

# Corporate Governance

## Directors / Corporate Auditors



Chairman and Representative Director  
Yasuhiko Katoh



President and Representative Director  
Takao Tanaka



Vice President and Representative Director  
Takaki Yamamoto



Director  
Shinsuke Minoda



Director  
Akira Nishihata



Director  
Kiyoshi Nakamura



Director  
Shinsuke Nippo



Director  
Tetsuro Koga



Director (Outside)  
Toru Tokuhisa



Director (Outside)  
Toshikazu Tanaka



Corporate Auditor (Full-time)  
Yasuo Irie



Corporate Auditor (Full-time)  
Takahiro Hiraiwa



Corporate Auditor (Outside)  
Osamu Endo



Corporate Auditor (Outside)  
Koichi Tanaka

### Directors

Chairman and Representative Director	Yasuhiko Katoh
President and Representative Director	Takao Tanaka
Vice President and Representative Director	Takaki Yamamoto
Director	Shinsuke Minoda
Director	Akira Nishihata
Director	Kiyoshi Nakamura
Director	Shinsuke Nippo
Director	Tetsuro Koga
Director (Outside)	Toru Tokuhisa
Director (Outside)	Toshikazu Tanaka

### Corporate Auditors

Corporate Auditor (Full-time)	Yasuo Irie
Corporate Auditor (Full-time)	Takahiro Hiraiwa
Corporate Auditor (Outside)	Osamu Endo
Corporate Auditor (Outside)	Koichi Tanaka

### Executive Officers

President	Takao Tanaka	CEO
Senior Managing Executive Officer	Takaki Yamamoto	General Manager of Export Control Dept., and CCO(*1)
Managing Executive Officer	Shinsuke Minoda	General Manager of Machinery & Systems Hq.
Managing Executive Officer	Akira Nishihata	General Manager of Ocean Business Promotion Dept., and CISO(*2)
Managing Executive Officer	Kiyoshi Nakamura	CFO(*3)
Managing Executive Officer	Shinsuke Nippo	General Manager of Engineering Hq.
Managing Executive Officer	Tetsuro Koga	General Manager of Ship & Ocean Project Hq.
Managing Executive Officer	Norihisa Fukuda	Director and Senior Managing Executive Officer, Minaminippon Shipbuilding Co., Ltd.
Managing Executive Officer	Shoichi Taguchi	General Manager of Tamano Works and Special Mission by President (in charge of manufacturing)
Executive Officer	Yasuki Kishimoto	Deputy General Manager of Machinery & Systems Hq. (in charge of material handling machinery) and General Manager of Oita Works
Executive Officer	Yukinori Torii	General Manager of Research & Development Hq.
Executive Officer	Katsuhiko Yoshida	Deputy General Manager of Engineering Hq. (in charge of plant engineering)
Executive Officer	Toshiro Miyake	Deputy General Manager of Ship & Ocean Project Hq. and General Manager of Tamano Shipyard, Ship & Ocean Project Hq.
Executive Officer	Ryoichi Oka	Deputy General Manager of Machinery & Systems Hq. (in charge of industrial machinery) and General Manager of Technoservice Dept., Machinery & Systems Hq.
Executive Officer	Yuichi Shiomi	General Manager of Finance & Accounting Dept.
Executive Officer	Yuji Kozai	General Manager of Corporate Planning Dept.
Executive Officer	Kiyohiko Murakami	General Manager of Machinery Factory, Machinery & Systems Hq.
Executive Officer	Keiji Kurosaka	Deputy General Manager of Engineering Hq. (in charge of energy solutions and infrastructure)
Executive Officer	Naokazu Fukui	General Manager of Marketing Promotion Dept.
Executive Officer	Shigeki Takitani	General Manager of Procurement Dept.
Executive Officer	Yasunori Iwamatsu	Deputy General Manager of Ship & Ocean Project Hq. and General Manager of Planning & Administration Dept., Ship & Ocean Project Hq.

(\*1) CCO stands for Chief Compliance Officer. (\*2) CISO stands for Chief Information Security Officer. (\*3) CFO stands for Chief Financial Officer.

## Corporate governance

### 1. Basic philosophy

Based on its Company Philosophy, Business Policy, and Management Policy, MES 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 working as a company trusted by society and individual through products and services we offer

#### <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

MES 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 MES, and we have appointed accounting auditors. As of June 28, 2016, the MES Board of Directors consists of ten 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. We have also adopted an executive officer system to improve decision-making on vital matters by the Board of Directors, improve supervisory functions, and streamline business operations. The executive officers elected by the

Board of Directors are given executive authority related to business operations, and they perform their assigned duties under the supervision of the chief executive officer (CEO). 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 electing executive officers, 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 executive officers, 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 Strategy Committee and the Management Committee. Deliberations are held based on the functions of each organization to promote rapid, flexible decision-making. As for the business execution system, we transferred the authority to execute business from directors to executive officers elected by the Board of Directors. This streamlines the execution of duties performed by directors.

### 2. Compliance systems

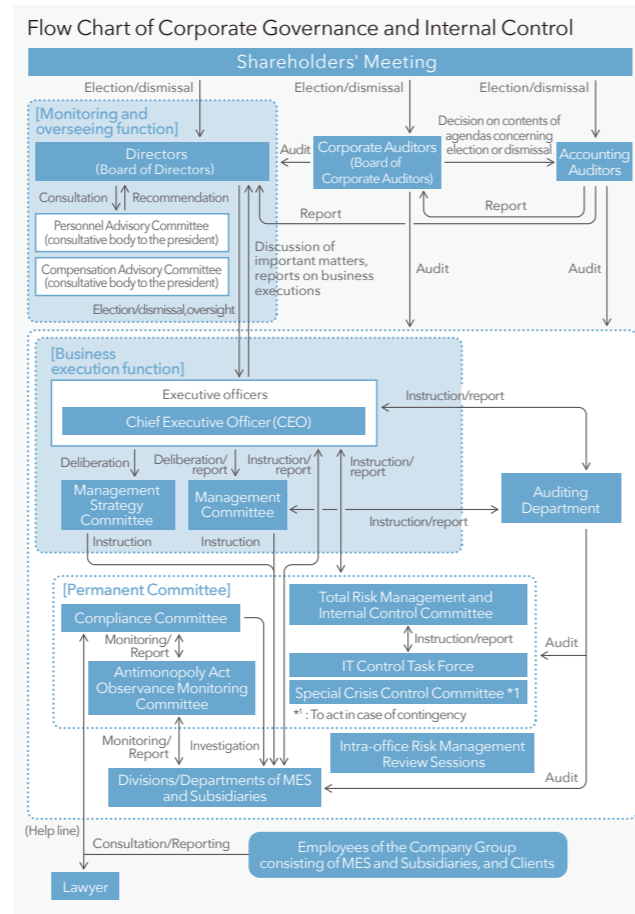
We operate our businesses by keeping legal compliance in mind, and continually review and reinforce our compliance systems. Specifically, we deliver the Corporate Code of Conduct to all officers and employees of the corporate group made up of MES and its domestic subsidiaries. We have also established 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. To ensure legal compliance during activities aimed at winning new orders for public projects, each division and department conducts checks by themselves. We have also established an Antimonopoly Act Observance Monitoring Committee.

### 3. Risk management system

MES 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 Strategy Committee. In regards to risks related to business operations, each headquarters holds Intra-office Risk Management Review Sessions and conducts risk analysis on their own. For orders received and things such as investment and loan projects, key members of relevant divisions and departments examine the risk management status before they are submitted to the

### 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



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.

Management Committee for deliberation.

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.

Total Risk Management and Internal Control Committee evaluates the preparation and operation status of said internal control, and make corrections if necessary.

# Action for Social Responsibility