NOTICE OF CONVOCATION OF THE ORDINARY GENERAL MEETING OF SHAREHOLDERS

For the Fiscal Year 2020
(From April 1, 2020 to March 31, 2021)

Mitsui O.S.K. Lines, Ltd.

[Translation for Reference and Convenience Purposes Only]

To our shareholders and investors

I would like to express my heartfelt gratitude to all of you for your ongoing support.

First let me extend my greetings as you examine this Notice of Convocation of the Ordinary General Meeting of Shareholders for FY2020.

My name is Takeshi Hashimoto, and I was appointed as Representative Director, President, Chief Executive Officer of the Company from April 1, 2021. Let me begin by saying that we would like to express our deepest sympathies to those affected by the novel coronavirus (COVID-19) pandemic. We would also like to express our greatest respect and sincere gratitude to all those who are working to stop the spread of COVID-19 and to bring it under control, including medical care personnel.

In FY2020, a significant slump in cargo volumes emerged due to the suspension of production activities in the global manufacturing sector caused by the spread of COVID-19 continuing from the end of FY2019. Car carriers, ferries and coastal RoRo ships, as well as cruise ships, were greatly affected among our businesses. At the same time, in Energy Transport Business, LNG carriers and FPSOs as businesses generate stable profits mainly on long-term contracts performed as expected. Tankers also performed well thanks to increased demand for floating storage triggered by falling oil prices. In Product Transport Business, the container shipping business of Ocean Network Express Pte. Ltd. (ONE) also showed a significant improvement in profits due to strong transportation demand and firm market rates. As a result of the above, the Company achieved ordinary profit and profit attributable to owners of parent significantly higher than the previous fiscal year.

Regarding dividends, we intend to increase annual dividend per share by ¥85 from FY2019 to ¥150 (interim dividend of ¥15, year-end dividend of ¥135), in returning profits to shareholders based on business performance for FY2020.

For FY2021, under the Management Plan “Rolling Plan 2021 (hereinafter, RP2021),” full-year consolidated forecasts are: revenues of ¥1,060 billion, business profit (operating profit + equity in earnings of affiliated companies) of ¥90 billion, ordinary profit of ¥100 billion, and profit attributable to owners of parent of ¥90 billion. Based on this profit plan, we intend to pay an annual dividend of ¥150 per share (interim dividend of ¥70).

Management Plan RP2021 is based on the three core strategies succeeded from the previous management policies: “Environmental Strategy,” “Business Strategy,” and “Portfolio Strategy.” Yet, RP2021 accelerates our initiatives advocated in “Environmental Strategy.” For instance, we significantly brought the target for achieving net zero emissions forward to 2050. Regarding “Business Strategy,” we will promote regional strategies and will focus on India to Southeast Asia, and East Asia, particularly China.

Effective from April 1, the Company established new MOL Group Corporate Mission and Group Vision. We also revised Group Values, “MOL CHART,” which conveys the core values embraced by all group employees. By adding an “S” for safety, “MOL CHARTS” is our new Group Values.

Based on the new MOL Group Corporate Mission, we aim to achieve our Group Vision by working on RP2021 and sustainability issues, and as a matter of course, improving quality of safe operation as the foundations of our business and strict adherence to compliance. At the same time, we will respond to the accelerating changes in society triggered by the COVID-19 pandemic. We believe these initiatives are the pass to improve our corporate value.

We ask for your continued support.

Takeshi Hashimoto

Representative Director
President, Chief Executive Officer

[Translation for Reference and Convenience Purposes Only]

Securities Code: 9104
May 31, 2021

To Shareholders with Voting Rights

Takeshi Hashimoto
Representative Director
President, Chief Executive Officer
Mitsui O.S.K. Lines, Ltd.
1-1, Toranomon 2-chome,
Minato-ku, Tokyo, Japan

NOTICE OF CONVOCATION OF THE ORDINARY GENERAL MEETING OF SHAREHOLDERS

You are hereby given notified of the Ordinary General Meeting of Shareholders (the "Meeting") of Mitsui O.S.K. Lines, Ltd. ("MOL" or the "Company") will be held as set forth below.

We ask you to exercise your voting rights upon having reviewed the Reference Documents for the General Meeting of Shareholders provided in the following pages. You may exercise your voting rights either in writing using postal mail, or via the Internet.

We will livestream the Meeting via the Internet (Japanese only) so that our shareholders are able to view the proceedings of the Meeting at any place.

We recommend that you view the meeting via the livestream rather than attend the meeting to reduce risk of COVID-19. Also, we ask you to exercise your voting rights beforehand either in writing using postal mail, or via the Internet, because you will not be able to do so via the livestream. Please refer to pages 4 to 5 for guidance on how to take part in the Meeting, and how to exercise your voting rights.

1. **Date and Time:** 10:00 a.m., Tuesday, June 22, 2021 (Reception from 9:00 a.m.)
2. **Place:** Shinagawa Intercity Hall,
   2-15-4, Konan, Minato-ku, Tokyo, Japan
3. **Agenda:**
   Matters to Be Reported: Business Report, Consolidated Financial Statements, Non-consolidated Financial Statements, and Audit Reports of the Accounting Auditor and the Audit & Supervisory Board for the Consolidated Financial Statements for the Fiscal Year 2020 (From April 1, 2020 to March 31, 2021)
   Proposals to Be Resolved:
   - **Proposal No. 1:** Appropriation of Surplus
   - **Proposal No. 2:** Election of Nine (9) Directors
   - **Proposal No. 3:** Election of One (1) Audit & Supervisory Board Member
   - **Proposal No. 4:** Election of One (1) Substitute Audit & Supervisory Board Member
   - **Proposal No. 5:** Decision on Remuneration for Performance-linked Stock Compensation Plan to Executive Directors (Directors who serve concurrently as Executive Officers)
   - **Proposal No. 6:** Issuance of Stock Acquisition Rights as Stock Options to the Company's Employees Who Hold Senior Management Positions, Presidents of the Company's Subsidiaries, Etc.

Should any modification to the Reference Documents for the General Meeting of Shareholders, Business Report, Consolidated Financial Statements and Non-consolidated Financial Statements occur, the matters after modification will be posted on the Internet website of the Company (link below).

The Company's initiatives to address risks involving COVID-19 infection

We will hold this year's General Meeting of Shareholders as described below in order to reduce risk of COVID-19. We accordingly ask for your cooperation and understanding in this regard.

<Instructions to shareholders>

- To avoid risk of infection, we recommend that you refrain from attending the venue of the Meeting. Instead, we ask you to exercise your voting rights either in writing (by postal mail) or via the Internet.
- We will livestream the Meeting via the Internet (Japanese only) so that you can view the proceedings from your home or elsewhere rather than at the venue. Please consider the option of viewing the livestream online rather than physically attending the meeting. (Those who taking part in the meeting via the livestream are asked to exercise their voting rights beforehand because you will not be able to exercise voting rights or ask questions on the day of the Meeting via the livestream.)
- For shareholders who will not be attending the Meeting, we welcome questions submitted via the Internet prior to the Meeting. Among the submitted questions, we intend to address those that are of particular concern to many shareholders at the Meeting. (Please be aware that it will not be possible for us to answer shareholder questions on an individual basis.)
- A video (Japanese only) of the Meeting will be available on the Company's website (link below) after the conclusion of the Meeting.

<For shareholders attending at the Meeting venue>

- If you plan to attend the Meeting, we kindly ask you to first check the status of COVID-19 in Japan and assess your physical health. We also ask for the cooperation of those attending the Meeting with respect to reduce risk of further transmission of COVID-19 by wearing facemask, temperature check at the entrance, and using alcohol-based hand sanitizer.
- For social distancing, the number of seats available will be significantly fewer than previous years. Therefore, we may ask some shareholders not to enter the meeting venue.
- In order to reduce risk of transmission of the virus, this year, we have canceled activities such as exhibiting panel displays on the Company's business operations, hosting a booth introducing our passenger ships and ferries, providing beverages, or offering commemorative goods (complimentary gifts).

If any changes arise as to our administration of the Meeting due to potential changes of situations before the meeting date, we will provide notification via the Company's website (link below). Please check the Company's website for the latest information in this regard.

WEBSITE
https://www.mol.co.jp/en/ir/stock/gms/index.html

[Translation for Reference and Convenience Purposes Only]

How to Participate in the General Meeting of Shareholders and Exercise Your Voting Rights

If you wish to attend the venue of the Meeting

Date and time of the General Meeting of Shareholders: **10:00 a.m., Tuesday, June 22, 2021**
(Reception starts at 9:00 a.m.)

Please bring the enclosed Voting Form and submit it to the reception desk.

If you do not wish to attend the venue of the Meeting (Please exercise your voting rights in advance)

Exercising voting rights in writing (by mail)

Deadline for exercising voting rights: **No later than 5:00 p.m. (Japan standard time), Monday, June 21, 2021 (must arrive by this time)**

Please indicate your approval or disapproval of the proposals in the enclosed Voting Form and return it to the Company by mail so that it arrives before the deadline.

Guide to filling in the Voting Form

Proposal No. 1, No. 3, No. 4, No. 5 and No. 6

If you approve:	Mark a 〇 in the box marked “賛”
If you disapprove:	Mark a 〇 in the box marked “否”

Proposal No. 2

If you approve all candidates:	Mark a 〇 in the box marked “賛”
If you disapprove all candidates:	Mark a 〇 in the box marked “否”
If you selectively disapprove certain candidates:	Mark a 〇 in the box marked “賛” and write the number of each candidate you choose to disapprove.

Exercising voting rights via the Internet, etc.

Deadline for exercising voting rights: **No later than 5:00 p.m., Monday, June 21, 2021**

Please access the Company’s voting website and indicate whether you approve or disapprove of the proposals by the deadline.

Voting Rights Exercise Website URL: https://www.web54.net (Japanese only)

* Depending on the Internet usage environment on your PC or smartphone, you may not be able to access the website to exercise your voting rights.

[Recommendation] Livestream of the General Meeting of Shareholders (Japanese only)

Date and time of the General Meeting of Shareholders: **10:00 a.m., Tuesday, June 22, 2021**
(Stream begins at 9:30 a.m.)

You will be able to view the Meeting from home or elsewhere other than the meeting venue via your PC or smartphone.

- The livestream of the Meeting is restricted to shareholders. Please refer to the enclosed “Guide to Livestream of the Meeting of Shareholders and Prior Submission of Questions” and “Notification of ID/Password for Livestream of the Meeting of Shareholders and Prior Submission of Questions” (Both enclosed documents are available in Japanese only.), and participate via the dedicated website for the livestream.
- You will not be able to exercise voting rights or ask questions on the day of the Meeting through the livestream, as it will not be regarded as attendance under the Companies Act.

Shareholders who plan to view the livestream of the Meeting are requested to exercise their voting rights beforehand either in writing using postal mail or via the Internet.

Handling of your voting rights

- You may exercise your voting rights through a proxy who must be another shareholder holding voting rights of the Company. In this case, it is necessary for the shareholder or the proxy to submit a document to the Company proving the authority of the proxy.
- If a voting right is exercised both by returning a Voting Form and via the Internet, only voting via the Internet will be deemed valid.
- If you exercise your voting rights multiple times via the Internet, etc., by using devices such as PC or smartphone, the last vote shall be deemed valid.

< Prior submission of questions >

We will be receiving questions from shareholders who will not be attending the venue of the Meeting via the Internet prior to the Meeting.

Reception period: **From 9:00 a.m., Tuesday, June 1, 2021**
to 5:00 p.m., Tuesday, June 15, 2021

Please refer to the enclosed "Guide to Livestream of the Meeting of Shareholders and Prior Submission of Questions" and "Notification of ID/Password for Livestream of the Meeting of Shareholders and Prior Submission of Questions" (Note that both enclosed documents are available in Japanese only.), and enter your question via the dedicated website (Japanese only).

Among the questions submitted, we intend to address those that are of particular concern to our shareholders on the day of the Meeting. Please understand that it will not be possible for us to individually respond to all questions.

[Translation for Reference and Convenience Purposes Only]

REFERENCE DOCUMENTS FOR THE GENERAL MEETING OF SHAREHOLDERS

Proposal No. 1: Appropriation of Surplus

The Company's key management policies are the enhancement of corporate value with proactive business investment and the direct return of profits to shareholders through dividend payments.
We are working to reinforce our corporate structure and further increase per-share corporate value by utilizing internal capital reserves. In the coming terms, we will pay dividends linked to business performance with a 20% dividend payout ratio as a guideline. Also, we will continue working on improving the ratio as a medium- and long-term management issue.
The Company generated gains in profit attributable to owners of parent due to significant improvement in profitability of its container shipping business, despite erosion of earnings in certain business sectors amid substantial volatility in the economic and financial landscape due to the COVID-19 pandemic. Taking this into consideration, we propose to pay a year-end dividend for the fiscal year of ¥135 per share, an increase of ¥100 per share from the previous fiscal year, in order to further return profits to shareholders.
As we have already paid an interim dividend of ¥15 per share, for FY2020, the annual dividend of the Company will be ¥150 per share, an increase of ¥85 from the previous fiscal year.

Matters related to year-end dividend

(1) Type of dividend property
Cash

(2) Matter related to distribution of dividend property and total amount thereof
¥135 per common share of the Company Total amount: ¥16,149,183,030

(3) Effective date of distribution of surplus
June 23, 2021

[Translation for Reference and Convenience Purposes Only]

Proposal No. 2: Election of Nine (9) Directors

Of the eight (8) directors of the Company who were elected at the Ordinary General Meeting of Shareholders held on June 23, 2020, the terms of office of seven (7) of those directors will expire at the conclusion of this meeting, aside from Takashi Maruyama who has resigned as of March 31, 2021. Accordingly, the Company proposes election of the following nine (9) directors, an increase of one (1) director, with the aim of further strengthening the management structure.
The candidates for directors are as follows:

No.		Name	Current Positions and Responsibilities in the Company	Attendance to the Board of Directors' meetings	Nomination Advisory Committee	Remuneration Advisory Committee
1	Reappointed	Junichiro Ikeda	Representative Director Chairman Executive Officer	100% 14 of 14	○	○
2	Reappointed	Takeshi Hashimoto	Representative Director President, Chief Executive Officer	100% 14 of 14	○	○
3	Reappointed	Akihiko Ono	Representative Director Executive Vice President, Executive Officer Assistant to President, Chief Safety Officer, Chief Compliance Officer, Chief Information Officer, Deputy Director General, Safety Operations Headquarters, Deputy Director General, Technology Innovation Unit, Responsible for: Refreshing Organization, Enhancing Group Management, Recovery Of Environmental Damage From The Wakashio Incident And Contribution To The Mauritian Community, Secretaries & General Affairs Division, MOL Information Systems, Ltd.	100% 14 of 14		
4	Reappointed	Toshiaki Tanaka	Senior Managing Executive Officer Chief Environment and Sustainability Officer, Director General, Dry Bulk Business Unit, Responsible for: Environment & Sustainability Strategy Division, Supervisor for Corporate Marketing Division	100% 10 of 10		
5	Newly appointed	Kenta Matsuzaka	Senior Managing Executive Officer Director General, Energy and Offshore Business Unit, Responsible for: Europe and Africa Area	–% –		
6	Newly appointed	Yutaka Hinooka	Managing Executive Officer Chief Communication Officer, Responsible for: Corporate Planning Division, Corporate Communication Division, Accounting Division	–% –		
7	Reappointed Outside Independent	Hideto Fujii	Director	100% 14 of 14	○	○
8	Reappointed Outside Independent	Etsuko Katsu	Director	100% 14 of 14	○	○
9	Reappointed Outside Independent	Masaru Onishi	Director	100% 14 of 14	○	○

Reappointed	Newly appointed	Outside	Independent
Candidate for reappointment as Director	Candidate for new appointment as Director	Candidate for Outside Director	Independent officer for submission to stock exchanges

Selection policy and process

The selection of candidates for the Board of Directors is based on the report from the Nomination Advisory Committee. The basic policy of the Company is to have a board composed of inside directors and several outside directors. Directors appointed from within the company should be able to contribute to the enhancement of the Group’s corporate value with extensive experience and knowledge, as well as being capable of making management decisions on a global basis with broad perspectives and foresight. Outside directors should be able to contribute to the enhancement of the Group’s corporate value from an objective perspective based on extensive experience and knowledge in their area of expertise.

			Expertise and attributes expected of Directors*							
No.		Name	Corporate management	Finance	Business strategy/ Marketing	Global business	Risk management/ Compliance	ESG	ICT/DX	Government agencies/ Research institutions
1	Reappointed	Junichiro Ikeda	●		●	●	●	●		
2	Reappointed	Takeshi Hashimoto	●	●	●	●	●			
3	Reappointed	Akihiko Ono	●		●	●	●	●	●	
4	Reappointed	Toshiaki Tanaka			●	●		●		
5	Newly appointed	Kenta Matsuzaka	●		●	●				
6	Newly appointed	Yutaka Hinooka		●		●	●	●		
7	Reappointed Outside Independent	Hideto Fujii		●				●		●
8	Reappointed Outside Independent	Etsuko Katsu		●		●		●		●
9	Reappointed Outside Independent	Masaru Onishi	●			●	●	●	●	

* The above table does not represent all of the knowledge possessed by the Directors.

[Translation for Reference and Convenience Purposes Only]

Candidate number 1	Junichiro Ikeda	Reappointed Date of birth July 16, 1956	**Number of the Company's Shares Held** 23,700 shares **Attendance to the Board of Directors' meetings** 14 of 14 (Attendance rate: 100%) **Number of years as Director** 8 years *as of the conclusion of this meeting

Career Summary, and Positions and Responsibilities in the Company

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
Apr. 2021	Representative Director, Chairman Executive Officer (to present)

[Reason for nomination as candidate for director]

Junichiro Ikeda has been carrying out resolutions of the Board of Directors and leading management of the Group since being appointed as Representative Director, President, Chief Executive Officer in June 2015, and has served as Chief Executive Officer until March 2021. With his strong leadership and decision-making ability based on his abundant experience and achievements, he has worked to enhance corporate value of the Company by embarking on initiatives that included integration of container shipping businesses and structural reform in our dry bulk business, and also by striking a balance between business continuity and preventing infection of employees and others amid the COVID-19 pandemic, etc. We deem that his extensive experience and knowledge are necessary, particularly given his appointment as Representative Director, Chairman Executive Officer as of April 2021, in our efforts that involve enhancing the supervisory function of the Board of Directors and strengthening corporate governance of the Group, and accordingly propose that he be reappointed.

Candidate number 2	Takeshi Hashimoto	Reappointed Date of birth October 14, 1957	**Number of the Company's Shares Held** 10,700 shares **Attendance to the Board of Directors' meetings** 14 of 14 (Attendance rate: 100%) **Number of years as Director** 6 years *as of the conclusion of this meeting

Career Summary, and Positions and Responsibilities in the Company

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
Apr. 2021	Representative Director, President, Chief Executive Officer (to present)

[Reason for nomination as candidate for director]

Takeshi Hashimoto has been involved in the liquefied natural gas (LNG) carrier and offshore businesses over many years. Subsequent to his appointment as Representative Director, Executive Vice President, Executive Officer in April 2019, he has mainly been overseeing business divisions while also taking charge of overall management, and has been promoting initiatives that include expanding our energy transport operations in growth markets and implementing structural reform involving our dry bulk business. We deem that his extensive experience and knowledge are necessary, particularly given his appointment as Representative Director, President, Chief Executive Officer as of April 2021, in our efforts to increase the corporate value of the Group, and accordingly propose that he be reappointed.

[Translation for Reference and Convenience Purposes Only]

Candidate number
3

Akihiko Ono

Reappointed

Date of birth
October 1, 1959

Number of the Company's Shares Held
8,400 shares
Attendance to the Board of Directors' meetings
14 of 14 (Attendance rate: 100%)
Number of years as Director
3 years
*as of the conclusion of this meeting

Career Summary, and Positions and Responsibilities in the Company

Apr. 1983	Joined Mitsui O.S.K. Lines, Ltd.
Jun. 2010	General Manager of Corporate Planning Division
Jun. 2011	Executive Officer, General Manager of Corporate Planning Division
Jun. 2015	Managing Executive Officer
Apr. 2017	Senior Managing Executive Officer
Jun. 2018	Director, Senior Managing Executive Officer
Apr. 2020	Representative Director, Executive Vice President, Executive Officer (to present)

<Assignment>

Assistant to President,
Chief Safety Officer,
Chief Compliance Officer,
Chief Information Officer,
Deputy Director General, Safety Operations Headquarters,
Deputy Director General, Technology Innovation Unit,
Responsible for: Refreshing Organization, Enhancing Group Management, Recovery Of Environmental Damage From The Wakashio Incident And Contribution To The Mauritian Community, Secretaries & General Affairs Division, MOL Information Systems, Ltd.

[Reason for nomination as candidate for director]

Akihiko Ono has been involved in corporate planning and the container shipping business over many years. He has been handling overall management as Representative Director, Executive Vice President, Executive Officer since April 2020. Currently, he takes charge of strategy regarding operational safety as Chief Safety Officer (CSO), leads ICT strategy as Chief Information Officer (CIO), and furthermore serves as Chief Compliance Officer (CCO) by utilizing his considerable insight regarding business management. We deem that his extensive experience and knowledge are necessary in our efforts to increase the corporate value of the Group, and accordingly propose that he be reappointed.

Candidate number 4	Toshiaki Tanaka	Reappointed Date of birth April 17, 1960	**Number of the Company's Shares Held** 4,600 shares **Attendance to the Board of Directors' meetings** 10 of 10 (Attendance rate: 100%) **Number of years as Director** 1 year *as of the conclusion of this meeting

Career Summary, and Positions and Responsibilities in the Company

Apr. 1984	Joined Mitsui O.S.K. Lines, Ltd.
Jun. 2011	General Manager of Iron Ore & Coal Carrier Division
Jun. 2014	Executive Officer, General Manager of Iron Ore & Coal Carrier Division
Jun. 2015	Executive Officer
Apr. 2017	Managing Executive Officer
Jun. 2020	Director, Managing Executive Officer
Apr. 2021	Director, Senior Managing Executive Officer (to present)

<Assignment>

Chief Environment and Sustainability Officer,
Director General, Dry Bulk Business Unit,
Responsible for: Environment & Sustainability Strategy Division,
Supervisor for Corporate Marketing Division

[Reason for nomination as candidate for director]

Toshiaki Tanaka has been involved in the dry bulk business such as iron ore transport over many years. Currently, he spearheads structural reform in our dry bulk businesses as Director General, Dry Bulk Business Unit, oversees the Group's environmental strategy as Chief Environment and Sustainability Officer (CESO), and is furthermore involved in the Group's business management as a member of the Executive Committee. We deem that his extensive experience and knowledge are necessary in our efforts to increase the corporate value of the Group, and accordingly propose that he be reappointed.

Candidate number 5	Kenta Matsuzaka	Newly appointed Date of birth January 14, 1961	**Number of the Company's Shares Held** 2,300 shares **Attendance to the Board of Directors' meetings** – **Number of years as Director** – years *as of the conclusion of this meeting

Career Summary, and Positions and Responsibilities in the Company

Apr. 1984	Joined Mitsui O.S.K. Lines, Ltd.
Jun. 2014	General Manager of LNG Carrier Division
Jun. 2015	Executive Officer, General Manager of LNG Carrier Division
Apr. 2017	Executive Officer
Apr. 2018	Managing Executive Officer
Apr. 2021	Senior Managing Executive Officer (to present)

<Assignment>

Director General, Energy and Offshore Business Unit,
Responsible for: Europe and Africa Area

[Reason for nomination as candidate for director]

Kenta Matsuzaka has been involved in business management centered on LNG Carrier Division over many years. Currently, he oversees energy transport operations encompassing the Company's core undertaking of offshore business, LNG carriers and the tanker business as Director General, Energy and Offshore Business Unit. Moreover, he has been involved in the Group's overall business management as a member of the Executive Committee. We deem that his extensive experience and knowledge are necessary in our efforts to increase the corporate value of the Group, and accordingly propose that he be appointed.

Candidate number 6	Yutaka Hinooka	Newly appointed Date of birth October 22, 1961	**Number of the Company's Shares Held** 4,000 shares **Attendance to the Board of Directors' meetings** – **Number of years as Director** – years *as of the conclusion of this meeting

Career Summary, and Positions and Responsibilities in the Company

Apr. 1985	Joined Mitsui O.S.K. Lines, Ltd.
Jun. 2012	General Manager of Liner Division
Apr. 2016	Executive Officer, General Manager of Liner Division
Apr. 2018	Executive Officer
Apr. 2019	Managing Executive Officer (to present)

<Assignment>

Chief Communication Officer,
Responsible for: Corporate Planning Division, Corporate Communication Division, Accounting Division

[Reason for nomination as candidate for director]

Yutaka Hinooka has been involved in the car carrier business and container shipping business over many years, and has also been handling corporate affairs in the Corporate Planning Division. Currently, he facilitates improvements in terms of the Group's risk management and compliance as Executive Officer responsible for the Corporate Planning Division and Accounting Division, and is furthermore involved in the Group's overall business management as a member of the Executive Committee. We deem that his extensive experience and knowledge are necessary in our efforts to increase the corporate value of the Group, and accordingly propose that he be appointed.

Candidate number 7	Hideto Fujii	Reappointed Outside Independent Date of birth December 13, 1947	**Number of the Company's Shares Held** 2,000 shares **Attendance to the Board of Directors' meetings** 14 of 14 (Attendance rate: 100%) **Number of years as Outside Director** 5 years *as of the conclusion of this meeting

Career Summary, and Positions and Responsibilities in the Company

Apr. 1971	Joined Ministry of Finance
Jan. 2003	Deputy Vice Minister, Minister's Secretariat
Jul. 2004	Director-General, Budget Bureau
Jul. 2006	Administrative Vice Minister
Oct. 2007	Deputy Governor, Development Bank of Japan Inc.
Oct. 2008	Deputy President (Resigned in June 2015)
Jun. 2015	Adviser, Sumitomo Corporation (to present)
Jun. 2016	Outside Director, Mitsui O.S.K. Lines, Ltd. (to present)

<Significant concurrent positions outside the Company>

Adviser, Sumitomo Corporation

[Reason for nomination as candidate for outside director, and overview of role expectations]

We have nominated Hideto Fujii as candidate for outside director in the expectation that he will continue to appropriately fulfill his role as a supervisor of the Company's business execution in terms of proactively contributing to discussions at meetings of the Board of Directors from a standpoint of independence and fairness, drawing on his many years of experience and expertise from his involvement in Japan's economic management and policy finance. If he is appointed, we will seek his involvement enlisting his position of objectivity and neutrality with respect to engaging in consideration and making decisions particularly regarding selection of the Company's officer candidates and matters of officer remuneration as a member of the Nomination Advisory Committee and the Remuneration Advisory Committee.

Meanwhile, although he has served as Deputy President of Development Bank of Japan Inc., one of the Company's creditors, he has been nominated as a director candidate based on his own experience and knowledge, and not on any special interests between the Company and the bank.

[Translation for Reference and Convenience Purposes Only]

Candidate number 8	Etsuko Katsu	Reappointed Outside Independent Date of birth April 3, 1955	**Number of the Company's Shares Held** 2,000 shares **Attendance to the Board of Directors' meetings** 14 of 14 (Attendance rate: 100%) **Number of years as Outside Director** 5 years *as of the conclusion of this meeting

Career Summary, and Positions and Responsibilities in the Company

Apr. 1978	Joined The Bank of Tokyo, Ltd. (currently MUFG Bank, Ltd.) Research Division (Resigned in December 1992)
Dec. 1992	Senior Economist, The Japan Research Institute, Limited
Apr. 1995	Associate Professor of Finance and Economics, Ibaraki University
Apr. 1998	Associate Professor, School of Political Science and Economics, Meiji University
Apr. 2003	Professor, School of Political Science and Economics, Meiji University (to present)
Apr. 2008	Vice President International, Meiji University
Jun. 2016	Outside Director, Mitsui O.S.K. Lines, Ltd. (to present)
Mar. 2019	Outside Director (Audit and Supervisory Committee Member), Dentsu Group Inc. (to present)

<Significant concurrent positions outside the Company>

Professor, School of Political Science and Economics, Meiji University

Outside Director (Audit and Supervisory Committee Member), Dentsu Group Inc.

Chairman of Fund Management Advisory Committee, The Japan Foundation

Administrative Board Member, International Association of Universities (IAU)

[Reason for nomination as candidate for outside director, and overview of role expectations]

We have nominated Etsuko Katsu as candidate for outside director in the expectation that she will continue to appropriately fulfill her role as a supervisor of the Company's business execution in terms of proactively contributing to discussions at meetings of the Board of Directors from a standpoint independent from the executive team involved in our businesses, reflecting her extensive knowledge and insight as an expert in international economics and finance, her experience in university management, as well as her experience and knowledge regarding global human resource development. If she is appointed, we will seek her involvement enlisting her position of objectivity and neutrality with respect to engaging in consideration and making decisions particularly regarding selection of the Company's officer candidates and matters of officer remuneration as a member of the Nomination Advisory Committee and the Remuneration Advisory Committee.

Candidate number 9	Masaru Onishi	Reappointed Outside Independent Date of birth May 19, 1955	**Number of the Company's Shares Held** 800 shares **Attendance to the Board of Directors' meetings** 14 of 14 (Attendance rate: 100%) **Number of years as Outside Director** 2 years *as of the conclusion of this meeting

Career Summary, and Positions and Responsibilities in the Company

Apr. 1978	Joined Japan Airlines Co., Ltd.
Apr. 2009	Executive Officer, Japan Airlines International Co., Ltd. (currently Japan Airlines Co., Ltd.)
Jun. 2009	Representative Director, President, Japan Air Commuter Co., Ltd.
Feb. 2010	Trustee Representative and President, Japan Airlines International Co., Ltd. (currently Japan Airlines Co., Ltd.)
Nov. 2010	Director, Japan Airlines International Co., Ltd.
Mar. 2011	Representative Director, President, (Safety General Manager), Japan Airlines International Co., Ltd.
Apr. 2011	Representative Director, President, (Safety General Manager), Japan Airlines Co., Ltd.
Feb. 2012	Representative Director, Chairman, General Manager, Corporate Safety & Security (Safety General Manager), Japan Airlines Co., Ltd.
Apr. 2013	Representative Director, Chairman (Safety General Manager), Japan Airlines Co., Ltd.
Apr. 2014	Director, Chairman, Japan Airlines Co., Ltd.
Apr. 2018	Director, Japan Airlines Co., Ltd.
Jul. 2018	Senior Representative, External Affairs, Japan Airlines Co., Ltd.
Jun. 2019	Outside Director, TEIJIN LIMITED (to present)
Jun. 2019	Outside Director, Mitsui O.S.K. Lines, Ltd. (to present)

<Significant concurrent positions outside the Company>

Trustee, KEIZAI DOYUKAI (Japan Association of Corporate Executives)
Trustee, International University of Japan
Visiting Professor, Toyo University
Outside Director, TEIJIN LIMITED
Senior Advisor, Alton Aviation Consultancy Japan Co., Ltd

[Reason for nomination as candidate for outside director, and overview of role expectations]

We have nominated Masaru Onishi as candidate for outside director in the expectation that he will continue to appropriately fulfill his role as a supervisor of the Company's business execution in terms of proactively contributing to discussions at meetings of the Board of Directors from a practical and multifaceted perspective, reflecting his considerable insight based on his high level of managerial experience having served as Representative Director, President and as Representative Director, Chairman of Japan Airlines Co., Ltd. If he is appointed, we will seek his involvement enlisting his position of objectivity and neutrality with respect to engaging in consideration and making decisions particularly regarding selection of the Company's officer candidates and matters of officer remuneration as a member of the Nomination Advisory Committee and the Remuneration Advisory Committee.

Notes:

1. No special interests exist between any of the director candidates and the Company.
2. Pursuant to the provisions of Article 430-3, paragraph (1) of the Companies Act, the Company has entered into a directors and officers liability insurance policy with an insurance company. Overall details of the insurance policy are as stated in the Business Report on page 63 of this document. The respective director candidates shall remain listed as insured parties under the insurance policy, subject to approval of their appointments. Moreover, the Company intends to leave the content of the insurance policy unchanged upon its next renewal.
3. Among the above candidates, Hideto Fujii, Etsuko Katsu and Masaru Onishi are candidates for outside directors stipulated in Article 2, paragraph (3), item (7) of the Regulation for Enforcement of the Companies Act. Each candidate for outside director satisfies the requirements for independent officer stipulated under the regulations of the stock exchanges on which the Company's common share is listed, as well as the requirements for independence stipulated under the Company's "Independence Criteria for Outside Officers" (pages 18 and 19). The Company has appointed each candidate for outside director as independent officer stipulated under the regulations of the stock exchanges on which the Company's common share is listed, and has notified the exchanges. If their reelection as outside directors are approved, the Company intends to continue to appoint them as independent officers.

4. Pursuant to the provisions of Article 427, paragraph (1) of the Companies Act, the Company has entered into liability limitation agreements with Hideto Fujii, Etsuko Katsu and Masaru Onishi which limit the amount of their liability under Article 423, paragraph (1) of the Companies Act to the aggregate of the amounts specified in items of Article 425, paragraph (1) of the Companies Act, if they perform their duties in good faith and without gross negligence. If their reelections as outside directors are approved, the Company intends to continue the liability limitation agreements with them.

Proposal No. 3: Election of One (1) Audit & Supervisory Board Member

The term of office of an audit & supervisory board member, Kenji Jitsu, will expire at the conclusion of this meeting. Accordingly, election of the following one (1) audit & supervisory board member is proposed.
The Audit & Supervisory Board has previously given its consent to this proposal.
The candidate for audit & supervisory board member is as follows:

Masanori Kato	Newly appointed Date of birth October 5, 1961	**Number of the Company's Shares Held** 1,700 shares

Career Summary and Positions in the Company

Nov. 1985	Joined Mitsui O.S.K. Lines, Ltd.
Jun. 2013	General Manager of Marine Safety Division
Apr. 2016	Executive Officer
Apr. 2017	Managing Executive Officer
Apr. 2021	Adviser (to present)

[Reason for nomination as candidate for outside audit & supervisory board member]

Masanori Kato has abundant experience regarding areas that include operational safety, ship management, and maritime labor affairs, gained through his many years of service on land and at sea. He has extensive knowledge regarding the Group's overall business based on his experience as a member of the Executive Committee, in addition to that involving ship safety management and human resources administration. We consequently deem that he will be able to carry out his duties as an audit & supervisory board member competently from a position of objectivity and fairness, and accordingly propose that he be appointed as an audit & supervisory board member.

Notes:
1. No special interests exist between Masanori Kato and the Company.
2. Pursuant to the provisions of Article 430-3, paragraph (1) of the Companies Act, the Company has entered into a directors and officers liability insurance policy with an insurance company. Overall details of the insurance policy are as stated in the Business Report on page 63 of this document. Masanori Kato shall remain listed as an insured party under the insurance policy, subject to approval of his appointment. Moreover, the Company intends to leave the content of the insurance policy unchanged upon its next renewal.

[Translation for Reference and Convenience Purposes Only]

Proposal No. 4: Election of One (1) Substitute Audit & Supervisory Board Member

Based on the provisions of Article 329, paragraph (3) of the Companies Act, election of one (1) substitute audit & supervisory board member is proposed in preparation for lacking a quorum of audit & supervisory board members.

The Audit & Supervisory Board has previously given its consent to this proposal.

The candidate for substitute audit & supervisory board member is as follows:

Atsuji Toda

Outside

Independent

Date of birth
January 19, 1955

Number of the Company's Shares Held
– shares

Career Summary

Oct. 1979	Joined Showa Audit Corporation
Oct. 1980	Joined Shinko Audit Corporation
Aug. 1984	Registered as a certified public accountant
Oct. 1984	Established Toda Accounting Office (to present)
Jun. 2000	Registered as a certified tax accountant
Jun. 2015	Outside Auditor, TAMURA CORPORATION (to present)
Jan. 2019	Established TIS Tax & Accounting Corporation (to present)

<Significant concurrent positions outside the Company>

Director (certified public accountant), Toda Accounting Office

Partner, Certified public tax accountant, TIS Tax & Accounting Corporation

Outside Auditor, TAMURA CORPORATION

[Reason for nomination as candidate for substitute outside audit & supervisory board member]

Atsuji Toda has many years of experience as a certified public accountant and extensive knowledge related to accounting. If he is appointed as an audit & supervisory board member, he could use this experience and knowledge in the Company's auditing systems. We think he would carry out his duties as an outside audit & supervisory board member competently from a position of objectivity and fairness. We thus propose that he be appointed as a substitute outside audit & supervisory board member.

Notes:

1. No special interests exist between Atsuji Toda and the Company.
2. Pursuant to the provisions of Article 430-3, paragraph (1) of the Companies Act, the Company has entered into a directors and officers liability insurance policy with an insurance company. Overall details of the insurance policy are as stated in the Business Report on page 63 of this document. Atsuji Toda shall be listed as an insured party under the insurance policy, subject to his appointment to the position of outside audit & supervisory board member. Moreover, the Company intends to leave the content of the insurance policy unchanged upon its next renewal.
3. Atsuji Toda is a candidate for outside audit & supervisory board member stipulated in Article 2, paragraph (3), item (8) of the Regulation for Enforcement of the Companies Act. It is proposed that he be elected as a substitute outside audit & supervisory board member. He satisfies the requirements for independent officer stipulated under the regulations of the stock exchanges on which the Company's common share is listed, as well as the requirements for independence stipulated under the Company's "Independence Criteria for Outside Officers" (pages 18 and 19). If he assumes his office as an outside audit & supervisory board member, the Company will appoint him as an independent officer stipulated under the regulations of the stock exchanges on which the Company's common share is listed, and notify the matter to the exchanges.
4. On Atsuji Toda's assumption of office as an outside audit & supervisory board member, pursuant to the provisions of Article 427, paragraph (1) of the Companies Act, the Company intends to enter into an agreement with Atsuji Toda, which will limit his liability as set forth in Article 423, paragraph (1) of the Companies Act to the total of the amounts set forth in items of Article 425, paragraph (1) of the Companies Act, if he performs his duties in good faith and without gross negligence.

[Translation for Reference and Convenience Purposes Only]

Independence Criteria for Outside Officers

The Company has established the following criteria for the independence of outside directors and outside audit & supervisory board members (hereinafter referred collectively as “Outside Officer”). The Company deems an Outside Officer or a candidate for Outside Officer to have independence in the event that none of the following items is applicable upon the Company having investigated to the extent that is reasonable and practically possible.

(i) A person who is an executing person*[1] of the Company or its subsidiaries (hereinafter referred collectively as the “MOL Group”) or has served as an executing person of the MOL Group during the past ten (10) years (in the case of a person who has served as non-executive director, audit & supervisory board member, or accounting advisor of the MOL Group at a certain point in time during the past ten (10) years, during the ten (10) years prior to their appointment).

*1: An executing person refers to an executive director, a corporate officer, an executive officer, other person with similar responsibilities, or an employee of a corporation or other organization.

(ii) A current major shareholder*[2] of the Company or an executing person thereof, or a person who has fallen under such category during the past three (3) years.

*2: A major shareholder means a shareholder who holds shares with 10% or more of voting rights in his or her own name or in another person’s name at the end of the most recent fiscal year of the Company.

(iii) A party in which the MOL Group directly or indirectly holds 10% or more voting rights out of the total number of voting rights, or an executing person thereof, or a party which has fallen under such category during the past three (3) years.

(iv) An executing person of a company which has accepted a director (either full-time or part-time) from the MOL Group, or the parent company or a subsidiary thereof, or a person who was an executing person of such company during the past three (3) years.

(v) An executing person of a financial institution or other major creditor, or the parent company or a major subsidiary thereof, which is indispensable for the MOL Group’s financing and on which the MOL Group depends to an irreplaceable extent.

(vi) A party with which the MOL Group is a major business partner*[3], or if such party is a company, then an executing person of such company, or the parent company or a major subsidiary thereof, or a party which has fallen under such category during the past three (3) years.

*3: A party with which the MOL Group is a major business partner means a party which, in its most recent fiscal year, received a payment of 2% or more of its consolidated total revenue from the MOL Group (excluding payment of remuneration to director from the MOL Group if a party with which the MOL Group is a major business partner is an individual).

(vii) A party which is a major business partner of the MOL Group*[4], or if such party is a company, then an executing person of such company, or the parent company or a major subsidiary thereof, or a party which has fallen under any of such categories in the past three (3) years.

*4: A major business partner of the MOL Group means a party which paid the MOL Group 2% or more of its gross sales in its most recent fiscal year.

(viii) A party which was an accounting auditor of the MOL Group, or an employee, etc. thereof, or a party which has fallen under such category during the past three (3) years.

(ix) A consultant, an accounting professional, or a legal professional receiving a significant amount of money or other assets*[5] other than director remuneration from the MOL Group (if a party receiving such assets is an organization such as an entity or an association, then a person who belongs to such organization), or a party which has fallen under any of such categories in the past three (3) years.

*5: A significant amount of money or other assets means ¥10 million or more of money or other assets benefits received per year other than director remuneration in its most recent fiscal year (if a party receiving such assets is an organization such as an entity or an association, a significant amount of money or other assets means the amount of money or other assets benefit which exceeds 2% of the gross revenue of the party in its most recent fiscal year).

(x) A party which received donations or grants exceeding a certain amount*6 from the MOL Group (if a party receiving such donations or grants is an organization such as an entity or an association, then an executing person of such organization), or a party which has fallen under any of such categories in the past three (3) years.
*6: Donations or grants exceeding a certain amount mean donations or grants exceeding the greater of ¥10 million per year on average in the past three (3) years or 2% of the gross revenue of a party in its most recent fiscal year.

(xi) A close relative*8 of a person who is applicable to the above-listed items (i) through (x) (limited to a person who is in an important position*7).
*7: A person who is in an important position means an employee who holds a senior management position, such as executive director, corporate officer, executive officer, or general manager or above; if a person belongs to an auditing firm or an accounting firm, then a certified public accountant; if a person belongs to a law firm, then a lawyer; if a person belongs to an incorporated foundation, an incorporated association, or an incorporated educational institution, then an officer such as councilor, board member, or an auditor-secretary; or other person who is objectively and reasonably considered to be of equivalent importance.
*8: A close relative means a spouse or a relative within the second-degree of kinship.

(xii) Any other person who might have a conflict of interest with general shareholders and who is under the circumstances which are reasonably considered to prevent the person from fulfilling duties as an independent Outside Officer.

[Translation for Reference and Convenience Purposes Only]

Proposal No. 5: Decision on Remuneration for Performance-linked Stock Compensation Plan to Executive Directors (Directors who serve concurrently as Executive Officers)

The remuneration system for directors of the Company consists of directors' monthly compensation, bonuses and stock option compensation. The Company obtained approval for a maximum amount of ¥46 million for directors' monthly compensation on June 28, 1990, a maximum amount of ¥300 million per year for directors' bonuses (of which, ¥20 million per year for outside directors) on June 21, 2007, and a maximum amount of ¥400 million per year for directors' stock option compensation (of which, ¥50 million per year for outside directors) on June 21, 2007.

At this time, for the purpose of incentivizing directors to sustainably improve the Company's corporate value and pursuing greater value alignment with shareholders, the Company proposes to introduce a new performance-linked stock compensation plan, which is a type of remuneration that is linked to the achievement rates, etc. of numerical targets of certain performance, etc. during the evaluation period of executive directors (directors who serve concurrently as executive officers) of the Company, in accordance with the report of the Remuneration Advisory Committee.

Accordingly, the Company requests for approval to grant remuneration based on the performance-linked stock compensation plan as described in I. below, separately from the above remuneration limits.

With the introduction of the plan, the Company will issue no further stock options to directors in the future (stock options already granted will continue to exist) on condition that this Proposal No. 5 is approved at the General Meeting of Shareholders.

The number of currently eligible directors is four. Upon approval of Proposal No. 2 as originally proposed, the number of eligible directors will be six.

I. Summary of performance-linked stock compensation plan

1. **Basic mechanism of performance-linked stock compensation**

   Basic mechanism of performance-linked stock compensation is as provided below. Provision of monetary compensation claims to eligible directors, grant of the Company's common stock (hereinafter referred to as "Company's shares") to eligible directors and grant of cash to eligible directors based on stock price of the Company's shares to ensure funds needed to pay tax obligations will take place after the evaluation period specified below has ended and therefore, whether or not such provision and grant to each eligible director will take place and the number of Company's shares to be granted and the amount of cash to be granted are undetermined at the time of the introduction of the performance-linked stock compensation plan. Eligible directors are prohibited from transferring or providing as collateral their rights to receive the Company's shares and cash that are allotted as performance-linked stock compensation.

   (1) In calculating the number of the Company's shares to be granted to each eligible director (hereinafter referred to as "number of shares to be finally granted") and cash to be granted according to stock price of the Company's shares to ensure funds needed to pay tax obligations (hereinafter referred to as "amount to be finally granted"), details such as the numerical targets required for actual calculations and the method to calculate the number of shares to be granted and the amount to be granted according to the degree of achievement of such numerical targets will be determined by the Company's Board of Directors (summary of the calculation method is provided in 3 below).

   (2) The Company determines the number of shares to be finally granted to each eligible director based on the grant rate calculated according to the achievement of each numerical target during the evaluation period after the expiration of either of the following periods: (1) in case that the indicator for evaluating the achievement of performance target is Total Shareholder Return (total shareholder yield including dividends) (hereinafter referred to as "TSR") described in 3 (2) (i) below, the period will be from July 1 of each fiscal year to the end of June after three fiscal years of said fiscal year (hereinafter referred to as "evaluation period (1)"); (2) in case that the indicators for evaluating the achievement of performance target are ROE described in 3 (2) (ii) below and individual medium- to long-term contribution targets described in 3 (2) (iii) below, the period will be from the start date of each fiscal year to the end of said fiscal year (hereinafter referred to as "evaluation period (2)") (evaluation period (1) and evaluation period (2) shall be collectively or individually referred to as the "evaluation period") (The initial evaluation period will be from July 1, 2021 to June 30, 2024 for evaluation period (1) and from April 1, 2021 to March 31, 2022 for evaluation period (2). Thereafter, the Company plans to grant performance-linked stock compensation with an evaluation period with the same number of consecutive years from the start date of each fiscal year.).

   (3) The Company's shares related to the number of shares to be finally granted determined in (2) above will be granted as follows:

   (i) The Company will grant to each eligible director the monetary compensation claim equivalent to the amount calculated by multiplying the number of shares to be finally granted to the said eligible director by the amount to be paid for issuance of shares or disposal of treasury stock. The shares will be issued or the treasury stock will be disposed of to each eligible director in exchange for in-kind contribution of monetary compensation claim.

(ii) The amount to be paid per share for issuance of shares or disposal of treasury stock specified in (i) above shall be determined by the Board of Directors within a range that is not especially advantageous for eligible directors, based on the closing price in the regular trading of the Company's shares on the Tokyo Stock Exchange as of the business day immediately preceding the date of the resolution by the Board of Directors relating to the issuance of shares or disposal of treasury stock (or the closing price of the immediately preceding trading date in case no trading is made on such day).

(4) With respect to the grant of the Company's shares concerning the number of shares to be finally granted, the Company and each eligible director (limited to those who were in office as directors or executive officers as of the date of the resolution to grant shares) will conclude a Restricted Stock Allocation Agreement, whose contents shall include the following matters:

(i) Eligible directors shall not transfer, create a collateral or otherwise dispose of the Company's shares that are allotted under the said allocation agreement during a period from the date of grant of said shares until the date when eligible directors retire from the positions of both director and executive officer of the Company (hereinafter referred to as "transfer restriction period").

(ii) The Company shall acquire the shares from eligible director free of charge in case the eligible director violates laws and regulations, internal rules or Restricted Stock Allocation Agreement or falls under some other reason, which the Company's Board of Directors prescribe as reasonable for the Company to acquire the shares free of charge.

(iii) Notwithstanding the provisions of (i) above, in a case where matters such as a merger agreement in which the Company is a merged company, share exchange agreement or share transfer plan in which the Company will become a wholly-owned subsidiary, or any other matters concerning organizational restructuring, etc. are approved at a General Meeting of Shareholders of the Company (or at a meeting of the Company's Board of Directors if approval by a General Meeting of Shareholders is not required for the said organizational restructuring, etc.) during the transfer restriction period, the Company shall cancel, upon a resolution of the Company's Board of Directors, the transfer restrictions on all of said shares before the effective date of said organizational restructuring, etc.

(5) In order to secure tax payment funds related to the Company's shares for the number of shares to be finally granted, the Company will pay each eligible director the amount to be finally granted in addition to the monetary compensation claims described in (3) (i) above. The amount to be finally granted shall be paid when eligible directors retire from office.

2. Maximum number of shares to be granted and maximum amount of monetary compensation to be granted to eligible directors

Based on the performance-linked stock compensation plan, the maximum total number of the Company's shares to be granted to eligible directors and the maximum amount of monetary compensation (including monetary compensation claims and amount of cash to be finally granted) for each evaluation period (evaluation period (2) starting on the start date of certain fiscal year and evaluation period (1) starting on July 1 of the relevant fiscal year), will be 125,000 shares and ¥550,000,000, respectively. (In the event of a share split of the Company's shares (including the gratis allotment of the Company's shares. The same shall apply hereinafter.) or a share consolidation of the Company's shares, the upper limit of the total number of the Company's shares to be granted, the number of shares to be finally granted and the amount to be finally granted will be adjusted according to ratio of share split or consolidation.)

3. Calculation method of number of shares to be finally granted and amount to be finally granted based on performance-linked stock compensation

The number of shares to be finally granted and the amount to be finally granted will be calculated in accordance with the formula provided below. However, the Company will make reasonable adjustments in accordance with the ratio, etc. of the term of office of directors or executive officers during the period prescribed by the Company's Board of Directors as the period of services provided by each eligible director.

Number of shares to be finally granted = Standard number of shares to be granted (1) × achievement rate of performance target (2) × grant ratio (4) Amount to be finally granted = Standard number of shares to be granted (1) × achievement rate of performance target (2) × stock price at the time when shares are granted (3) × (100% - grant ratio (4))

(1) The standard number of shares to be granted will be determined by the Company's Board of Directors based on the position, etc. of each eligible director.
(2) The achievement rate of performance target will be calculated within the range of 0% to 150% based on the following items: (i) (a) comparison between the Company's TSR during the evaluation period (1) and the growth rate of the Tokyo Stock Price Index (stock price is average closing price) during the same period; (b) comparison between TSR growth rate of the Company and TSR growth rate of competitors during the evaluation period (1) (ranked); (ii) ROE (return on equity) during the evaluation period (2); (iii) each indicator of individual medium- to long-term contribution targets during the evaluation period (2); and (iv) weight according to indicator of achievement rate of performance target.
(3) The stock price at the time when shares are granted is the amount separately determined by the Board of Directors as the stock price at the time when shares are granted.
(4) The grant ratio is determined separately by the Board of Directors by taking into account the eligible director's burden on the funds needed to pay tax obligations.

4. Requirements for grant of shares and grant of cash to eligible directors

Under the performance-linked stock compensation plan, the Company will grant the Company's shares and cash to each eligible director who fulfills the following requirements at the end of the evaluation period:

(1) The eligible director has not engaged in any certain illegal activities prescribed by the Company's Board of Directors.
(2) The eligible director has fulfilled any other requirements set forth by the Company's Board of Directors as necessary to achieve the purpose of the performance-linked stock compensation.

In case that eligible director retires from the positions of both director and executive officer due to death or any other reasons which are deemed justified by the Company's Board of Directors, (ii) in case that any directors or executive officers of the Company are newly appointed, (iii) in case that matters such as merger agreement in which the Company is a merged company, share exchange agreement or share transfer plan in which the Company will become a wholly-owned subsidiary, or any other proposals concerning organizational restructuring, etc. are approved at a General Meeting of Shareholders of the Company (or at a meeting of the Company's Board of Directors in case that approval by General Meeting of Shareholders is not required on the said organizational restructuring, etc.), or (iv) in case there are any other reasons which are deemed justified by the Company's Board of Directors, the Company may grant number of shares and amount of cash reasonably adjusted or pay amount of cash reasonably calculated by the Company's Board of Directors as the amount equivalent to the said shares, etc. instead of granting shares as necessary, at a time reasonably determined by the Board of Directors.

II. Reasons why the grant of compensation based on performance-linked stock compensation plan are reasonable

The Company determined that the grant of compensation based on performance-linked stock compensation plan is reasonable because: (1) the eligible directors will be incentivized to sustainably improve the Company's corporate value over the medium to long term by setting the performance targets during the evaluation period and granting shares according to the achievement rates of said targets and by setting transfer restrictions on the granted shares until the day when eligible directors retire from the positions of both directors and executive officers of the Company; (2) the maximum amount of compensation under the performance-linked stock compensation plan will be at a level which will promote the provision of appropriate incentives to the eligible directors in order to improve the Company's corporate value over the medium to long term by using the companies in the same industry or companies with the same level of market capitalization as a reference and by taking into account the actual number of the Company's directors and the possibility of future increase; (3) the percentage of total number of issued and outstanding shares which are shares under the stock compensation plan is around 0.1% of the total number of issued and outstanding shares for each evaluation period (evaluation period (2) starting on the start date of fiscal year and evaluation period (1) starting on July 1 of the same fiscal year) (or around 1% of total number of issued and outstanding shares in total if the maximum number of shares for each evaluation period is issued 10 times).

Furthermore, at the meeting of the Board of Directors held on February 26, 2021, the Company prescribed the Company Policy for Decisions on the content of individual remuneration, etc. of directors and its summary is as described on pages 60 to 63 of the Business Report. In case that this Proposal No. 5 is approved, the Company plans to change the policy as described on pages 24 to 27.

On the condition that this Proposal No. 5 is approved at the General Meeting of Shareholders, the Company will issue no further stock options to executive officers (executive officers not serving concurrently as directors) in the future and plans to grant performance-linked stock compensation (stock options already granted will continue to exist).

[Translation for Reference and Convenience Purposes Only]

[Reference]

Company Policy for Decisions on the contents of individual remuneration for directors (in case that Proposal No. 5 is approved)

At the meeting of the Board of Directors held on February 26, 2021, the Company established the Company Policy for Decisions on the contents of individual remuneration of directors and its summary is as described on pages 60 to 63 of the Business Report. In case that Proposal No. 5 is approved, the Company plans to change the policy as follows:

1. Basic Policy

(1) Remuneration of the Company's directors shall encourage them to execute their duties in conformance with "MOL CHARTS," which represents MOL Group's values and code of conduct, and to motivate them strongly to achieve the Group Vision and the Management Plan (Rolling Plan), with the aim of sustainable enhancement of corporate value in line with the MOL Group's Corporate Mission.

(2) Remuneration structure shall be suitable for attracting and retaining human resources and shall motivate employees to become officers of the Company.

(3) With regard to the composition of remuneration, remunerations of directors serving concurrently as executive officers shall consist of basic compensation (cash compensation), single fiscal year performance-based compensation (cash compensation) as performance-linked compensation and long-term target contribution-based compensation (non-monetary compensation) as performance-linked compensation. Outside directors' remuneration shall only be basic compensation because their primary role is business execution supervisor and the emphasis is placed on such role.

(4) The composition ratios of remuneration shall be set to allow the proportions of remuneration linked to short-term performance and medium- to long-term performance to be set appropriately by taking into account the business characteristics and shall also enable the demonstration of sound entrepreneurial spirit and the greater alignment of value with the shareholders.

Objective and transparent procedures will be taken by having the Remuneration Advisory Committee, in which the majority of members are outside directors and which is chaired by an outside director, become involved in the formulation of proposal for remuneration structure, and by having the Company's Board of Directors make decisions after receiving reports from the Remuneration Advisory Committee. Audit & supervisory board members may attend the Remuneration Advisory Committee meetings to enable them to grasp the process of deliberation and may voice opinions.

2. Policy on determination of amount and timing or conditions of grant of individual remuneration, etc. of basic compensation (cash compensation)

The Company determines individually the amount of basic compensation (cash compensation) of the Company's directors by taking into account the weight of their respective responsibilities and pays in cash a fixed amount on a monthly basis during their term of office.

3. Policy on determination of contents of performance indicators, amount, calculation method, and timing or conditions of grant of performance-linked compensation (cash compensation)

Single fiscal year performance-based compensation (cash compensation) as performance-linked compensation of the Company is paid to directors serving concurrently as executive officers during each fiscal year. The Company strives to enhance the linkage between performance indicators and amount of remuneration and to ensure safe ship operation based on the Company's renewed commitment stated in the "MOL CHARTS," which represents MOL Group's values and code of conduct, by incorporating into the individual basic compensation specified in the preceding paragraph the achievement rate, etc. of groupwide business performance plan, the achievement rate of performance plan of director's division as an individual evaluation and the achievement rates of ship operation indicators. The Company makes payment of single fiscal year performance-based compensation in cash in June of each year.

4. Policy on determination of content of performance indicators, calculation method of amount or number, and timing or conditions of grant of performance-linked compensation (non-monetary compensation)

Long-term target contribution-based compensation (non-monetary compensation) as performance-linked compensation of the Company is paid to directors serving concurrently as executive officers during each fiscal year. The Company grants performance-linked stock compensation, which is a type of non-monetary compensation that is linked to medium- to long-term stock prices and business performance, according to achievement rates of performance and business targets, etc. over the evaluation period, in the form of

restricted shares, and pays a part of compensation in cash, for the purpose of incentivizing directors to sustainably improve the Company's corporate value and to pursue greater value alignment with shareholders.
After each evaluation period, the Board of Directors determines the number of shares and the amount of cash to be granted, and grants shares or cash. When eligible directors retire, the Company cancels the transfer restrictions on shares and grants a portion of the compensation in cash.
However, the Company will acquire such shares free of charge and confiscate the portion of compensation granted in cash from eligible director in case that the eligible director violates laws and regulations, internal rules or falls under some other reason, which the Board of Directors prescribes as reasonable for the Company to acquire such shares free of charge.

5. Policy on determining the ratios of amount of basic compensation, amount of performance-linked compensation, etc. and amount of non-monetary compensation, etc. in the amount of individual remuneration of directors, etc.

With regard to the ratio of each type of remuneration in the individual remuneration of directors, the Company will make the determinations by taking into overall account their position, responsibilities, performance and achievement rates of targets, etc. and by using the policies of companies in the same industry or companies with the same size in other industries as a reference.
Outside directors' remuneration shall only be basic compensation because their primary role is business execution supervisor and the emphasis is placed on such role.

6. Matters regarding procedures for determining contents of individual remuneration of directors, etc.

Contents of individual remuneration of directors shall be determined by resolution of the Board of Directors based on the deliberation and report by the Remuneration Advisory Committee in which the majority of members are outside directors and which is chaired by an outside director.

[Translation for Reference and Convenience Purposes Only]

[Illustration of compensation plan for the Company's directors (excluding outside directors) if Proposal No. 5 is approved]

Benchmark compensation composition (model compensation when performance targets are achieved*)

* In the case that consolidated ordinary profit in the amount of ¥100 billion, which is the premise of design of Company's officer compensation plan, is achieved and achievement level of long-term target contribution-based compensation is "standard"

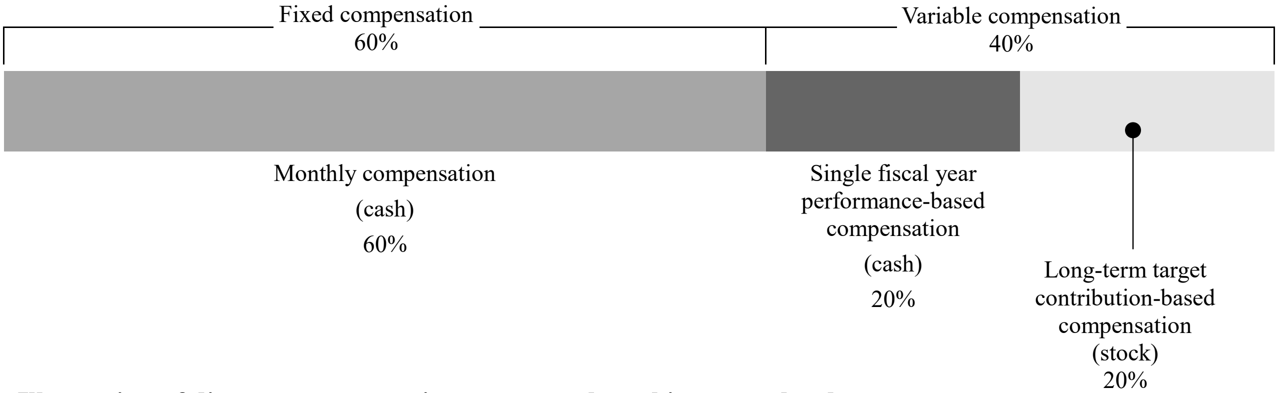
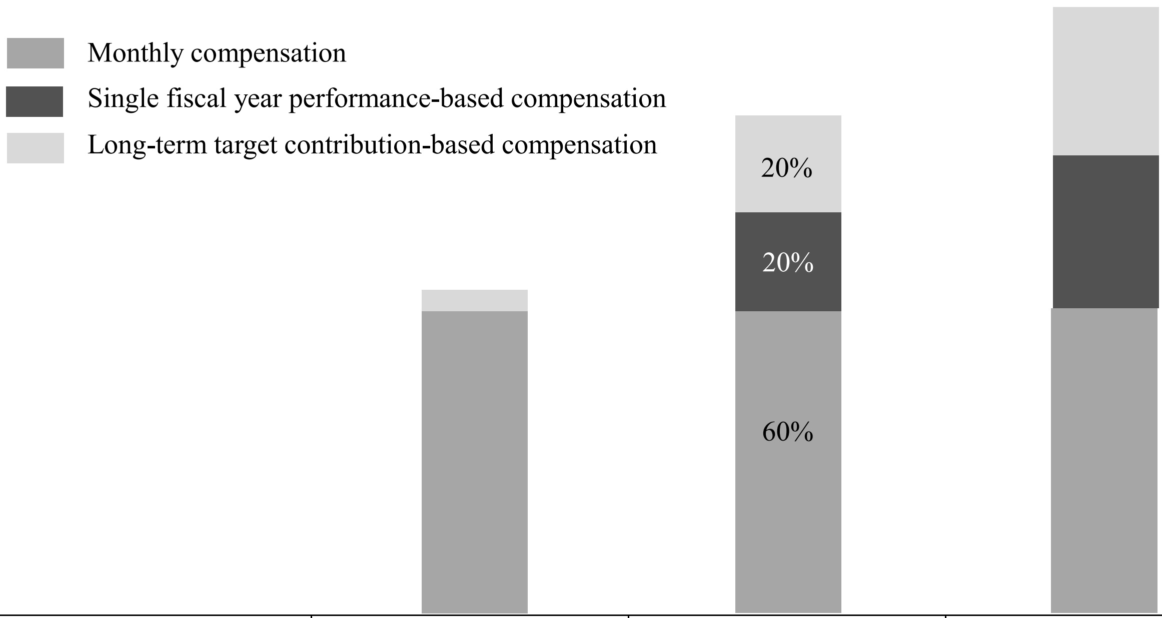


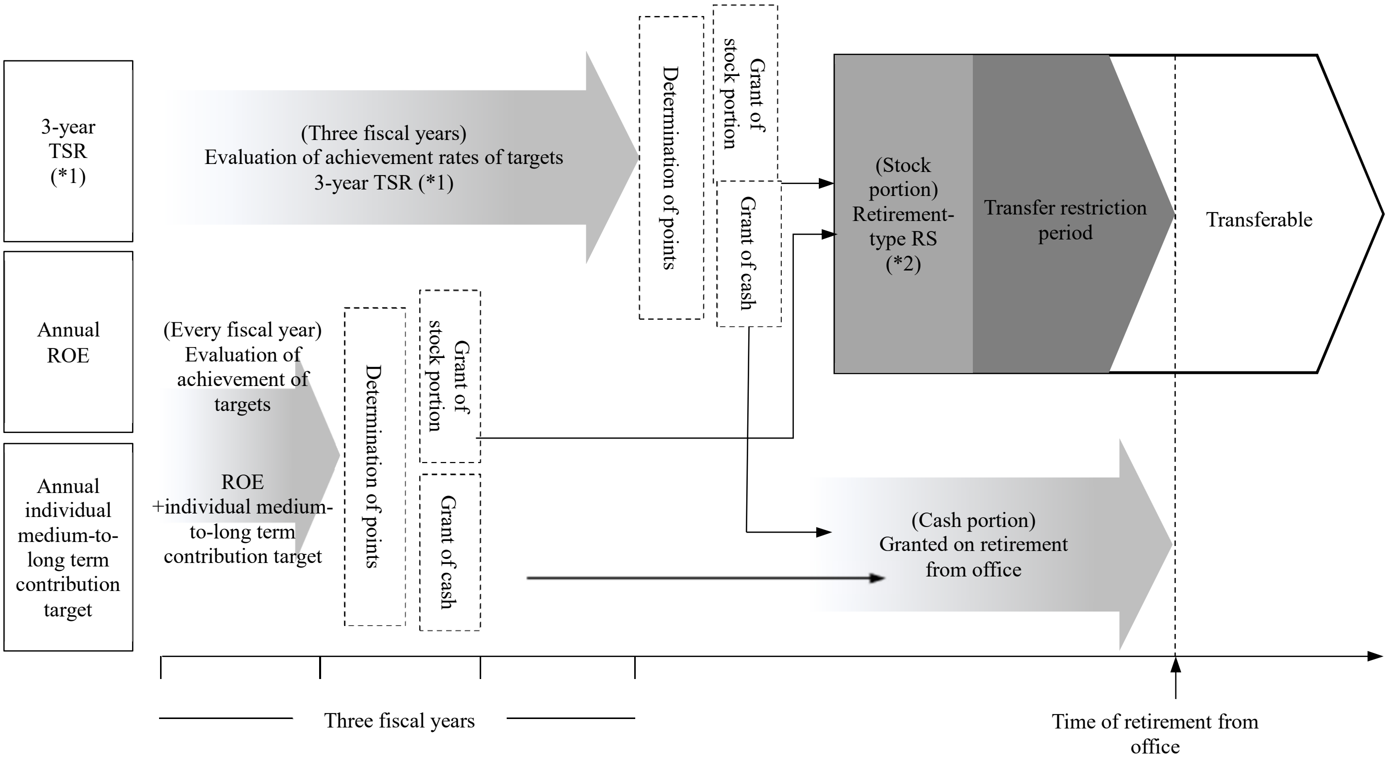
Illustration of director compensation payments by achievement level



Consolidated ordinary profit	¥0	¥100 billion	¥150 billion
Achievement level of long-term target contribution-based compensation	Low	Standard	High

Note: The above diagrams are illustrations calculated based on certain level of the Company's business performance and stock unit price of the Company's shares. The percentages shown above will change depending on the Company's business performance, changes in the Company's stock price, etc.

Scheme for long-term target contribution-based compensation (performance-linked stock compensation)



(*1) TSR: Total Shareholder Return
(*2) RS: Restricted Stock

[Translation for Reference and Convenience Purposes Only]

Proposal No. 6: Issuance of Stock Acquisition Rights as Stock Options to the Company's Employees Who Hold Senior Management Positions, Presidents of the Company's Subsidiaries, Etc.

In FY2021, the Company will offer stock acquisition rights as stock options to employees of the Company who hold senior management positions, Presidents of subsidiaries, etc.; and authorize the Board of Directors to issue stock acquisition rights and determine subscription requirements based on the provisions of Articles 236, 238 and 239 of the Companies Act, as outlined below.

1. Reason for the necessity of subscription for persons who underwrite the stock acquisition rights on particularly advantageous terms
   With the purpose of increasing the Company's consolidated business performance and shareholders' profits by increasing incentives for employees of the Company who hold senior management positions, Presidents of subsidiaries, etc., the Company will allocate stock acquisition rights to these persons, without a payment requirement.
2. Outline and maximum number of stock acquisition rights
   (1) Maximum number of stock acquisition rights
      Maximum shall be 1,200, determined as provided in item (3) below.
      The total number of shares issuable by exercising the stock acquisition rights, shall be up to 120,000 of the Company's common shares, and in the case that the number of granted shares related to the relevant stock acquisition rights is adjusted by (3) (b) below, it shall be that number equal to the number of granted shares related to the relevant stock acquisition rights after adjustment multiplied by the above-written maximum number of stock acquisition rights.
   (2) Payment shall not be required for granting of the stock acquisition rights.
   (3) Outline of stock acquisition rights
      (a) Persons to whom stock acquisition rights shall be allocated
         Persons from among employees of the Company who hold senior management positions, Presidents of subsidiaries, etc., who received approval from the Board of Directors.
      (b) Class and number of shares for the purpose of stock acquisition rights
         Class of shares for the purpose of stock acquisition rights shall be common shares, and the number of shares subject to each stock acquisition right (hereinafter called "granted shares"), is to be limited to 100.
         However, in the event of share split of Company's common stock (including the gratis allotment of the stock) or share consolidation after the resolution by the General Meeting of Shareholders (hereinafter called "resolution date"), the number of granted shares related to the relevant stock acquisition rights shall be adjusted proportionally in accordance with the percentage of the share split or share consolidation.
         In addition, if, after the resolution date, circumstances arise that unavoidably require adjustment of the number of granted shares related to the relevant stock acquisition rights such as in a case where the Company merges with another company, carries out a company split or stock exchange, or decreases capital, the number of granted shares related to the relevant stock acquisition rights shall be adjusted within a rational range, by taking into consideration the conditions for capital reduction, etc.
         Fractions of less than one (1) share as a result of the above adjustment are to be rounded down.
      (c) Amount to be paid when stock acquisition rights are exercised
         Amount to be paid when stock acquisition rights are exercised shall be the paid amount per share that can be issued by exercising the stock acquisition rights (hereinafter called "exercise amount"), multiplied by the anticipated number of shares concerning the relevant stock acquisition rights.
         The exercise amount will be the average closing price of the Company's common stock (hereinafter called "closing price") on the Tokyo Stock Exchange during the month (excluding any date when the transaction was not concluded) prior to the month, to which the date when the stock acquisition rights are allocated (hereinafter called "allotment date") belongs, multiplied by 1.10. Fractions of less than ¥1 will be rounded up.
         However, in the case where the amount is lower than the closing price of the allotment date (or the closing price of the immediately preceding date in case no closing price is published on the allotment date), it will be the closing price on that date.
         After the allotment date, in the event of a share split (including the gratis allotment of the stock) or share consolidation, the exercise amount will be adjusted by the following formula, with fractions of less than ¥1 rounded up.

$$\text{Exercise price after adjustment} = \text{Exercise price before adjustment} \times \frac{1}{\text{Ratio of share split or consolidation}}$$

In addition, after the allotment date, for the Company's common stock, in the case where the Company issues new shares or disposes of treasury stock at a price lower than market price [excluding sale of treasury stock based on provision of Article 194 of the Companies Act (demand for sale of less than minimum trading unit (*tan-gen*) of shares by a holder of shares less than minimum trading unit (*tan-gen*)) and conversion or exercise of securities that will be or can be converted into common stock of the Company or the stock acquisition rights (including the stock acquisition rights attached to corporate bonds with new stock acquisition rights) for which issuance of the Company's common stock can be requested], the exercise price shall be adjusted in accordance with the following formula, with fractions of less than ¥1 rounded up.

$$\text{Exercise price after adjustment} = \text{Exercise price before adjustment} \times \frac{\text{Number of shares outstanding} + \dfrac{\text{Number of shares to be issued} \times \text{Subscription price per share to be issued}}{\text{Market price per share}}}{\text{Number of shares outstanding} + \text{Number of shares to be issued}}$$

In the above formula, the "number of shares outstanding" is the number of the Company's outstanding common stock after deducting the number of shares of its treasury stock concerning common stock. In case of disposal of treasury stock, the "number of shares to be issued" shall be treated as the "number of shares to be disposed."

Furthermore, in the case where the Company merges with another company, carries out a company split or share exchange, or decreases capital after the allotment date and where adjustment of the exercise price is required, the exercise price shall be adjusted within a rational range, subject to a resolution of the Board of Directors.

(d) Period during which stock acquisition rights may be exercised
It will be determined by the Board of Directors, which will be during the period from June 23, 2023 to June 20, 2031.

(e) Capital and capital reserve increased in the case where the shares are issued by exercising the stock acquisition rights
i) The amount of capital increased in the case where the shares are issued by exercising the stock acquisition rights shall be half of the maximum amount of capital increase, which shall be calculated in accordance with Article 17, paragraph (1) of the Regulation on Corporate Accounting, with fractions of less than ¥1 rounded up.
ii) The amount of capital reserve increased in the case where the shares are issued upon the exercise of stock acquisition rights shall be the amount equal to the maximum amount of capital increase described in i) above after deducting the increased capital amount determined in i) above.

(f) Restrictions on acquisition of stock acquisition rights by transfer
Any acquisition of the stock acquisition rights by transfer shall require the prior approval of the Board of Directors.

(g) Provision on acquisition of stock acquisition rights
Provision on acquisition of stock acquisition rights shall not be prescribed.

(h) The Company, in the case of merger (limited only to cases in which the Company is dissolved by merger), absorption-type company split/incorporation-type company split, share exchange or share transfer (all hereinafter called "organizational restructure"), may issue the stock acquisition rights of the stock companies listed in Article 236, paragraph (1), item (8)-A to E of the Companies Act (hereinafter called "restructure target company") to each person holding stock acquisition rights (hereinafter called "remaining stock acquisition rights") that remain outstanding at the time when the effects of the organizational restructure arises, for each case thereof, based on the conditions set forth below. In such case, the remaining stock acquisition rights shall become null and void and the restructured target companies shall issue new stock acquisition rights. However, this will apply only to the case that a provision of issuance of the stock acquisition rights of the restructure target companies is provided in the absorption-type merger agreement, incorporation-type merger agreement, absorption-type split agreement, incorporation-type split plan, share exchange agreement, or share transfer plan, in accordance with the conditions set forth below.

- i) Number of stock acquisition rights of restructured target companies
  The same number of stock acquisition rights shall be issued as the number of remaining stock acquisition rights held by the person with respect to the Company's stock.
- ii) Class of shares of restructured target companies subject to the stock acquisition rights
  It shall be the common stock of the restructured target companies.
- iii) Number of shares of restructured target companies subject to the stock acquisition rights
  It shall be determined in accordance with the above item (b), by taking into consideration the conditions, etc. for organizational restructure.
- iv) Amount to be paid when stock acquisition rights are exercised
  Amount to be paid when each stock acquisition right is exercised shall be the amount obtained by multiplying the payout amount after restructure adjusted after taking into consideration the conditions, etc. for the organizational restructure by the number of shares subject to the relevant stock acquisition rights determined in accordance with iii).
- v) Exercise period of the stock acquisition rights
  The stock acquisition rights determined in the above item (d) can be exercised from the later of the commencement date of the exercise period of the stock acquisition rights determined in the above item (d) or the effective date of the organizational restructure to the expiration date of the period.
- vi) Capital and capital reserve increased in the case the shares are issued by exercising the stock acquisition rights
  It shall be determined in accordance with item (e) above.
- vii) Limits of acquisition of stock acquisition rights by assignment
  Acquisition of stock acquisition rights by assignment shall require approval of the restructured target company.
- viii) Acquisition conditions of stock acquisition rights
  It shall be determined in accordance with item (g) above.

(i) In the case where fractions of less than one (1) share are included in the number of shares delivered to the persons who exercise the stock acquisition rights, the fractional portion shall be omitted.

(j) Exercise conditions of stock acquisition rights

- i) A single stock acquisition right may not be split.
- ii) Persons who receive the allotment may exercise the right, even in the case where they no longer hold the position of employees of the Company who hold senior management positions, Presidents of subsidiaries, etc., at the time when exercising the rights.
  Note: The granted stock acquisition rights shall immediately be cancelled, in the case where he/she is sentenced to imprisonment or become subject to more severe penalty, is dismissed or discharged, or dies.
- iii) Other conditions to exercise the rights shall be determined by the Board of Directors.

- END -

[Translation for Reference and Convenience Purposes Only]

[Reference] Approaches to Corporate Governance

Basic Concept of Corporate Governance

The Company strives actively and continually to bolster its corporate governance to achieve the MOL Group Vision and maximize its corporate value over the mid- and long-term by promoting the management plan (Rolling Plan) and taking on sustainability issues, underpinned by the Group Corporate Mission. To such ends, we implement measures that include: 1) appointing two or more outside directors (For this year's Ordinary General Meeting of Shareholders, the Company has submitted a proposal to appoint three outside directors.); 2) as advisory bodies to the Board of Directors, establishing the Nomination Advisory Committee and Remuneration Advisory Committee, which are arbitrary organizations in which the majority of members are outside directors; and, 3) establishing the Company's own criteria for judging independence, in addition to the requirements for independent officers stipulated by the Tokyo Stock Exchange.
Due to the rapid changes in the ocean shipping business environment and in risk factors, we must adeptly set our course by accurately grasping the business environment, always confronting risks appropriately, and effectively utilizing our management resources by maintaining our offense-defense balance. We believe that the essentials of corporate governance are fostering sustainable growth and enhancing our corporate value by making decisions promptly and boldly, guided by appropriate risk management, while ensuring the transparency and fairness of management by carefully considering the viewpoints of our diverse stakeholders and other various social requests.

MOL Corporate Governance Organizational Structure

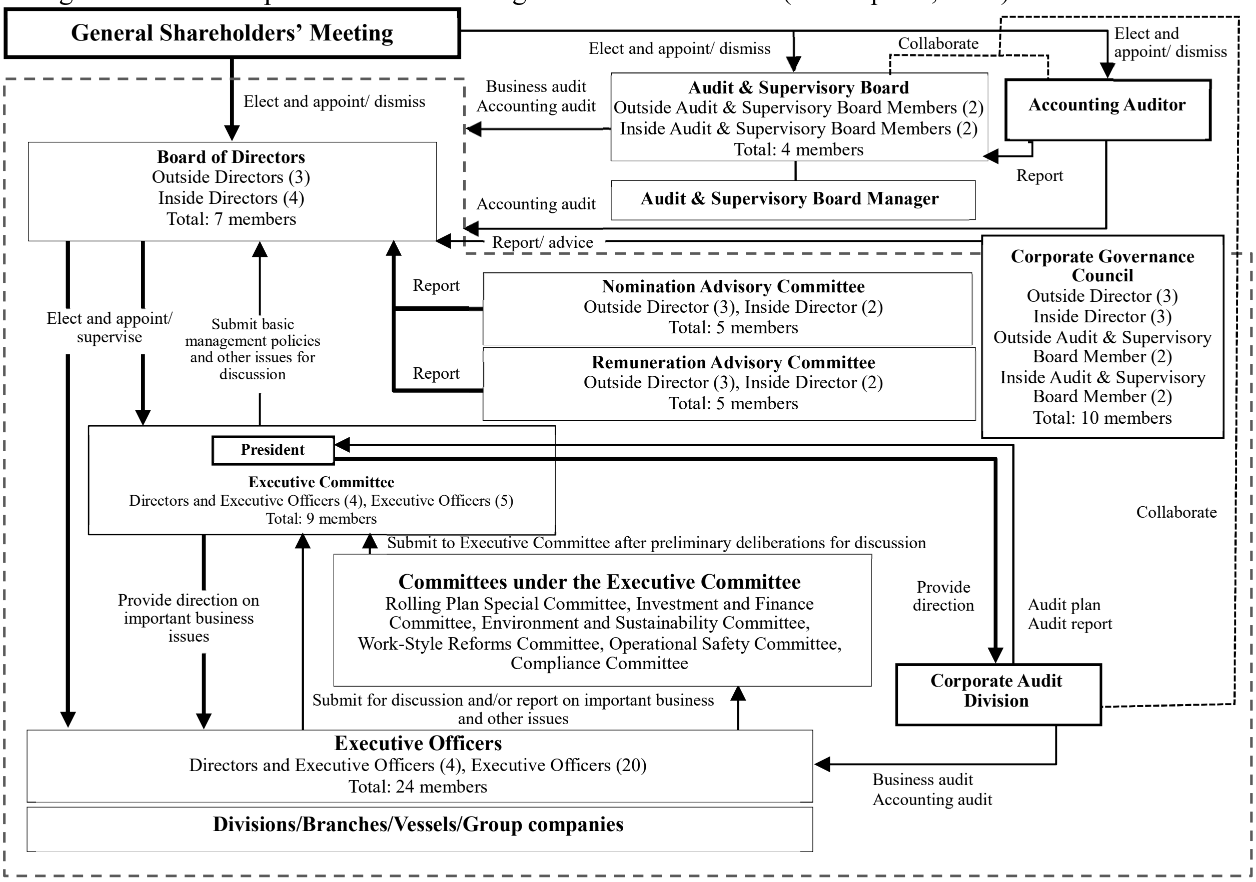
We believe that the appropriate form of governance should achieve legality, appropriateness, and efficiency of business operations by ensuring an effective supervisory framework for the Board of Directors. This is accomplished by having a mutual supervision and check mechanism among inside directors, who also serve as executive officers and execute operations, and by forming a Board of Directors that consists of inside directors who also carry out business operations and outside directors who specialize in supervisory functions. The structure also secures the audit function of the Audit & Supervisory Board, which is independent from the Board of Directors. Based on this view, MOL has become a company with an Audit & Supervisory Board as prescribed in the Companies Act.

The Board of Directors, by its resolution, has established a basic policy for developing a system to secure the properness of operations (internal control system). The MOL Group's officers and employees, under the president serving as the chief executive officer for management, carry out business operations in accordance with the management policy set by the Board of Directors and the above-mentioned basic policy, while being subject to supervision by the Board of Directors and audits by the Audit & Supervisory Board. (For details of the business execution system, please see the descriptions given in a later section.)

We also believe that the true worth of the MOL corporate governance structure will not be achieved through the existence of the framework and organization constructed as described above. Instead, the true worth of the MOL corporate governance structure will result from whether the framework is functioning properly and effectively as described on pages 32 to 34.

[Translation for Reference and Convenience Purposes Only]

<Diagram of MOL Corporate Governance Organizational Structure> (as of April 1, 2021)



Board of Directors

As the central decision-making body of the Company, the Board of Directors deliberates and make decisions on the basic policies and the most important matters for the management of MOL Group.

The Board of Directors consists of four (4) inside directors (as of April 1, 2021) and three (3) outside directors (as of April 1, 2021), who hold no interest in MOL. Outside directors play a major role in vitalizing the Board of Directors by checking the reasonableness of management decisions and of the status of business execution based on their respective experience and knowledge from an independent standpoint without an interest in the Company and expressing useful opinions on overall management. We have developed a supporting system for outside directors whereby agenda at the Board of Directors' meetings are explained in advance and the execution of important businesses is reported to them each time. In addition, the Board of Directors also conducts "Deliberation on Corporate Strategy and Vision" sessions during which internal and outside directors and audit & supervisory board members exchange opinions freely on management strategies, the long-term vision and other important topics related to overall management.

FY2020 "Deliberation on Corporate Strategy and Vision": Main Agenda Items

	Agenda
July	Business plans and overall investment plans of Business Units
September	Initiatives for Offshore Business (constituting the next step beyond transport of fossil fuels)
October	Environment and sustainability promotion structures
December	Direction of next management plan
January	LNG carrier business policy (consistently exceptional company in the market)

In addition to the "Deliberation on Corporate Strategy and Vision," the "Board Member Discussion Sessions" is also held when necessary after the meetings of the Board of Directors to share and discuss a range of ongoing important issues other than the agenda items at the Board of Directors' meeting at an early stage.

Nomination Advisory Committee and Remuneration Advisory Committee

MOL has established the Nomination Advisory Committee and the Remuneration Advisory Committee as arbitrary organizations under the Board of Directors. For making the outside directors supervise the executive directors more effectively, both committees are chaired by outside directors and are composed of all three (3) outside directors, the Chairman and the President, so that the majority are outside directors.
The Nomination Advisory Committee deliberates on the election, appointment and dismissal of directors and executive officers, as well as the necessary criteria for their determination and proposals for the next President based on the succession plan (including reappointment and dismissal of the incumbent President), thereby increasing the objectivity and transparency of the processes and strengthening accountability. The Remuneration Advisory Committee appropriately reviews the remuneration plan for directors and executive officers, and determines appropriate levels of remuneration for directors, including incentives for long-term enhancement of corporate value from an objective standpoint, while putting a high priority on the "stakeholders' perspective." In addition to the committee members, the outside audit & supervisory board members may also attend meetings of the respective committees in order to gain an understanding of the deliberation process and provide their opinions. The Board of Directors respects the contents of reports from both Advisory Committees and uses them to pass necessary resolutions.

Main Agenda Items for Review by the Advisory Committees (FY2020)

Nomination Advisory Committee (held five times in total)	Remuneration Advisory Committee (held eight times in total)
・ Development of management personnel ・ Selection of the next President based on the succession plan for President and CEO; ・ Election of officers for FY2021; and other matters	・ Bonus for directors in FY2019 and remuneration for directors in FY2020; ・ Revision of officer remuneration plans; ・ Policy for decisions on matters such as remuneration of individual directors due to the amendment to the Companies Act; and other matters

Corporate Governance Council

The Corporate Governance Council has been established under the Board of Directors to serve as a forum for facilitating unrestricted discussion while incorporating outside knowledge with respect to overall issues related to enhancing and strengthening the corporate governance structure. We expect that the council will contribute to improving the effectiveness of the Board of Directors by providing reports and advice to the Board of Directors.

Succession Planning

The Company has drawn up President and CEO (hereinafter collectively referred to as "President" for the purpose of this section) succession plans consisting of the position's requirements, selection process, and plan for training successor candidates, with the aim of selecting a President who is appropriate for the Company.
In FY2020, the Nomination Advisory Committee deliberated on proposals for the next President based on the plan, and a resolution was passed at the Board of Directors meeting held on December 11.

Effectiveness Evaluation

The Board of Directors, in accordance with the Corporate Governance Code, performs effectiveness evaluations and analyses each year through deliberations based on the results of self-questionnaires and questionnaires, and uses the results to improve the operation of the Board of Directors. In the effectiveness evaluations for FY2020, there were opinions on enhancing the quality of explanations and materials pertaining to the matters deliberated by the Board of Directors, ensuring enough time for deliberation according to the importance and level of difficulty of the matter to be deliberated, and making improvements to the "Deliberation on Corporate Strategy and Vision" sessions, particularly in terms of increasing the number of such sessions and setting topics, with the aim of stimulating discussion related to areas of focus and division strategies in light of overall management strategies. These points were then identified as issues to be addressed. Drawing on such awareness, we took steps to improve the effectiveness of the Board of Directors by reviewing agendas of meetings of the Board of Directors and sessions of the Deliberation on Corporate Strategy and Vision, figuring out ways of conducting meetings to ensure effective discussion, and furthermore organizing and identifying matters to be deliberated and discussed.
In order to make effectiveness evaluations more beneficial, the Company reviews the evaluation items every fiscal year to ensure an adequate evaluation, which may involve adding matters that are pertinent to the actual condition of that fiscal year.

[Translation for Reference and Convenience Purposes Only]

Business Execution System

MOL introduced the executive officer system in 2000. Executive officers who are appointed by the Board of Directors and to whom authority is delegated by representative director work to increase the speed of management by operating business in accordance with the highest management policy determined by the Board of Directors. The Executive Committee (chaired by the President) functions as a deliberative organ to make decisions on basic management plans and important issues related to execution of business in accordance with the basic policy determined by the Board of Directors. MOL has established six (6) committees as subordinates under the Executive Committee. In addition to the members of each respective committee, officers and general managers related to each issue attend the committee meetings to examine and deliberate on various matters such as important matters submitted to the Executive Committee for discussion and matters pertinent to multiple divisions.

Auditing System

The Audit & Supervisory Board consists of two (2) full-time audit & supervisory board members and two (2) outside audit & supervisory board members who hold no interest in MOL. The audit & supervisory board members periodically hold Audit & Supervisory Board's meetings to draw up audit plans and report and share audit results, etc., and prepare audit reports at the end of fiscal years. Each audit & supervisory board member attends meetings of the Board of Directors and other important meetings to audit the deliberation and decision-making processes. They also audit the development and operational status of internal control systems by conducting interviews with directors, executive officers, and employees, as well as researches for Group companies. KPMG AZSA LLC, the accounting auditor, conducts accounting audits. In addition to the above, the Corporate Audit Division, which receives directions from the President and is independent from any other management body, conducts internal audits including internal audits on Group companies. Three entities—namely, the Audit & Supervisory Board, the accounting auditor, and the Corporate Audit Division—take initiatives to improve the effectiveness of audits through close coordination with each other.

Outside Officers

All five (5) of MOL's outside officers (three (3) outside directors and two (2) outside audit & supervisory board members) fulfill MOL's unique "Independence Criteria for Outside Officers" (pages 18 and 19).
All three (3) outside directors fulfill their role to strengthen the function of Board of Directors regarding its management decisions and supervision by providing advice regarding MOL's overall management from an independent standpoint based on their extensive experience and knowledge in their respective areas of expertise. The outside directors gain a deeper understanding of the Group's businesses by attending meetings of the Board of Directors as well as those of the Nomination Advisory Committee and the Remuneration Advisory Committee, and also by engaging in onboard inspections of Group-operated ferries, passenger ships and other such vessels, as well as discussions regarding management issues with the executive officers.
The two (2) outside audit & supervisory board members have in-depth knowledge and insight as specialists in law and accounting and have a role in strengthening MOL's audit structure from an independent position. In addition to attending Board of Directors' meetings and Audit & Supervisory Board's meetings, the outside audit & supervisory board members interview inside directors, exchange opinions with outside directors, carry out discussions with executive officers about management issues, and incorporate the knowledge gained from them in their duties as outside audit & supervisory board members.

[Translation for Reference and Convenience Purposes Only]

Please note that the following is an unofficial English translation of the Japanese original text of the business report of Mitsui O.S.K. Lines, Ltd. The Company provides this translation for reference and convenience purposes only and without any warranty as to its accuracy or otherwise. In the event of any discrepancy between this translation and the Japanese original, the Japanese version shall be the official version.

BUSINESS REPORT

(From April 1, 2020 to March 31, 2021)

I. Matters Concerning the Present State of the Corporate Group

1. Business Progress and Results

■ Business environment

In addition to the COVID-19 pandemic, the global economy during FY2020 was exposed to unprecedented uncertainties such as the escalating conflict between the US and China and heightened geopolitical risks. As COVID-19 spread worldwide from the end of the previous term, the global economy deteriorated rapidly due to travel restrictions and lockdowns in major cities put into effect in each country. While China's economy began to recover from the Apr-Jun quarter 2020, and other major economies began to recover from the Jul-Sep quarter due to the effect of the largest economic stimulus measures in history enacted by governments around the world, global GDP posted the highest negative growth in post-war history, exceeding the decline in the wake of the financial crisis of 2007–2008. At the same time, demand for daily necessities such as food and everyday items remained robust, and new sources of demand under the pandemic emerged, such as demand for medical care and infection preventative measures, as well as demand related to teleworking and staying at home. Also, as part of economic measures in response to the pandemic, many countries announced environmental investment programs for economic recovery referred to as the "green recovery," significantly accelerating moves toward carbon neutral and carbon-free society.

■ FY2020 Results

Given this environment, while depressed transportation demand for some businesses stood out, the Company achieved significant year-on-year growth in ordinary profit and profit attributable to owners of parent compared to the previous fiscal year, with contribution of the sharp improvement in the earnings of container shipping business driven by robust cargo volume in the wake of stay-at-home demand.

In the Dry Bulk Business, cargo volume decreased at times, but the market environment improved overall for both Capesize and Panamax, supported by the recovery in demand for iron ore and coal in China and brisk transportation demand for grains. On the other hand, woodchip carriers and open-hatch carriers were affected adversely by generally sluggish cargo movements.

In the Energy Transport Business, tankers posted record high charter rates due to increased demand for floating storage caused by the drop in crude oil prices in the spring, leading to the successful conclusion of favorable contracts. LNG carriers secured stable profits mainly through existing long-term charter contracts, and in Offshore Business, existing FPSO projects achieved steady operations.

Among the Product Transport Business, in the container shipping business, Ocean Network Express Pte. Ltd. (ONE), the Company's equity-method affiliate, posted a significant year-on-year increase in profits, reflecting higher spot rates than the previous fiscal year thanks to strong cargo volume since the summer mainly on Asia-North America service, and various limiting factors such as port congestion due to labor shortages and the shortage of shipping containers in Asia. In the car carrier business, transportation volume decreased significantly compared to the previous fiscal year as the COVID-19 pandemic caused global decrease in the production of completed cars, yet the production recovered from 3Q onward.

The average exchange rate of JPY against the USD during FY2020 appreciated by ¥3.33 year on year to ¥105.95. The average bunker price (average price for all major fuel grades) during the same period fell by US$112/MT year on year to US$355/MT. As a result of the above, revenue declined to ¥991.4 billion, posting an operating loss of ¥5.3 billion, however, ordinary profit increased by ¥78.5 billion to ¥133.6 billion due to the contribution of the profit increase for Container Shipping Business. On the other hand, we recorded profit attributable to owners of parent of ¥90.0 billion, reflecting the recording of extraordinary losses of ¥50.1 billion as a result of impairment losses recorded in the offshore business related to FSRU, disposal of unprofitable vessels in each business, concentration of the product tanker operation at our base in Singapore and our organizational streamlining with Nissan Motor Car Carrier Co., Ltd. in the car carrier business.

(¥ billion)

Category	FY2017	FY2018	FY2019	FY2020
Revenues	1,652.3	1,234.0	1,155.4	991.4
Operating profit (loss)	22.6	37.7	23.7	(5.3)
Business profit (Operating profit + equity in earnings of affiliated companies)	19.2	29.9	39.7	127.6
Ordinary profit	31.4	38.5	55.0	133.6
Profit (loss) attributable to owners of parent	(47.3)	26.8	32.6	90.0
ROE (Ratio of net income to shareholders' equity) (%)	(8.7)	5.2	6.3	16.5
ROA (Ratio of ordinary profit to total assets) (%)	1.4	1.8	2.6	6.4
Equity ratio (%)	23.0	24.6	24.5	27.6
Net gearing ratio* (%)	182	188	194	163

*(Interest-bearing debt - Cash and cash equivalents)/Shareholders' equity

2. Business Overview by Segment

(¥ billion)

Segment	Revenues	Ordinary profit (loss)	Revenue composition ratio
Dry Bulk Business	222.0	(4.2)	22.40%
Energy Transport Business	278.8	29.7	28.13%
Product Transport Business	395.1	102.6	39.86%
Containerships only	219.4	117.1	22.14%
Associated Businesses	78.9	9.4	7.96%
Others	16.3	2.6	1.65%
Adjustment (Corporate and eliminations)	–	(6.6)	
Total	**991.4**	**133.6**	

Note: Revenues represent those from external customers.

Dry Bulk Business

Revenue composition ratio 22.40%

Revenues*		Ordinary profit (loss)	
FY2020	**¥222.0 billion**	FY2020	**¥(4.2) billion**
FY2019	¥277.1 billion	FY2019	¥12.0 billion
FY2018	¥291.1 billion	FY2018	¥21.9 billion

* Revenues represent those from external customers.

[Major Business Lines]
Owning and operating specialized vessels for specific cargo types and bulk carriers for cargoes such as iron ore, coal, grains, wood, wood chips, cement, fertilizer, salt and steel products.

Overview of FY2020 Market and Business Conditions

- The Capesize bulker market maintained a firm undertone in the 1H due to the synergistic effect of the recovery in demand for iron ore and coal in China and rising rates of forward freight agreements (future contracts). During the 2H, while repeating up and down, the market entered an uptrend due to the ripple effect of strong conditions in the Panamax bulker market from early March 2021.
- The Panamax bulker market in the 1H was on an uptrend until summer supported by brisk transportation demand for grains from South America, but later turned downward due to the decline in demand for coal exports to China. During the 2H, the market trended at a high level, supported by transportation demand for grains from North America and thanks to firm demand for coal exports to China since the beginning of 2021.
- Markets for Handymax and smaller-sized bulkers were flat during the 1H. For the 2H, brisk cargo demand mainly from China since the beginning of 2021 led to a rising trend, surging along with the Panamax bulker market from February onward.
- Profitability of Dry Bulk Business overall deteriorated significantly from the previous fiscal year as MOL Bridge Finance S.A., a consolidated subsidiary of the Company, recorded a provision of allowance for doubtful accounts of ¥7.6 billion in relation to loans to Gearbulk Holding AG, an equity-method affiliate of the Company.

Major Initiatives

● Iron Ore Carrier

- Seven new iron ore carriers (5 Capesize bulkers and 2 Panamax bulkers) were delivered.
- Considered and proposed environmental solutions such as LNG-fueled Capesize bulkers, wind power propulsion and installation of microplastic collection equipment.

● Bulk Carrier

- Won a long-term contract for wood pellets for power generation.

- Decided to establish "MOL Drybulk Ltd.," commencing operations from FY2021, in order to integrate Dry Bulk Businesses (bulk carriers, woodchip carriers, short sea business) excluding services for steel manufacturers and domestic electric power companies.

● Woodchip Carrier
- Equipped newly built vessels with microplastic collection devices.
- Implemented fuel-efficient operation and installed scrubbers that comply with environmental regulations (SOx regulations) on operating vessels.

Energy Transport Business

		Revenue composition ratio	28.13%
Revenues*		Ordinary profit (loss)	
FY2020	**¥278.8 billion**	FY2020	**¥29.7 billion**
FY2019	¥289.3 billion	FY2019	¥25.4 billion
FY2018	¥280.9 billion	FY2018	¥21.1 billion

* Revenues represent those from external customers.

[Major Business Lines]
- Owning and operating tankers such as crude oil tankers; product tankers that carry naphtha, gasoline and other refined petroleum products; and chemical tankers that carry liquid chemical products.
- Owning and operating LNG carriers that carry liquefied natural gas, and development of offshore businesses such as FPSO (floating production, storage and offloading system) and FSRU (floating storage and regasification unit).
- Owning and operating steaming coal carriers for the transport of coal for thermal power generation.
- Development and promotion of wind power generation related business.

Overview of FY2020 Market and Business Conditions

● Tankers
- The very large crude oil carrier (VLCC) market posted record high prices in the 1H due to the rise in demand for floating storage caused by the drop in crude oil prices. However, it later entered a downward trend as the storage demand disappeared. In the 2H, the market was sluggish as cargo movements did not recover due to coordinated decrease in production, etc. by major oil-producing countries.
- The product tanker market, like the VLCC market, recorded high charter rates at the beginning of the 1H on the tightening of supply and demand for floating storage. However, going into summer, the market entered a downward trend on the decline in refinery utilization rates. In the 2H, transportation demand was sluggish due to the global surplus of petroleum products as a result of the pandemic, and the market remained depressed.
- The LPG carrier market remained firm in the 1H thanks to solid demand. In the 2H, demand for LPG increased due to competitive prices compared to crude oil prices, recording the highest rates in five years.
- The tanker division overall posted a significant increase in profits compared to the previous fiscal year.

● LNG Carriers/Offshore Business
- In the LNG Carrier Division, in addition to contracts commencing for four newly delivered LNG carriers and one LNG-bunkering vessel, stable profits were secured mainly through existing long-term charter contracts, resulting in an increase in profits compared to the previous fiscal year.
- For the offshore business division, while existing projects in FPSO business steadily accumulated profits, profitability deteriorated compared to the previous fiscal year as a result of executing a short-term contract for one FSRU to fill the gap of the next long-term contract.

● Steaming Coal Carrier/Wind Power Business
- For steaming coal carriers, despite maintaining high utilization rates for vessels in medium- to long-term contracts thanks to firm cargo volume for domestic coal-fired electric power plants, the impact of

weakness in the spot market at the beginning of the term resulted in profitability deteriorating compared to the previous fiscal year.

Major Initiatives

● Tanker Business

- Received delivery of two new VLCCs and concluded new contracts with domestic and overseas customers, including long-term charter for methanol carriers.
- MOL Chemical Tankers Pte. Ltd. merged the marketing and operations of the former MOL Nordic Tankers and started operations under the one brand of "MOL Chemical Tankers."

● LNG Carrier/Offshore Business

- LNG-bunkering vessel GAS AGILITY started supplying LNG fuel to large LNG-fueled container vessels.
- The first FSRU under the "KARMOL" brand with Karpower International B.V. ("Karpowership") of Turkey has been delivered for the Senegal LNG Powership project.
- Invested in Norway's Larvik Shipping AS, and entered into the field of liquefied CO_2 ocean transport business.

● Steaming Coal Carrier/Wind Power Business

- Concluded time charter and shipbuilding contracts for the first "Service Operation Vessel (SOV)" project in Asia to provide maintenance support for the Greater Changhua Wind Farms in Taiwan.
- Concluded a transportation contract with Tohoku Electric Power Co., Inc. using a "Wind Challenger" coal carrier (equipped with a hard sail wind power propulsion system).
- Received delivery of two new coal carriers, which will be engaged under long-term contracts for domestic customers.

Product Transport Business

		Revenue composition ratio	39.86%
Revenues*		Ordinary profit (loss)	
FY2020	**¥395.1 billion**	FY2020	**¥102.6 billion**
FY2019	¥475.4 billion	FY2019	¥6.7 billion
FY2018	¥545.1 billion**	FY2018	¥(12.2) billion

Containerships share of Product Transport Business

		Revenue composition ratio	22.14%
Revenues*		Ordinary profit (loss)	
FY2020	**¥219.4 billion**	FY2020	**¥117.1 billion**
FY2019	¥226.4 billion	FY2019	¥4.1 billion
FY2018	¥276.9 billion**	FY2018	¥(14.3) billion

* Revenues represent those from external customers.
** Sales related to the containership services in connection with the start of operations of the Company's equity-method affiliate Ocean Network Express Pte. Ltd. are not recorded as part of the Company's revenues from FY2018.

[Major Business Lines]

- Owning and operating containerships, and operating container terminals
- Offering total logistics solutions through air and sea forwarding, land transport, warehousing services, services for the transport of heavy goods, etc.
- Owning and operating specialized car carriers for the transport of completed cars and construction machinery, and developing comprehensive car transport services such as land transport and terminal operation.
- Transporting passengers and cargos by operating ferries and coastal RoRo ships in inshore Pacific and Seto Inland Sea.

[Translation for Reference and Convenience Purposes Only]

Overview of FY2020 Market and Business Conditions

● Containerships

- The Company's equity-method affiliate Ocean Network Express Pte. Ltd. (ONE) has benefitted from continued favorable cargo volumes since the summer, mainly on Asia-North America service, thanks to stay-at-home demand.
- Spot rates have remained at a significantly higher level than the previous fiscal year due to various constraints on the supply side such as port congestion due to labor shortages caused by the COVID-19 pandemic and the shortage of ocean containers in Asia.
- In addition, bunker oil prices generally remained in a low range, resulting in a significant increase in profits compared to the previous fiscal year.

● Car Carriers

- In the wake of global decrease in auto production in the 1H caused by the COVID-19 pandemic, the number of completed cars transported dropped significantly. Although the number recovered in 2H, it was significantly lower than the previous fiscal year.
- Although we promoted reduction of fleet size and streamlining of vessel allocation, profitability deteriorated compared to the previous fiscal year.

● Ferries and Coastal RoRo Ships

- Passengers decreased significantly due to the impact of the COVID-19 pandemic. While temporary recovery was seen as we reinforced infection countermeasures, number of passengers remained at low level overall.
- While cargo volume turned to an upward trend from the latter part of the 2H, it remained below that of the previous fiscal year.
- The ferries and coastal RoRo ships division overall posted a deterioration in profitability compared to the previous fiscal year.

Major Initiatives

● Containerships (Ocean Network Express Pte. Ltd.)

- Concluded a basic agreement for a 15-year long-term charter contract for six super-large containerships of the over 24,000 TEU class, among the largest in the world.
- Announced the start of new Intra-Asia services, and Asia-Europe eastbound services (Europe to India and the Middle East) aiming to strengthen our presence in these growing markets.
- Toward the reduction of CO_2 emissions, continued to improve vessels' efficiency by measures such as replacing propellers and modifying bow structures, reflecting the actual operating environment.

● Terminals and Logistics

- In the domestic container terminal business, we decided to relocate the base at Yokohama Port from Honmoku Pier to Minami Honmoku Pier, which has the maximum water depth and high-spec berth in Japan, from April 2021.
- In the logistics business, we developed MOL COILPORTER®, a high-performance and environment-friendly lashing device for container transportation of steel coils. MOL Logistics Co., Ltd. has started service using this device.
- Opened a chemical and dangerous goods warehouse in Haiphong through a local joint venture in Vietnam, and in Thailand, MOL Logistics (Thailand) Co., Ltd. expanded its tank truck business and strengthened chemical logistics.

● Car Carriers

- Established a dedicated organization specializing in the operation of car carriers by the Company and the Group company Nissan Motor Car Carrier Co., Ltd. on April 1, 2021 to establish a structure to further strengthen quality of safe operation.
- Became the first Japanese shipping company to obtain the Vessel Seasonal Pest Scheme (VSPS) certification from the Australian Department of Agriculture, Water and the Environment, which certifies compliance with quarantine standards set by said Department by implementing thorough measures to manage the risk of the Brown marmorated stink bug (BMSB) arriving in Australia.

● Ferries and Coastal RoRo Ships

- Proposed a new style of travel that allows passengers to enjoy travelling on ferries while avoiding the "Three Cs" (closed spaces, crowded places, and close-contact settings) by implementing various infectious disease countermeasures on site and cooperating with local governments, hotels, inns, other transportation facilities, etc. at ports of departure and arrival in Japan.
- Japan's first LNG-fueled ferries *Sunflower Kurenai* and *Sunflower Murasaki* have earned the top rating of five stars from the Ministry of Land, Infrastructure, Transport and Tourism's "Energy Conservation Rating System for Coastal Ships," based on superior environmental performance (over 20% reduction in CO_2 emissions compared to use of conventional heavy oil).

Associated Businesses

		Revenue composition ratio	7.96%
Revenues*		Ordinary profit (loss)	
FY2020	**¥78.9 billion**	FY2020	**¥9.4 billion**
FY2019	¥96.5 billion	FY2019	¥12.3 billion
FY2018	¥101.1 billion	FY2018	¥12.9 billion

* Revenues represent those from external customers.

[Major Business Lines]
Real estate business, cruise ship business, tugboat business, trading business (fuel, vessel materials, sales of machinery, etc.), etc.

Overview of FY2020 Market and Business Conditions

- The real estate business recorded stable profits due to the contribution of new property acquisition by the Group's core real estate developer, Daibiru Corporation.
- The cruise ship business was significantly affected by the COVID-19 pandemic and was forced to suspend operations over a long period, resulting in a deterioration in profitability compared to the previous fiscal year.
- The tugboat business profits decreased compared to the previous fiscal year due to a decrease in the number of vessels calling port weakened demands for tugboat.
- The Associated Businesses segment overall posted a decline in profits compared to the previous fiscal year.

Major Initiatives

- In the real estate business, Daibiru Corporation's first office building in Australia, "275 George Street," was completed in December.
- Established MM EMPOWER CORP., an HR consulting firm for foreign staff in the Philippines, targeting Japanese companies that intend to employ foreign staff.
- In the tugboat business, the LNG-fueled tugboat *Ishin*, operated by Nihon Tug-Boat Co., Ltd., earned the top rating of the Energy Conservation Rating System for Coastal Ships. In addition, it won a "Ship of the Year 2019" award in the Work Ship/Special Purpose Ship category.
- A successful sea trial using euglena biodiesel fuel, which has a low environmental impact, was conducted on tugboat *13 Tamashio* owned and operated by Green Kaiji Kaisha, Ltd.

Others

		Revenue composition ratio	1.65%
Revenues*		Ordinary profit (loss)	
FY2020	**¥16.3 billion**	FY2020	**¥2.6 billion**
FY2019	¥16.8 billion	FY2019	¥3.4 billion
FY2018	¥15.6 billion	FY2018	¥2.5 billion

* Revenues represent revenues from external customers.

[Major Business Lines]
Ship management business, financing business, information service business, accounting service business,

marine consulting business, etc.

Overview of FY2020 Market and Business Conditions

Ordinary profit in this segment, which is mainly the MOL Group’s cost centers, decreased compared to the previous fiscal year.

[Translation for Reference and Convenience Purposes Only]

3. Management Strategies of MOL and Issues to be Addressed

A. Group Corporate Mission, Group Vision and MOL CHARTS

Considering changes in social demands and changes in the Company's own business, effective April 1, 2021, the Company revised the "MOL Group Corporate Mission and Long-term Vision" to "MOL Group Corporate Mission, MOL Group Vision and MOL CHARTS" as shown in the table below.

MOL Group Corporate Mission (Raison d'être in Society) and MOL CHARTS (Group Values / Code of Conduct) are the compass to navigate business operations of the entire Group, and in order to fulfill the Group Vision, we will promote the concrete strategy (Management Plan RP2021/ initiatives on Sustainability Issues) and improve our corporate value.

New MOL Group Corporate Mission, MOL Group Vision and MOL CHARTS	
Group Corporate Mission	From the blue oceans, we sustain people's lives and ensure a prosperous future.
Group Vision	We will develop a variety of social infrastructure businesses in addition to traditional shipping businesses and will meet the evolving social needs including environmental conservation, with innovative technology and services. MOL Group aims to be a strong and resilient corporate group that provides new value to all stakeholders and grows globally.
MOL CHARTS	Challenge/Honesty/Accountability/Reliability/Teamwork + Safety (Pursue the world's highest level of safety culture)

B. Management Plan "Rolling Plan 2021"—Solidifying the Foundation for Growth based on Environmental Strategy—

Since the Company introduced the management plan "Rolling Plan" in FY2017, aiming to become a group of business units with No. 1 competitiveness in their respective areas, we established specific priority items for each fiscal year and have worked toward their realization. In FY2020, amidst the COVID-19 pandemic, we carried out megatrend forecasts that look beyond the pandemic coming under control. On the defensive front, we moved forward with reducing the number of vessels in the 1H in order to reduce market exposure, and liquidated assets by selling cross shareholdings, etc. At the same time, on the offensive front, we made priority investments in offshore business through careful selection, as well as implementing structural reforms in bulk carriers and car carriers according to the business characteristics of each.

Under the new management plan "Rolling Plan 2021," while cargo volumes are still in the process of recovering from the effects of the COVID-19 pandemic, FY2021 is positioned as a year for steadily solidifying the foundation for returning to a growth trend, with the timing of the economic recovery in mind. In addition, imagining the Company's next 10 years in the perspective of response to social demands including environmental issues, we recognize that Environmental Strategy should be our top priority for now. Toward the new Group Vision (targeted corporate form in "Rolling Plan 2021"), we will promote the MOL Group's growth strategies, with Environmental Strategy as the key, while linking it with Portfolio Strategy and Business Strategy.

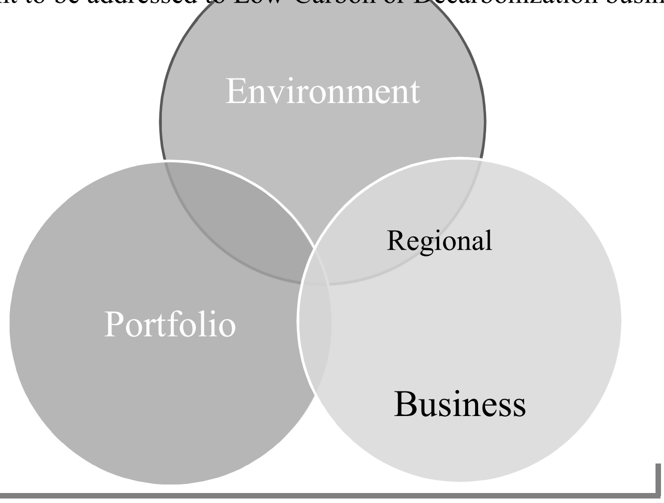
[Translation for Reference and Convenience Purposes Only]

<Features of Rolling Plan 2021>

<table>
<tr><th>Environmental Strategy</th><th>×</th><th>Regional Strategy</th></tr>
<tr><td colspan="2">• Invest ¥200 billion in low carbon/decarbonization fields over three years from FY2021 to FY2023
• Revise the MOL Group Environmental Vision 2.0 to 2.1 and accelerate initiatives

(Outline of the Environmental Vision 2.1)
• Moving up the net GHG emission zero schedule (by 2050)
• Developing a GHG reduction roadmap
• Introducing internal carbon pricing
• Introducing green alternative fuels and energy-saving technologies, and promoting operational efficiency</td><td>• The core of our business strategy will be "Regional Strategy." Focusing on Asia, we will pursue potential projects that match our overall strategy in multifaceted ways, and acquire large-scale projects not limited to transportation by demonstrating MOL Group's collective strength.</td></tr>
<tr><td colspan="3">At the same time, realizing "optimal portfolio" and "stress-free services" continues to be our important themes</td></tr>
</table>

¥200.0 billion investment to be addressed to Low-Carbon or Decarbonization businesses during FY2021-23



Enhancement of Organizational Strength

Work-style Reform

[Translation for Reference and Convenience Purposes Only]

Main Initiatives in Portfolio Strategy and Business Strategy	
<Portfolio Strategy>	<Business Strategy>
Expand “low environmental impact” and “low carbon” businesses • Taking in increasing LNG demand (LNG carriers, FSRUs, powerships) • Entering offshore wind power business	Develop services that visualize the environmental impact and reduction effects (Realize stress-free services by responding to customer’s desire to “see”) • Disclosing carbon footprint in anticipation of customer needs and developing systems and data to enable that disclosure • Improving operational efficiency and visualizing contribution to GHG emission reduction
Ongoing initiatives • Continuous reviewing and adjusting portfolios • Re-evaluating existing ocean shipping businesses from the viewpoint of contribution to cash flow	Ongoing initiatives (Realize stress-free services by going ahead of customer needs) • Regional strategy aiming to acquire large-scale projects beyond just transportation, focusing on Asia (mentioned above) • One-stop sales structure (Example: Establishment of MOL Drybulk Ltd.) • Improving customer convenience through Digital Transformation (DX) (Example: Sales promotion of MOL Lighthouse*)

*A new information platform for dry bulker customers

<Profit target, expected cash flows, financial target, and dividend policy> (¥ billion)

	FY2020 (Results)	FY2021 (Forecast)	FY2022 (Forecast)	FY2023 (Forecast)	FY2027 (Target)
<Profit target>					
Ordinary profit	133.6	100.0	80.0	90.0	130.0
ROE	16.5%	15%	10%	10%	10-12%

<Cash flows>		(FY2021-23 cumulative)	(FY2021-26 cumulative)
CFs from operating activities (1)	98.8	350.0	800.0
CFs from investing activities (2)	54.6	250.0	600.0
Of which: Total investment amount		450.0	1,000.0
Asset sales/ cash generation		(200.0)	(400.0)
Free CF ((1) - (2))	44.2	100.0	200.0

<Financial target>					
Net gearing ratio	1.63			1.25	1.00

■ As soon as we achieve a certain degree of improvement in our financial position(*1), we will review our dividend payout ratio, even before FY2027(*2).
*1: Net gearing ratio, equity ratio, etc. are used as KPIs.
*2: The level will be decided based on the trend of companies listed on the Tokyo Stock Exchange.

[Translation for Reference and Convenience Purposes Only]

C. Addressing Sustainability Issues (Materiality)

In April 2019, the Company identified sustainability issues (materiality) as social issues that should be prioritized through our business activities to improve our social value. We have linked these closely with our management plan and we are promoting initiatives to solve them.
In April 2021, the "Environmental Management Committee" was reorganized as the "Environment and Sustainability Committee" to discuss sustainability issues overall, and a dedicated in-house organization "Environment & Sustainability Strategy Division" was newly established to strengthen the structure for promoting sustainability initiatives.
In FY2021, under this structure, we will partially revise our sustainability issues and set key performance indicators (KPI) for promoting sustainability initiatives. At the same time, we will update our Environmental Vision 2.0, which was formulated in June 2020 to set out our GHG reduction targets, to Environmental Vision 2.1 and accelerate actions on environmental issues, which are the growing social concern.

Sustainability Issues *

Value-added transportation services
Marine and global environmental conservation
Innovation for development in marine technology
Community development and human resource cultivation
Governance and compliance to support businesses

Contributing to SDGs and maximizing our economic and social value through efforts to address these issues

Examples of Specific Efforts to Address Issues
Wind Hunter Project
We are aiming to realize a carbon-free society and a hydrogen-based society through a zero-emission business that combines sail technology that uses offshore wind energy and stable energy utilization technology that uses the hydrogen produced by this wind energy.
Establishment of the "e5 Consortium" to Develop, Realize, and Commercialize Electric Vessels
The seven companies that are members of the "e5 Consortium," have set their sights on the rich potential and future viability of zero-emission electric vessels. By combining their strengths, technological expertise and networks, the Consortium aims to build a platform for innovative ocean shipping infrastructure services based on electric vessels.
Joint Development of a Grounding Risk Monitoring System
MOL is adding its expertise to voyage optimization systems built and supplied by NAPA Ltd of Finland, to jointly develop a navigation monitoring system that will help to mitigate risks, including grounding, by detecting the entry of shipping into areas such as shallow sea areas that may pose risks.

D. MOL's Initiatives Toward Environmental Recovery and Social Contribution Activities in Mauritius

In August 2020, a MOL-chartered bulk carrier ran aground in the Republic of Mauritius, resulting in an oil spill that had a serious impact on the marine and natural environment, affecting the local site, the community, and its industries.
The Company, as the party using the vessel under a charter contract with the shipowner, is committed to contributing to restoration of the environment and the local community through specific support activities that meet local needs, and we will continue these efforts going forward.
Specifically, immediately after the accident, our employees were dispatched to the site to carry out various local support activities, and experts were dispatched to the site to assess the impact of the accident, and

while making donations to local NGOs and academic institutions, we provided support for natural environment restoration activities and local residents assistance activities.

In addition, the Company as trustor is establishing a charitable trust fund in Japan and a Mauritius-based relief fund. Through these combined funds with a total scale of ¥800 million, we will make efforts toward the healthy lives and sustainable economic development of the people of Mauritius. Concretely, we will support protection and restoration activities of the local natural environment, and assist contribution activities to various fields across the local community and industries such as fisheries, culture and education.

<Mauritius Support Project>

Establishment of combined funds with a total scale of ¥800 million	Charitable trust fund in Japan
	Mauritius-based relief fund

Natural environmental protection/recovery projects

Mangrove forests	Coral reefs	Wild birds
Support mangrove conservation plans of NGOs under the supervision of experts	Dispatch experts to support NGOs and University of Mauritius coral conservation plans	Conduct impact studies with experts

Contribution to community-based industry

Fishery	Culture/Education	Tourism	Community development
Support NGOs assistance plans for fishermen and emergency food distribution under the supervision of experts	Financial support for children's educational facilities for poor families run by NGOs	Support for local government-sponsored Christmas party and ceremony commemorating the Emperor's birthday. Cooperation with the Mauritius Ports Authority	

Since 2012, MOL Group is under investigation of antitrust authorities in the U.S. and other countries on suspicion of violation of each country's competition laws in connection with ocean transport services of completed build-up vehicles. In connection therewith, class-action lawsuits were also filed in Canada, U.K. and Chile against MOL Group seeking damages and cease and desist order for MOL's conduct in question. The MOL Group takes this situation very seriously, and will continue to work to enhance compliance, including compliance with antitrust laws, and to prevent recurrence.

4. Financial Position and Results of Operations

(¥ million)

Category	FY2017	FY2018	FY2019	FY2020 (current fiscal year)
Revenues	1,652,393	1,234,077	1,155,404	991,426
Ordinary profit	31,473	38,574	55,090	133,604
Profit (loss) attributable to owners of parent	(47,380)	26,875	32,623	90,052
Net income (loss) per share (¥)	(396.16)	224.72	272.79	752.98
Total assets	2,225,096	2,134,477	2,098,717	2,095,559
Total net assets	628,044	651,607	641,235	699,150
ROE (Ratio of net income to shareholders' equity)	(8.7)%	5.2%	6.3%	16.5%
ROA (Ratio of ordinary profit to total assets)	1.4%	1.8%	2.6%	6.4%
Equity ratio	23.0%	24.6%	24.5%	27.6%
Net gearing ratio* *(Interest-bearing debt - Cash and cash equivalents)/Shareholders' equity	182%	188%	194%	163%

Notes:
1. Figures in revenues, ordinary profit, profit (loss) attributable to owners of parent, total assets and total net assets are rounded down to the nearest million.
2. On October 1, 2017, MOL consolidated every ten (10) common shares into one (1) share. Net income (loss) per share is calculated on the assumption that said consolidation of shares had been made at the beginning of FY2017.
3. The Company has applied the "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28, February 16, 2018), effective from FY2018. Accordingly, the amounts and financial indicators of FY2017 are presented based on the reclassified amounts.

5. Fund Raising

The Group's funds required in the fiscal year under review were financed mainly with our own resources and borrowings from financial institutions.

6. Capital Investment

The Group's capital investment, mainly in ships, implemented in the fiscal year under review amounted to ¥107.3 billion.

(¥ million)

Name of Segment	Amount of Capital Investment
Dry Bulk Business	12,379
Energy Transport Business	50,966
Product Transport Business	24,789
Containerships only	5,504
Associated Businesses	13,295
Others	282
Adjustment	5,595
Total	107,309

Notes:
1. Figures less than one million yen are rounded down to the nearest million.
2. "Adjustment" includes assets which are not allocated to segments and reconciled transactions among segments.

Twenty-five vessels in Dry Bulk Business, Energy Transport Business, and Product Transport Business were sold and removed.

Sale of Vessels

Name of Segment		Number of Vessels	Deadweight Tons (in thousands)	Book Value (¥ million)
Dry Bulk Business		1	54	589
Energy Transport Business		16	1,812	18,952
Product Transport Business		8	130	14,896
	Containerships only	–	–	–
Total		25	1,997	34,437

Note: Figures less than one million yen are rounded down to the nearest million.

7. Major Creditors (As of March 31, 2021)

(¥ million)

Creditor	Loan Outstanding
Development Bank of Japan Inc.	85,472
Sumitomo Mitsui Banking Corporation	55,285
MUFG Bank, Ltd.	44,743
Shinkin Central Bank	24,556
Sumitomo Mitsui Trust Bank, Limited	22,015

Note: Figures less than one million yen are rounded down to the nearest million.

8. Principal Business (As of March 31, 2021)

Marine transportation business, such as collection of freight, ship charter hire and operation handling charges by providing worldwide maritime cargo transport services including bulk carriers, various specialized vessels, tankers, LNG carriers and containerships; offshore business; warehousing business; real estate leasing business

9. Principal Business Offices (As of March 31, 2021)

■ **The Company**

	Location
Head and registered office	Tokyo Pref.
Branch offices	Nagoya (Aichi Pref.), Kansai (Osaka Pref.), Kyushu (Fukuoka Pref.), Hiroshima (Hiroshima Pref.)
Representative office	Beijing Representative Office (China)

■ **Subsidiaries**

- Principal domestic business offices
  Tokyo Pref., Kanagawa Pref., Osaka Pref., Hyogo Pref.
- Principal overseas business offices
  U.S.A., Mexico, Brazil, Chile, United Kingdom, Germany, the Netherlands, Belgium, Turkey, South Africa, China, Taiwan, South Korea, the Philippines, Vietnam, Singapore, Malaysia, Indonesia, India, Thailand, Myanmar, Australia, New Zealand, UAE

10. Shipping Tonnage of the Group (As of March 31, 2021)

Category	Dry Bulk Business		Energy Transport Business		Product Transport Business	
	Dry Bulkers		Tankers, LNG Carriers and Steaming Coal Carriers*			
	Number of Vessels	Deadweight Tons	Number of Vessels	Deadweight Tons	Number of Vessels	Deadweight Tons
		in thousands		in thousands		in thousands
Owned vessels	39	4,105	113	12,165	72	2,020
Chartered vessels	229	20,628	163	8,569	98	5,322
Others	–	–	4	179	–	–
Total	268	24,733	280	20,913	170	7,342

Category	Product Transport Business		Associated Businesses		Others		Total	
	Containerships only		Cruise Ship		Others			
	Number of Vessels	Deadweight Tons	Number of Vessels	Deadweight Tons	Number of Vessels	Deadweight Tons	Number of Vessels	Deadweight Tons
		in thousands		in thousands		in thousands		in thousands
Owned vessels	14	1,110	1	4	–	–	225	18,295
Chartered vessels	46	4,498	–	–	2	12	492	34,530
Others	–	–	–	–	–	–	4	179
Total	60	5,608	1	4	2	12	721	53,004

* Including coastal ships (except for coastal RoRo ships).

11. Employees (As of March 31, 2021)

■ Employees of the Group

Name of Segment	Number of Employees	
Dry Bulk Business	295	(47)
Energy Transport Business	807	(87)
Product Transport Business	4,431	(691)
Containerships only	3,391	(549)
Associated Businesses	2,058	(1,462)
Others	642	(87)
Company-wide (common)	338	(89)
Total	8,571	(2,463)
As of March 31, 2020	8,931	(2,377)

Notes: 1. The number of employees includes the entire labor force, and the approximate average number of temporary employees is indicated in parentheses.
2. The employees indicated as Company-wide (common) belong to administrative departments, which cannot be classified in any specific segment.

■ Employees of the Company

Number of Employees		Year-on-year Increase (Decrease)	Average Age	Average Years of Service
	persons	persons	years old	years
Employees on land duty	794	33	39.0	14.9
Employees on sea duty	325	8	35.2	12.2
Total	1,119	41	37.9	14.1

Notes: 1. The number of employees on land duty does not include 343 employees dispatched outside the Company and 219 non-regular employees and others.
2. The number of employees on sea duty does not include 3 employees dispatched outside the Company and 39 non-regular employees and others.

12. Principal Subsidiaries (As of March 31, 2021)

Company	Paid-in Capital (¥ million)	Percentage of Equity Participation (%)	Principal Business
Daibiru Corporation	12,227	*51.95	Real estate business
Utoc Corporation	2,155	*67.42	Harbor and transportation business
MOL Ferry Co., Ltd.	1,577	100.00	Marine transportation business
MOL Logistics Co., Ltd.	756	75.06	Air Transport agents and other businesses
Mitsui O.S.K. Kinkai, Ltd.	660	100.00	Marine transportation business
Nissan Motor Car Carrier Co., Ltd.	640	90.00	Marine transportation business
MOL Techno-Trade, Ltd.	490	100.00	Sales of fuel oil/vessel materials/ machinery
Mitsui O.S.K. Passenger Line, Ltd.	100	100.00	Marine transportation business
Ferry Sunflower Ltd.	100	99.00	Marine transportation business
Phoenix Tankers Pte. Ltd.	379,311 USD Thousand	100.00	Marine transportation business
MOL Chemical Tankers Pte. Ltd.	262,369 SGD Thousand	100.00	Marine transportation business
TraPac, LLC.	–	*51.00	Harbor and transportation business

Notes: 1. Figures less than one million yen are rounded down to the nearest million. Figures less than one thousand USD and one thousand SGD are rounded down to the nearest thousand.
2. Percentage of Equity Participation is the total of percentage of direct equity participation by the Company and indirect equity participation through subsidiaries.
Figures prefixed by * include a percentage of indirect equity participation by subsidiaries. Such figures reflect the percentage of equity participation of the holding subsidiary held by the Group.

13. Principal Equity Method Affiliates (As of March 31, 2021)

Company	Paid-in Capital	Percentage of Equity Participation (%)	Principal Business
Ocean Network Express Pte. Ltd.	3,000,000 USD Thousand	*31.00	Marine transportation business

Notes: 1. Figures less than one thousand USD are rounded down to the nearest thousand.
2. Percentage of Equity Participation is the total of percentage of direct equity participation by the Company and indirect equity participation through affiliates.
Figures prefixed by * include a percentage of indirect equity participation by affiliates. Such figures reflect the percentage of equity participation of the holding affiliate held by the Group.

II. Status of Shares (As of March 31, 2021)

1. **Total Number of Shares Authorized to Be Issued** 315,400,000 shares
2. **Number of Shares Issued** 120,628,611 shares
   (**including own shares** 1,005,033 shares)
3. **Number of Shareholders** 83,778 parties
4. **Major Shareholders**

Name of Shareholders	Investment in the Company by the Shareholders	
	Number of Shares (in thousands)	Investment ratio (%)
1. The Master Trust Bank of Japan, Ltd. (Trust Account)	13,638	11.40
2. Custody Bank of Japan, Ltd. (Trust Account)	12,058	10.08
3. Sumitomo Mitsui Banking Corporation	3,000	2.51
4. Mitsui Sumitomo Insurance Co., Ltd.	2,816	2.35
5. Custody Bank of Japan, Ltd. (Trust Account 5)	1,722	1.44
6. BNYMSANV AS AGENT/CLIENTS LUX UCITS NON TREATY 1	1,699	1.42
7. Custody Bank of Japan, Ltd. (Trust Account 6)	1,527	1.28
8. JPMorgan Securities Japan Co., Ltd.	1,514	1.27
9. Sumitomo Mitsui Trust Bank, Limited	1,487	1.24
10. JPMorgan Chase Bank 385781	1,410	1.18

Notes: 1. Shares less than 1,000 have been rounded down to the nearest 1,000 shares.
2. Shares of the above loan and trust companies include shares related to trust services.
3. The investment ratio is calculated excluding own shares (1,005,033 shares).

[Translation for Reference and Convenience Purposes Only]

III. Matters Concerning Stock Acquisition Rights

1. Outline of Stock Acquisition Rights Held by the Company's Officers at the End of the Fiscal Year under Review, etc.

Issue date	August 9, 2011	August 13, 2012	August 16, 2013	August 18, 2014	August 17, 2015
Total number of holders (persons)	5	2	5	4	5
MOL Directors (excluding outside directors) (persons)	5	2	5	4	5
MOL Outside Directors (persons)	0	0	0	0	0
MOL Audit & Supervisory Board Members (persons)	None	None	None	None	None
Total number of stock acquisition rights (units)	100	50	88	90	202
Class and number of shares subject to the stock acquisition rights (shares)	(common stock) 10,000	(common stock) 5,000	(common stock) 8,800	(common stock) 9,000	(common stock) 20,200
Paid-in value at exercise of stock acquisition rights (yen)	without consideration	without consideration	without consideration	without consideration	without consideration
Exercise price (yen per share)	4,680	2,770	4,470	4,120	4,270
Exercise period of the stock acquisition rights	July 26, 2013 to June 22, 2021	July 28, 2014 to June 21, 2022	August 2, 2015 to June 20, 2023	August 2, 2016 to June 23, 2024	August 1, 2017 to June 20, 2025
Exercise conditions of the stock acquisition rights	(Note 1)	(Note 1)	(Note 1)	(Note 1)	(Note 1)

Issue date	August 15, 2016	August 15, 2017	August 15, 2018	August 15, 2019	August 17, 2020
Total number of holders (persons)	7	7	7	8	8
MOL Directors (excluding outside directors) (persons)	5	5	5	5	5
MOL Outside Directors (persons)	2	2	2	3	3
MOL Audit & Supervisory Board Members (persons)	None	None	None	None	None
Total number of stock acquisition rights (units)	133	280	290	320	330
Class and number of shares subject to the stock acquisition rights (shares)	(common stock) 13,300	(common stock) 28,000	(common stock) 29,000	(common stock) 32,000	(common stock) 33,000
Paid-in value at exercise of stock acquisition rights (yen)	without consideration	without consideration	without consideration	without consideration	without consideration
Exercise price (yen per share)	2,420	3,780	2,943	2,962	2,105
Exercise period of the stock acquisition rights	August 1, 2018 to June 19, 2026	August 1, 2019 to June 25, 2027	August 1, 2020 to June 23, 2028	August 1, 2021 to June 22, 2029	August 1, 2022 to June 21, 2030
Exercise conditions of the stock acquisition rights	(Note 1)	(Note 1)	(Note 1)	(Note 1)	(Note 1)

Notes:
1. 1) A stock acquisition right cannot be partially exercised.
   2) Even if the grantee no longer holds a position as an officer of the Company, he/she may exercise stock acquisition rights. However, if the grantee is sentenced to imprisonment or heavier penalty, dismissed from office, or passes away, the granted stock acquisition rights shall become invalid immediately.
   3) Other exercise conditions of stock acquisition rights are according to the decision of the Board of Directors.
2. The stock acquisition rights include rights granted prior to their appointments as MOL directors.

2. Outline of Stock Acquisition Rights Granted to MOL Employees, etc. during the Fiscal Year under Review, etc.

Issue date	August 17, 2020
Total number of employees granted (persons)	104
MOL executive officers (excluding ones concurrently serving as an MOL officer) (persons)	19
MOL employees (excluding one serving as an MOL officer/executive officer) (persons)	54
Officers and employees of MOL subsidiaries (excluding ones serving as an MOL officer/executive officer/employee) (persons)	31
Total number of stock acquisition rights (units)	1,330
Class and number of shares subject to the stock acquisition rights (shares)	(common stock) 133,000
Paid-in value at exercise of stock acquisition rights	without consideration
Exercise price (yen per share)	2,105
Exercise period of the stock acquisition rights	August 1, 2022 to June 21, 2030
Exercise conditions of the stock acquisition rights	(Note)

Notes:
1. A stock acquisition right cannot be partially exercised.
2. Even if the grantee no longer holds a position as an MOL employee, he/she may exercise stock acquisition rights. However, if the grantee is sentenced to imprisonment or heavier penalty, dismissed from office, or passes away, the granted stock acquisition rights shall become invalid immediately.
3. Other exercise conditions of stock acquisition rights are according to the decision of the Board of Directors.

3. Other Significant Matters Concerning Stock Acquisition Rights, etc.

There are no significant matters to report.

[Translation for Reference and Convenience Purposes Only]

IV. Matters Concerning Officers

1. Directors and Audit & Supervisory Board Members (As of March 31, 2021)

Position	Name	Assignment	Significant Concurrent Positions Outside the Company
Representative Director, President, Chief Executive Officer	Junichiro Ikeda		
Representative Director, Executive Vice President, Executive Officer	Takeshi Hashimoto	Assistant to President (mainly for business divisions), Supervisor for Human Resources Division, Responsible for: Europe and Africa Area	
Representative Director, Executive Vice President, Executive Officer	Akihiko Ono	Assistant to President (mainly for corporate divisions), Chief Compliance Officer, Chief Information Officer, Deputy Director General, Safety Operations Headquarters, Deputy Director General, Technology Innovation Unit, Responsible for: Regional Strategy for Japan, the Americas Area, Refreshing Organization, Enhancing Group Management, Recovery Of Environmental Damage From The Wakashio Incident And Contribution To The Mauritian Community, Secretaries & General Affairs Division, MOL Information Systems, Ltd.	
Representative Director, Senior Managing Executive Officer	Takashi Maruyama	Chief Financial Officer, Responsible for: Corporate Communication Division (IR), Finance Division, Accounting Division	
Director, Managing Executive Officer	Toshiaki Tanaka	Chief Environment and Sustainability Officer, Director General, Dry Bulk Business Unit, Responsible for: Dry Bulk Business Planning & Co-ordination Division, Secondarily Responsible for: Corporate Planning Division (mainly for Environment Strategy and Sustainability Promotion)	
Director	Hideto Fujii		Provided in 5. Matters Concerning Outside Officers below.
Director	Etsuko Katsu		Provided in 5. Matters Concerning Outside Officers below.
Director	Masaru Onishi		Provided in 5. Matters Concerning Outside Officers below.
Full-time Audit & Supervisory Board Member	Kenji Jitsu		Audit & Supervisory Board Member, Utoc Corporation

Full-time Audit & Supervisory Board Member	Toshiaki Takeda		
Audit & Supervisory Board Member	Hideki Yamashita		Provided in 5. Matters Concerning Outside Officers below.
Audit & Supervisory Board Member	Junko Imura		Provided in 5. Matters Concerning Outside Officers below.

Notes:
1. Directors Hideto Fujii, Etsuko Katsu, and Masaru Onishi are outside directors. They satisfy the requirements for independent officer stipulated under the regulations of the stock exchanges on which the Company's common share is listed, as well as the requirements for independence stipulated under the Company's "Independence Criteria for Outside Officers" (pages 18 and 19).
2. Kenji Jitsu, an audit & supervisory board member, has considerable knowledge about ESG and accounting from his many years of experience in Corporate Planning, Accounting and Investor Relations Divisions.
3. Audit & Supervisory Board Members Hideki Yamashita and Junko Imura are outside audit & supervisory board members. They satisfy the requirements for independent officer stipulated under the regulations of the stock exchanges on which the Company's common share is listed, as well as the requirements for independence stipulated under the Company's "Independence Criteria for Outside Officers" (pages 18 and 19).
4. Hideki Yamashita, an audit & supervisory board member, is familiar with corporate legal affairs as an attorney at law, and has considerable knowledge about finance and accounting.
5. Junko Imura, an audit & supervisory board member, has qualifications as a certified public accountant and considerable knowledge about finance and accounting.
6. At the conclusion of the Ordinary General Meeting of Shareholders held on June 23, 2020, Director Shizuo Takahashi resigned from his office due to expiration of his term.
7. Director Takashi Maruyama resigned as of March 31, 2021.
8. Executive officers as of March 31, 2021 are as follows (excluding ones concurrently serving as director).

Executive Officers (As of March 31, 2021)

Position	Name	Assignment
Senior Managing Executive Officer	Yoshikazu Kawagoe	Chief Technical Officer, Director General, Technology Innovation Unit, Responsible for: Technical Division, Offshore Technical Division, Smart Shipping Division, Secondarily Responsible for: MOL Information Systems, Ltd.
Senior Managing Executive Officer	Koichi Yashima	Responsible for: Asia, Middle East and Oceania Area, Managing Director, MOL (Asia Oceania) Pte. Ltd.
Managing Executive Officer	Masanori Kato	Chief Safety Officer, Director General, Safety Operations Headquarters, Responsible for: Human Resources Division, Marine Safety Division, Secondarily Responsible for: Offshore Technical Division, Smart Shipping Division
Managing Executive Officer	Kenta Matsuzaka	Director General, Energy Transport Business Unit, Responsible for: Energy Business Strategy Division, LNG Carrier Division, LNG Marine Technical & Ship Management Strategy Division
Managing Executive Officer	Masato Koike	Deputy Director General, Energy Transport Business Unit, Responsible for: Bunker Business Division, Tanker Division
Managing Executive Officer	Yutaka Hinooka	Director General, Product Transport Business Unit, Responsible for Port Projects & Logistics Business Division

Managing Executive Officer	Toshinobu Shinoda	Chief Communication Officer, Responsible for: Corporate Planning Division, Corporate Communication Division
Managing Executive Officer	Hirofumi Kuwata	Deputy Director General, Dry Bulk Business Unit, Energy Transport Business Unit, Responsible for: Steaming Coal & Renewable Energy Project Division, Ferry and Associated Business Division (Except for Ferries and Coastal RoRo Business)
Executive Officer	Nobuo Shiotsu	Deputy Director General, Dry Bulk Business Unit, Responsible for: Work Efficiency Improvement, Iron Ore and Coal Carrier Division
Executive Officer	Atsushi Igaki	Deputy Director General, Product Transport Business Unit, Responsible for Ferry and Associated Business Division (Ferries and Coastal RoRo Business)
Executive Officer	Hiroyuki Nakano	Deputy Director General, Energy Transport Business Unit, Responsible for: Offshore Gas Project Division, Offshore Project Division Secondarily Responsible for Offshore Technical Division
Executive Officer	Hirotoshi Ushioku	Deputy Director General, Product Transport Business Unit, Responsible for Car Carrier Division
Executive Officer	Kazuhiko Kikuchi	Deputy Director General, Dry Bulk Business Unit, Responsible for: Bulk Carrier Division, Wood Chip Carrier Division
Executive Officer	Junko Moro	Responsible for: Diversity Promotion, Human Resources Division
Executive Officer	Mitsuru Endo	Deputy Director General, 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
Executive Officer	Osamu Sakurada	General Manager of Port Projects & Logistics Business Division
Executive Officer	Akira Sasa	Deputy Director General, Energy Transport Business Unit, Secondarily Responsible for: Tanker Division (mainly for Product Tanker and Chemical Tanker Business)
Executive Officer	Ryusuke Kimura	Chief Digital Officer, Assistant to Chief Information Officer, Deputy Director General, Technology Innovation Unit, Deputy Director General, Product Transport Business Unit, Responsible for: Corporate Marketing Division, Liner Business Management Division
Executive Officer	Kyoya Nitta	General Manager of Offshore Gas Project Division

[Translation for Reference and Convenience Purposes Only]

2. Amount of Remunerations, etc. of Directors and Audit & Supervisory Board Members

Category	Number of Eligible Officers	Total Amount of Remunerations Paid (¥ million)	Total Amount of Remunerations by Type (¥ million)		
			Basic compensation	Performance-linked compensation, etc.	Non-monetary compensation, etc.
			Monthly remuneration	Bonus	Stock option
Directors (of which, outside directors)	9 (3)	460 (51)	274 (30)	172 (18)	13 (2)
Audit & Supervisory Board Members (of which, outside audit & supervisory board members)	4 (2)	85 (20)	85 (20)	- (-)	- (-)
Total (of which, outside officers)	13 (5)	545 (72)	359 (51)	172 (18)	13 (2)

Notes: 1. The above includes remuneration related to one (1) director (who was not an outside director) who resigned at the conclusion of the Ordinary General Meeting of Shareholders held on June 23, 2020.
2. Recorded figures less than one million are rounded down to the nearest million.

(1) Policy for determining the contents of remuneration, etc. of officers

At the meeting of the Board of Directors held on February 26, 2021, the Company passed a resolution on the Company Policy for Decisions on the contents of individual remuneration, etc. of directors. Objective and transparent procedures were taken by having the Board of Directors make a decision after involving the Remuneration Advisory Committee, in which the majority of members are outside directors and which is chaired by an outside director.

The Board of Directors and the Remuneration Advisory Committee respectively conducted a deliberation on monthly compensation and bonuses three times in total in the course of determining the amount of remuneration of the Company's officers in the fiscal year under review. As for individual remuneration, etc. of directors for the fiscal year under review, the Board of Directors determined that the remuneration, etc. are in accordance with the determination policy due to the fact that the Board of Directors confirmed that the method of determining the content of remuneration, etc. and the determined contents of remuneration, etc. are consistent with the determination policy on the contents of individual remuneration, etc. and that the report received from the Remuneration Advisory Committee as the result of its review, which takes into account the said policy, has been respected.

The outline of the contents of the policy for determining the contents of individual remuneration, etc. of directors is as follows:

(i) Basic Policy

The remuneration of the Company's directors shall have a remuneration structure which incentivizes the directors to enhance the Company's corporate value; it shall have an appropriate remuneration level for securing human resources, which is decided by using the companies in the same industry or the companies with the same size in other industries as a reference; it shall be linked with business performance which will incentivize the directors to reach performance targets; and it shall have a structure which qualitatively evaluates the achievement rate of the Company's strategic items. Specifically, remuneration consists of basic compensation, bonuses as performance-linked compensation and stock option compensation.

(ii) Policy on determination of amount, and timing or conditions of grant of individual remuneration, etc. of basic compensation

Amount of basic compensation for directors of the Company is determined individually for each officer by taking into consideration the weight of their responsibilities, and a fixed amount is paid monthly in cash during their term of office.

(iii) Policy on determination of contents of performance indicators, amount or calculation method, and timing or conditions of the grant of performance-linked compensation, etc.
Performance-linked compensation, etc. shall be cash compensation determined based on the standard amount for each position according to the level of performance of groupwide business results, etc., plus compensation based on individual evaluation of business performance of the director's division (hereinafter referred to as "Bonuses"), and shall be paid in June of each year.
With respect to the determination of standard level of Bonuses for each position according to the level of performance of groupwide business results, the method used is one in which consolidated ordinary profit/loss, profit (loss) attributable to owners of parent and dividend payout ratio set forth in the management plan are used as financial indicators to enhance a link between these indicators and remuneration, and in which qualitative achievement of targets is taken into account.
Furthermore, for achievement rates of qualitative targets, achievement rates of specific measures set forth in the strategic items of management plan are considered.
On the other hand, for evaluation of business performance of the director's division associated with individual evaluation of Bonuses, achievement rates of targets for consolidated ordinary profit/loss and capital efficiency are considered.

(iv) Policy on determination of contents, calculation method of amount or number, and timing or conditions of grant of non-monetary compensation, etc.
Stock options, which are non-monetary compensation, are provided to incumbent directors on the allotment date in August of each year based on the position and responsibilities of each director with the aim to incentivize the directors to sustainably improve the Company's corporate value and for greater value alignment with the shareholders. The stock option exercise period shall be from the day which is 2 years after the grant of stock option to the day which is 10 years after the grant of stock option.

(v) Policy on determining the ratios of amount of basic compensation, amount of performance-linked compensation, etc. and amount of non-monetary compensation, etc. in the amount of individual remuneration of directors, etc.
Ratio of each type of remuneration in the individual remuneration of directors is determined by taking into overall account the position, responsibilities, business performance, and achievement rates of targets, etc. by using the companies in the same industry or the companies with the same size in other industries as a reference.

(vi) Matters regarding procedures for determining contents of individual remuneration of directors, etc.
With regard to the amount of individual remuneration, etc. of directors, the Board of Directors will pass a resolution on the total remuneration amount, and may delegate the authority to determine the individual remuneration amount of basic compensation and Bonuses to the Representative Director, President, Chief Executive Officer by resolution of the Board of Directors. The delegated Representative Director, President, Chief Executive Officer will present an original proposal on the individual remuneration amounts to the Remuneration Advisory Committee, the majority of which consists of outside directors and which is chaired by an outside director, and the Remuneration Advisory Committee will deliberate on the proposal. The Representative Director, President, Chief Executive Officer determines the individual remuneration amounts by taking into account the deliberation of the Remuneration Advisory Committee.
The number of stock options of directors allotted to each director will be determined according to the position and responsibilities of each director by resolution of the Board of Directors, by respecting the report of the Remuneration Advisory Committee.

(2) Matters concerning performance-linked compensation, etc.
Performance indicators for performance-linked compensation and the reason for choosing these indicators are provided below. Specific remuneration amounts are determined based on the standard amount for each position according to the level of performance of groupwide business results, plus compensation based on the individual evaluation of business performance of the director's division, as described in (1) (iii) above.

(i) Consolidated ordinary profit/loss

(ii) Profit (loss) attributable to owners of parent
Reason for this choice: These items have been adopted because they are performance targets set forth in the management plan.

(iii) Dividend payout ratio
Reason for this choice: This item has been used to align values with the shareholders.

(iv) Qualitative indicators: Achievement of specific measures for the following strategic items
- 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 provide from the customer's perspective
- Promotion of environment strategy and commercialization of emission-free business as MOL's core business
- Enhancement of organizational strength (project promotion not concerned about existing organizations and groupwide enhancement in productivity)

Reason for this choice: These items have been adopted as indicators because they are strategic items set forth in the management plan.
Concerning the actual results of performance indicators in the fiscal period under review, for (i) consolidated ordinary profit/loss and (ii) profit (loss) attributable to owners of parent, please see the "Financial Position and Results of Operations" provided on page 48. In addition, (iii) dividend payout ratio is based on the premise of 20%, which is the standard used in the Company's dividend policy. In (iv) qualitative indicators also, overall performance in various initiatives was evaluated at a level higher than the standard.

(3) Contents of non-monetary compensation, etc.
The non-monetary compensation, etc. is stock acquisition rights of the Company. Conditions to grant the stock acquisition rights and other matters are as stated in "(1) (iv) Policy on determination of contents, calculation method of amount or number, and timing or conditions of grant of non-monetary compensation, etc." Furthermore, the status of grant in the fiscal year under review is provided in "Matters Concerning Stock Acquisition Rights" on page 54 of the matters concerning Internet disclosure in connection with the notice of convocation of the Ordinary General Meeting of Shareholders.

(4) Matters concerning resolution at the General Meeting of Shareholders on remuneration, etc. of directors and audit & supervisory board members.
The dates of resolutions on the remunerations, etc. of the Company's officers at the General Meeting of Shareholders are as follows:
The amount of monthly remuneration of directors (24 directors) was resolved on June 28, 1990 in the amount of not more than ¥46 million in total, the amount of monthly remuneration of audit & supervisory board members (four (4) audit & supervisory board members, two (2) of whom are outside audit & supervisory board members) were resolved on June 23, 2005 in the amount of not more than ¥9 million in total, the same amount of bonuses of directors (11 directors, three (3) of whom are outside directors) was resolved on June 21, 2007 in the annual amount of not more than ¥300 million (of which, not more than ¥20 million for outside directors), and the amount of stock options of directors (11 directors, three (3) of whom are outside directors) was resolved on June 21, 2007 in the annual amount of not more than ¥400 million (of which, not more than ¥50 million for outside directors).

(5) Matters concerning delegation in connection with determination of individual remuneration, etc. of directors.
The Board of Directors delegated the authority to determine the amount of basic compensation of each director to Junichiro Ikeda, Representative Director, and the authority to determine the allocation of Bonuses based on evaluation, which takes into consideration the business performance of the groupwide business and the business performance of director's division and other factors, to Takeshi Hashimoto, Representative Director (both of whom were President, Chief Executive Officer at the time of delegation). The reason for the delegation is that the Company determined that it was the Representative Director, President, Chief Executive Officer who was appropriate for evaluating the division of which each director was in charge while taking into account the groupwide business performance, etc.
The delegated Representative Director, President, Chief Executive Officer will present an original proposal on the individual remuneration amount to the Remuneration Advisory Committee, the majority of which consists of outside directors and which is chaired by an outside director, and the Remuneration Advisory Committee will deliberate on the proposal. Representative Director, President, Chief Executive Officer determines the individual remuneration amount by taking into account the deliberation of the Remuneration Advisory Committee.

(6) Remuneration on audit & supervisory board members
Remuneration on audit & supervisory board members is discussed and determined among audit & supervisory board members, within the upper limit determined at the General Meeting of Shareholders,

by taking into consideration the conditions such as separation of full-time and part-time audit & supervisory board members, status of allocation of audit work, and contents and levels of remuneration, etc. of directors. Bonuses and stock option are not granted to audit & supervisory board members.

3. Outline of Contents of Limited Liability Contract

Pursuant to the provisions of Article 427, paragraph (1) of the Companies Act, the Company has entered into contracts with outside officers that limit their liability as set forth in Article 423, paragraph (1) of the Companies Act to the total of the amounts set forth in each of the items of Article 425, paragraph (1) of the Companies Act in the case that they perform their duties in good faith and without gross negligence.

4. Outline of Contents of Directors and Officers Liability Insurance Policy

The Company plans to enter into a directors and officers liability insurance policy with an insurance company, as provided for in Article 430-3, paragraph (1) of the Companies Act. This policy will cover any damages such as compensation of damages and litigation expenses for which the insured assumes legal liability in cases where a damage claim has been filed due to any acts engaged by the insured based on the insured’s position in the Company. The insureds in this policy are directors and audit & supervisory board members of the Company as well as any person who performs important duties of the Company such as executive officers and other important employees. The Company will bear the entire amount of insurance premiums.
In order not to undermine the appropriateness of the performance of duties of the insured, the above policy will not cover damages caused by certain actions such as any acts engaged by the insured for personal gain or benefits or any acts engaged by the insured while being aware that such acts are criminal acts or are in violation of laws and regulations.

5. Matters Concerning Outside Officers

Major activities and significant concurrent positions outside the Company

[Outside Directors]

Name	Overview of Major activities and Duties Carried Out in Relation to Expected Role	Significant Concurrent Positions outside the Company
Hideto Fujii	Attended all fourteen (14) board meetings held in the fiscal year under review and made statements necessary for discussing proposals based on his deep insights into Japan's economic management and policy finance, from the objective viewpoint of an outside director. Furthermore, attended all five (5) Nomination Advisory Committee meetings and eight (8) Remuneration Advisory Committee meetings held in the fiscal year under review as a member of both committees, and was responsible for the supervisory function with regard to the selection of candidates for officer of the Company, remuneration for directors, etc. from an objective and neutral standpoint.	Adviser, Sumitomo Corporation
Etsuko Katsu	Attended all fourteen (14) board meetings held in the fiscal year under review and made statements necessary for discussing proposals based on her deep sights as a specialist on international finance in addition to her experience participating in university management and knowledge regarding global human resource development, from the objective viewpoint of an outside director. Furthermore, attended all five (5) Nomination Advisory Committee meetings and eight (8) Remuneration Advisory Committee meetings held in the fiscal year under review as a member of both committees, and was responsible for the supervisory function with regard to the selection of candidates for officer of the Company, remuneration for directors, etc. from an objective and neutral standpoint.	Professor, School of Political Science and Economics, Meiji University Outside Director (Audit and Supervisory Committee Member), Dentsu Group Inc. Chairman of Fund Management Advisory Committee, The Japan Foundation Administrative Board Member, International Association of Universities (IAU)
Masaru Onishi	Attended all fourteen (14) board meetings held in the fiscal year under review and made statements necessary for discussing proposals based on his practical and multifaceted perspective cultivated as a corporate manager, from the objective viewpoint of an outside director. Furthermore, attended all five (5) Nomination Advisory Committee meetings and eight (8) Remuneration Advisory Committee meetings held in the fiscal year under review as a member of both committees, and was responsible for the supervisory function with regard to the selection of candidates for officer of the Company, remuneration for directors, etc. from an objective and neutral standpoint.	Trustee, KEIZAI DOYUKAI (Japan Association of Corporate Executives) Trustee, International University of Japan Visiting Professor, Toyo University Outside Director, Teijin Limited Senior Advisor, Alton Aviation Consultancy Japan Co., Ltd

[Outside Audit & Supervisory Board Members]

Name	Major Activities	Significant Concurrent Positions outside the Company
Hideki Yamashita	Attended all fourteen (14) board meetings and all eleven (11) audit & supervisory board members' meetings held in the fiscal year under review and made statements necessary for discussion of proposals based on his deep insights as an attorney at law, from the objective viewpoint of an outside audit & supervisory board member.	Attorney at law, YAMASHITA & TOYAMA LAW OFFICE Outside Corporate Auditor, I-cell Networks Corp.
Junko Imura	Attended thirteen (13) out of fourteen (14) board meetings and all eleven (11) audit & supervisory board members' meetings held in the fiscal year under review and made statements necessary for discussion of proposals based on her deep insights as a certified public accountant, from the objective viewpoint of an outside audit & supervisory board member.	Certified public accountant, Imura Accounting Office Outside Director (Audit and Supervisory Committee Member), Mitsubishi UFJ Trust and Banking Corporation Outside Audit & Supervisory Board Member, T. HASEGAWA CO., LTD. Visiting Professor, Tama Graduate School of Business

Note: No special business relationships exist between the Company and the organizations for which the outside directors and outside audit & supervisory board members hold concurrent positions.

6. Status of the Accounting Auditor

(1) Name of Accounting Auditor KPMG AZSA LLC

(2) Compensations to the Accounting Auditor

(¥ million)

	Amount of Compensations Paid
Compensations paid for the fiscal year under review	79
Total of cash and other economic benefits payable by the Company and its subsidiaries to the Accounting Auditor	210

Notes:
1. Figures less than one million yen are rounded down to the nearest million.
2. The audit agreement entered into by MOL and the Accounting Auditor does not clearly distinguish the amount being derived from the audit under the Companies Act and that which is being derived from the audit under the Financial Instruments and Exchange Act and cannot practically distinguish between the two types, therefore, the amount of compensations paid to the Accounting Auditor for the fiscal year under review is the total of these amounts.
3. The Audit & Supervisory Board of the Company has given its consent to the compensations to the Accounting Auditor for the fiscal year under review as stipulated in Article 399, paragraph (1) of the Companies Act, after the Board reviewed the descriptions in the audit plan, the Accounting Auditor's performance of its duties, the basis for calculating the estimated compensation, audit hours, and historical changes of compensations and other factors, and concluded that the compensations to the Accounting Auditor for the fiscal year under review are appropriate in view of efficiency of the audit and quality of audit delivered.

(3) Contents of Non-audit Services

The Company has entrusted to the Accounting Auditor with services such as "support services related to maintenance of internal control systems at consolidated subsidiaries," which are services other than ones stipulated in Article 2, paragraph (1) of the Certified Public Accountants Act (non-audit services).

(4) Company Policy for Decisions on Dismissal or Non-reappointment of Accounting Auditor

In case the Accounting Auditor is considered to be within the circumstances stipulated in any of items of Article 340, paragraph (1) of the Companies Act, the Audit & Supervisory Board shall dismiss the Accounting Auditor by consent of all audit & supervisory board members.

In addition to the above, in the case when there is any event that undermines eligibility or credibility as the Accounting Auditor, when it is considered difficult for the Accounting Auditor to properly perform an accounting audit, when it is considered reasonable to change the Accounting Auditor in order to improve the appropriateness of the accounting audit, or when the Company concludes that it is appropriate to dismiss or not to reappoint the Accounting Auditor in comprehensive consideration of the Accounting Auditor's performance of its duties and other various factors, the Audit & Supervisory Board decides details of an agenda concerning dismissal or non-reappointment of the Accounting Auditor and requests the Board of Directors to include that agenda in the agenda of the General Meeting of Shareholders.

The Board of Directors, upon request from the Audit & Supervisory Board, decides to include the said agenda in the agenda of the General Meeting of Shareholders.

[Translation for Reference and Convenience Purposes Only]

7. System to Ensure Appropriateness of Operations

(1) Outline of the system to ensure the appropriateness of operations

The Company has built and implemented a System to Ensure the Appropriateness of Operations (Internal Control System) as described below. The system is designed to ensure the soundness and efficiency of management and the appropriateness and reliability of financial reporting. This policy will be continuously improved going forward.

i) System to Ensure that the Execution of Duties by the Directors, Executive Officers and Employees Complies with Laws and Regulations and the Articles of Incorporation

<Compliance>

(a) The MOL Group has set "keep compliance as a top priority, and ensure that actions comply with social norms and the highest ethical standards" as one of its corporate values (MOL CHARTS), in addition to complying with laws, regulations and the Articles of Incorporation. The Company prescribes the Compliance Policy as the basis for achieving compliance and establishes the Compliance Committee, chaired by a Chief Compliance Officer (CCO) assigned by the Board of Directors, to develop and maintain the compliance system through regular monitoring.

(b) The Company sets the code of conduct in Article 5 of the Compliance Policy as the code of conduct for the officers and employees to ensure their compliance with these rules. In particular, the Company fully enforces the following: Observing the competition laws of countries, standing firm against antisocial forces, prohibiting insider trading, prohibiting the offer and acceptance of bribes, protecting confidential information such as customer and company information, and refusing to allow discrimination and harassment.

(c) The Company takes measures to prevent the violation of compliance and improve compliance by providing all the officers and employees with training by job rank and category and e-learning on a range of laws, rules, and regulations including the Antimonopoly Act, the Financial Instruments and Exchange Act and the Unfair Competition Prevention Act as well as the Company internal rules and regulations, and ensures that its officers and employees deepen and improve their awareness of compliance.

(d) The Company maintains and operates the reporting and consultation systems by establishing an internal helpdesk for reporting and consulting on the violation of compliance and the Compliance Advisory Service Desk with service provided by outside lawyers based on the Compliance Policy. The Company keeps reports and consultations on breaches of compliance by the officers and employees of the Group strictly confidential and guarantees that those who have made the reports and undertaken the consultations will not be treated unfavorably due to having done so.

<Corporate governance>

(e) The Board of Directors, which consists of inside directors and outside directors, ensures its appropriate operation based on the Rules of the Board of Directors and supervises the performance of duties by the directors. In addition, the directors are involved in decisions on the highest policy on overall company management through the Board of Directors and supervise the execution of business by executive officers as the members of the Board of Directors.

(f) The Board of Directors has established the Executive Committee, and the Executive Committee undertakes deliberations for the President, Chief Executive Officer to make decisions on the basic management plans and important issues regarding the execution of business based on the highest policy determined by the Board of Directors.

(g) The Board of Directors makes efforts to create an environment that enables audit & supervisory board members to audit the execution of duties by the directors and executive officers according to the audit policies specified by the Rules of the Audit & Supervisory Board and the standards of the audit & supervisory board members' audit and fulfill their mission as provided for by other laws and regulations.

(h) The Company establishes the Corporate Audit Division, which is independent from any other positions, as an internal audit unit that receives directions from the President.

ii) System to Ensure Objectivity and Transparency of Personnel Affairs of Directors and Executive Officers and Decision-Making Process for Their Remuneration

(a) The Company has established the Nomination Advisory Committee and Remuneration Advisory Committee under the Board of Directors for the purpose of strengthening its accountability by increasing the objectivity and transparency of the procedures for the nomination and remuneration of directors and executive officers.

(b) The Nomination Advisory Committee and Remuneration Advisory Committee comprise the Chairman, the President, and all independent outside directors. The chairmen of the Committees are selected from the independent outside directors by a resolution of the Board of Directors.

(c) The Nomination Advisory Committee deliberates matters concerning appointment and dismissal of directors and executive officers in response to advice from consultations from the Board of Directors and submits a report to the Board of Directors.

(d) The Remuneration Advisory Committee deliberates matters concerning the remuneration and treatment of directors and executive officers in response to consultations from the Board of Directors and submits a report to the Board of Directors.

(e) The Board of Directors respects the reports submitted by Nomination Advisory Committee and Remuneration Advisory Committee.

iii) System Concerning the Preservation and Management of Information on Execution of Duties by Directors and Executive Officers

(a) Information on the execution of duties by directors and executive officers is appropriately preserved and managed for a prescribed period of time in writing or in the form of electronic information based on the Rules of Document Management and the Rules of Electronic Information Security.

(b) Directors and audit & supervisory board members may access these documents when necessary.

iv) Rules and Other Systems Concerning Management of Risk that May Cause Losses

The Company develops the following management systems to counteract major risks that may cause losses, and the Executive Committee functions as a body that comprehensively manages all risks, including other risks.

(a) Risks concerning maritime shipping market trends

In the marine transport field, which is the Company's principal business, global trends in the volume of cargo transported and the vessel supply have an impact on supply and demand for shipment, and the market conditions for freight rates and charter hire fluctuate. Accordingly, the Company establishes the Investment and Finance Committee as a preliminary deliberative body of the Executive Committee, and important issues such as an investment in vessels are submitted to the highest decision-making body after the Investment and Finance Committee has ascertained, analyzed and evaluated the risks.

(b) Safe operation of ships

The Company establishes the Operational Safety Committee chaired by the President, Chief Executive Officer as a subordinate organ of the Executive Committee. The Operational Safety Committee works to ensure and thoroughly implement the safe operation of MOL-operated vessels by reviewing and deliberating matters concerning their safe operation based on the Rules of Operational Safety Committee. In addition, should an unexpected accident occur, the Operational Safety Committee strives to prevent any damage from growing and protect the environment based on the rule of the Emergency Control Headquarters.

(c) Market risks

Market risks such as fluctuations of bunker prices, exchange rates and interest rates are reduced by managing them appropriately based on the Rules of Market Risk Management.

v) System to Ensure Efficient Execution of Duties by Directors and Executive Officers

(a) The Board of Directors holds meetings about 10 times a year at appropriate intervals and as required. Important matters to be submitted to the Board of Directors are, in principle, prescribed by the Rules of the Board of Directors and deliberated in advance by the Executive Committee.

(b) The Executive Committee consists of members nominated by the President, Chief Executive Officer and approved by the Board of Directors and holds meetings once a week, in principle, and as required based on the Rules of the Executive Committee. The Executive Committee will also establish a committee as a subordinate body as required to undertake consultations about necessary matters.

(c) Executive officers are appointed by the Board of Directors and execute business in accordance with the highest policy on overall company management determined by the Board of Directors based on the organizational division of duties and the official authority of the job position prescribed in the Rules of Organization, with authority delegated by representative directors based on the Rules of Executive Officer.

vi) System to Ensure the Credibility of Financial Reporting

(a) To ensure proper accounting and increase the reliability of financial reporting, the Company establishes the Rules of Accounting and strives to improve the system of internal control over financial reporting and increase its effectiveness.

(b) The Corporate Audit Division evaluates the effectiveness of internal control over financial reporting. Divisions that have undergone evaluation will take measures if any correction or improvement is necessary.

vii) System to Ensure Appropriateness of Operations in the Group Consisting of the Company and Its Subsidiaries

(a) To ensure the appropriateness of operations within the Group companies, the Company establishes the Group values (MOL CHARTS) to apply to all Group companies, and each Group company establishes a range of regulations based on the Group corporate principles.

(b) With regard to the business management of the Group companies, the status of business operations within each company is managed based on the management plan and the annual budget of the entire Group. In addition, by assigning a division in charge of management according to the business content of each company, the general manager of the division in charge receives the necessary reports in a timely manner from the directors of the Group companies in accordance with the Rules of Group Company Management in order to properly understand their financial conditions and business risks. The general manager of the division in charge requires the Group companies to implement important management matters with the approval of the Company and allocates the necessary management resources to the Group companies in a timely and appropriate manner so that the directors of the Group companies can execute their duties efficiently. However, for the Group companies classified as a part of the Company's organization in accordance with the Rules of Organization, a person responsible for management will be established, and the person responsible for management shall perform the said procedures in place of the general manager of the division in charge. Furthermore, for certain overseas Group companies, the regional representatives for Americas, Europe and Africa, and Asia, Middle East and Oceania areas shall perform this role in place of the general manager of the division in charge.

(c) To ensure compliance within Group companies, they establish a range of internal rules and regulations in accordance with the Compliance Policy, including the code of conduct of the Company. The Compliance Advisory Service Desk of the Company ensures the full enforcement of compliance throughout the entire Group by also undertaking consultations with the officers and employees of the Group companies. The Company keeps reports and consultations on breaches of compliance made by the officers and employees of the Group from the Group companies strictly confidential and requires the Group companies to guarantee that those who have made the reports and undertaken the consultations will not be treated unfavorably due to having done so.

(d) With respect to the audits of the Group companies, each company builds an internal control system appropriately, and the Corporate Audit Division of the Company conducts internal audits of the Group companies in Japan and overseas periodically and when necessary based on the Rules of Internal Audit.

viii) Dedicated Staff Member to Assist in the Audit & Supervisory Board Members' Duties and Staff Member's Independence

(a) In order to assist in the audit & supervisory board members' duties, an assistant to audit & supervisory board members is appointed from the Company's employees.

(b) Personnel evaluation of the assistant to audit & supervisory board members is conducted by the audit & supervisory board members, and the assignment of the assistant to audit & supervisory board members is decided upon obtaining approval of the Audit & Supervisory Board.

(c) An assistant to audit & supervisory board members generally cannot concurrently be in a position involved in execution of business.

ix) System Concerning Reports from Directors, Executive Officers and Employees to Audit & Supervisory Board Members Including a Reporting System and Other Systems Concerning Reports to Audit & Supervisory Board Members, and System to Ensure that Audits Are Effectively Conducted by the Audit & Supervisory Board Members

(a) The Company establishes rules on matters that directors, executive officers and employees should report to the audit & supervisory board members; and directors, executive officers and employees report important matters that could have an impact on the Company's business or business performance to the audit & supervisory board members based on the rules. Directors, audit & supervisory board members, executive officers and employees of Group companies may report important matters that could have an impact on the business or business performance of the Company and the Group to the audit & supervisory board members of the Company.

(b) A system for reporting the violation of laws or regulations and other compliance issues appropriately to the audit & supervisory board members is ensured by maintaining the appropriate operation of the reporting and consultation systems based on the Compliance Policy. With regard to reports and consultations about breaches of compliance by the officers and employees of the Group to the audit & supervisory board members, information is kept strictly confidential, and it is guaranteed that those who have made the reports and undertaken the consultations will not be treated unfavorably due to having done so.

(c) Representative directors make efforts to have meetings periodically with the audit & supervisory board members.

(d) The Corporate Audit Division cooperates with the audit & supervisory board members in conducting audits effectively by communicating and coordinating with the audit & supervisory board members.

(e) When an audit & supervisory board member request advance payment of expenses for the duties they will perform based on Article 388 of the Companies Act, the expenses or debt will be paid except in cases where it is recognized that the expenses or debt relating to the request are not necessary.

(2) Overview of Operation Status of the System to Ensure Appropriateness of Operations

The Company is appropriately managing the system to ensure the appropriateness of operations of the Company as described above. There are no issues to report.

The following is an overview of the operation status of the system to ensure the appropriateness of operations.

i) Compliance

(a) MOL has internal rules and regulations including the code of conduct to be observed by officers and employees of the MOL Group Companies, the Compliance Policy, and other policies in line with laws and regulations, such as the Rules of Conduct Related to Antitrust Laws, Anti-Corruption Policy, Rules of Insider Trading Prevention and Rules of Personal Information Management. The Company also holds internal training, seminars, e-learning training and other learning activities for officers and employees of domestic and international MOL Group companies in order to provide a better understanding of such rules and regulations and to ensure and enhance their awareness of compliance.

(b) The Company clarifies the personnel accountable for compliance by appointing Compliance Officers, who are responsible for enforcing compliance regulations within divisions and branch offices, and the Chief Compliance Officer, who is accountable for developing and strengthening the compliance system, as well as supervising Compliance Officers. The Company has established the Compliance Committee as a subordinate organization of the Executive Committee. The Compliance Committee holds quarterly meetings, acts to enhance and thoroughly implement the compliance system across the Company, and decides on measures against compliance violations. The Board of Directors and the Executive Committee receive semi-annual reports on compliance activities and conduct discussions on ensuring and improving compliance.

(c) Upon discovering behavior suspected of violating compliance, officers and employees are expected to report to and consult with the compliance officer of their division or branch office or the Compliance Committee secretariat. However, for cases where such reporting and consultation are difficult, the Company has established an independent internal Compliance Advisory Service Desk and external Compliance Advisory Service Desk, which investigate reported and consulted matters under strict confidence and immediately take the necessary measures if violations are recognized. In addition, the Company designates one month each year as “Compliance Strengthening Month,” during which it makes efforts to collect a wide range of information regarding compliance from officers and employees.

ii) Corporate Governance

(a) The Board of Directors, as the Company’s primary decision-making body, discusses and decides on basic policy and the most important matters relating to MOL Group management, and supervises business operations. The Board of Directors held 14 meetings during FY2020.

(b) In order to make the supervision of executive directors by independent outside directors further effective, the Company has established the Nomination Advisory Committee and the Remuneration Advisory Committee. Both Committees comprise the President and all the independent outside directors. Independent outside directors form a majority of the members. These Committees discuss matters related to the selection and dismissal of directors and executive officers, as well as the succession plan for the President and CEO, remuneration and treatment, and report them to the Board of Directors. In FY2020, the Nomination Advisory Committee held 5 meetings and the Remuneration Advisory Committee held 8 meetings.

(c) The Company has established the Corporate Governance Council under the Board of Directors. The Council comprises inside directors, including the President, and all the independent outside directors. The Council deliberates overall issues related to enhancing and strengthening the corporate governance structure and provides advice and reports to the Board of Directors.

(d) In order to enable the Board of Directors to focus on critical matters, important matters in basic business plans and execution of business operations based on the decision of the Board of Directors are discussed and determined by the Executive Committee, which generally meets on a weekly basis. The Company makes efforts to streamline and accelerate the execution of management by having executive officers, who are appointed by the Board of Directors and who are delegated with authority from representative director, execute operations based on the policies decided by the Executive Committee.

(e) The status of businesses of the Company and Group companies is regularly reported at important internal meetings including meetings of the Board of Directors and the Executive Committee. Also, timely instructions are provided to relevant divisions if any issues or problems requiring rectification occur.

iii) Risk Management

(Management of Risk that May Cause Losses)

(a) The Company has established the Investment and Finance Committee as a preliminary deliberative body of the Executive Committee. The Investment and Finance Committee generally holds a meeting every week, and understands, analyzes, and evaluates a wide range of risks, including risks concerning maritime shipping market trends, market risks, and operational risks. The results are incorporated into the decision-making of the Board of Directors and the Executive Committee.

(b) In addition, as a measure toward Total Risk Control, the value fluctuation risk for the assets of the Company and the Group companies is statistically analyzed and quantitatively analyzed results are reported to the Board of Directors regularly. After assessing and analyzing the amount of risks provided in the reports, the Board of Directors and other decision-making bodies make investment decisions and implement risk control for all businesses of the MOL Group.

(c) The Operational Safety Committee has been established in order to ensure and thoroughly conduct safe vessel operations. Moreover, in order to manage risks relating to vessel operations, the Company has the Safety Operation Supporting Center (SOSC) covering all vessels to support ship captains by monitoring a vessel’s movements, weather and sea conditions, and ship navigation. In addition, MOL also engages in efforts that involve carrying out periodic safety inspections based on MOL’s own safety standards, as well as hiring and training marine technical specialists who are in charge of safety matters. While enhancing the safety of operations of MOL Group’s vessels through these initiatives, the Company has been conducting research and development, etc., in recent years to adopt cutting-edge technologies, including ICT, in order to supplement its human capacity and secure safe operations.
In light of the oil spill that resulted after the WAKASHIO, a Capesize bulker chartered from a subsidiary of Nagashiki Shipping Co., Ltd., ran aground off Mauritius in July 2020, the Company reviewed the support system, not only from the perspective of vessels at sea, but

also from the perspective of the Company on land, and the management system of the vessel owners and vessel management companies. In addition, to prevent the recurrence of such accidents, the Company will invest a total of approximately ¥500 million in recurrence prevention measures for the probable causes based on four items: preventing recurrence due to insufficient safety awareness, preventing recurrence due to insufficient confirmation of or failure to follow rules and regulations required for safe navigation, improving the quality of vessel operation, and implementing hardware-related measures. The Company will work together with the related parties, including the vessels and vessel owners, to build a system for steadily implementing these recurrence prevention measures and will continuously take initiatives to further improve the levels of safety and quality throughout the supply chain.

(d) Since the Paris Agreement was adopted at the 21st Session of the Conference of the Parties to the United Nations Framework Convention on Climate Change (COP 21) and ratified by various countries, initiatives aimed at reducing greenhouse gases (GHG) deemed to cause climate change and global warming have been advanced around the world. In the future, if costs increase to meet tighter regulations, etc. adopted as measures to combat global warming or if it becomes difficult to comply with laws or regulations in a particular area, the Group's business operations in that area, as well as its business performance and financial position, could be affected. Because the Group recognizes the importance of climate change risks, it enacted MOL Group Environmental Vision 2.0 to make clearer commitments to attaining IMO objectives. However, even with these efforts, it will be difficult to completely avoid climate change risks. Therefore, the Group made revisions in FY2021 to create MOL Group Environmental Vision 2.1 and is accelerating its efforts. For MOL Group Environmental Vision 2.1, the Group has set an earlier target date for achieving net zero GHG emissions (until 2050), and is working to build business models to enable net zero GHG emissions and expand low-carbon and decarbonized businesses through the introduction of internal carbon pricing, introduction of clean alternative fuels, introduction of energy-saving technologies and enhancement of operational efficiency.

(e) Unexpected disasters or disease outbreaks could have a negative impact on the Company's execution of business and business performance. In response to the spread of COVID-19, the Company swiftly established an Emergency Control Headquarters pursuant to the Rules of Emergency Control Headquarters for Disaster and Pandemic and is making efforts to ensure safe operation of and safe transportation by operating its vessels, ensure the safety of its customers, business partners, and the officers and employees of the Company, and rebuild the business continuity system taking into account a longer time frame for the risk of the spread of COVID-19.

(f) MOL confirms appropriate operation of its internal control systems by evaluating the effectiveness of its internal control pursuant to the provisions stipulated in the Japanese Financial Instruments and Exchange Act, in order to ensure the credibility of its financial reports.

iv) Management of MOL Group companies

(Ensuring appropriate execution of business operations of the corporate group)

(a) MOL appropriately manages the domestic and international MOL Group companies by maintaining regulations including the Rules of Group Company Management and Group Company Management Practical Guidelines. MOL takes initiatives to improve the corporate value of the entire MOL group by addressing any important business items of MOL Group companies as matters to be approved by MOL, as well as receiving reports on the progress of their business plans, etc., and providing guidance and advice appropriately. Furthermore, twice a year, MOL holds a Group Executive Meeting attended by its President, MOL management members, and representatives of MOL Group companies. In these meetings, the participants share and confirm management goals and make efforts to ensure compliance.

(b) MOL Group companies develop and operate their own compliance systems as independent entities in line with MOL's Compliance Policy while conforming to their size and area of business. In the event that MOL Group companies have any incidents regarded as compliance violations, the companies swiftly take remedial actions and recurrence prevention measures in accordance with their own internal rules and regulations, and MOL also takes necessary actions such as reporting to the Compliance Committee and improving internal control of the MOL Group.

v) Audit & Supervisory Board Members

(a) The Company has set out rules for ensuring the effectiveness of audits by audit & supervisory board members and maintains a standard for ensuring the effectiveness of audits by audit & supervisory board members, such as items to be reported to the audit & supervisory board members by officers and employees.

(b) In order to ensure the execution of audits of management discussions and decision-making processes, the Company ensures opportunities for full-time audit & supervisory board members to attend meetings of the Executive Committee, Investment and Finance Committee, and other committees, in addition to meetings of the Board of Directors. Opportunities have been ensured for one outside audit & supervisory board member to attend the meetings of the Nomination Advisory Committee and the Remuneration Advisory Committee. In addition, opportunities are ensured for audit & supervisory board members to hold regular interviews with directors, executive officers, and employees, inspect Group companies, coordinate with the Corporate Audit Division and the Accounting Auditor, and exchange information with of audit & supervisory board members of the Group companies. Through these activities, they share a common understanding of management issues and risks and audit the development and operation status, etc., of the internal control system, in order to ensure appropriate business operations.

c) The Company appoints an Audit & Supervisory Board Manager to support the duties of the Audit & Supervisory Board and audit & supervisory board members and assigns one dedicated staff member to provide support.

vi) Internal Audits

The Corporate Audit Division, an internal audit department, draws up an audit plan at the beginning of every fiscal year and conducts audits of its headquarters organizations and domestic and international MOL Group companies based on the audit plan. The Corporate Audit Division proposes improvement measures to the relevant divisions on issues identified from the audit results and reports to the President each time. In addition, the Corporate Audit Division periodically reports the status of implementing the internal audit plan to the Board of Directors, and ensures that cooperation is maintained with the Audit & Supervisory Board through regular meetings, etc.

[Translation for Reference and Convenience Purposes Only]

Consolidated Financial Statements

Consolidated Balance Sheets

(¥ million)

	As of March 31, 2021	As of March 31, 2020
	Amount	Amount
(Assets)		
Current assets	**327,000**	**334,887**
Cash and deposits	86,238	105,784
Trade receivables	86,828	81,362
Marketable securities	500	500
Inventories	29,615	33,520
Deferred and prepaid expenses	49,866	61,028
Other current assets	74,505	52,950
Allowance for doubtful accounts	(553)	(258)
Fixed assets	**1,768,559**	**1,763,829**
(Tangible fixed assets)	**1,099,458**	**1,201,698**
Vessels	625,896	711,498
Buildings and structures	145,171	146,582
Equipment and others	26,861	29,205
Furniture and fixtures	5,477	4,174
Land	252,794	241,162
Construction in progress	40,704	66,363
Other tangible fixed assets	2,551	2,713
(Intangible fixed assets)	**31,364**	**28,810**
(Investments and other assets)	**637,736**	**533,320**
Investment securities	459,357	346,890
Long-term loans receivable	83,258	85,261
Long-term prepaid expenses	9,926	8,490
Net defined benefit asset	24,172	16,121
Deferred tax assets	2,369	3,228
Other investments and other assets	79,184	85,911
Allowance for doubtful accounts	(20,533)	(12,584)
Total Assets	**2,095,559**	**2,098,717**

[Translation for Reference and Convenience Purposes Only]

(¥ million)

	As of March 31, 2021	As of March 31, 2020
	Amount	Amount
(Liabilities)		
Current liabilities	**417,574**	**422,164**
Trade payables	73,019	69,189
Short-term bonds	17,800	36,766
Short-term bank loans	166,879	180,351
Commercial papers	40,000	25,000
Accrued income taxes	4,119	5,336
Advances received	31,762	34,348
Allowance for bonuses	4,962	4,706
Allowance for directors' bonuses	211	179
Allowance for loss on contracts	13,709	17,644
Allowance for loss related to business restructuring	12,173	–
Allowance for loss on sale of fixed assets	6,217	–
Allowance for environmental measures	–	622
Other current liabilities	46,718	48,020
Fixed liabilities	**978,834**	**1,035,316**
Bonds	163,200	181,000
Long-term bank loans	623,006	655,117
Lease obligations	14,059	16,091
Deferred tax liabilities	65,172	58,480
Net defined benefit liabilities	9,245	9,524
Allowance for directors' and audit & supervisory board members' retirement benefits	1,645	1,565
Reserve for periodic drydocking	15,219	18,441
Allowance for loss on contracts	21,229	26,639
Other fixed liabilities	66,056	68,457
Total Liabilities	**1,396,409**	**1,457,481**
(Net Assets)		
Shareholders' equity	**539,825**	**455,320**
Common stock	65,400	65,400
Capital surplus	45,351	45,007
Retained earnings	435,589	351,636
Treasury stock	(6,515)	(6,722)
Accumulated other comprehensive income	**37,956**	**58,014**
Unrealized holding gains on available-for-sale securities, net of tax	29,917	16,306
Unrealized gains on hedging derivatives, net of tax	5,150	28,170
Foreign currency translation adjustments	(4,653)	10,889
Remeasurements of defined benefit plans, net of tax	7,541	2,648
Share subscription rights	**1,347**	**1,646**
Non-controlling interests	**120,020**	**126,253**
Total Net Assets	**699,150**	**641,235**
Total Liabilities and Net Assets	**2,095,559**	**2,098,717**

[Translation for Reference and Convenience Purposes Only]

Consolidated Statements of Income

(¥ million)

	FY2020 (From April 1, 2020 to March 31, 2021)	FY2019 (From April 1, 2019 to March 31, 2020)
	Amount	Amount
Shipping and other revenues	**991,426**	**1,155,404**
Shipping and other expenses	911,055	1,035,771
Gross operating income	**80,370**	**119,632**
Selling, general and administrative expenses	85,674	95,852
Operating profit (loss)	**(5,303)**	**23,779**
Non-operating income		
Interest income	6,036	8,028
Dividend income	6,795	6,127
Equity in earnings of affiliated companies	132,912	15,949
Foreign exchange gains	12,412	17,058
Others	3,239	2,800
Total non-operating income	**161,397**	**49,965**
Non-operating expenses		
Interest expenses	12,518	16,549
Provision of allowance for doubtful accounts	8,187	26
Others	1,784	2,077
Total non-operating expenses	**22,489**	**18,654**
Ordinary profit	**133,604**	**55,090**
Extraordinary income		
Gain on sale of fixed assets	10,758	8,295
Others	6,138	7,808
Total extraordinary income	**16,897**	**16,104**
Extraordinary losses		
Loss on sale of fixed assets	5,501	449
Provision of allowance for loss on sale of fixed assets	6,217	–
Impairment losses	10,298	982
Loss related to business restructuring	18,480	8,243
Provision of allowance for doubtful accounts	–	7,784
Others	9,689	6,605
Total extraordinary losses	**50,187**	**24,064**
Income before income taxes and non-controlling interests	**100,313**	**47,130**
Income taxes - current	**6,810**	**8,970**
Income taxes - deferred	**303**	**(30)**
Net income	**93,199**	**38,190**
Profit attributable to non-controlling interests	**3,147**	**5,566**
Profit attributable to owners of parent	**90,052**	**32,623**

[Translation for Reference and Convenience Purposes Only]

Consolidated Statement of Changes in Net Assets

FY2020 (April 1, 2020 – March 31, 2021)

(¥ million)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at April 1, 2020	65,400	45,007	351,636	(6,722)	455,320
Changes during period					
Issuance of new shares - exercise of share acquisition rights				21	21
Dividends of surplus			(5,979)		(5,979)
Profit attributable to owners of parent			90,052		90,052
Change of scope of consolidation			(0)		(0)
Purchase of treasury stock				(25)	(25)
Disposal of treasury stock			(118)	211	92
Purchase of shares of consolidated subsidiaries		344			344
Net changes of items other than shareholders' equity					–
Total changes of items during period	–	344	83,953	207	84,505
Balance at March 31, 2021	65,400	45,351	435,589	(6,515)	539,825

[Translation for Reference and Convenience Purposes Only]

(¥ million)

	Accumulated other comprehensive income					Share subscription rights	Non-controlling interests	Total net assets
	Unrealized holding gains on available-for-sale securities, net of tax	Unrealized gains on hedging derivatives, net of tax	Foreign currency translation adjustments	Remeasure-ments of defined benefit plans, net of tax	Total accumulated other comprehensive income			
Balance at April 1, 2020	16,306	28,170	10,889	2,648	58,014	1,646	126,253	641,235
Changes during period								
Issuance of new shares - exercise of share acquisition rights						(21)		–
Dividends of surplus								(5,979)
Profit attributable to owners of parent								90,052
Change of scope of consolidation								(0)
Purchase of treasury stock								(25)
Disposal of treasury stock								92
Purchase of shares of consolidated subsidiaries								344
Net changes of items other than shareholders' equity	13,610	(23,019)	(15,542)	4,893	(20,058)	(277)	(6,233)	(26,568)
Total changes of items during period	13,610	(23,019)	(15,542)	4,893	(20,058)	(298)	(6,233)	57,914
Balance at March 31, 2021	29,917	5,150	(4,653)	7,541	37,956	1,347	120,020	699,150

[Translation for Reference and Convenience Purposes Only]

Notes to Consolidated Financial Statements

Significant Matters for Basis of Preparation of Consolidated Financial Statements

1. Scope of consolidation

(1) Number of consolidated subsidiaries: 363

(2) Names of principal consolidated subsidiaries are as stated in "1. Matters Concerning the Present State of the Corporate Group, (12) Principal Subsidiaries."

(3) Name of principal non-consolidated subsidiary: Asia Cargo Service Co., Ltd.

(4) Reason for exclusion from the scope of consolidation

Total assets, total operating revenues, net income (based on the Group's equity interest) and retained earnings (based on the Group's equity interest) of non-consolidated subsidiaries are not significant respectively, and do not have a material impact on the consolidated statutory reports.

2. Application of equity method accounting

(1) Number of equity method affiliates: 110

(2) Names of principal equity method affiliates are as stated in "1. Matters Concerning the Present State of the Corporate Group, (13) Principal Equity Method Affiliates."

(3) Name of principal non-consolidated subsidiary that is not accounted under the equity method:
Asia Cargo Service Co., Ltd.

(4) Name of principal affiliate that is not accounted under the equity method:
Sorami Container Center Co., Ltd.

(5) Reason for exclusion from the scope of applying the equity method accounting

Net income and retained earnings (based on the Group's equity interest) of non-consolidated subsidiaries and affiliates that are not accounted under the equity method are not significant.

3. Changes in scope of consolidation and application of equity method

(1) Scope of consolidation

15 companies have been newly included in the scope of consolidation from this fiscal year due to new establishment, the increase in materiality and other reasons. 18 companies have been excluded from the scope of consolidation due to liquidation, and 2 companies have been changed from consolidated subsidiaries to equity method affiliates due to sale of shares.

(2) Scope of applying the equity method accounting

6 companies have been newly included in the scope of equity method application from this fiscal year due to new acquisition, the increase in materiality and other reasons. Due to sale of shares, 1 company has been excluded from the scope of equity method application and 2 companies have been changed from consolidated subsidiaries to equity method affiliates.

4. Significant accounting policies

(1) Bases and methods of valuation of assets

Securities

Trading securities	Market value method (Costs of securities sold are determined based on the moving-average method)
Held-to-maturity debt securities	Amortized cost method
Other securities	
Available-for-sale securities with market value	Market value method based on the market price as of the closing date (Unrealized gains/losses are recorded in equity. Costs of securities sold are determined mainly based on the moving-average method)
without market value	Stated at cost mainly based on the moving-average method
Derivative transactions	Market value method
Inventories (Fuel and supplies)	Stated at cost mainly based on the moving-average method (Amounts on the balance sheet are measured at the lower of cost or net realizable value)

(2) Depreciation methods for fixed assets

Tangible fixed assets (excluding leased assets)

Vessels	Mainly straight-line method (Declining-balance method for a part of vessels)
Buildings and structures	Mainly straight-line method
Other tangible fixed assets	Mainly declining-balance method

Intangible fixed assets (excluding leased assets) Straight-line method

Internal use software is amortized by the straight-line method, based on the estimated useful life of 5 years.

Amortization of goodwill is estimated individually for the period in which the effect is realized, and goodwill is equally amortized over the period.

Leased assets

Leased assets under finance leases that transfer ownership are depreciated consistently as fixed assets that the Group owns.

Leased assets under finance leases other than those that transfer ownership are depreciated using the straight-line method, based on lease terms and residual value of zero.

(3) Accounting treatment for deferred assets

Bond issue expenses	Expensed as incurred
Stock issue expenses	Expensed as incurred

(4) Accounting for allowances

Allowance for doubtful accounts

Allowance for general receivables is based on historical default rate.
Allowance for specific receivables, such as individual doubtful receivables, is based on the individual likelihood of default.

Allowance for bonuses

Allowance for bonuses to employees is based on the estimated amount of future payments attributed to the fiscal year.

Allowance for directors' bonuses

The Company and several domestic consolidated subsidiaries record allowances for bonuses to directors based on the estimated amount of future payments.

Allowance for loss on contracts

Allowance for loss on contracts is based on the estimated amounts of loss on contracts with future high probability of loss to be incurred due to a decision made over contracts, etc.

Allowance for loss related to business restructuring

Allowance for loss related to business restructuring is based on the estimated amounts of loss related to business restructuring.

Allowance for directors' and audit & supervisory board members' retirement benefits

Several domestic consolidated subsidiaries record allowances for payments of retirement benefits to directors and audit & supervisory board members based on amounts to adequately cover payments at the end of the fiscal year, in accordance with internal regulations.

Allowance for periodic drydocking

Allowance for periodic drydocking is based on the estimated amount of repairs of vessels.

Allowance for environmental measures

Allowance for disbursement associated with polychlorinated biphenyl (PCB) waste is based on the estimated amounts of future obligations.

Allowance for loss on sale of fixed assets

Allowance for loss on sale of fixed assets is based on the estimated amounts of loss on sale of fixed assets to be incurred due to a decision of sale on fixed assets, which is defined as the difference between the estimated amount of sales consideration and book value.
For this allowance, amounts deemed unrecoverable with respect to losses on sale arising from transactions between consolidated companies are recorded as the estimated amount of losses. Therefore, the amount provided for this allowance does not correspond to an impairment loss.

(5) Recognition of freight revenues and related expenses

Recognized mainly by the completed-voyage method.

(6) Hedge accounting

Hedge accounting

The Company mainly adopts deferral hedge accounting. The Company adopts special accounting rules for interest swaps that meet the requirements of special accounting rules.

Hedging instruments and hedged items

Hedging instruments	Hedged items
Loans payable in foreign currencies	Future transactions in foreign currencies
Forward foreign exchange contracts	Future transactions in foreign currencies
Currency option contracts	Future transactions in foreign currencies
Currency swap contracts	Charter fees and loans payable in foreign currencies
Interest rate swap contracts	Interest on loans and bonds payable
Interest rate cap contracts	Interest on loans
Fuel oil swap contracts	Fuel oil
Freight futures	Freight

Hedging policy

The hedging derivative transactions are executed and managed by the Company mainly in accordance with established policies, “Rules of Market Risk Management” and “Guideline for Market Risk Management,” clarifying hedged items by individual case, in order to hedge risks of currency exchange rate fluctuations, interest rate fluctuations, or changes in prices against relevant hedged items.

Method of evaluating the effectiveness of hedges

The Company evaluates hedge effectiveness mainly by comparing the cumulative changes in cash flows from or the changes in fair value of hedged items, and the cumulative changes in cash flows from or the changes in fair value of hedging instruments during the period from commencement of hedging to the point of evaluating effectiveness, based on changes in both amounts and others. As for interest swap contracts meeting the requirement for special treatment, the evaluation of hedge effectiveness is omitted.

(7) Interest expenses are generally expensed as incurred. However, interest expenses for assets which are constructed over a long term and are significant in terms of investment, is included in acquisition cost.

(8) Other significant matters for the preparation of consolidated financial statements

Accounting for retirement benefits

Net defined benefit assets/liabilities are recorded based on estimates of retirement benefit obligations and pension assets as of the end of the fiscal year. Unrecognized actuarial gains/losses are amortized by the straight-line method over a period that does not exceed the employees’ estimated remaining service period (generally 10 years) from the next fiscal year. Prior service costs are generally expensed as incurred.

Accounting for consumption taxes

Consumption tax and similar local taxes are excluded from income and expense.

Adoption of Consolidated Taxation System

The Consolidated Taxation System is applied.

Adoption of tax effect accounting regarding the transition to the Group Tax Sharing System from the Consolidated Taxation System

The Company and several domestic consolidated subsidiaries do not apply provisions of Section 44 of the “Implementation Guidance on Tax Effect Accounting” (ASBJ Guidance No. 28, February 16, 2018) to a transition to the Group Tax Sharing System established by the “Act for Partial Revision of the Income Tax Act, etc.” (Act No. 8 of 2020) and items subject to revisions of the non-consolidated taxation system according to a transition to the Group Tax Sharing System pursuant to Section 3 of the “Practical Solution on the Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System” (PITF No. 39, March 31, 2020) and accordingly, the amounts of deferred tax assets and deferred tax liabilities are based on provisions of the tax law before revision.

Notes to Changes in Presentations

(Consolidated statements of income)

“Foreign exchange gains” which were included in “Others” in Non-operating income in the previous fiscal year are separately disclosed in this fiscal year for ensuring consistency with presentation methods of consolidated financial statements in the annual securities report. “Foreign exchange gains” for the previous fiscal year were ¥17,058 million.

“Loss on sale of fixed assets” and “Loss on retirement of fixed assets” were included in “Loss on disposal of fixed assets” (¥749 million for the previous fiscal year) in the previous fiscal year. In this fiscal year, “Loss on sale of fixed assets” is separately disclosed and “Loss on retirement of fixed assets” is included in “Others” in Extraordinary losses for ensuring consistency with presentation methods of consolidated financial statements in the annual securities report. “Loss on sale of fixed assets” for the previous fiscal year was ¥449 million, “Loss on retirement of fixed assets” for the previous fiscal year was ¥300 million and “Loss on retirement of fixed assets” for the fiscal year under review was ¥279 million.

(Change following the application of the "Accounting Standard for Disclosure of Accounting Estimates")

The Company applies the "Accounting Standard for Disclosure of Accounting Estimates" (ASBJ Statement No. 31, March 31, 2020) to the consolidated financial statements from the fiscal year ended on March 31, 2021 and states the notes on significant accounting estimates in the consolidated financial statements.

Notes to Significant Accounting Estimates

1. Amounts recorded in the consolidated financial statements for the fiscal year under review

Allowance for loss on contracts	¥34,939 million

2. Information on the content of significant accounting estimates for identified items

Recognition of allowance for loss on contracts is estimated from the future charter fees and vessel procurement cost related to long-term charter contracts. The estimation of the charter fees is influenced by the market trend in charter hire, while the estimation of procurement cost is influenced by tends in vessel expenses, such as interest on funding for capital investment in vessels and crew personnel expenses.

As a result, these factors may have a significant impact on the amount of allowance for loss on contracts in the consolidated financial statements for the following fiscal year.

Notes to Consolidated Balance Sheets

1. Breakdown and amounts of inventories

Raw materials and supplies	¥27,998 million
Other	¥1,616 million

2. Assets pledged as collateral and secured obligations

(1) Assets pledged as collateral

Vessels	¥158,794 million
Buildings and structures	¥159 million
Land	¥183 million
Construction in progress	¥968 million
Investment securities	¥73,706 million
Others	¥1,208 million
Total	¥235,019 million

Pledged investment securities include the following:

a) ¥73,073 million is pledged as collateral to secure long-term loans of subsidiaries/affiliates and future payment of charter hire.

b) ¥633 million is pledged as collateral for long-term loans associated with Offshore Business and LNG carrier projects.

(2) Secured obligations

Short-term loans	¥13,509 million
Long-term loans	¥138,060 million
Total	¥151,570 million

3. Accumulated depreciation of tangible fixed assets ¥915,764 million

4. Contingent liabilities

Guarantee liabilities, etc.	¥213,000 million
(Guarantee liabilities in foreign currency included in above	¥200,239 million)

5. Others

(1) Litigation

On January 10, 2014, the Company filed a lawsuit against Mitsubishi Heavy Industries, Ltd. (hereinafter "MHI") at Tokyo District Court seeking compensation for damages in association with a maritime accident caused by a vessel constructed by said company. In response, MHI filed a countersuit at Tokyo District Court seeking payment for reinforcement of the strength of the ship's hull of the same type of ship, and the legal dispute is continuing.

The Company recognizes the claims of the countersuit by MHI as unjust, and intends to assert the propriety of the Company in addition to upholding the claims for damages under the lawsuit.

(2) Others

Since 2012, the Group is the subject of investigations by the antitrust authorities in the U.S. and other countries, on the suspicion of violations of each country's competition laws with respect to ocean transport services of completed build-up vehicles. In addition, a class-action lawsuit was filed in Canada, the U.K. and Chile against the Group, for damage claims, a cease and desist order for the questioned conduct. Meanwhile, the effect of these investigations and lawsuit on the financial results of the Group is uncertain as its financial impact is not estimable at this stage.

Notes to Consolidated Statements of Income

1. Impairment losses

The Company recorded impartment losses of ¥8,241 million in relation to operating assets such as FSRUs and other vessels in the Energy Transport Business and others, and impairment losses of ¥2,057 million on assets held for sale such as vessels in the Dry Bulk Business and others.

2. Loss related to business restructuring

In its business restructuring targeting the car carrier business in the Product Transport Business and the product tanker business in the Energy Transport Business, etc., the Company conducted transfers of vessels and charter contracts between consolidated companies, and the amounts deemed to be unrecoverable within the losses arising from these transactions were recorded as loss related to business restructuring.

Notes to Consolidated Statement of Changes in Net Assets

1. Class and total number of issued and outstanding shares as of the end of this fiscal year

Class:	Common stock
Total number of shares:	120,628,611 shares

2. Class and number of shares of treasury stock as of the end of this fiscal year

Class:	Common stock
Number of shares:	1,008,005 shares

3. Dividends distribution of surplus

(1) Dividends paid

Resolution	Class of stock	Total dividends (¥ million)	Dividends per share (¥)	Record date	Effective date
Ordinary General Meeting of Shareholders June 23, 2020	Common stock	4,185	35.0	March 31, 2020	June 24, 2020
Board of Directors' Meeting October 30, 2020	Common stock	1,793	15.0	September 30, 2020	November 30, 2020

(2) Dividends for which record date is in this fiscal year but the effective date for the dividends is in the following fiscal year

Resolution	Class of stock	Total dividends (¥ million)	Dividends per share (¥)	Record date	Effective date
Ordinary General Meeting of Shareholders June 22, 2021	Common stock	16,149	135.0	March 31, 2021	June 23, 2021

4. Class and number of shares subject to the share subscription rights at the end of the fiscal year

(Excluding share subscription rights yet to be effective)

Class: Common stock

Total number of shares: 1,156,800 shares

[Translation for Reference and Convenience Purposes Only]

Notes on Financial Instruments

1. **Qualitative information on financial instruments**

To acquire vessels and other fixed assets, the Group raises capital investment primarily by bank loans and bonds. In addition, the Group raises short-term working capital primarily by bank loans. Furthermore, the Group has commitment lines with Japanese banks to maintain sufficient sources of working capital and secure necessary liquidity in case of emergency situations.

Trade receivables are exposed to the credit risks of customers. The Group mitigates such risks by performing operations in accordance with internal regulations. In addition, trade receivables denominated in foreign currencies are exposed to the foreign currency exchange rate risks. The Group avoids this risk mainly by using exchange forward contracts to cover net trade receivables and payables denominated in foreign currencies. Short-term loans receivable and long-term loans receivable are mainly due from the subsidiaries and affiliates and are exposed to the credit risks of borrowers. The risks are managed by regularly monitoring the financial position, etc. to ensure early identification and mitigation of the potential bad debt. Investment securities are mainly stocks of companies which the Group has business relationships with. Fair value of listed stock is measured at market value on a quarterly basis.

Trade payables are due within a year. Short-term loans and commercial papers are primarily used to raise short-term working capital, while long-term loans and bonds are mainly used to raise necessary funds for capital investments. Although several items have variable interest rates and therefore are exposed to volatility risks, the Group uses derivative financial instruments (interest rate swaps and interest rate cap contracts) to fix certain portions of such variable interest rates. Long-term loans denominated in foreign currencies are exposed to foreign currency exchange rate risks; however, currency swaps are set for a portion of such loans to minimize the risks. Derivatives are used to hedge risks as discussed above and are executed to manage risks related to actual demand. In accordance with internal policies (“Rules of Market Risk Management” and “Guideline for Market Risk Management”), the Group’s policy is not to use derivatives for speculative purposes.

[Translation for Reference and Convenience Purposes Only]

2. Fair values of financial instruments

The book value, fair value, and differences between the two values of financial instruments at end of this fiscal year are as follows:

(¥ million)

	Book Value	Fair Value	Difference
(1) Cash and deposits	86,238	86,238	–
(2) Trade receivables	86,828	86,828	–
(3) Marketable securities			
Available-for-sale securities	500	500	–
(4) Short-term loans receivable	7,810	7,810	–
(5) Investment securities			
Available-for-sale securities	86,290	86,290	–
Investments in and advances to subsidiaries and affiliates	3,082	3,700	618
(6) Long-term loans receivable (*1)	103,333		
Allowance for doubtful accounts (*2)	(15,007)		
	88,325	92,355	4,029
(7) Trade payables	73,019	73,019	–
(8) Short-term bank loans	64,588	64,588	–
(9) Commercial papers	40,000	40,000	–
(10) Bonds (*3)	181,000	180,763	(236)
(11) Long-term bank loans (*4)	725,297	726,940	1,643
(12) Derivative financial instruments (*5)	40,342	40,260	(82)

(*1) The book value of long-term loans receivable includes current portion of ¥20,074 million.
(*2) Allowance for doubtful accounts recorded separately is excluded.
(*3) The book value of bonds includes current portion of ¥17,800 million.
(*4) The book value of long-term loans includes current portion of ¥102,291 million.
(*5) Assets and liabilities from derivative financial instruments are net. Negative amounts are stated in ( ).

Notes: 1. Methods used to measure financial instruments at fair value, and issues regarding investment securities and derivative financial instruments are as follows:

(1) Cash and deposits, (2) Trade receivables, and (4) Short-term loans receivable

Fair value of above assets is evaluated at book value since they are settled within a short period and fair value is almost equivalent to book value.

(3) Marketable securities

Marketable securities are jointly managed designated money trusts, and considering the short settlement periods of such trusts, book value is used because fair value is almost equivalent to book value.

(5) Investment securities

Fair value of investment securities and investments in and advances to subsidiaries and affiliates is evaluated at market prices at the stock exchange as of the end of the fiscal year.

Fair value of bonds is evaluated at market prices at the stock exchange or at the value provided by financial institutions as of the end of the fiscal year.

(6) Long-term loans receivable

Fair value of long-term loans receivable with variable interest rates is evaluated at book value since the interest rate reflects the market rate in a short term and fair value is almost equal to book value, unless the creditworthiness of the borrower has changed significantly since the loan was made. Fair value of long-term loans receivable with fixed interest rates, for each category of loans based on the type of loans, and maturity length, is evaluated by discounting the total amount of principal and interest using the rate which would apply if similar borrowing were newly made.

(7) Trade payables, (8) Short-term bank loans, and (9) Commercial papers
Fair value of above liabilities is evaluated at book value, since they are settled within a short period and fair value is almost equivalent to book value.

(10) Bonds
Fair value of corporate bond is evaluated at market price.

(11) Long-term bank loans
Fair value of long-term bank loans with variable interest rates is evaluated at book value since fair value is almost equivalent to book value, the interest rate reflects the market rate in a short term and there has been no significant change in the creditworthiness of the Group before and after such bank loans were made. Long-term bank loans with fixed interest rates are classified by their duration, and based on their individual loan type, their fair value is evaluated by discounting the total amount of principal and interest using the rate which would apply if similar bank loans were to be newly made. Fair value of some foreign-currency denominated long-term loans is evaluated at fixed amounts based on the appropriated treatment of currency swap transactions.

(12) Derivative financial instruments
Fair value of derivatives, which are used for hedging purposes, is measured at the value of forward exchange rates as of the end of the fiscal year or offered prices by financial institutions. Since currency swaps, which deferral hedge accounting is applied, are accounted for together with the long-term bank loans being hedged, the fair value is included in the fair value of the relevant hedged item.

2. Financial instruments whose fair value is extremely difficult to determine are as follows:

(¥ million)

	Book Value
1) Unlisted stocks	8,505
2) Investments in and advances to subsidiaries and affiliates	361,473
3) Others	5
Total	369,984

The above items are not included in the amount presented under the line "(5) Investments securities" in the table summarizing fair value of financial instruments, because the fair value is extremely difficult to determine as they have no quoted market price and the future cash flow cannot be estimated.

Notes on Rental Property

1. Qualitative information on rental property

The Company and certain of its consolidated subsidiaries own real estate for office lease (including land) in Tokyo, Osaka and other areas.

2. Fair value of rental property

(¥ million)

Book Value	Fair Value
329,801	563,243

Notes: 1. Book value is acquisition cost less accumulated depreciation.
2. Fair value of major properties is based on the valuation of independent real estate appraisers. For other properties, fair value of land is adjusted using an index that reflects market price properly. Fair value of depreciable assets such as buildings is the amount recorded on the consolidated balance sheets.

Per-share Information

1. Net assets per share ¥4,830.12
2. Net income per share ¥752.98

Major Subsequent Event

There are no significant events to be disclosed.

Other Notes

Figures less than one million yen are rounded down to the nearest million.

[Translation for Reference and Convenience Purposes Only]

Non-consolidated Financial Statements

Non-consolidated Balance Sheets

(¥ million)

	As of March 31, 2021	As of March 31, 2020
	Amount	Amount
(Assets)		
Current assets	**255,750**	**221,834**
Cash and deposits	26,374	27,295
Trade receivables	34,963	35,001
Short-term loans receivable	93,864	57,076
Advances	8,750	8,738
Marketable securities	500	500
Inventories	20,268	23,313
Deferred and prepaid expenses	39,539	42,699
Receivable from agencies	11,135	12,382
Short-term lease receivables	13,698	7,862
Other current assets	10,032	7,079
Allowance for doubtful accounts	(3,378)	(114)
Fixed assets	**754,172**	**786,336**
(Tangible fixed assets)	**135,150**	**138,772**
Vessels	100,098	105,975
Buildings	7,677	8,305
Structures and equipment	274	322
Vehicles and transportation equipment	31	0
Furniture and fixtures	385	756
Land	16,197	16,197
Construction in progress	8,745	5,361
Other tangible fixed assets	1,739	1,854
(Intangible fixed assets)	**14,318**	**10,853**
(Investments and other assets)	**604,703**	**636,710**
Investment securities	61,607	51,125
Investments in and advances to subsidiaries and affiliates	393,194	403,371
Long-term loans receivable	61,669	82,473
Long-term prepaid expenses	5,522	4,226
Prepaid pension costs	11,935	11,287
Long-term lease receivables	65,939	79,042
Other investments and other assets	10,894	11,698
Allowance for doubtful accounts	(6,059)	(6,514)
Total Assets	**1,009,922**	**1,008,170**

[Translation for Reference and Convenience Purposes Only]

(¥ million)

	As of March 31, 2021	As of March 31, 2020
	Amount	Amount
(Liabilities)		
Current liabilities	**338,799**	**325,001**
Trade payables	45,299	41,061
Short-term bonds	17,800	21,766
Short-term bank loans	167,184	177,709
Other payables	3,834	5,686
Advances received	24,201	24,377
Payable to agencies	495	509
Commercial papers	40,000	25,000
Allowance for bonuses	2,763	2,323
Allowance for directors' bonuses	142	60
Allowance for loss on guarantees	6,723	–
Allowance for loss on contracts	13,709	17,576
Allowance for loss related to business restructuring	6,579	–
Other current liabilities	10,065	8,930
Fixed liabilities	**476,548**	**484,934**
Bonds	68,200	86,000
Long-term bank loans	335,896	322,271
Deferred tax liabilities	11,545	8,661
Allowance for loss on guarantees	24,412	23,473
Allowance for loss on contracts	21,229	26,639
Allowance for loss related to business restructuring	193	–
Other fixed liabilities	15,070	17,889
Total Liabilities	**815,348**	**809,935**
(Net Assets)		
Shareholders' equity	**172,433**	**187,493**
Common stock	65,400	65,400
Capital surplus	44,371	44,371
Additional paid-in capital	44,371	44,371
Retained earnings	69,177	84,446
Legal earnings reserve	8,527	8,527
Other retained earnings	60,650	75,918
Reserve for special depreciation	–	1
Reserve for advanced depreciation	885	898
General reserve	46,630	46,630
Retained earnings (losses) brought forward	13,134	28,388
Treasury stock	(6,516)	(6,724)
Accumulated gains from valuation and translation adjustments	**20,793**	**9,094**
Unrealized holding gains on available-for-sale securities, net of tax	23,524	13,324
Unrealized gains (losses) on hedging derivatives, net of tax	(2,731)	(4,230)
Share subscription rights	**1,347**	**1,646**
Total Net Assets	**194,574**	**198,234**
Total Liabilities and Net Assets	**1,009,922**	**1,008,170**

Non-consolidated Statements of Income

(¥ million)

	FY2020 (From April 1, 2020 to March 31, 2021) Amount	FY2019 (From April 1, 2019 to March 31, 2020) Amount
Shipping and other revenues		
Shipping revenues		
Freight	354,987	457,693
Charter fees	187,870	193,029
Other shipping revenues	41,888	48,363
Total	**584,747**	**699,087**
Other operating revenue	882	1,033
Total shipping and other revenues	**585,630**	**700,120**
Shipping and other expenses		
Shipping expenses		
Voyage expenses	162,967	224,246
Vessels	14,353	14,577
Charter fees	346,693	357,070
Other shipping expenses	44,041	56,788
Total	**568,056**	**652,681**
Other operating expenses	630	744
Total shipping and other expenses	**568,686**	**653,426**
Gross operating income	**16,943**	**46,694**
General and administrative expenses	30,210	34,004
Operating profit (loss)	**(13,267)**	**12,689**
Non-operating income		
Interest and dividend income	54,168	26,515
Others	1,389	1,134
Total non-operating income	**55,557**	**27,649**
Non-operating expenses		
Interest expenses	5,517	6,463
Foreign exchange losses	2,500	106
Provision of allowance for loss on guarantees	6,083	–
Provision of allowance for doubtful accounts	3,145	–
Others	1,586	1,326
Total non-operating expenses	**18,832**	**7,896**
Ordinary profit	**23,457**	**32,443**
Extraordinary income		
Gain on sale of fixed assets	1,453	3,686
Gain on sale of investment securities	1,631	2,755
Gain on sale of securities issued by subsidiaries and affiliates	1,090	36
Gain on liquidation of subsidiaries and affiliates	637	381
Gain on reversal of subscription rights to shares	343	230
Compensation income	707	1,031
Others	407	749
Total extraordinary income	**6,270**	**8,873**
Extraordinary losses		
Loss on sale of fixed assets	9	8
Loss on retirement of fixed assets	58	79
Loss on valuation of securities issued by subsidiaries and affiliates	20,269	786
Loss on valuation of investment securities	–	2,746
Provision of allowance for loss on guarantees	6,723	7,759
Loss related to business restructuring	6,772	8,243
Early termination fee	–	4,198
Others	6,347	1,264
Total extraordinary losses	**40,181**	**25,086**
Income (loss) before income taxes	**(10,453)**	**16,229**
Income taxes - current	(259)	360
Income taxes - deferred	(1,024)	76
Net income (loss)	**(9,169)**	**15,793**

[Translation for Reference and Convenience Purposes Only]

Non-consolidated Statement of Changes in Net Assets
FY2020 (April 1, 2020 – March 31, 2021)

(¥ million)

	Shareholders' equity										
		Capital surplus		Retained earnings							
					Other retained earnings						
	Common stock	Additional paid-in capital	Total capital surplus	Legal earnings reserve	Reserve for special depreciation	Reserve for advanced depreciation	General reserve	Retained earnings (losses) brought forward	Total retained earnings	Treasury stock	Total shareholders' equity
Balance at April 1, 2020	**65,400**	**44,371**	**44,371**	**8,527**	**1**	**898**	**46,630**	**28,388**	**84,446**	**(6,724)**	**187,493**
Changes during period											
Issuance of new shares - exercise of share acquisition rights			–						–	21	21
Dividends of surplus			–					(5,979)	(5,979)		(5,979)
Net loss			–					(9,169)	(9,169)		(9,169)
Reversal of reserve for special depreciation			–		(1)			1	–		–
Reversal of reserve for advanced depreciation			–			(12)		12	–		–
Purchase of treasury stock			–						–	(24)	(24)
Disposal of treasury stock			–					(118)	(118)	211	92
Net changes of items other than shareholders' equity			–						–		–
Total changes of items during period	**–**	**–**	**–**	**–**	**(1)**	**(12)**	–	**(15,254)**	**(15,268)**	**208**	**(15,059)**
Balance at March 31, 2021	**65,400**	**44,371**	**44,371**	**8,527**	–	**885**	**46,630**	**13,134**	**69,177**	**(6,516)**	**172,433**

	Accumulated gains from valuation and translation adjustments			Share subscription rights	Total net assets
	Unrealized holding gains on available-for-sale securities, net of tax	Unrealized gains (losses) on hedging derivatives, net of tax	Total accumulated gains from valuation and translation adjustments		
Balance at April 1, 2020	**13,324**	**(4,230)**	**9,094**	**1,646**	**198,234**
Changes during period					
Issuance of new shares - exercise of share acquisition rights			–	(21)	–
Dividends of surplus			–		(5,979)
Net loss			–		(9,169)
Reversal of reserve for special depreciation			–		–
Reversal of reserve for advanced depreciation			–		–
Purchase of treasury stock			–		(24)
Disposal of treasury stock					92
Net changes of items other than shareholders' equity	10,200	1,498	11,698	(277)	11,421
Total changes of items during period	**10,200**	**1,498**	**11,698**	**(298)**	**(3,659)**
Balance at March 31, 2021	**23,524**	**(2,731)**	**20,793**	**1,347**	**194,574**

[Translation for Reference and Convenience Purposes Only]

Notes to Non-consolidated Financial Statements

Notes to Matters for Significant Accounting Policies

1. Bases and methods of valuation of assets

Securities

Trading securities	Market value method (Costs of securities sold are determined based on the moving-average method)
Held-to-maturity debt securities	Amortized cost method
Investments in and advances to subsidiaries and affiliates	Stated at cost using the moving-average method
Other securities	
Available-for-sale securities	
with market value	Market value method based on the market price as of the closing date (Unrealized gains/losses are recorded in equity. Costs of securities sold are determined based on the moving-average method)
without market value	Stated at cost based on the moving-average method
Derivative transactions	Market value method
Inventories	Stated at cost mainly based on the moving-average method (Amounts on the balance sheet are measured at the lower of cost or net realizable value)

2. Depreciation methods for fixed assets

Tangible fixed assets (excluding leased assets)

Vessels	Straight-line method
Buildings	Straight-line method
Other tangible fixed assets	Mainly declining-balance method

Intangible fixed assets (excluding leased assets)	Straight-line method Internal use software is amortized by the straight-line method, based on the estimated useful life of 5 years.
Leased assets	Leased assets under finance leases that transfer ownership are depreciated consistently as fixed assets that the Company owns. Leased assets under finance leases other than those that transfer ownership are depreciated using the straight-line method, based on lease terms and residual value of zero.

3. Accounting treatment for deferred assets

Bond issue expenses

Expensed as incurred

Stock issue expenses

Expensed as incurred

4. Accounting for allowances

Allowance for doubtful accounts

Allowance for general receivables is based on historical default rate.

Allowance for specific receivables, such as individual doubtful receivables, is based on the individual likelihood of default.

Allowance for bonuses

Allowance for bonuses to employees is based on the estimated amount of future payments attributed to the fiscal year.

Allowance for directors' bonuses

Allowance for bonuses to directors is based on the estimated amounts of future payments.

Allowance for loss on guarantees

Allowance for loss on guarantees is based on the estimated amount of losses arising from fulfilling guarantee obligations in view of the financial conditions of guaranteed companies.

Allowance for loss on contracts

Allowance for loss on contracts is based on the estimated amounts of loss on contracts with future high probability of loss to be incurred due to a decision made over contracts, etc.

Allowance for loss related to business restructuring

Allowance for loss related to business restructuring, etc. is based on the estimated amount of loss.

Allowance for employees' severance and retirement benefits

Allowance for retirement benefits to employees is based on the estimated amounts of retirement benefit obligations and pension assets as of the end of the fiscal year.

In calculating retirement benefit obligations, the Company uses straight-line attribution as a method of attributing estimates of retirement benefit to a period up to the end of the fiscal year.

Actuarial differences are recognized using the straight-line method within the estimated remaining service period (10 years) commencing with the following period. Prior service cost is accounted for as expenses in lump-sum at the time of occurrence.

5. Recognition of freight revenues and related expenses

Recognized by the completed-voyage method.

6. Hedge accounting

Hedge accounting

The Company adopts deferral hedge accounting.

Special accounting rules are used for interest swaps that meet the requirements of special accounting rules.

Hedging instruments and hedged items

Hedging instruments	Hedged items
Loans payable in foreign currencies	Future transactions in foreign currencies
Forward foreign exchange contracts	Future transactions in foreign currencies
Currency option contracts	Future transactions in foreign currencies
Interest rate swap contracts	Interest on loans and bonds payable
Interest rate cap contracts	Interest on loans
Fuel oil swap contracts	Fuel oil
Freight futures	Freight

Hedging policy

Hedging derivative transactions are executed in accordance with the Company’s internal regulations, “Rules of Market Risk Management” and “Guideline for Market Risk Management,” clarifying hedged items by individual case, in order to hedge risks of currency exchange rate fluctuations, interest rate fluctuations, or changes in prices against relevant hedged items.

Method of evaluating the effectiveness of hedges

In principle, the Company evaluates hedge effectiveness by comparing the cumulative changes in cash flows from or the changes in the fair value of hedged items, and the cumulative changes in cash flows from or the changes in fair value of hedging instruments during the period from commencement of hedging to the point of evaluating effectiveness, based on changes in both amounts and others. As for interest swap contracts meeting the requirement of special treatment, the evaluation of hedge effectiveness is omitted.

7. Accounting treatment for interest expenses

Interest expenses are generally expensed as incurred. However, interest expenses for assets which are constructed over a long term and are significant in terms of investment, are included in acquisition cost.

8. Accounting treatment for retirement benefits

The accounting methods for unrecognized actuarial differences relating to retirement benefits are different from those accounting methods in the consolidated financial statements.

9. Accounting treatment for consumption tax, etc.

Consumption tax and similar local taxes are excluded from income and expense.

10. Application of the Consolidated Taxation System

The Consolidated Taxation System is applied.

11. Adoption of tax effect accounting regarding the transition to the Group Tax Sharing System from the Consolidated Taxation System

The Company does not apply provisions of Section 44 of the “Implementation Guidance on Tax Effect Accounting” (ASBJ Guidance No. 28, February 16, 2018) to a transition to the Group Tax Sharing System established by the “Act for Partial Revision of the Income Tax Act, etc.” (Act No. 8 of 2020) and items subject to revisions of the non-consolidated taxation system according to a transition to the Group Tax Sharing System pursuant to Section 3 of the “Practical Solution on the Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System” (PITF No. 39, March 31, 2020) and accordingly, the amounts of deferred tax assets and deferred tax liabilities are based on provisions of the tax law before revision.

Notes to Changes in Presentations

(Non-consolidated balance sheets)

"Short-term lease receivables" (¥13,698 million for the fiscal year under review), which was included in "Other current assets" in the previous fiscal year, is separately disclosed in this fiscal year, due to the increase in materiality. "Short-term lease receivables" for the previous fiscal year were ¥7,862 million.

(Non-consolidated statements of income)

"Loss on sale of fixed assets" (¥9 million for the fiscal year under review) and "Loss on retirement of fixed assets" (¥58 million for the fiscal year under review), which were included in "Loss on disposal of fixed assets" in the previous fiscal year are separately disclosed in this fiscal year for ensuring consistency with presentation methods of consolidated financial statements in the annual securities report. "Loss on disposal of fixed assets" was ¥8 million and "Loss on retirement of fixed assets" was ¥79 million for the previous fiscal year.

(Change following the application of the "Accounting Standard for Disclosure of Accounting Estimates")

The Company applies the "Accounting Standard for Disclosure of Accounting Estimates" (ASBJ Statement No. 31, March 31, 2020) to the non-consolidated financial statements from the fiscal year ended on March 31, 2021 and states the notes on significant accounting estimates in the non-consolidated financial statements.

Notes to Significant Accounting Estimates

1. Amounts recorded in the financial statements for the fiscal year under review

Allowance for loss on contracts	¥34,939 million

2. Information on the content of significant accounting estimates for identified items

Statement is omitted as the same details are provided in "Notes to Significant Accounting Estimates" in the Notes to Consolidated Financial Statements.

Notes to Non-consolidated Balance Sheets

1. To subsidiaries and affiliates

Short-term monetary lending	¥123,795 million
Long-term monetary lending	¥125,918 million
Short-term monetary debts	¥108,475 million
Long-term monetary debts	¥450 million

2. Accumulated depreciation on tangible fixed assets ¥209,472 million

3. Assets pledged as collateral and secured obligations

(1) Assets pledged as collateral

Vessels	¥15,134 million
Investment securities	¥633 million
Investments in and advances to subsidiaries and affiliates	¥57,243 million
Total	¥73,010 million

Pledged investment securities and investments in and advances to subsidiaries and affiliates include the following:

a) Investments in and advances to subsidiaries and affiliates of ¥57,243 million are pledged as collateral to secure long-term loans of subsidiaries/affiliates and future payment of charter hire.

b) Investment securities of ¥633 million are pledged as collateral for long-term loans associated with Offshore Business and LNG carrier projects.

(2) Secured obligations

Short-term loans	¥2,610 million
Long-term loans	¥30,166 million
Total	¥32,777 million

4. Contingent liabilities

Guarantee liabilities, etc.	¥546,209 million
(Guarantee liabilities in foreign currency included in above	¥369,556 million)

5. Others

(1) Litigation

On January 10, 2014, the Company filed a lawsuit against Mitsubishi Heavy Industries, Ltd. (hereinafter "MHI") at Tokyo District Court seeking compensation for damages in association with a maritime accident caused by a vessel constructed by said company. In response, MHI filed a countersuit at Tokyo District Court seeking payment for reinforcement of the strength of the ship's hull of the same type of ship, and the legal dispute is continuing.

The Company recognizes the claims of the countersuit by MHI as unjust, and intends to assert the propriety of the Company in addition to upholding the claims for damages under the lawsuit.

(2) Guarantees

In relation to early termination of a terminal agreement with consolidated subsidiary TraPac, LLC. as a result of integration of the Container Shipping Businesses, the Company will furnish guarantees covering cargo volumes and unit pricing with respect TraPac, LLC. through March 2024. Meanwhile, the effect of causing performance of such guarantee on the financial results of the Company is uncertain as its financial impact is not estimable at this stage.

(3) Others

Since 2012, the Company is the subject of investigations by the antitrust authorities in the U.S. and other countries, on the suspicion of violations of each country's competition laws with respect to ocean transport services of completed build-up vehicles. In addition, a class-action lawsuit was filed in Canada, the U.K. and Chile against the Company, for damage claims, a cease and desist order for the questioned conduct. Meanwhile, the effect of these investigations and lawsuit on the financial results of the Company is uncertain as its financial impact is not estimable at this stage.

Notes to Non-consolidated Statements of Income

1. Volume of transactions with subsidiaries and affiliates

Volume of operating transactions	
Revenues	¥128,219 million
Shipping and other expenses	¥257,377 million
Transactions other than operating transactions	¥68,139 million

2. Loss related to business restructuring

In its business restructuring targeting the product tanker business in the Energy Transport Business, etc., the Company conducted transfers of vessels and charter contracts between consolidated companies, and the amounts deemed to be unrecoverable within the losses arising from these transactions were recorded as loss related to business restructuring.

Notes to Non-consolidated Statement of Changes in Net Assets

Class and number of shares of treasury stock as of the end of this fiscal year

Common stock	1,005,033 shares

[Translation for Reference and Convenience Purposes Only]

Notes on Deferred Tax Accounting

Significant components of deferred tax assets and liabilities

	(¥ million)
Deferred tax assets	
Tax loss brought forward	53,486
Retained income of specific foreign subsidiaries	35,074
Loss on valuation of available-for-sale securities	400
Voluntary adjustment of loss on valuation of securities issued by subsidiaries and affiliates	68,117
Allowance for bonuses	793
Impairment loss	770
Allowance for doubtful accounts	2,709
Allowance for loss related to business restructuring	1,944
Allowance for loss on guarantees	8,939
Allowance for loss on contracts	10,031
Transfer of charters from subsidiaries and affiliates	1,529
Deemed dividends	11,514
Unrealized gains (losses) on hedging derivatives, net of tax	807
Foreign tax credit	3,407
Loss on guarantees	1,015
Others	7,578
Subtotal	208,120
Valuation allowance for tax loss brought forward	(53,486)
Valuation allowance for the total of future deductible temporary differences, etc.	(154,612)
Valuation allowance	(208,098)
Total deferred tax assets	21
Deferred tax liabilities	
Gain on securities contributed to employee retirement benefit trust	(1,683)
Unrealized gains on available-for-sale securities	(9,189)
Others	(694)
Total deferred tax liabilities	(11,566)
Net deferred tax liabilities	(11,545)

[Translation for Reference and Convenience Purposes Only]

Notes on Transactions with Related Parties

(¥ million)

Attribution	Name of company	Ratio of MOL's voting rights	Nature of relationship	Nature of transaction (Note 1)	Transacted amount (Note 2)	Account	Term-end balance
Subsidiary	White Bear Maritime Ltd.	Directly 100%	Interlocking directorate Ship chartering Debt guarantee	Debt guarantee	36,435	-	-
	Lakler S.A.	Directly 100%	Interlocking directorate Ship chartering Debt guarantee	Debt guarantee	29,679	-	-
	MOG-X LNG Shipholding S.A.	Directly 100%	Interlocking directorate Debt guarantee	Debt guarantee	20,964	-	-
	Samba Offshore S.A.	Directly 100%	Interlocking directorate Debt guarantee	Debt guarantee	15,993	-	-
	MOL Bridge Finance S.A.	Directly 100%	Interlocking directorate Debt guarantee	Debt guarantee	13,949	-	-
	MOL Euro-orient Shipping S.A.	Directly 100%	Interlocking directorate Ship chartering Debt guarantee	Debt guarantee	12,808	-	-
	Linkman Holdings Inc.	Directly 100%	Interlocking directorate Ship chartering Debt guarantee Funding loan Borrowing of funds	Funding loan Borrowing of funds Debt guarantee	35,560 69,993 10,828	Short-term loans receivable Short-term loans	40,040 18,989
	Cleopatra LNG Shipping Co., Ltd.	Directly 70%	Interlocking directorate Debt guarantee	Debt guarantee	10,581	-	-
	LNG Japonica Shipping Corporation	Directly 100%	Interlocking directorate	Funding loan	15,260	Long-term loans receivable	896
	Canopus Maritime Inc.	Directly 100%	Interlocking directorate Ship chartering			Lease receivables (Note 3)	24,476
Affiliate	Area1 Mexico MV34 B.V.	Directly 30%	Interlocking directorate Debt guarantee	Debt guarantee	33,178	-	-
	Sepia MV30 B.V.	Directly 20.6%	Interlocking directorate Debt guarantee	Debt guarantee	32,533	-	-
	Libra MV31 B.V.	Directly 20.6%	Interlocking directorate Debt guarantee	Debt guarantee	26,032	-	-
	Arctic Purple LNG Shipping Ltd.	Directly 50%	Interlocking directorate Debt guarantee	Debt guarantee	13,212	-	-
	Arctic Green LNG Shipping Ltd.	Directly 50%	Interlocking directorate Debt guarantee	Debt guarantee	12,469	-	-
	Arctic Blue LNG Shipping Ltd.	Directly 50%	Interlocking directorate Debt guarantee	Debt guarantee	11,792	-	-

Notes: 1. Transaction conditions and policies to decide transaction conditions, etc.
(1) Debt guarantees are for borrowings from financial institutions, etc. Guarantee charges are determined upon taking into account the guarantee recipient, the form of guarantee, and other such conditions.
(2) As for funding loan, it is determined by market rates and conditions, and companies are not required to pay mortgages.
(3) As for borrowing of funds, it is determined by market rates and conditions.
(4) As for part of the funding loans, because they involve repeated transactions, the average for this fiscal year is shown for the transacted amount.
(5) Provision of allowance for loss on guarantees amounting to ¥3,068 million was recorded for the fiscal year under review with respect to debt guarantee for White Bear Maritime Ltd. and allowance for loss on guarantees was ¥3,068 million as of the end of the fiscal year.
(6) Provision of allowance for loss on guarantees amounting to ¥6,083 million was recorded for the fiscal year under review with respect to debt guarantee for MOL Bridge Finance S.A., and allowance for loss on guarantees was ¥13,949 million as of the end of the fiscal year.
2. Consumption taxes are not included in transacted amount.
3. Lease receivables shown include lease receivables scheduled to be paid within one year.

Per-share Information

1. Net assets per share ¥1,615.29
2. Net loss per share ¥(76.67)

Major Subsequent Event

There are no significant events to be disclosed.

Other Notes

Figures less than one million yen are rounded down to the nearest million.