22,684	37,718
Ordinary profit (loss)	204,510	24,234	121,621	[24,320]	[28,568]	54,985	51,330	36,267	25,426	31,473	38,574
Income (loss) before income taxes and non-controlling interests	197,732	27,776	95,366	[33,516]	[137,938]	71,710	58,332	[154,385]	23,303	[28,709]	46,778
Profit (loss) attributable to owners of parent	126,987	12,722	58,277	[26,009]	[178,846]	57,393	42,356	[170,447]	5,257	[47,380]	26,875
Free cash flow [(a) + (b)]	[71,038]	[40,055]	46,970	[129,298]	[25,285]	[25,615]	[66,656]	182,508	[56,318]	[2,471]	[143,093]
Cash flows from operating activities (a)	118,984	93,428	181,755	5,014	78,955	94,255	92,494	209,189	17,623	98,380	55,248
Cash flows from investing activities (b)	[190,022]	[133,483]	[134,785]	[134,312]	[104,240]	[119,870]	[159,150]	[26,681]	[73,941]	[100,851]	[198,341]
Depreciation and amortization	78,155	88,366	77,445	85,624	94,685	83,983	87,803	92,771	87,190	86,629	90,138
At year-end											
Total assets	1,807,079	1,861,312	1,868,740	1,946,161	2,164,611	2,364,695	2,624,049	2,219,587	2,217,528	2,225,096	2,134,477
Total tangible fixed assets	1,106,746	1,209,175	1,257,823	1,293,802	1,303,967	1,379,244	1,498,028	1,376,431	1,323,665	1,290,929	1,193,910
Interest-bearing debt	702,617	775,114	724,259	869,619	1,046,865	1,094,081	1,183,401	1,044,980	1,122,400	1,118,089	1,105,873
Net assets	695,021	735,702	740,247	717,909	619,492	783,549	892,435	646,924	683,621	628,044	651,607
Shareholders' equity	623,715	659,508	660,795	637,422	535,422	679,160	782,556	540,951	571,983	511,242	525,064
Amounts per share of common stock*1											
Profit (loss) attributable to owners of parent (Yen)	¥ 1,061.30	¥ 106.30	¥ 487.50	¥ [217.60]	¥ [1,495.70]	¥ 479.90	¥ 354.20	¥ [1,425.00]	¥ 43.95	¥ [396.16]	¥ 224.72
Net assets (Yen)	5,212.26	5,517.01	5,528.30	5,332.70	4,477.60	5,679.00	6,542.60	4,522.80	4,782.25	4,274.81	4,390.39
Cash dividends applicable to the year (Yen)	310	30	100	50	0	50	70	50	20	20	45
Management indicators											
Gearing ratio (Times)	1.13	1.18	1.10	1.36	1.96	1.61	1.51	1.93	1.96	2.19	2.11
Net gearing ratio (Times)	0.99	1.05	1.00	1.23	1.58	1.35	1.35	1.64	1.64	1.82	1.88
Equity ratio (%)	34.5	35.4	35.4	32.8	24.7	28.7	29.8	24.4	25.8	23.0	24.6
ROA (%)	11.0	1.3	6.5	[1.3]	[1.4]	2.4	2.1	1.5	1.1	1.4	1.8
ROE (%)	19.5	2.0	8.8	[4.0]	[30.5]	9.5	5.8	[25.8]	0.9	[8.7]	5.2
Dividend payout ratio (%)	29.2	28.2	20.5	—	—	10.4	19.8	—	45.5	—	20.0
CO ₂ emissions of MOL Group*2 fleet (Thousand tons)	20,473	18,708	20,073	19,660	18,876	17,810	18,803	18,676	18,204	17,774	16,369
Number of MOL Group*3 employees	10,012	9,707	9,438	9,431	9,465	10,289	10,508	10,500	10,794	10,828	8,941

Note: Rounded down to the nearest ¥1 million

*1 The Company consolidated every 10 shares into 1 share effective October 1, 2017. Accordingly, figures have been calculated as if the consolidation of shares had been conducted at the beginning of the fiscal year ended March 31, 2009.

*2 Mitsui O.S.K. Lines, Ltd. and its primary Group companies

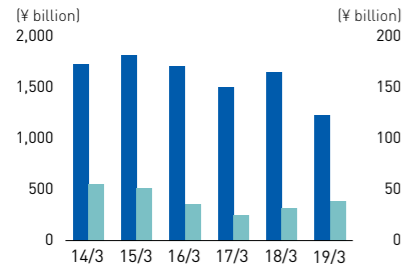
*3 Mitsui O.S.K. Lines, Ltd. and its consolidated subsidiaries

Data Section

Key Indicators

Revenues / Ordinary Profit

Fiscal 2018
Revenues ¥1,234.0 billion
Ordinary Profit ¥38.5 billion

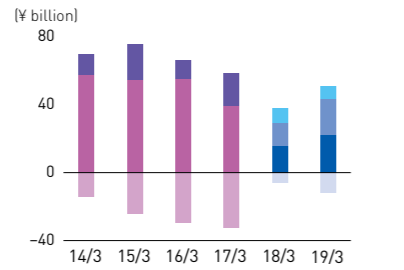


■ Revenues (left)
 ■ Ordinary profit (right)

Revenues declined ¥418.3 billion from the previous fiscal year due to a business spin-off. In terms of ordinary profit, we recorded a significant loss at ONE, causing us to incorporate equity in losses. However, ordinary profit rose ¥7.1 billion due to highly stable profits primarily from the Dry Bulk and Energy Transport businesses as well as relatively favorable market conditions.

Ordinary Profit (Loss) by Segment

Fiscal 2018
Dry Bulk Business ¥21.9 billion
Energy Transport Business ¥21.1 billion
Product Transport Business ¥(12.2) billion
Associated Businesses / Others / Adjustments ¥7.7 billion

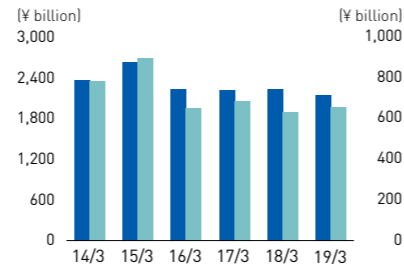


■ Bulkships
 ■ Containerships
 ■ Other segments, etc.
 ■ Dry Bulk Business
 ■ Energy Transport Business
 ■ Product Transport Business
 ■ Associated Businesses / Others / Adjustments

In the Dry Bulk Business, profit rose ¥6.5 billion supported by favorable market conditions and medium- and long-term contracts. For the Energy Transport Business, profit increased ¥7.5 billion due to several factors, including the accumulation of highly stable profits from LNG tankers and offshore businesses, robust conditions in the oil tanker market, and successful efforts to decrease the number of unprofitable vessels. However, the Product Transport Business recorded a loss stemming from the impact of the confusion that occurred during the commencement of operations at ONE and transitional costs.

Total Assets / Net Assets

Fiscal 2018
Total Assets ¥2,134.4 billion
Net Assets ¥651.6 billion

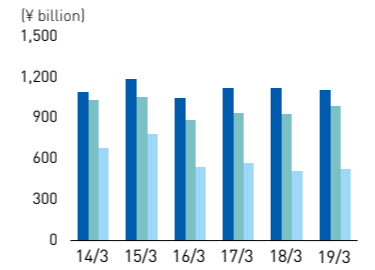


■ Total assets (left)
 ■ Net assets (right)

In fiscal 2018, we sold off 17 vessels that were either old or had a low level of profitability in an effort to rejuvenate and enhance the competitiveness of our fleet. As a result, total assets as of March 31, 2019, declined ¥90.6 billion. Meanwhile, net assets increased ¥23.6 billion due primarily to the rise in retained earnings.

Interest-Bearing Debt / Net Interest-Bearing Debt / Shareholders' Equity

Fiscal 2018
Interest-Bearing Debt ¥1,105.8 billion
Net Interest-Bearing Debt¹ ¥986.7 billion
Shareholders' Equity² ¥525.0 billion



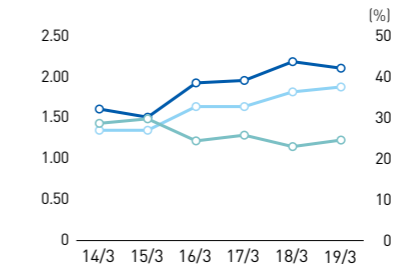
■ Interest-bearing debt
 ■ Net interest-bearing debt
 ■ Shareholders' equity

Interest-bearing debt declined ¥12.2 billion, to ¥1,105.8 billion, due mainly to the decrease in long-term debt. Shareholders' equity was up ¥13.8 billion, to ¥525.0 billion, owing in part to the increase in retained earnings.

¹ Interest-bearing debt - Cash and cash equivalents
² "Shareholders' equity" in this section comprises the total of owners' equity and accumulated other comprehensive income (loss).

Gearing Ratio / Net Gearing Ratio / Equity Ratio

Fiscal 2018
Gearing Ratio 2.11
Net Gearing Ratio 1.88
Equity Ratio 24.6%



○ Gearing ratio (left)
 ○ Net gearing ratio (left)
 ○ Equity ratio (right)

The gearing ratio edged up 0.08 and the equity ratio rose 1.6 points, reflecting the ¥12.2 billion decline in interest-bearing debt, the ¥90.6 billion decline in total assets, and the ¥13.8 billion increase in shareholders' equity.

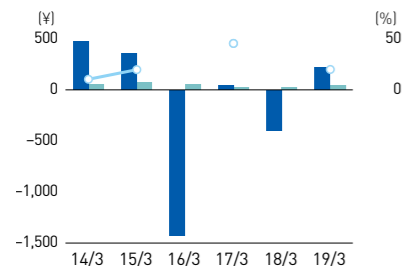
Credit Ratings (As of June 2019)

JCR		A-
R&I		BBB
Moody's		Ba2
<hr/>		
	Type of rating	Rating
JCR	Short-term debt rating [CP]	J-1
	Long-term senior debt (issuer) rating	A- (Stable)
	Long-term debt rating	A-
R&I	Issuer rating	BBB (Stable)
	Short-term debt rating [CP]	a-2
	Long-term debt rating	BBB
Moody's	Corporate family rating	Ba2 (Stable)

Despite uncertainty in the business environment, MOL has maintained its current ratings, reflecting steady improvement in MOL's business performance. Going forward, MOL will continue working to bolster its profitability and improve its financial standing, in an effort to further enhance its ratings.

Net Income (Loss)* per Share / Cash Dividends Applicable to the Year / Dividend Payout Ratio

Fiscal 2018
Net Income (Loss) per Share ¥224.72
Cash Dividends Applicable to the Year ¥45.00
Dividend Payout Ratio 20.0%



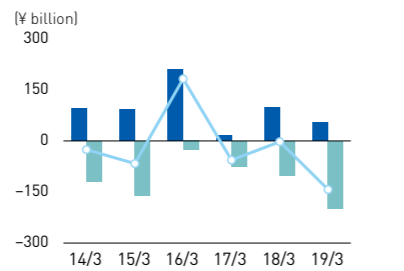
■ Net income (loss) per share (left)
 ■ Cash dividends applicable to the year (left)
 ○ Dividend payout ratio (right)

Profit attributable to owners of parent was ¥26.8 billion, turning around from the significant loss recorded in the previous fiscal year due to the provision related to charter rates of containerships for ONE. Also, in accordance with our policy of maintaining a consolidated payout ratio of 20%, we issued an interim dividend of ¥20 per share and a year-end dividend of ¥25 per share, following the increase in net profit.

* Profit (loss) attributable to owners of parent

Cash Flows

Fiscal 2018
Cash Flows from Operating Activities ¥55.2 billion
Cash Flows from Investing Activities ¥(198.3) billion

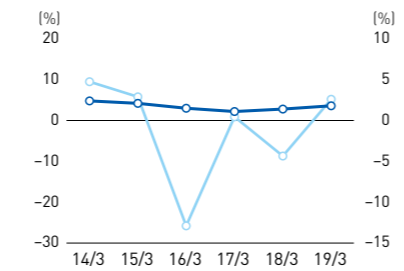


■ Cash flows from operating activities
 ■ Cash flows from investing activities
 ○ Free cash flow

Free cash flow was significantly negative as a result of our investment associated with the spin-off of the containership business as well as investments in LNG carriers and offshore businesses, two areas the Company concentrates management resources in. To improve free cash flow going forward, we will examine the liquefaction of assets while continuing to carefully select investment projects.

ROA (Based on Ordinary Profit) / ROE

Fiscal 2018
ROA 1.8%
ROE 5.2%

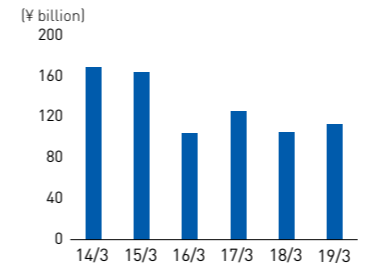


○ ROA (right)
 ○ ROE (left)

While total assets decreased compared with the previous fiscal year-end, return on assets (ROA) improved due to the increase in ordinary profit. Return on equity (ROE) also improved significantly, exceeding 5%, as profit attributable to owners of parent turned into the black.

Capital Expenditure

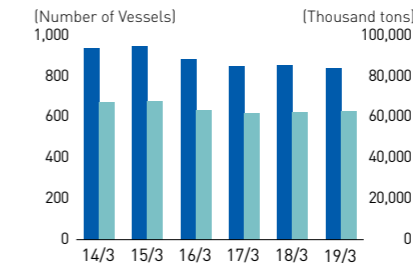
Fiscal 2018
Capital Expenditure ¥113.0 billion



Capital expenditure represented here is the net amount calculated by deducting proceeds from the sale of vessels from the amount of "Tangible / intangible fixed assets increases" contained in the annual securities report.

Fleet Size (All types of vessels)*

Fiscal 2018
Number of Vessels 839 vessels
Deadweight 63,129 thousand tons



■ Number of vessels (left)
 ■ Deadweight (right)

Following the integration of the containership business, we gradually redelivered containerships for which chartering contracts had completed with ship owners. As a result, the number of containerships we possess or charter declined by 26 compared with the previous fiscal year-end, to 65 vessels. Going forward, ONE will purchase or charter vessels on its own.

* Including spot-chartered ships and those owned by joint ventures

Note: The Company consolidated its common shares on the basis of one (1) unit for every ten (10) shares effective October 1, 2017. Accordingly, each figure was calculated as if the consolidation of shares had been conducted at the beginning of the fiscal year ended March 31, 2014.

Data Section

The MOL Group

Mitsui O.S.K. Lines, Ltd. March 31, 2019

● Consolidated Subsidiaries ○ Affiliated Companies Accounted for by the Equity Method

	Registered Office	Voting Rights (%)*	MOL's Paid-in Capital (Thousands)		
Dry Bulk Business	● Mitsui O.S.K. Kinkai, Ltd.	Japan	100.00	¥660,000	
	● MOL Bridge Finance S.A.	Panama	100.00	US\$8	
	● MOL Cape (Singapore) Pte. Ltd.	Singapore	100.00	US\$62,752	
	● Shipowner / Chartering companies (74 companies) in Panama, Marshall Islands, Liberia, Hong Kong, Cayman Islands and Singapore				
	● Other (1 company)				
	○ Gearbulk Holding AG	Switzerland	49.00	US\$228,100	
	○ Shipowner company (1 company) in Panama				
	● Bamboo Mountain Power B.V.	Netherlands	100.00	US\$0	
	● Coconutland Maritime INC.	Panama	100.00	US\$14,408	
	● El Sol Shipping Ltd. S.A.	Panama	100.00	US\$10	
Energy Transport Business	● Lakier S.A.	Uruguay	100.00	US\$101,401	
	● MCGC International Ltd.	Bahamas	80.10	US\$1	
	● MNN Holdings Inc.	Liberia	75.00	US\$22,100	
	● MOG LNG Transport S.A.	Panama	100.00	¥0	
	● MOL Chemical Tankers Japan Co., Ltd.	Japan	100.00	¥100,000	
	● MOL Chemical Tankers Pte. Ltd.	Singapore	100.00	S\$262,370	
	● MOL Coastal Shipping, Ltd.	Japan	100.00	¥650,000	
	● MOL LNG Transport Co., Ltd.	Japan	100.00	¥40,000	
	● MOL Netherlands Bulkship B.V.	Netherlands	100.00	€ 18	
	● MOL Nordic Tankers A/S	Denmark	100.00	DKK 8,000	
	● Pacific LNG Transport Ltd.	Bahamas	100.00	US\$1	
	● Phoenix Tankers Pte. Ltd.	Singapore	100.00	US\$379,311	
	● Pine Mountain Power B.V.	Netherlands	100.00	US\$0	
	● Samba Offshore S.A.	Panama	100.00	US\$10	
	● Shining Shipping S.A.	Panama	100.00	US\$10	
	● Unix Line Pte. Ltd.	Singapore	100.00	US\$344	
	● Shipowner / Chartering companies (112 companies) in Panama, Marshall Islands, Liberia, Hong Kong, Singapore, Indonesia and Malta				
	○ Akofs Offshore As	Norway	25.00	NKR 60,000	
	○ Aramo Shipping (Singapore) Pte. Ltd.	Singapore	50.00	US\$20,743	
	○ Asahi Tanker Co., Ltd.	Japan	27.83	¥600,045	
	○ Carioca MV27 B.V.	Netherlands	20.60	€ 169,419	
	○ Cernambi Norte MV26 B.V.	Netherlands	20.60	€ 175,026	
	○ Cernambi Sul MV24 B.V.	Netherlands	20.60	€ 162,160	
	○ Den Hartogh Holdings B.V.	Netherlands	20.00	€ 60	
	○ LNG Fukurokuju Shipping Corp.	Bahamas	30.00	¥1,000	
	○ LNG Jurojin Shipping Corp.	Bahamas	30.00	¥1,000	
	○ Karmol Lng Company LTD.	Marta	50.00	US\$9,781	
	○ Libra MV31 B.V.	Netherlands	20.60	US\$100	
	○ Mozambique Fsr Company LTD.	Marshall Islands	—	US\$9,781	
	○ PT Jawa Satu Regas	Indonesia	19.00	IDR 11,272,000	
	○ Sepia MV30 B.V.	Netherlands	20.60	US\$100	
	○ T.E.N. Ghana MV25 B.V.	Netherlands	20.00	€ 149,650	
	○ Tartaruga MV29 B.V.	Netherlands	20.60	US\$206,138	
	○ Trans Pacific Shipping 2 Ltd.	Bahamas	20.00	¥3,961,000	
	○ Trans Pacific Shipping 5 Ltd.	Bahamas	50.00	¥2,672,000	
	○ Trans Pacific Shipping 8 Ltd.	Bahamas	50.00	¥1,265,000	
	○ Viken MOL AS	Norway	50.00	US\$61,500	
	○ Viken Shuttle AS	Norway	—	US\$38,104	
	○ Shipowner / Chartering companies (53 companies) in Panama, Marshall Islands, Liberia, Hong Kong, Cayman Islands, Singapore, Indonesia, Cyprus, Bahamas and Malta				
	Product Transport Business	● Asia Utoc Pte. Ltd.	Singapore	100.00	S\$900
		● Bangkok Container Service Co., Ltd.	Thailand	100.00	THB10,000
		● Bangpoo Intermodal Systems Co., Ltd.	Thailand	74.62	THB130,000
		● Blue Highway Express Kyushu Co., Ltd.	Japan	100.00	¥50,000
		● Blue Highway Service K.K.	Japan	100.00	¥30,000
		● Blue Sea Network Co., Ltd.	Japan	100.00	¥54,600
● Chugoku Shipping Agencies Ltd.		Japan	100.00	¥10,000	
● Euro Marine Carrier B.V.		Netherlands	75.50	€ 91	
● Euro Marine Logistics N.V.		Belgium	50.00	€ 1,950	
● Ferry Sunflower Limited		Japan	99.00	¥100,000	
● International Container Transport Co., Ltd.		Japan	51.00	¥100,000	
● International Transportation Inc.		USA	51.00	US\$60,000	
● Mitsui O.S.K. Lines (Thailand) Co., Ltd.		Thailand	47.00	THB20,000	
● MOL Consolidation Service Ltd.		Hong Kong	100.00	HK\$1,000	
● MOL Consolidation Service Ltd. (China)		China	100.00	RMB8,000	
● MOL Container Center (Thailand) Co., Ltd.		Thailand	99.60	THB10,000	
● MOL Ferry Co., Ltd.		Japan	100.00	¥1,577,400	
● MOL Hong Kong Ltd.		Hong Kong	100.00	HK\$40,000	
● MOL Logistics (Deutschland) GMBH		Germany	100.00	€ 537	
● MOL Logistics (Europe) B.V.		Netherlands	100.00	€ 414	
● MOL Logistics (H.K.) Ltd.		Hong Kong	100.00	HK\$14,100	
● MOL Logistics (Japan) Co., Ltd.		Japan	75.06	¥756,250	
● MOL Logistics (Netherlands) B.V.		Netherlands	100.00	€ 3,049	
● MOL Logistics (Singapore) Pte. Ltd.		Singapore	100.00	S\$700	
● MOL Logistics (Taiwan) Co., Ltd.		Taiwan	100.00	NT\$7,500	
● MOL Logistics (Thailand) Co., Ltd.		Thailand	99.00	THB20,000	

	Registered Office	Voting Rights (%)*	MOL's Paid-in Capital (Thousands)		
Product Transport Business	● MOL Logistics (UK) Ltd.	UK	100.00	£400	
	● MOL Logistics (USA) Inc.	USA	100.00	US\$9,814	
	● MOL Logistics Holding (Europe) B.V.	Netherlands	100.00	€ 19	
	● MOL Worldwide Logistics, Ltd.	Hong Kong	100.00	HK\$58,600	
	● Nissan Carrier Europe B.V.	Netherlands	100.00	€ 195	
	● Nissan Motor Car Carrier Co., Ltd.	Japan	90.00	¥640,000	
	● Shanghai Huajia International Freight Forwarding Co., Ltd.	China	76.00	US\$1,720	
	● Shosen Koun Co., Ltd.	Japan	79.98	¥300,000	
	● Thai Intermodal Systems Co., Ltd.	Thailand	100.00	THB77,500	
	● TraPac Jacksonville, LLC.	USA	100.00	—	
	● TraPac, LLC.	USA	100.00	—	
	● Utoc Corp.	Japan	67.55	¥2,155,300	
	● Utoc Engineering Pte. Ltd.	Singapore	100.00	S\$2,000	
	● Utoc Logistics Corp.	Japan	100.00	¥50,000	
	● Utoc Ryutsu Service Corp.	Japan	100.00	¥10,000	
	● Utoc Stevedoring Corp.	Japan	100.00	¥50,000	
	● Utoc Transnet Corp.	Japan	100.00	¥90,000	
	● World Logistics Service (U.S.A.), Inc.	USA	100.00	US\$200	
	● Shipowner / Chartering companies (52 companies) in Panama, Marshall Islands, Liberia, Hong Kong, Cayman Islands, Singapore and Isle of Man				
	● Others (18 companies)				
	○ Meimon Taiyo Ferry Co., Ltd.	Japan	41.13	¥880,000	
	○ Nippon Concept Corp.	Japan	15.00	¥600,440	
	○ Ocean Network Express Holdings, Ltd.	Japan	31.00	¥50,000	
	○ Ocean Network Express Pte. Ltd.	Singapore	—	US\$3,000,000	
	○ PKT Logistics Group Sdn. Bhd.	Malaysia	35.13	MYR276,354	
	○ Rotterdam World Gateway B.V.	Netherlands	20.00	€ 14,018	
	○ Shanghai Kakyakusen Kaisha, Ltd.	Japan	31.98	¥100,000	
	○ Tan Cang-Cai Mep International Terminal Co. Ltd.	Viet Nam	21.33	VND732,966,020	
	○ TIPS Co., Ltd.	Thailand	24.44	THB100,000	
	○ Other (1 company)				
	Associated Businesses	● Daibiru Corporation	Japan	51.07	¥12,227,847
		● Daibiru CSB Co., Ltd.	Viet Nam	99.00	VND349,000,000
		● Daibiru Holdings Australia Pty Ltd.	Australia	100.00	A\$140,000
		● Daibiru Facility Management Ltd.	Japan	100.00	¥17,000
		● Daibiru Saigon Tower Co., Ltd.	Viet Nam	100.00	VND124,203,000
		● Green Kaiji Kaisha, Ltd.	Japan	100.00	¥95,400
		● Green Shipping, Ltd.	Japan	100.00	¥172,000
		● Hokuso Kohatsu K.K.	Japan	100.00	¥50,000
		● Ikuta & Marine Co., Ltd.	Japan	100.00	¥26,500
		● Japan Express Co., Ltd.	Japan	100.00	¥99,960
		● Japan Hydrographic Charts & Publications Co., Ltd.	Japan	95.25	¥32,000
		● Jentower Limited	British Virgin Islands	100.00	US\$0
		● Kitanihon Tug-boat Co., Ltd.	Japan	62.00	¥50,000
		● Kobe Towing Co., Ltd.	Japan	100.00	¥50,000
		● Kosan Kanri Service Co., Ltd.	Japan	100.00	¥20,000
● Kosan Kanri Service-West Co., Ltd.		Japan	100.00	¥14,400	
● M.O. Tourist Co., Ltd.		Japan	100.00	¥250,000	
● MOL Kosan Co., Ltd.		Japan	100.00	¥300,000	
● Mitsui O.S.K. Passenger Line, Ltd.		Japan	100.00	¥100,000	
● MOL Career Support, Ltd.		Japan	100.00	¥100,000	
● MOL Kaiji Co., Ltd.		Japan	100.00	¥95,000	
● MOL Techno-Trade, Ltd.		Japan	100.00	¥490,000	
● Nihon Tug-Boat Co., Ltd.		Japan	87.26	¥134,203	
● Nishinohon Sogo Setsubi Co., Ltd.		Japan	100.00	¥10,000	
● Tanshin Building Service Co., Ltd.		Japan	100.00	¥20,000	
● Tokai Tugboat K.K.		Japan	70.00	¥10,000	
● Ube Port Service Co., Ltd.		Japan	99.39	¥14,950	
● White Lotus Properties Ltd.		British Virgin Islands	100.00	¥6,810,000	
● Chartering company (1 company) in Panama					
● Other (2 companies)					
○ Shinyo Kaiun Corp.		Japan	36.00	¥100,000	
○ South China Towing Co., Ltd.		Hong Kong	25.00	HK\$12,400	
○ Tan Cang-Cai Northern Maritime Joint Stock Company		Viet Nam	36.00	VND 118,560,000	
○ Tan Cang-Cai Mep Towage Services Co., Ltd.		Viet Nam	40.00	VND 112,717,115	
Others		● Euromol B.V.	Netherlands	100.00	€ 8,444
		● Linkman Holdings Inc.	Liberia	100.00	US\$3
		● Mitsui O.S.K. Holdings (Benelux) B.V.	Netherlands	100.00	€ 17,245
		● MOL (Americas) LLC.	USA	100.00	—
		● MOL (Americas) Holdings, Inc.	USA	100.00	US\$200
		● MOL (Asia Oceania) Pte. Ltd.	Singapore	100.00	S\$2,350
		● MOL (Europe Africa) Ltd.	UK	100.00	US\$8,402
		● MOL Accounting Co., Ltd.	Japan	100.00	¥30,000
		● MOL Adjustment, Ltd.	Japan	100.00	¥10,000
		● MOL Engineering Co., Ltd.	Japan	100.00	¥20,000
		● MOL Information Systems, Ltd.	Japan	100.00	¥100,000
	● MOL Manning Service S.A.	Panama	100.00	US\$3,889	
	● MOL Marine Co., Ltd.	Japan	100.00	¥100,000	
	● MOL Ocean Expert Co., Ltd.	Japan	100.00	¥100,000	
	● MOL Ship Management Co., Ltd.	Japan	100.00	¥50,000	
	● MOL Ship Tech Inc.	Japan	100.00	¥50,000	
	● MOL Treasury Management Pte. Ltd.	Singapore	100.00	US\$2,000	
	○ Other (1 company)				

* MOL's voting rights include voting rights of MOL and its subsidiaries

The MOL Group's Global Network

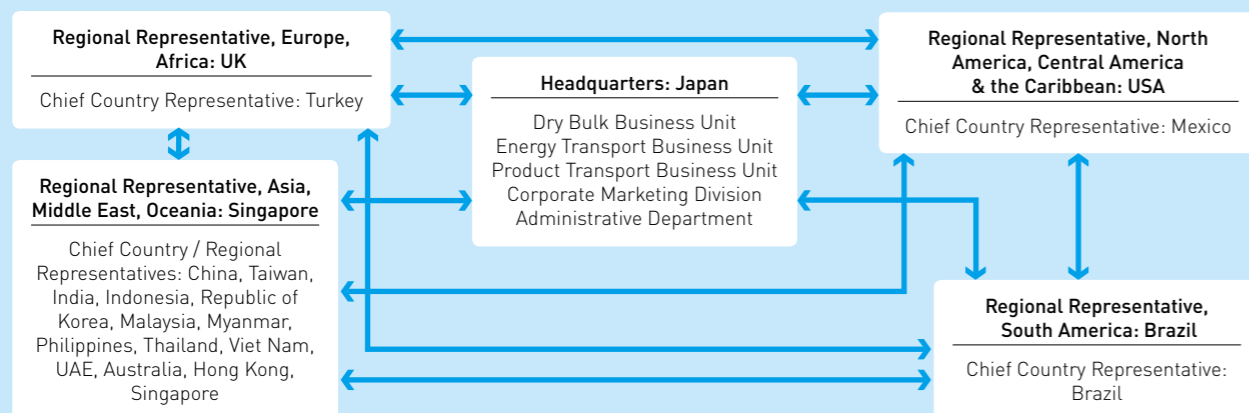
Countries and Regions with Group Offices

Europe / Africa		Asia / Middle East / Oceania			North America / Central America / The Caribbean
UK	Austria	Japan	Malaysia	UAE	USA
Netherlands	Czech Republic	China	Singapore	Oman	
Belgium	Egypt	Republic of Korea	Viet Nam	Australia	
France	Algeria	Taiwan	Thailand	New Zealand	
Italy	Ghana	Hong Kong	Indonesia		South America
Turkey	Kenya	Philippines	India	Brazil	
Russia	Republic of South Africa	Myanmar	Sri Lanka	Chile	
Poland			Qatar		
Germany					



ONE MOL Network for Global Information Strategy

—Utilizing Information across Divisions, Countries, and Regions—



Information Disclosure and External Recognition

Promoting Information Disclosure and Engagement

MOL considers timely and accurate disclosure of management and financial information as a matter of great importance. In addition to being accountable to shareholders and investors by providing information, the Company communicates their opinions to its management. The distinguishing feature of our investor relations (IR) activities is that the president takes the lead in their implementation. In fiscal 2018, based on the belief that the president himself should directly communicate the Company's future strategies, the president gave the Company's presentations of interim and full-year 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. In releasing its quarterly financial results, the Company discloses the financial highlights in Japanese and English on the Tokyo Stock Exchange's TDnet, while simultaneously posting the Japanese and English presentation materials on its website. Such information is emailed to domestic and foreign investors who request notification. Additionally, MOL actively disseminates

information about management strategy, investment plans, market conditions, and other information through its website.

As expressed in 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. MOL will continuously bolster the quality and quantity of communication while being mindfully aware of fair disclosure rules enacted in April 2018.

The responsibility to provide information is not limited to management and financial issues. MOL's basic stance is to quickly disclose information, including negative information on such matters as accidents, to all stakeholders. Furthermore, the Company holds regular drills for responding to the media in emergencies and are working to strengthen its ability to quickly and properly disclose information. MOL will continue working to raise reliability in its business policies and management through close communication with various stakeholders.

IR Activities in Fiscal 2018 (April 2018–March 2019)

Activity	Frequency	Details
For securities analysts and institutional investors	Business performance presentations	4 times Quarterly results/forecasts
	President's small meetings	4 times Held for analysts in Japan
For overseas institutional investors	Overseas investor road shows	5 times Twice in Europe, twice in Asia, and once in North America
	Conferences held by securities companies	4 times Attended conferences in Japan and held individual meetings
For individual investors	Corporate presentations for individual investors	2 times Attended seminars for individual investors in Nagoya and Takamatsu, 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
Integrated report	Yes	Yes
Securities reports	Yes	No
Quarterly reports	Yes	No
Business reports for shareholders	Yes	No*
Investor guidebook	Yes	Yes
Market data	Yes	Yes

* Translation for reference and convenience purpose only is available.

External Recognition



• SMBC Work Style Reform Finance
Based on MOL's initiatives adopted in the past (see page 40), Sumitomo Mitsui Banking Corporation approved MOL for SMBC Work Style Reform Finance as a growth enterprise that can be expected to encourage workstyle reform in the future (FY2017).

THE INCLUSION OF MITSUI O.S.K. LINES, LTD. IN ANY MSCI INDEX, AND THE USE OF MSCI LOGOS, TRADEMARKS, SERVICE MARKS OR INDEX NAMES HEREIN, DO NOT CONSTITUTE A SPONSORSHIP, ENDORSEMENT OR PROMOTION OF MITSUI O.S.K. LINES, LTD. BY MSCI OR ANY OF ITS AFFILIATES. THE MSCI INDEXES ARE THE EXCLUSIVE PROPERTY OF MSCI. MSCI AND THE MSCI INDEX NAMES AND LOGOS ARE TRADEMARKS OR SERVICE MARKS OF MSCI OR ITS AFFILIATES.

Glossary (In alphabetical order)

Chemical Tankers

Tankers fitted with multiple tanks to transport many different types of liquid chemical cargo at the same time. These tankers have complex design specifications, as they are equipped with independent pipelines, cargo pumps, and temperature-regulating functions for each tank, in addition to dedicated facilities for cleaning and other features.

Ethane Carriers

Ethane carriers are specialized for transporting liquefied ethane, which has been cooled to -92°C, and equipped with a reliquefaction system. LNG carriers transport cargo at -162°C, and LPG tankers transport cargo at -42°C, so ethane carriers fall somewhere between the two.

FPSO (Floating Production, Storage and Offloading System)

A floating facility for producing oil and gas offshore. The oil is stored in tanks in the facility and directly offloaded to shuttle tankers for transport to the shore facility.

FSRU (Floating Storage and Regasification Unit) FSU (Floating Storage Unit)

An FSU is a floating facility for storing LNG offshore. An FSRU has the same structure as an FSU with an additional function for regasification of LNG onboard, with which it can send out vaporized natural gas to land through a pipeline. FSRUs and FSUs are being adopted for a growing number of projects to establish LNG receiving terminals all over the world because of their advantages, including a shorter lead time and lower costs compared to conventional onshore receiving terminals.

Highly Stable Profits

Profits that are stably generated by contracts of two years or more, and projected profits from highly stable businesses. Highly stable profits are currently provided by the following segments: Dry bulkers, Tankers, and LNG carriers / Offshore businesses under medium- and long-term contracts (two years or more); Associated businesses; and Others.

LNG Carriers

Tankers designed for the transportation of liquefied natural gas (LNG). To transport LNG which has been cooled to -162 °C, LNG carriers make use of a wide variety of technologies in various ship parts, including specialized tanks that can withstand extremely cold temperatures and emergency shut-off devices to prevent accidents in cargo operation.

Market Exposure

If vessels procured for the medium- and long-term (owned or medium-and long-term chartered vessels) operate only under short-term cargo transport contracts, these vessels are exposed to market rate fluctuations as a result of the mismatch between the vessel procurement and operating periods. MOL defines the number of medium-and long-term procured vessels operating under cargo contracts of less than two years as "market exposure," and monitors the ratio of its market exposure with the aim of controlling the risk of market fluctuation.

Pool

Arrangements where ship operators and owners pool certain ships together to conduct joint operations.

RoRo (Roll-on / Roll-off) Ships

Ships that are equipped with a ramp like ferries and have a vehicle deck to hold trucks, trailers, and other vehicles. Cranes and other loading equipment are not used in loading; instead, vehicles are driven onto the ship. In general, while ferries transport passengers and personal-use automobiles in addition to freight vehicles, RoRo ships mainly transport freight vehicles.

Small- and Medium-sized Bulkers

Panamax, Handymax, and Small handy dry bulkers that mainly transport general bulk cargo, such as coal, grain, salt, cement, and steel products.

SOx

The term "SOx" collectively refers to sulfur oxide emissions, including sulfur dioxide (SO₂), which are air pollutants emitted during the combustion of fossil fuels containing sulfur, such as oil and coal. In the marine transport industry, regulations requiring a drastic reduction in the sulfur content of fuel will come into effect in 2020, in order to curtail the amount of SOx in vessel emissions.

Subsea Support Vessels

Vessels designed for installation and maintenance of subsea facilities during exploitation of offshore oil and gas fields.

Visualization of Marine Operations

Measures to provide visualization of the conditions of vessels and cargo at sea using ICT, thereby achieving optimal vessel operations, in conjunction with providing value-added services to customers. For example, big data on weather and sea conditions is analyzed and effectively utilized to achieve safer vessel operations and optimal routing. In addition, measures are taken to improve the safety of vessel operations and ship management efficiency, including remotely monitoring the operational status of engines and other machinery and making maintenance arrangements in advance.

Shareholder Information

Capital	¥65,400,351,028
Head office	1-1, Toranomon 2-chome, Minato-ku, Tokyo 105-8688, Japan
Number of MOL employees	1,026
Number of MOL Group employees (The parent company and consolidated subsidiaries)	8,941
Total number of shares authorized	315,400,000
Number of shares issued	120,628,611
Number of shareholders	85,217
Shares listed on	Tokyo Stock Exchange
Share transfer agent (Contact information)	Sumitomo Mitsui Trust Bank, Limited Stock Transfer Agency Business Planning Department 8-4, Izumi 2-chome, Suginami-ku, Tokyo 168-0063, Japan
Communication materials	MOL Report (English / Japanese) Investor Guidebook (English / Japanese) Market Data (English / Japanese) News Releases (English / Japanese) Website (English / Japanese)

(As of March 31, 2019)

For further information, please contact:

Investor Relations Team
Corporate Communication Division
Mitsui O.S.K. Lines, Ltd.

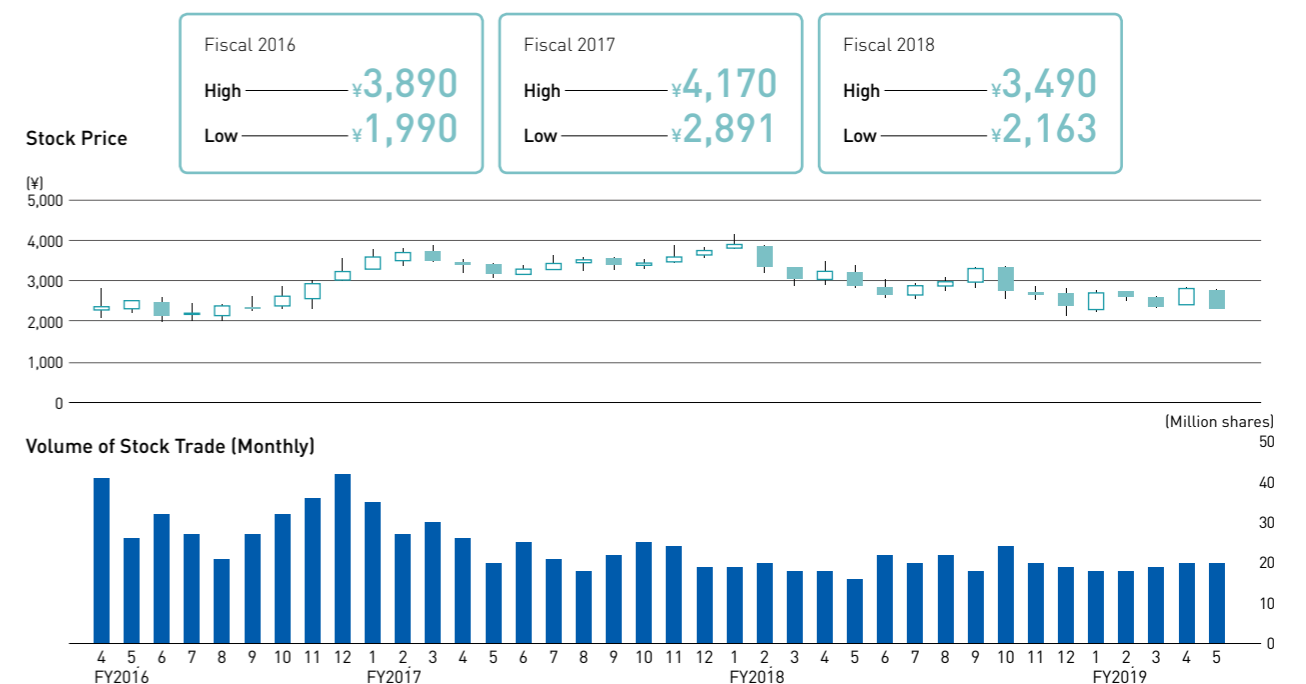
1-1, Toranomon 2-chome, Minato-ku,
Tokyo 105-8688, Japan

E-mail iromo@molgroup.com

URL <https://www.mol.co.jp/en/>



Stock Price (Tokyo Stock Exchange) and Volume of Stock Trade*



* The Company consolidated its common shares on the basis of one (1) unit for every ten (10) shares effective October 1, 2017. Figures for FY2016 are calculated on the assumption that the consolidation of shares was conducted at the beginning of FY2016.