

Corporate Governance

Directors / Corporate Auditors



President and Representative Director
Takao Tanaka



Vice President and Representative Director
Takaki Yamamoto



Director
Shinsuke Minoda



Director
Akira Nishihata



Director
Yuichi Shiomi



Director
Yuji Kozai



Director (Outside)
Toru Tokuhisa



Director (Outside)
Toshikazu Tanaka



Corporate Auditor (Full-time)
Takahiro Hiraiwa



Corporate Auditor (Full-time)
Hiroki Higuchi



Corporate Auditor (Outside)
Osamu Endo



Corporate Auditor (Outside)
Koichi Tanaka

Directors

President and Representative Director	Takao Tanaka	CEO
Vice President and Representative Director	Takaki Yamamoto	Assistant to President, CCO*1, and in charge of Legal Dept.
Director	Shinsuke Minoda	In charge of Human Resources & General Affairs Dept.
Director	Akira Nishihata	CTO*2 and in charge of Technical Co-ordination Dept. and Auditing Dept.
Director	Yuichi Shiomi	CFO*3 and in charge of IR Dept.
Director	Yuji Kozai	CISO*4 and General Manger, Corporate Planning Dept.
Director*5	Toru Tokuhisa	
Director*5	Toshikazu Tanaka	

*1 CCO stands for Chief Compliance Officer.
*2 CTO stands for Chief Technology Officer.
*3 CFO stands for Chief Financial Officer.
*4 CISO stands for Chief Information Security Officer.
*5 Director (Outside)
*6 Corporate Auditor (Outside)

Corporate Auditors

Corporate Auditor (Full-time)	Takahiro Hiraiwa
Corporate Auditor (Full-time)	Hiroki Higuchi
Corporate Auditor*6	Osamu Endo
Corporate Auditor*6	Koichi Tanaka

(As of June 27, 2018)

Corporate governance

1. Basic philosophy

Based on its Company Philosophy, Business Policy, and Management Policy, Mitsui E&S aims to ensure its sustainable growth and further improve its medium- and long-term corporate value. It recognizes the importance of the social nature of a company and takes into account the global environment, working to ensure that all of its stakeholders find the company beneficial to society. To this end, we have established a system for making fair and transparent decisions promptly and boldly, under which we continuously strive to enhance our corporate governance.

<Company Philosophy>
To continue our role as a trusted company, and as a trusted member of society

<Business Policy>
To fulfill expectations and foster trust in people and society as a manufacturing company that offers products and services representing the culmination of our global business experience and years of advanced technology development in a wide range of fields

<Management policy>
Build further satisfaction for our customers

Provide safe and effective workplace environment for employees
Contribute to the development of society
Pursue profit for the longevity of the company

In accordance with the preceding basic philosophy concerning corporate governance, we will try to enhance our corporate governance based on the following basic policies.

(1) We ensure the substantive rights and equality of our shareholders.
(2) We collaborate appropriately with our shareholders and other stakeholders.
(3) We ensure the appropriate, voluntary disclosure of our corporate information and transparency.
(4) We clarify the roles and responsibilities of our Board of Directors, Corporate Auditors, and Board of Corporate Auditors.
(5) We hold dialogue with our shareholders to help support our sustainable growth and improve medium- and long-term corporate value.

2. Structure

Mitsui E&S is required by law to establish a Board of Corporate Auditors. The function fulfilled by the Board of Corporate Auditors together with the voluntarily established Personnel Advisory Committee and Compensation Advisory Committee form the structure for corporate governance at Mitsui E&S, and we have appointed accounting auditors. As of June 28, 2018, the Mitsui E&S Board of Directors consists of eight members. Two of these members are part-time outside directors. Moreover, our Board of Corporate Auditors consists of four members, two of which are part-time outside corporate auditors.

The Personnel Advisory Committee is chaired by the president

and consists of four directors, including two outside directors. It improves the transparency of the procedure for nominating candidates for directors and ensures the fairness of the procedure. The Compensation Advisory Committee is chaired by an outside director, and consists of four directors including the two outside directors. It improves the transparency of the procedure for determining the compensation for directors and ensures the appropriateness of the compensation standards and fairness of evaluations.

Internal control system

Basic philosophy

We view the objectives of our internal control system as “Assuring efficiency and work performance (achieving objectives),” “Assuring the reliability of financial reports,” and “Complying with the law (compliance).” We are making efforts to reinforce and improve our internal control more than ever.

In our internal control system, the Total Risk Management and Internal Control Committee deliberates the basic policy regarding internal control required by the Companies Act, the Financial Instruments and Exchange Act, and other matters. It also undertakes the company-wide promotion of measures based on the policy decided by management committees and other bodies.

To achieve our internal control objectives, we have established a

business execution system, compliance system, a risk management system, and an internal control promotion system for financial reports. The internal auditing section (Auditing Department) confirms the efficacy of these systems.

Systems of corporate governance and internal control

1. Business execution system

To execute business operations in accordance with the basic policy decided by the Board of Directors, we have established two managing committees: the Management Committee and the Group Management Committee. Deliberations are held based on the functions of each organization to promote rapid, flexible decision-making.

2. Compliance systems

We operate our businesses by keeping legal compliance in mind, and continually review and reinforce our compliance systems. Specifically, we deliver the Corporate Code of Conduct to all officers and employees of the corporate group made up of Mitsui E&S and its domestic subsidiaries. We have also established a system in which guidebooks and collections of cases, which are materials used as references for daily operations, are available for review at all times. We distribute an English version of the Corporate Code of Conduct to our overseas subsidiaries and work with the presidents of those subsidiaries in a timely manner based on the situation of each area to confirm compliance systems and the status of their implementation. Likewise, we have established the Compliance Committee as an entity for promoting awareness of compliance policy and reporting results of surveys. The Committee also observes and promotes awareness for antimonopoly act. In addition, we have set up a “Help-line” to detect compliance problems in their early stages. Employees can directly consult or submit reports to either the Secretary General of the Compliance Committee or a lawyer.

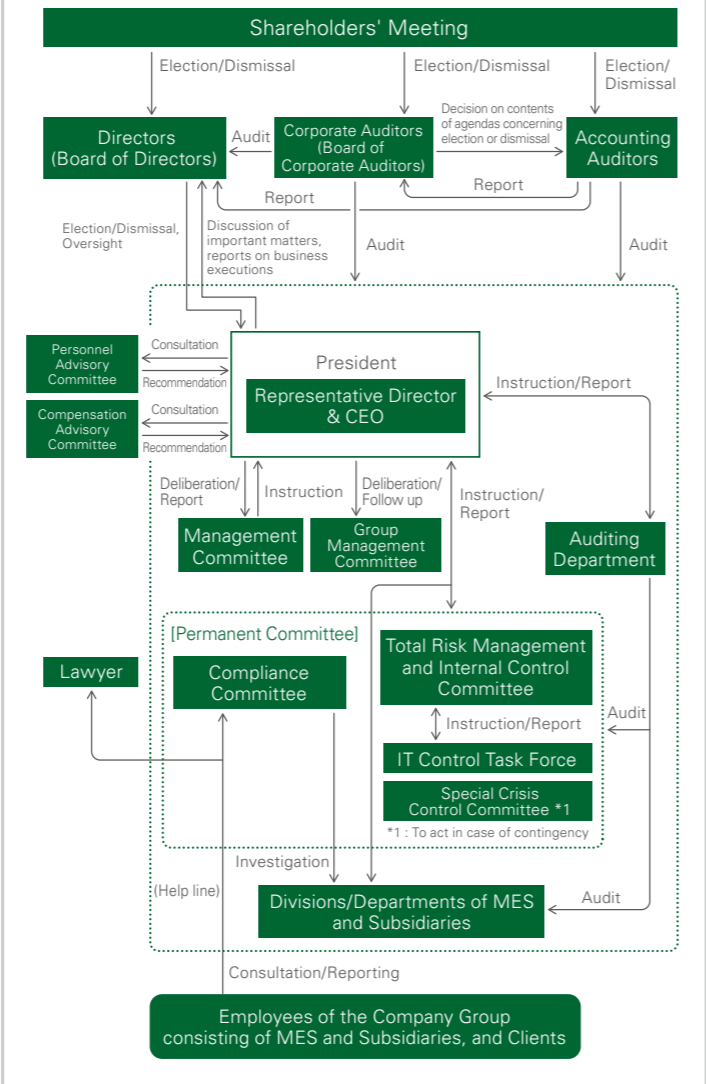
3. Risk management system

Mitsui E&S is promoting Total Risk Management System that systematically identifies and evaluates risks related to all aspects of business activities. This system is designed to ensure that we conduct business activities within the proper limit in which we can take risks. Under the Total Risk Management and Internal Control Committee, we promote group-wide risk management in line with the total risk management policy determined at the Management Committee. In regards to risks related to business operations, each relevant division conducts risk analysis on their own. As for the affiliated companies key members of relevant divisions and departments self examine the risk management status before they are analyzed

4. Internal control promotion system for financial reports

To assure the credibility of financial reports, basic policy concerning evaluation of internal control for financial reports is established at annual management committees and the Total Risk Management and Internal Control Committee evaluates the preparation and

Flow Chart of Corporate Governance and Internal Control



by relevant divisions and departments of Mitsui E&S Holdings. To address information security risks, we have established the IT Control Task Force, a group-wide organization and subordinate body of the Total Risk Management and Internal Control Committee. This organization formulates basic policies on security measures. Following these basic policies, we promote specific measures such as formulating security policies, obtaining the latest information by cooperating with external organizations, monitoring network and IT equipment, taking countermeasures against attacks from the outside, and providing related education and training. In cases of contingency, the Special Crisis Control Committee stands ready to quickly cope with the problem.

operation status of said internal control, and make corrections if necessary.

Communication

● Together with customers

We work under our company philosophy of “To continue our role as a trusted company, and as a trusted member of society” In our management policy that supports the company philosophy, we have set “Build further satisfaction for our customers” as one of our most important objectives. In our specific standards of conduct for employees, we give top priority to “customer orientation” and “Diligently attend to our customer needs for creating value-added products” and strive to develop and provide differentiated products and services based on new findings from customers’ voices.

● Together with shareholders and investors

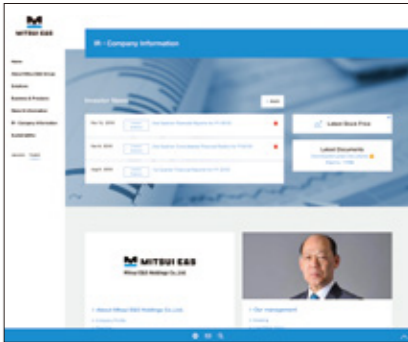
We position IR activities as a part of the long-term business and financial strategies of senior management. We disclose our corporate information in a fair and proactive manner in our effort to deepen shareholders’ and investors’ understanding of the business activities of Mitsui E&S and the Mitsui E&S Group.

Information disclosure and IR activities

To build better relationships with shareholders and investors, we strive to ensure timely, appropriate information disclosure and have our senior management explain our business policies and specific visions in our IR activities, so as to ensure highly transparent management.

Provision of IR information

We publish information about our company on our website in a timely, appropriate manner. In addition to providing materials including those for results briefing sessions and those on mid-term business plans, we also provide video and other content aimed at providing shareholders and other investors with greater insight into MES. We will continue striving to provide easy-to-understand information promptly.



IR information in Corporate website

● Together with business partners

As a manufacturing and engineering company, we aim to provide cost-competitive, high-quality products. In the procurement of materials and equipment for our products, we strive to ensure co-existence and co-prosperity with our business partners through fair trade with them, so as to fulfill our social responsibility.

Basic policy on the selection of business partners

We established the Mitsui Administration Manual (MAM) in 1994. Concerning the selection of business partners by the procurement department, MAM stipulates that “As a basic principle, we shall select business partners in a fair and square manner by providing all companies that desire to be our business partners with equal, fair opportunities for participation.” We engage in procurement activities based on this principle.

For fair and equitable dealings

We established the Rules and Ethics for Material Procurement in November 2002. It shows the ethics and behavior and activity standards for all staff engaged in procurement activities. On the basis of the utmost integrity, we strive to build equal and fair relationships of trust with business partners.

● Together with local communities

We attach importance to communications with local communities. Employees in each of our business locations engage in environmental and social contribution activities locally, aiming to create a sustainable society. Information about initiatives taken at each business location is provided in this report and on our website.

Ceremonial ship launching shown to the public at Tamano Shipyard (about five times a year)

Featuring the spectacle of a huge ship launching into the sea, ceremonial ship launches at Tamano Shipyard is received well by all those who observe it. Tamano City Tourist Association and other parties organize a popular industrial tour around Tamano City, the highlight of which is the chance to observe a ceremonial ship launch (which is held irregularly). Information about the observation of ceremonial ship launches is posted to the official website of Tamano City as it becomes available.

