

# Corporate Social Responsibility (CSR)

## MOL's Approach to CSR

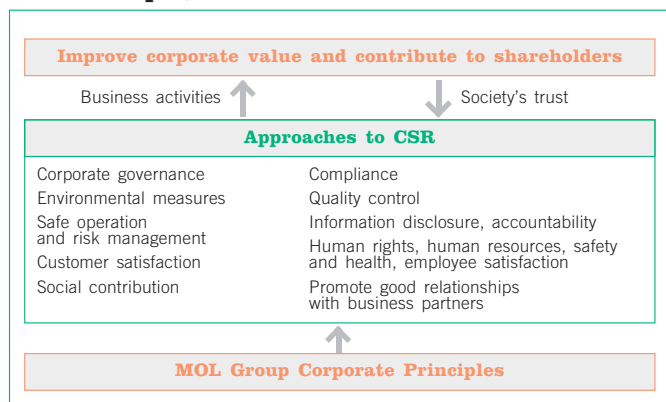
The foundations of corporate social responsibility (CSR) lie in ensuring that corporations give due consideration to social, environmental and human rights issues in their activities, thus achieving sustainable growth in harmony with society. Needless to say, companies are members of society and will be unable to continue in business should they lose the trust of society.

The MOL Group provides an indispensable service to society through its operation of a fleet of oceangoing ships. We have been able to grow steadily over the last 122 years because, from the very beginning, we have consistently followed business policies compatible with contemporary standards of CSR, thus earning the support of stakeholders, including clients, shareholders, business partners and communities. MOL has drawn up Group Corporate Principles, and the group now addresses such issues as corporate governance, compliance and environmental protection.

In June 2004, the MOL Group established the CSR and Environment Committee. The new committee emerged from a reorganization of the Environment Committee. In addition to its previous duties of formulating MOL Group environmental policies, the new committee takes on the added responsibility of studying and discussing CSR issues, with the purpose of creating a stronger framework for group-wide CSR activities. Simultaneously, the CSR and Environment Office was established within the Corporate Planning Division. The CSR and Environment Office act as the CSR and Environment Committee's secretariat and promote CSR initiatives throughout the MOL Group.

In fiscal 2005, the second fiscal year since its establishment, the CSR and Environment Office positioned CSR activities as shown in the diagram below and concentrated on establishing and meeting targets for specific CSR activities.

### Positioning of MOL Group Corporate Principles, CSR Concepts, and Activities



## Rules of Conduct

All executives and employees are required to base their activities on the following standards.

1. Observe laws and regulations while at all times exercising due caution as a good administrator
2. Respect human rights and refuse to permit discrimination and harassment
3. Protect confidential information and respect intellectual property rights
4. Clearly separate official and personal conduct, avoid conflicts of interest
5. Oppose antisocial activities
6. Fulfill social obligations
7. Ensure safe operations and protect the environment

8. Build relationships with clients and contractors that conform to laws, regulations and social standards
9. Provide guidance and supervision by individuals in management positions
10. Report improper behavior, provide advice and deal with individuals who violate rules

In March 2005, the MOL Group's participation in the United Nations Global Compact initiative was acknowledged and accepted by the United Nations. The Global Compact was initiated in 1999 by United Nations Secretary-General Kofi Annan and was ratified in July 2000. The Global Compact asks companies to embrace, support and enact, within their sphere of influence, a set of 10 core values in the areas of human rights, labor standards, the environment, and anti-corruption. By participating in the Global Compact, which is consistent with the Rules of Conduct, the MOL Group has declared its commitment to working toward the realization of the Global Compact's core values.



In September 2005, the MOL Group prepared a CSR Handbook to make employees more aware of the Rules of Conduct. The publication was distributed to group employees worldwide and to crew members of MOL Group vessels. Furthermore, a survey using questionnaires was conducted to determine the awareness and use of the Rules of Conduct at MOL Group companies outside Japan.

## Environmental Protection

### Environmental Management System and Certifications

**ISO 14001:** MOL expanded the scope of its Environmental Management System, MOL EMS 21, from on-shore operations to all vessels in the fleet (excluding charters of one year or less) and in January 2003 received ISO 14001 international certification for environmental management. Furthermore, MOL Group members Mitsui O.S.K. Passenger Line, Ltd., Shosen Mitsui Ferry Co., Ltd., Kusakabe Marine Engineering Co., Ltd. and MOL Logistics (Japan) Co., Ltd. received ISO 14001 certification based on MOL EMS 21 or their own environmental management systems.



*Certificate of ISO 14001, an international standard for environmental management (Certified by DET NORSKE VERITAS (DNV))*

**Green management:** MOL Group companies in Japan are working hard on complying with the "green management" environmental certification system promoted by the Japanese Ministry of Land, Infrastructure and Transport. In August 2005, Kyushu Kyuko Ferry Co., Ltd. became the first domestic shipping company in Japan to earn this certification. Thus far, seven MOL Group companies have been certified.

### Environmental Technology

MOL Group is developing ship technologies that contribute to environmental protection and energy conservation. Representative technologies include: energy-efficient ships with reduced wind resistance; ships designed for reduced risk of oil spills; and a propeller boss cap fin system (PBCF).



**PBCF:** PBCF efficiently recovers energy loss in the vortex generated behind a ship's propeller. This is an MOL proprietary technology that uses the same number of fins attached to the rear end of the propeller shaft. The PBCF system provides a 4% to 5% energy saving and reduces emissions of CO<sub>2</sub>, NO<sub>x</sub>, and SO<sub>x</sub>. In April 2006, we received an order for the use of this technology in the 1,000<sup>th</sup> ship since the PBCF system was developed in 1987.

**Euphony Ace pure car carrier:** The *Euphony Ace* entered service in November 2005. This pure car carrier features environmental technologies that surpass even those of the *Utopia Ace*, which won the Lloyd's List "Ship of the Year Award 2005." The newer ship has conventional technologies like the PBCF, an aerodynamic profile and double-hulled fuel tank, along with several new and exclusive MOL environmental technologies. Among them are an exhaust gas cleansing system, solar panels to produce electricity, and a raw garbage treatment unit. With these features, the *Euphony Ace* is attracting much attention as a next-generation eco-ship.

### Protection of the Marine Environment

MOL takes extensive measures to ensure safe navigation and prevent the occurrence of oil spills and accidents, which represent serious threats to the marine environment. In addition, care is exercised to reduce the impact on the oceans of normal operation of our vessels.



Double-hull structure

MOL strictly adheres to all marine pollution treaties, including the International Convention for Prevention of Pollution from Ships, as well as applicable laws and regulations around the world. The company has stringent internal rules to prevent oil discharges and to ensure the proper disposal of lubricating oil and bilge water (which includes oil and other pollutants). Other measures in place to reduce environmental loads include use of environmentally responsible anti-fouling paint and proper management of ballast water.

As of the end of March 2006, 85% of MOL's tankers had double hulls.

### Prevention of Air Pollution

MOL's primary actions to prevent air pollution are focused on reducing exhaust gasses, a factor in global warming and acid rain, and replacing freon and CFCs, substances that destroy the ozone layer that shields the earth from ultraviolet radiation, with substitute refrigerants.

### Shosen Mitsui Ferry Co., Ltd. wins the Grand Prize for Environmental Protection Award in Freight Industries:

In May 2005, Shosen Mitsui Ferry was jointly awarded the Grand Prize for Environmental Protection with Nippon Express Co., Ltd., by the Japan Federation of Freight Industries. The award recognized the introduction of a new RORO vessel with strikingly low fuel consumption on the Tokyo-Kyushu-Seto



Inland Sea route. Ferries, together with railroads, are expected to play leading roles in achieving a "modal shift." This is an initiative promoted by the Japanese government to lower greenhouse gas emissions by reducing the environmental impact of freight transportation.

## Social Service Activities

MOL's fundamental policy is to base its social service activities on the programs that can be conducted on a continuous basis and that are associated with marine transport. In line with this policy, MOL transports supplies to aid victims of natural disasters, assists in marine studies and surveys, helps keep shorelines clean, supports environmental and marine educational activities, collects donations to help victims of natural disasters, and performs other activities.

**Transport of aid supplies:** MOL transported at no cost the equivalent of about 200TEU of aid supplies to areas devastated by the December 2004 earthquake off Sumatra and the subsequent tsunami. MOL also transported construction machinery and other equipment for reconstruction work. In addition, the MOL Group donated approximately ¥20 million for relief efforts through a number of governmental relief agencies around the world. MOL also transported aid supplies at no cost to Pakistan following the devastating earthquake of October 2005.

**Kids' Cruise:** In March 2006, MOL invited 157 pairs of parents and children to enjoy a cruise on the *Nippon Maru* at no charge. The cruise was planned and conducted by MOL employees who volunteered their time. During the cruise, the ship became a floating classroom to teach children about the sea, ships and the marine transportation business, as well as about environmental issues from the standpoint of ships.



## Third-party Opinions

### MOL Selected for Dow Jones Sustainability Indexes (DJSI) (September 2005)

In September 2003, MOL was selected for inclusion in DJSI, a designation reserved for companies capable of sustaining growth over the long term while maintaining excellence in environmental, social and investor relations programs. In September 2004 and 2005, MOL was selected for continuing inclusion in the index.



### MOL Becomes a Component Issue In FTSE4Good Global Index (September 2005)

FTSE, a global index company owned by the Financial Times and London Stock Exchange, selected MOL for inclusion in its FTSE4Good Global Index in 2003. In September 2004 and 2005, MOL was selected for continuing inclusion in the index.



*MOL's approach to CSR and environmental issues is discussed in detail in our Environmental and Social Report.*

URL: <http://www.mol.co.jp/csr-e/index.shtml>