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.

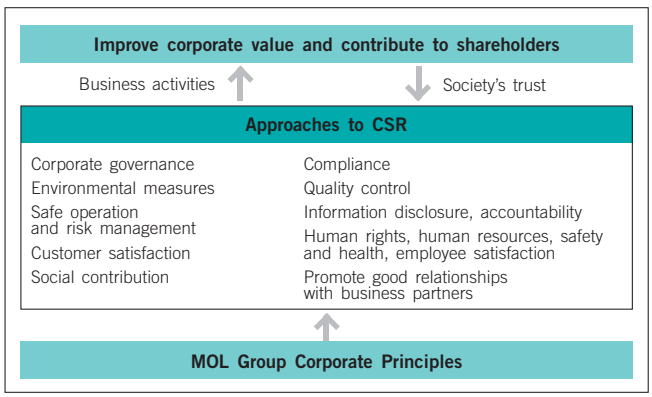
The MOL Group provides an indispensable service to society through its operation of a fleet of oceangoing ships. We have been able to grow steadily over the last 124 years because, from the very beginning, we have consistently followed business policies compatible with contemporary standards of CSR, 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 acts as the CSR and Environment Committee's secretariat and promotes CSR initiatives throughout the MOL Group.

The CSR and Environment Office positions CSR activities as shown in the diagram below and works to achieve targets it sets for each item each fiscal year.

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 anticorruption.

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.

Environmental Protection

Environmental Management System and Certifications

ISO 14001: MOL expanded the scope of its Environmental Management System, MOL EMS 21, from onshore 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, Mitsui O.S.K. Passenger Line, Ltd., MOL Ferry Co., Ltd.,

Kusakabe Marine Engineering Co., Ltd., MOL Logistics (Japan) Co., Ltd., and three other MOL Group members have 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))

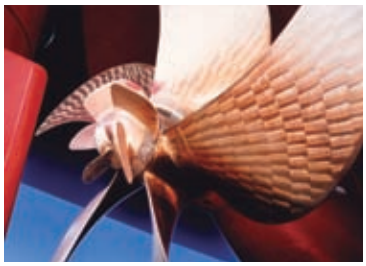
Green management: MOL Group companies in Japan are working hard on complying with the "green management" environmental certification system promoted by the Japanese Ministry of Land, Infrastructure and Transport. In August 2005, Kyushu Kyuko Ferry Co., Ltd.* became the first domestic shipping company in Japan to earn this certification. Thus far, 14 MOL Group companies have been certified.

*Merged with MOL Ferry Co., Ltd. in June 2007

Environmental Technology

MOL Group is developing technologies that will contribute to environmental protection and energy conservation and will serve as global warming countermeasures. 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_2, NOx, and SOx. As of the end of April 2008, we had received 1,400 orders (cumulative) for the use of this technology 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.

Ferry *Sunflower Gold*: Operated by The Diamond Ferry Co., Ltd., an MOL Group company, the *Sunflower Gold* picked up the Outstanding Ferry Technology Award at the ShipPax Award 2008, which is sponsored by ShipPax Information of Sweden. The award recognized efforts to reduce greenhouse gas emissions through the bold adoption of a single screw hullform. This award was created in 1999 and is bestowed on vessels boasting outstanding technologies and designs from newly delivered ferries, RORO and cruise vessels worldwide.

The ferry *Sunflower Gold*

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.

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 2008, 94% of MOL's tankers had double hulls.

Double-hull structure

Prevention of Air Pollution and Global Warming

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.

Solar power generation system at Ohi Container Terminal: In March 2007, MOL and MOL Group company International Container Terminal Co., Ltd. (TICT) started operation of a solar power generation system at the Ohi Container Terminal in Tokyo Port. The system includes 1,200 solar panels that have been installed on the roofs of the gatehouse and container washing facility. With a generation capacity of 200 kilowatts, it is the largest private-sector solar power generation system in the Tokyo metropolitan area. The system's annual output is enough to supply about 60 typical households.

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 relief supplies: MOL provides financial aid to the United Nations High Commissioner for Refugees (UNHCR) for the purchase of emergency supplies. In addition, MOL has provided free transport of such relief supplies between China and Dubai, U.A.E. The UNHCR, which is the United Nations' refugee agency, was established to provide protection and support to refugees who have lost the protection of their own countries due to war or oppression. As an ocean shipping company that has a worldwide transport network, MOL will continue to act in accordance with humanitarian principles by supporting the UNHCR through the provision of free transportation and other means.

Kids' Cruise: Following a similar event in the previous year, in March 2008 MOL invited 153 pairs of parents and children—a total of 306 people—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 and the seas.

Third-party Opinions

MOL Selected for Continuing Inclusion in Dow Jones Sustainability Indexes (DJSI)

Since 2003, MOL has been included in the 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 2007, MOL was selected for continuing inclusion in the DJSI.

MOL Selected for Continuing Inclusion in the FTSE4Good Global Index

FTSE is a global index company owned by *The Financial Times* and the London Stock Exchange. Since 2003, FTSE has included MOL in one of its major indices, the FTSE4Good Global Index, which is a socially responsible investment index. In June, 2008, MOL was selected for continuing inclusion in the index.

MOL Selected for Continuing Inclusion in the Morningstar Socially Responsible Investment Index (MS-SRI)

The MS-SRI, Japan's first socially responsible investment index, is based on the stock prices of 150 of Japan's listed companies that have been selected by Morningstar Japan K.K. for superior social responsibility. MOL has been included in the MS-SRI since 2003. In September 2007, 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