

MOL Group
Environmental and Social Report 2008

The 9th edition
April 2007 – March 2008

Bluer Oceans & Cleaner Environment



MOL Group Corporate Principles

1. As a multi-modal transport group, we will actively seize opportunities that contribute to global economic growth and development by meeting and responding to our customers' needs and to this new era
2. We will strive to maximize corporate value by always being creative, continually pursuing higher operating efficiency, and promoting an open and visible management style that is guided by the highest ethical and social standards
3. We will promote and protect our environment by maintaining strict, safe operation and navigation standards



MOL Head Office Building

Environmental and Social Report 2008

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Editorial Policies

- The MOL Group has reported on its group-wide environmental protection activities every year since October 2000, when we published the first Environmental Report. In 2003, we renamed the publication the Environmental and Social Report to encompass the Group's overall social contributions as well as environmental protection.
- The goal of this report is to convey how MOL Group thinks of and approaches to corporate social responsibility (CSR) including safe operation and environmental protection, which are the foundation of our business activities, to our concerned parties.
- For further reference: Environmental Report Guidelines 2007 and Environmental Accounting Guidelines 2005 issued by the Japanese Ministry of Environment: Sustainability Reporting Guidelines 2002 issued by Global Reporting Initiative (GRI)

Issued in September 2007, and August 2008, and scheduled for issue in August 2009

Scope

Period

FY2007 (April 1, 2007 to March 31, 2008)

In addition, some activities begun prior to FY2007 and activities during FY2008 (April 1, 2008 to March 31, 2009) are reported with notes.

Organizations

In principle, all MOL Group companies that do business in Japan and overseas.

* MOL Group

Mitsui O.S.K. Lines, Ltd. and 322 consolidated companies (267 consolidated subsidiaries, 1 equity method non-consolidated subsidiaries, and 54 equity method affiliates).

"The Company" in this report refers to Mitsui O.S.K. Lines, Ltd. (MOL).

Data

Financial reports are based on consolidated results unless otherwise noted.

Environmental performance is divided into the following three categories. Reported activities are based on No.3 below, but data is available only for items covered in Nos.1 & 2.

1. Activities conducted at MOL (including all operated vessels).
2. Activities at MOL and 62 consolidated subsidiaries in Japan
3. In addition to No.2 above, activities conducted at equity method applied affiliates – Kansai Kisen Kaisha, Meimon Taiyo Ferry Co., Ltd., and Nippon Charter Cruise, Ltd., and 19 overseas subsidiaries

The MOL Group seeks to become an excellent and resilient shipping group, contributing to sustainable global economic growth

The MOL Group contributes to sustainable economic growth all over the world through thorough safe operation, efforts to protect the environment, and top-quality transport service.

Completely Safe Operation

Our midterm management plan “MOL ADVANCE,” which began in April 2007, is based on the principal theme of “growth with enhanced quality,” and addresses the two immediate top priorities — ensuring safe operation and improving the quality of transport services. We set forth ensuring safe operation as our primary corporate strategic target because it is critical to improve the quality of our services to regain the trust of our customers and society after a series of serious marine incidents in 2006.

In FY2007, we learned the lessons from those incidents and became fully aware of how such events affect society and the marine environment. Our entire group has exerted every possible effort to ensure safe operation. As a result, there were no serious incidents during FY2007, and we were, for the most part, satisfied.

Needless to say, we will never give up or compromise on initiatives to enhance safe operation.

Environmental Protection Initiatives

In recent years, the effects of global warming have been reported around the world. Compared to other modes of transport, shipping is more environmental-friendly in terms of energy consumption per unit load. However, it is inevitable that vessels emit CO₂ — a greenhouse gas — as long as they run on fossil fuel.

We are always aware of the need to improve fuel efficiency and we have been taking various measures to reduce our burden of the environment, in order to respond to ever-increasing demand for transport service around the world. One of the most effective

methods of reducing energy use per unit load, that is, reducing CO₂ emissions, is to use larger vessels.

The *Brasil Maru**, delivered in December 2007, is an excellent example of how larger vessels reduce the per-unit-load burden on the environment. This massive iron ore carrier, one of the largest such vessels in the world, continues the proud *Brasil Maru* name, following its namesake that plied the same historic Brazil-Japan route for our predecessor, Osaka Shosen Kaisha. The new *Brasil Maru's* high-performance navigation system, its ultra large-size of 320,000 dwt, and its advanced energy-saving propellers reduce its per-unit-load burden on the environment. Its design is environment conscious and the ship has garnered excellent reviews from everyone in the transport industry and associated fields.

Using a vessel that makes efficient use of its fuel when transporting our customers' cargo helps control greenhouse gas emissions, and helps us achieve our corporate principles of “safe operation and marine and global environmental protection.”

All departments and subsidiaries in the MOL Group share the principle that ensuring safe operation is our immediate priority, and we have been taking proactive approaches to protecting the global environment, while introducing various environmental technologies and practicing careful and efficient operation.

Responsibility to Our Stakeholders

FY2007 was the first year of our three-year midterm management plan MOL ADVANCE. Consolidated revenues for the year far exceeded projections, totaling ¥1.9 trillion, and ordinary income for the year was ¥300 billion, a new record. This record

* The *Brasil Maru* was named “Ship of the Year” for 2007 by the Japan Society of Naval Architects and Ocean Engineers

performance was the payoff of our strategic move to expand our fleet, mainly in natural resource and energy transport, with the most efficient, most competitive vessels to meet booming demand all over the world.

Our business is supported by our worldwide stakeholders, including our customers, shareholders, business partners, employees, and communities. Our achievement of such tremendous financial results was in large part due to that support. And here, I would like to address our responsibilities to our stakeholders in light of our pursuit of sustainable growth.

Our responsibility to shareholders is first and foremost to increase the value of their investment. And, as a listed company, we fully understand that share prices are a reflection of our company's market value. As such, we wish nothing more than to bolster profitability, reward our shareholders with dividends, and see our share prices rise as the result of our successful business. A Chinese proverb says, "The strongest blade of grass becomes visible in a strong wind." It means we truly appreciate our strength during times of difficulty. I believe a company's ability to earn steady profits year after year, in spite of various factors that may decrease profits, is the true indication of its strength.

Our responsibility to our customers is to provide service that yields high customer satisfaction. The service must meet customer needs. The *Brasil Maru* is a case in point. It was a result of our efforts to precisely grasp customer needs for efficient transport utilizing the advantages of the ports they use, and promoting the design and construction of a vessel to meet those needs. Ocean shipping is our core business, and we have customers around the world. Our customers have different cultures, customs, and business practices. Naturally, the services that satisfy them are different as well. But an in-depth understanding of their needs and expectations is crucial to creating services that deliver complete customer satisfaction.

And let me assure the partners who support our activities that as we grow, we will be able to provide opportunities for them to grow with us. We cannot expect both parties' continued growth if the relationship is one-way. We hope to work hard together, take creative, innovative approaches to our work, and continue to build strong partnerships that can help us win in global competition

Employees are a vital resource for our company. It is vital for employees and companies alike that people find their work rewarding, dynamic, and challenging. If we are to keep growing,



President
Akimitsu Ashida

A. Ashida

all of our employees must be aware of their public missions and their social responsibilities, and act appropriately.

Let's consider our responsibility to society. As stated in our corporate principles, we always comply with social norms and corporate ethics, and operate with a transparent management style that demands thorough business execution and compliance. We strive to establish and operate a strong internal control system as to ensure strict corporate governance.

Moving toward Further Growth

Safe operation is the keystone of our company, and our most important responsibility to society. We must remember that ensuring safe operation is a never-ending task. And as a multimodal shipping group, we will never stop looking for ways to enhance safe operation, protect the environment, and contribute to sustainable growth of the global economy.

Efforts to Address Global Warming

April 2008 marked the beginning of the First Commitment Period of the Kyoto Protocol, with international programs aimed at preventing global warming. Industrialized signatories (Annex I Parties) each have outlined ways to achieve their targets for the reduction of greenhouse gas (GHG) emissions. Concerning the framework for Post Kyoto Protocol after 2012, discussions are being held that include developing economies as well. Here, as an ocean shipping company, we present our approach to preventing global warming.

Programs by the Global Shipping Industry

Ocean shipping operates on a global scale, so it only makes sense that, in principle, all our environmental tasks are also global, with the same set of standards for all regions and all vessels. For that reason, in the Kyoto Protocol, the regulation of GHG emissions from vessels engaged in international shipping is delegated to the International Maritime Organization (IMO). And, within the

IMO, the Maritime Environmental Protection Committee (IMEC) has the responsibility for investigating and forming proposals for IMO regulations in this respect. From now on, the IMO will take the lead in discussions of GHG emissions regulations for ocean-going vessels as part of deliberation of the Post Kyoto Protocol.

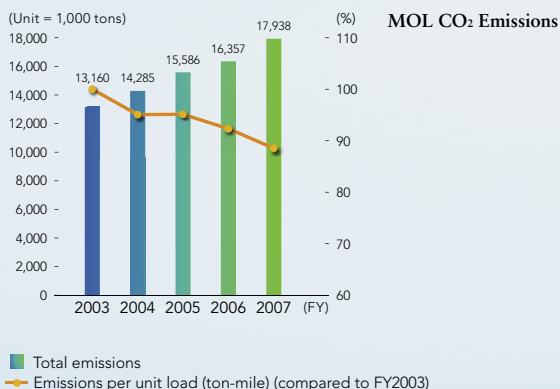
MOL's Approach as an Ocean Shipping Company

We consider it is necessary to address global warming, even while meeting our responsibilities as an ocean shipping company that links goods, people, and countries around the world. The Japanese Shipowners' Association (JSA) of which MOL is a member, is part of Nippon Keidanren, which represents 35 major industries. JSA has committed to an industrial target of reducing average CO₂ emissions per unit load for between FY2008 and FY2012, to 15% compared to FY1990, in the Keidanren's self-

imposed environmental action plan.

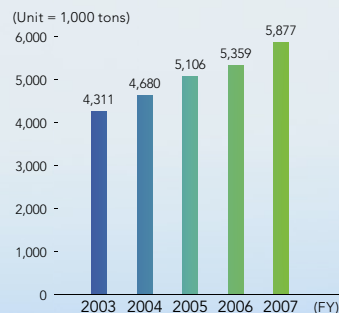
We set the target "reduce CO₂ emissions per unit load (ton-mile) to 10% from FY 2005 by 2010," in the midterm environmental target.

In FY2007, ocean shipping worldwide shows tremendous growth, and our CO₂ emissions totaled 18 million tons, or a 1.58 million ton increase from FY2006. However, we were able to reduce the CO₂ emissions per unit load (ton-mile) by some



Note: A ton-mile is a unit of cargo transport equivalent to a ton of cargo moved one mile, calculated using the formula: amount of cargo x transport distance

MOL Fuel Consumption (A oil + C oil base)



4% from FY2006, as effects of our various measures such as improvement of transport efficiency by launching larger-scale vessels. Our midterm management plan target places the benchmark year at FY2005 with a target of reducing CO₂ emissions 7%, and we are making satisfactory progress toward completion of this target.

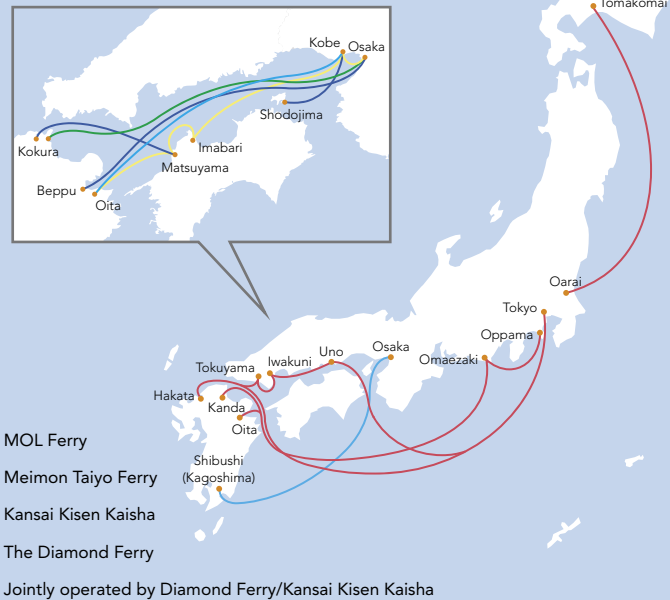
While our company is dedicated to reducing GHG emissions resulting from our business activities, we are also committed to meeting the needs of society and our customers with ever more efficient ocean shipping services.

Some 20% of Japan's CO₂ emissions come from the transportation sector, with 90% of that from automobiles. The Kyoto Protocol sets the FY2010 target for CO₂ emissions from that sector at about 250 million tons (a 15.1% reduction compared to the sector's benchmark year). The Ministry of Land, Infrastructure and Transportation and the other concerned agencies, have set up programs to estab-

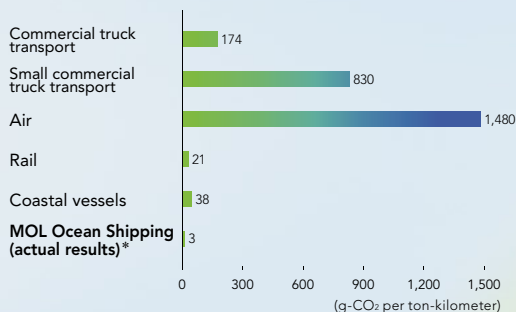
lish a transportation system with a low environmental burden, centered on the so-called "modal shift" of using rail transport, ocean shipping, and the other low-impact modes of transport. Switching freight transport from trucks to vessels can significantly reduce CO₂ emissions and improve energy efficiency, as well as alleviate road congestion.

The MOL Group stands ready to do our utmost to facilitate this modal shift through Japan's largest ferry and coastal shipping services. Many people are involved in the field of logistics. All these people should maintain a sense of partnership as they work toward Green Logistics (distribution that puts minimal burden on the environment). The MOL Group is committed to this goal.

MOL Group Ferry Service Network



Per-Unit-Load CO₂ Emissions by Means of Transport
— Comparison of CO₂ emission carrying 1-ton cargo for 1 km —



Note: Selected from information for joint sessions of relevant councils related to domestic measures to address global warming (FY2001)

* Emissions from all MOL vessels operated in FY2007



Details of Our Company's Approach

1 Improving Shipping Transport Efficiency with One of the World's Largest Vessels

On December 7, 2007, one of the world's largest iron ore carriers, the *Brasil Maru* (Approx. 320,000 DWT), was delivered. It sails under a long-term transport contract. The ship is the third generation vessel to carry the *Brasil Maru* name, succeeding the first-generation cargo and passenger liner *Brasil Maru* (built in 1939) and the second-generation cargo and passenger liner *Brazil Maru* (built in 1954), reflecting the long history of the Japan-South America route.

The third-generation *Brasil Maru* reduces CO₂ emissions per ton-mile between Japan and Brazil by nearly 20% compared to conventional ships, thanks to an energy-saving design that benefits not only from its very large size but also high-performance course stability systems and propellers specially designed to improve propulsion efficiency. As a result of its efficient, innovative, and environmental-friendly shipbuilding technologies, the *Brasil Maru* was selected as the "Ship of the Year 2007" by the Japan Society of Naval Architects



and Ocean Engineers.

MOL believes that the introduction of very large vessels and improved course stability serve two purposes — meeting burgeoning international demand for ocean shipping as a social responsibility of the shipping industry on the one hand while helping to prevent global warming on the other.

2 Energy-efficient Vessels Gently Let the Wind through

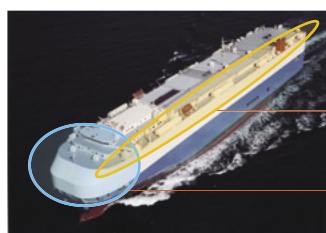
Car carriers transport finished automobiles, and their unique structure often results in significant wind resistance, which means these ships create more leeway than other vessels. Reducing leeway improves fuel efficiency, so MOL teamed up with Osaka University and Universal Shipbuilding Corp. to study ways of reducing wind resistance. The result of this research was the *Courageous Ace*, delivered in March 2003. Its design reduces

wind resistance with a rounded superstructure on the bow and wind channels along the sides to enhance course stability. Another ship, the *Utopia Ace*, delivered in July 2004, features a hyper-slim energy-efficient design under the waterline, reducing wind resistance by some 8% compared to conventional ships. Additionally, the ventilation covers on the shipside decks feature aerodynamically rounded sides, to further cut wind resistance.

In February 2005, the *Utopia Ace* received the Lloyd's Ship of the Year 2005 award. To help reduce the environmental burden created by vessels, MOL now licenses the design to other shipping companies.



Conventional type



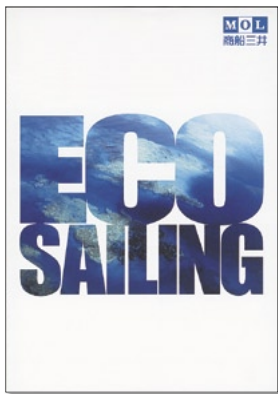
Wind resistance reducing car carrier

Wind channels along with the sides at the top of the garage deck

Aerodynamically rounded bow

3 ECO SAILING within MOL

Ocean shipping is one of the most efficient modes in the entire transport industry. Still, as long as we use fossil fuels, vessels will emit CO₂, which is a GHG. Ensuring safe operation is the highest priority for the MOL Group as a whole. In line with that priority, we monitor energy flow in our vessels and do our utmost to eliminate energy losses in our operations, resulting in energy



savings. This approach to energy savings is what we call ECO SAILING. We thoroughly apply the principles of ECO SAILING to every vessel we operate.

To realize ECO SAILING requires measures to ensure the right hardware and correct software. Software includes 1) decelerating to the most economical

navigation speeds, 2) taking advantage of weather and sea condition forecasts, 3) selecting optimum routes, 4) reducing vessels' wetted surfaces, and 5) optimizing operation and maintenance of main engines and auxiliary equipment and the other machinery. Hardware includes developing energy-efficient ship design and equipping vessels with Propeller Boss Cap Fins (PBCF; see below for details).

Actions to promote ECO SAILING include doing many of the things when operating vessels that we have habitually done for decades, but we have now prepared a pamphlet outlining the programs in detail for both land-based employees in charge of vessel operation and seafarers onboard our ships. With this pamphlet, we will reach the same levels of awareness of energy-efficient ECO SAILING ashore and at sea. Through closer communications, we have been aiming to move to a new level of energy savings, and improve awareness of the need to reduce our burden on the environment.

4 PBCF Boost Vessels' Propulsion Power

Since water moves when a vessel's propellers rotate, a vortex occurs behind the propellers, which results in energy loss. The MOL-developed Propeller Boss Cap Fins (PBCF) has the same number of fins as the main propeller installed on the rear edge of the propeller. These fins interact with the hub vortex to break it up. The PBCF system eliminates wasted energy and enhances propulsion energy. The result is a 4% to 5% improvement in fuel

efficiency, along with commensurate reductions in CO₂ and NO_x emissions. PBCF is made of recycled propellers from decommissioned vessels. The PBCF has been installed on more than 1,500 vessels since 1987.



5 Eco Terminal Utilizes Power from the Sun

In January 2007, MOL and International Container Terminals Co., Ltd., which is an MOL Group company, installed one of the largest solar power generation systems in Tokyo at the Tokyo International Container Terminal. The system generates 200 kW of power. Its solar panels are located on the roofs of the gate building where the trailer trucks carrying export-import containers enter and exit the terminal as well as in the vehicle washing facility. Some 1,200 solar panels cover approximately 1,600 m² of area and generate about 220,000 kWh of power per year. This covers about 30% of the power needs for the control building. Our group positions this facility as our "model eco terminal," and continues various other environmental measures.



Ensuring Safe Operation

To ensure that the serious marine incidents that took place in FY2006 never happen again, the MOL Group set ensuring safe operation as our primary strategic target. We work together in executing various measures to achieve this critical objective.



“Never Slacken the Lines of Safe Operation”

Masaaki Nemoto

Executive Officer



Our Safety Operations Headquarters was established as part of a company reorganization effective April 1, 2007. Under the headquarters, the Maritime Safety Division continues to verify measures to reinforce safe operation management, which were taken after the serious incidents in 2006. We will continually assess our progress and periodically modify and upgrade these measures.

Our new safety educational video included an important slogan: Never let the memory of marine accidents fade with time. The video contains a strong message on safe operation from the president as well as footage calculated to keep those incidents fresh in the minds of all employees on land and at sea. The objective of the video is to keep all of us from becoming complacent about safe operation.

Fortunately, major incidents and problems are on the decline, but we must not allow the lines of our safe operation to loosen. I encourage seafarers and everyone else concerned with vessel operation to approach their daily work with healthy tension.

Safety Operations Headquarters

Executive Committee

Safety Operations Headquarters

- Marine Safety Division
- MOL Ship Management Co., Ltd.
- MOL Tankship Management Ltd.
- MO LNG Transport Co., Ltd.

1

Safety Operation Support Center (SOSC)

Responding to Rapidly Changing Worldwide Marine Weather

Factors that may disrupt safe operation include unexpected weather patterns that have happened more often than before, and which are being blamed on global warming, threats from unpredictable worldwide terrorist activities, and so on. MOL established the Safety Operation Support Center (SOSC) on February 1, 2007, to help our vessels respond quickly and appropriately to such situations. The center is staffed 24 hours a day, seven days a week, with two people always on duty, one of whom is an experienced captain.

The center has developed a system that can pinpoint the position and movement of each of our approximately 680 ships, thanks to International Marine Satellite Organization (INMARSAT) technology and equipment. We can then use world weather information from metrology companies. If adverse weather threatens



to disrupt safe operation, the center immediately informs vessels in affected areas, as well as other concerned parties. SOSC also communicates directly with ships at anchor or docked, providing information about winds and wave patterns at approximately 1,000 major harbors worldwide. SOSC continues to develop better systems and solutions as it works to strengthen the effectiveness of its functions for the MOL fleet to ensure safe operation.

2

Spirit of MOL

MOL Group Seafarers Strive for Excellence

Recruiting and developing seafarers are crucial to supporting safe operation. MOL recruits its seafarers only after rigorous pre-induction selection. Every mariner is given comprehensive training before an onboard assignment and periodic ongoing training thereafter. In recent years, however, there has been a worldwide shortage of seafarers, especially officers. That makes it more important than ever for us to keep training and developing our own seafarers, in order to maintain and improve our operating safety.

MOL operates 13 maritime training centers worldwide. In addition, officer cadets are assigned to vessels under operation, where they receive thorough on-the-job training. To further strengthen our officer training program and improve our onboard basic training capabilities, we have operated the training ship *Spirit of MOL* since July 2007.



Cadets receive four to six months of intensive training aboard the *Spirit of MOL*, where they gain the basic know-how, attitudes, and awareness of a seasoned seafarer. What's more, we believe that these cadets, who come from many different countries (China, India, Indonesia, the Philippines, Russia, the Ukraine, and Vietnam), will experience the joys and hardships of working together on a ship, gain pride and learn teamwork as MOL mariners, and finish with a sense of belonging to the MOL Group.

Cross-cultural experiences come not only from shipboard training, but also from other activities. For example, in January 2008, the cadets planted 300 trees on Negros Island in the Philippines as part of a volunteer effort to assist in the wake of last year's typhoon. These same cadets also spent time cleaning the beaches in Manila Bay and at Boracay Island.

3 Upgrading Onboard Safety Equipment from a Failsafe Standpoint

MOL Safety Standards

Of course, our vessels are built and equipped in strict compliance with international safety rules. We also established our own MOL safety standards. However, considering that humans can always make mistakes and equipment can always break down, we carefully reassessed MOL Safety Standards. In other words, if there is trouble with one piece of equipment, then another should be available to take over its operation, or a backup system should be in place to cover the breakdown. With this failsafe system in place, human error or equipment failure should not cause major

problems with vessel operation.

For example, from the experience of having a fire in the engine room, we decided to equip all engine rooms with remote control security cameras to enable us to detect any engine room fires early and deal with them promptly. We also supply handheld mist extinguishers (photo) to all vessels, in addition to the handheld fire extinguishers that are a legal requirement.



4 BRM Drills Utilize the Lessons Learned from Incidents

Developing Speedy, Accurate Judgment

Recruitment and training of superior seafarers is vital to safe operation. We operate MOL Training Centers in six countries (Japan, India, Indonesia, Montenegro, the Philippines, and Russia). These centers provide training for both novice and veteran seafarers, with the training content adjusted to match their ranks and experience as well as the type of vessels they serve aboard. Training covers a broad range of activities, from classroom lectures on theory to actual practice on our simulators.

Under way, a ship is in operation every minute of the day.

During navigation, it is manned in four-hour watches by an officer and a helmsman, who stand their watches in a place called the bridge. The teamwork of the people on the bridge, the resources on the bridge (equipment, information, people, etc.), and man-

agement and commands from the bridge, based on the data at hand, are what help prevent incidents caused by human error.

For this reason, each training center includes a program on bridge resource management (BRM). Our group company M.O.



Marine Consulting, Ltd. has developed a bridge simulator that uses computer graphics to put specific sea lanes and harbors on a large screen so the trainees can operate their bridge simulator in authentic situations. The simulator enables them to experience bridge operations in various conditions, so they will know

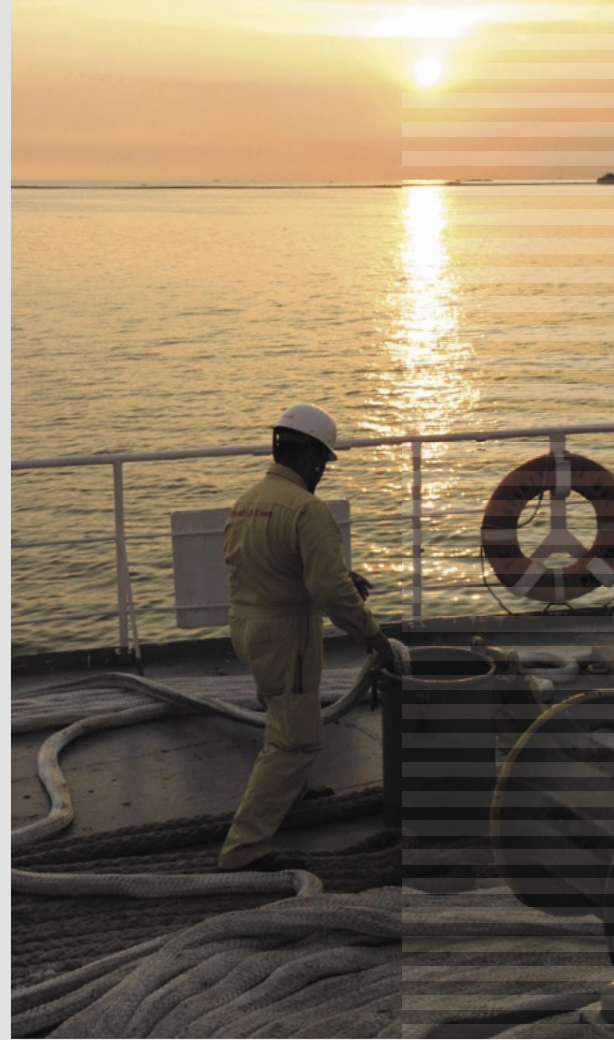
what to expect in real-life circumstances. The simulator allows the seafarers to learn and confirm the steps to take in any extreme situation that could develop while under way.

5 Port To Port Boarding Audit Support System

Don't Overlook Seeds of Accidents

Our maritime officers (captains and chief engineers), who have gained sufficient onboard experience and knowledge of MOL safety standards, board vessels during a voyage from one port to another and spot potential risk factors in vessel equipment and its operation, or the actions of the seafarers and quickly correct any deficiency through training and education during the voyage. This program has been in full force on all our vessels since September 2006. In addition to vessel inspections mainly conducted during berthing in Japan, the "Port To Port Boarding Audit Support System" allows us to perform detailed checks as crew members go about their duties.

In finding these potential safety risks, the slogan is "don't overlook seeds of accidents."



MOL has always strictly complied with international treaties and laws in deciding how many crew members should be assigned to each ship. For mostly economic reasons, the trend was to



6 Increased Numbers of Seafarers and Duplicate Allocation

Assigning Ample Numbers of Seagoing Personnel

operate with smaller and smaller crews. On the other hand, the past decade has seen considerable revisions in international laws on safety and security. This has burdened senior officers (masters, chief engineers, and chief officers) with volumes of additional paperwork, which can be a distraction from their primary responsibilities in safety management and supervision. To improve this situation, we have examined the conditions unique to each vessel and its route, and allocated extra seafarers as needed.

In addition, when captains or chief engineers are replaced, they are required to do at least half a voyage, and preferably a full one, along with their successors. This allows ample time for detailed hand-over and communications between the former captain or engineer and the new personnel.

MOL's Mission as Multimodal Ocean Shipping Group

The MOL Group Spreads Prosperity on a Global Scale

More than 90% of the cargo transported around the world travels by ship. When it comes to efficiency and environment friendliness, vessels offer considerable advantage over other means of transport, considering the per-unit-load environmental burden. And rapid economic growth all over the world, not just in advanced nations, has led to a boom in seaborne trade. The

international ocean shipping industry is committed to supporting this growth.

The MOL Group, which transports a broad range of commodities that contribute to industrial growth and better lives for people all over the world, continues to expand, taking into account concerns for the environment and society.



Dry Bulk Carriers

Bulk carriers transport massive quantities of raw materials such as iron ore, coal, grain, and so on. The MOL Group, as the world's largest dry bulk carrier operator, has a variety of ship types, and links the world with stable transport of these vital commodities.

Natural Resource and Energy Transport Business

Tankers

The MOL Group is proud to operate the world's largest tanker fleet to meet worldwide demand for energy transport. It includes very large crude carriers (VLCCs) of over 200,000-dwt, product tankers that carry refined petrochemical products, chemical tankers for liquefied chemical products, and tankers for ammonia and liquefied petroleum gas (LPG).



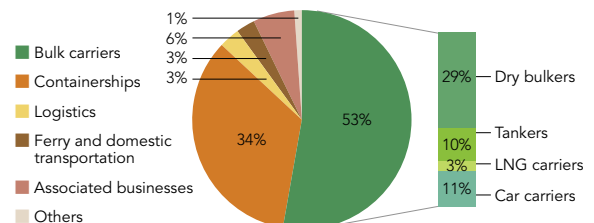
LNG Carriers

Liquefied natural gas (LNG) has drawn considerable attention as a clean energy resource. For many years, our company has been a leader in LNG transport, pioneering the development of the most innovative vessels. The MOL Group is a leading company, holding the world's top share in LNG transport, and having won international acclaim for its advanced technologies and expertise.

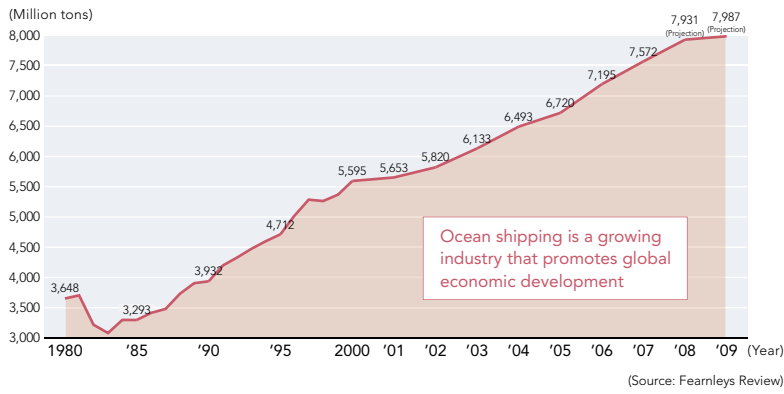


FY2006 Consolidated Revenue by Segment

Consolidated revenue: Total ¥1,945.7 billion



Transition of Worldwide Trade Volume



Structure of the Ocean Shipping Industry

In the ocean shipping business, vessels can call at any port in the world, based on the principles of free trade, so our competitors are ocean shipping companies all over the world. In other words, shipping companies from all nations can freely enter any shipping market under the same conditions.

The mission of the ocean shipping industry is to provide transport service, and naturally vessels are the backbone of the industry. Vessels are built at highly specialized shipyards, and construction financing requires huge amounts of capital, not only from within the company but from financial institutions. Vessels also require massive amounts of expensive fuel, and highly skilled mariners are indispensable for vessel operation. In some cases, we entrust operation and management to ship management companies that directly manage the vessels, which can be considered "hardware," and seafarers and other personnel, which you could think of as "software." When calling at ports, we need to work closely with harbor and port authorities and companies that dispatch pilots, tugboats, and so on.

And of course, our group works with a wide variety of customers in virtually every industry through our logistics infrastructure and transport segments encompassing energy, resources, and finished products.



Car Carriers

MOL was the first Japanese shipping company to launch a pure car carrier (PCC) in 1965, and offers services backed by abundant experience and an excellent performance record. We have been introducing a succession of advanced car carriers featuring energy-saving, environment-friendly technologies. We have not only enhanced our car carrier service, but also developed an environment-friendly fleet, solidifying our position in this market.

Product Transport Business

Containerships

MOL has launched large, fast, advanced containerships to accommodate expanding cargo trade and boost transport efficiency. We will continue our efforts to enhance the scale and efficiency of our services.



Logistics

The MOL Group has warehouses and distribution centers all over the world, serving as key bases of our logistics network. Warehousing and multimodal transport services link sea, land, and air transport, and provide total logistics solutions that consistently support the efficient flow of cargo.

Midterm Management Plan

Aiming to create a resilient, flexible MOL Group that leads the world's ocean shipping industry, and promotes sustainable global growth.

Progress of Three-Year Midterm Management Plan MOL ADVANCE

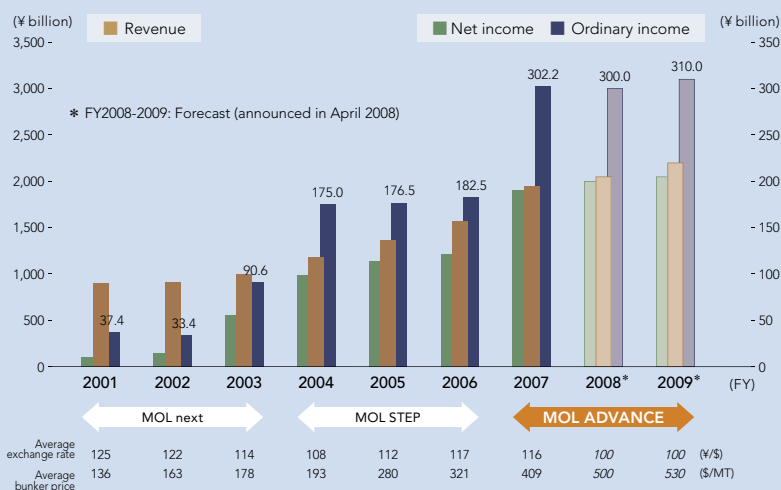
The main theme of the three-year midterm management plan, Mitsui O.S.K. Lines' Action and Direction at the Vanguard of Creating Excellent (MOL ADVANCE) is "Growth with enhanced quality." Our group dedicated all of its strength to the highest priority issue — reinforcing our operating safety structure — and we have made tremendous progress. We will continue our uncompromising measures needed to ensure safe operation in the future.

Consolidated financial results for FY2007, the first year of the plan, exceeded our initial projection of ¥1.9 trillion in revenue and ¥300 billion in ordinary income. This was due mainly to our

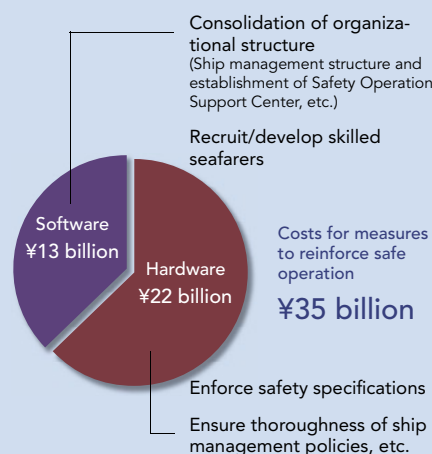
accurate forecast of growing demand for resource transport and initiatives in fleet expansion to make our fleet more competitive. These moves helped us seize new opportunities in the skyrocketing dry bulk market.

The coming year will bring factors likely to compress profits, such as persistently high bunker prices, the yen's advance against the dollar, and higher vessel repair and seafarer costs. However, we expect to maintain profits at same level as the previous year, thanks to our fleet expansion and initiatives to save fuel and otherwise reduce costs.

Financial Highlights and Outlook of Midterm Management Plan



Investments to Reinforce Operating Safety (incl. capital investment)



Fleet Expansion Plan (as of April 2008)

	Fleet scale (actual) at end Mar 2008	MOL ADVANCE (FY2007-FY2009)				Fleet scale (plan) at end Mar 2009	FY2010-FY2012	
		Ships on order					Ships on order (plan) FY2010-FY2012	Fleet scale (target) at end Mar 2013
		FY2007 (actual)	FY2008	FY2009	FY2007-FY2009			
Bulkships	693				800		950	
Dry bulkers	364	48	76	62	400	158		
Tankers	166	24	24	21	200			
LNG carriers	60	12	24	27	80			
Car carriers	103	2	14	4	120			
Containerships	130				150		190	
Capacity [1,000 TEU]	4,269				6,420			
New vessels launched		11	9	9	29	34		
Other	51	1	0	1	50	3	60	
Total	874	60	85	72	1,000	195	1,200	

Notes:

1) Fleet scale at the end of fiscal years includes spot-chartered ships and those owned by joint ventures.
2) Number of ships joining MOL fleet includes those owned by joint ventures.

3) Capacity = Total slots on containerships during FY2007 and FY2009, respectively.

4) Fleet scale at the end of March 2008 includes ships actually added to MOL fleet during FY2007.

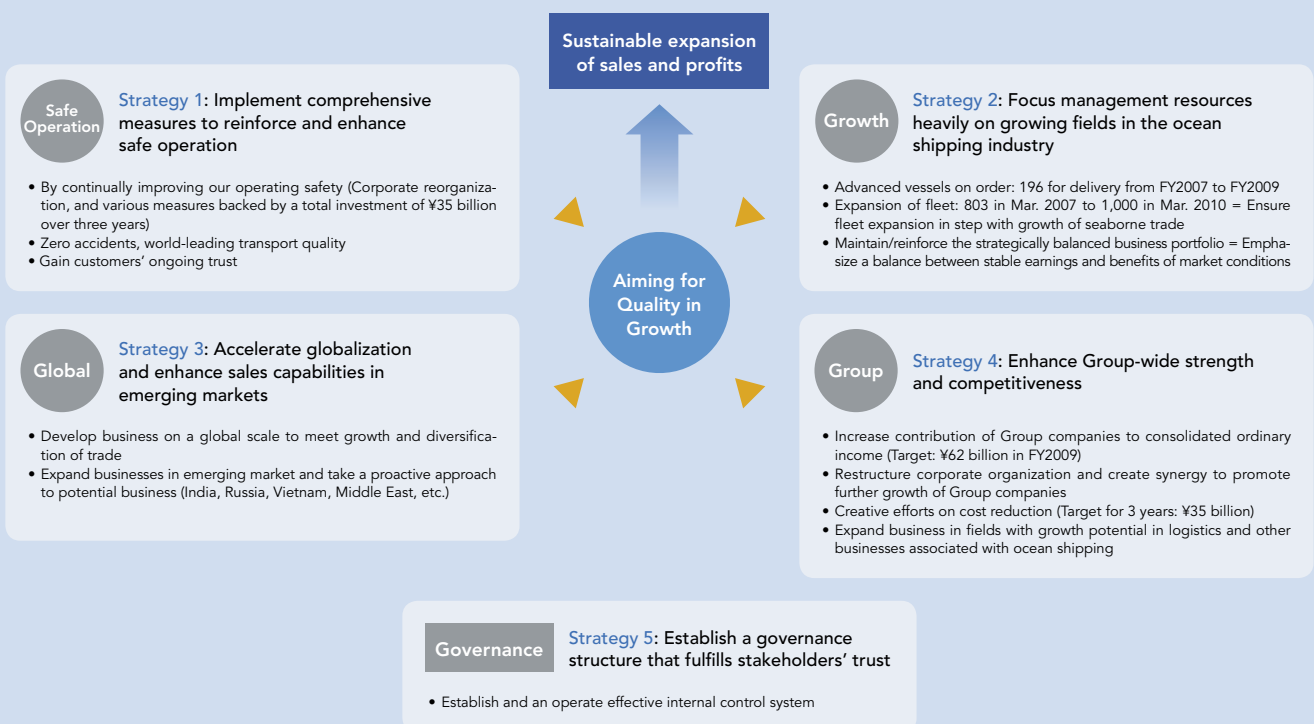
Achieving Our Targets

The investment plan totaling ¥35 billion for three years from FY2007 through FY2009 aims to execute various measures to promote safe operation. This will enhance support of vessel operation and facilities for crew training centers. These efforts include opening the Safety Operation Support Center, and seafarer training on our own training ship, the *Spirit of MOL*. We are making satisfactory progress toward the completion of this initiative.

From a business aspect, we are not only expanding our operated fleet, but also seeking the optimum balance between stable earnings and the benefits of market conditions, while adding more advanced ships and creating a strategically balanced business portfolio. We develop global business to meet today's expanding multipolar trade, seizing opportunities in growing areas markets and taking creative action to reduce costs.

Long-Term Vision: To make the MOL Group an excellent and resilient organization that leads the world shipping industry

Main Theme: "Growth with enhanced quality" — Ensuring safe operation is the highest priority, while achieving sustainable growth and enhancing quality.

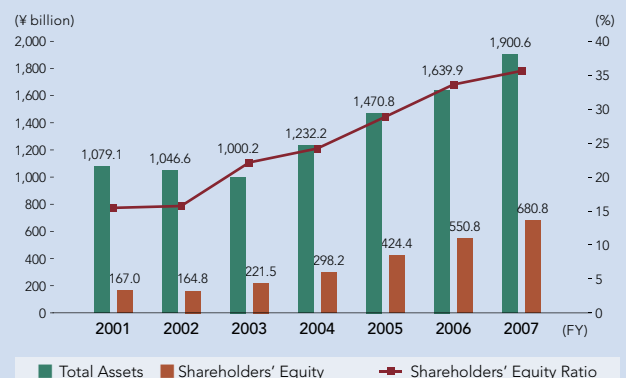


Profit-Sharing Policies

Increasing corporate value by proactive business investment and profit sharing with shareholders through dividends are key management policies. We will continue to invest proactively, mainly in vessels, based on the midterm management plan MOL ADVANCE and strive to increase corporate value while reinforcing corporate strength.

Accordingly, we have set a target of 20% consolidated dividend payouts for the time being, but we will continue looking at ways to increase the payout as a mid- and long-term management task.

Total Assets/Shareholders' Equity*/Shareholders' Equity Ratio



* - FY2005: Shareholders Equity = Capital

* FY2006 - : Owners' Equity = Shareholders' Equity + Valuation and translation adjustments

The MOL Group's Approach to Corporate Social Responsibility (CSR)

The MOL Group conducts business activities incorporating social fairness, ethics, and environmental consciousness, and its management policies are aimed at satisfying our various stakeholders and promoting global sustainable growth.



Ocean shipping, which is the MOL Group's core business, offers international cargo transport using vessels, the most efficient means of transport. Global ocean trade volume has increased drastically in recent years, in step with the world's rising population and economic globalization. We take a proactive approach to introducing new transport services such as expanding our offshore business, getting to market quickly to meet changes in Japan's industrial structure, and meeting more complex demands for international logistics and diversified customer service.

The MOL Group continues to meet the needs of various stakeholders around the world through its business activities.

Relationships with Stakeholders

Shareholders

Increase corporate value by strengthening profitability, timely and appropriate disclosure through proactive IR activities

Customers

Increase satisfaction by providing high-quality, reliable services

Business partners

Build good relationships and share business opportunities through fair trade

Communities

Enhance understanding of the MOL Group, build good relationships, ensure safe operation and environment protection, contribute to society, etc.

Public organizations

Pay taxes, comply with laws and regulations

Employees

Increase employee satisfaction, recruit excellent personnel, by providing employment opportunities, respecting human rights, and offering occupational safety and health, education and training, and a workplace where employees can feel proud

MOL Group's CSR Concept

We believe CSR encourages sustainable, synergistic growth of corporate entities, society, and the entire world through management policies based not only on economic concerns, but also the needs of various stakeholders surrounding the company. And our fundamental belief is that a corporation should incorporate social fairness and environmental care into its management process.

Objectives of MOL Group's CSR Activities

1. Realizing our corporate philosophy

The MOL Group Corporate Principles place a priority on contributing to society as a multimodal transport group. As the basis of this corporate philosophy, we comply with social norms and have a strong consciousness of corporate ethics. That means we have a strict approach to compliance and conduct highly transparent corporate governance. And we are keenly aware that ensuring safe operation is fundamental to our group's corporate activities and environmental protection. We have a no-compromise approach to safe operation.

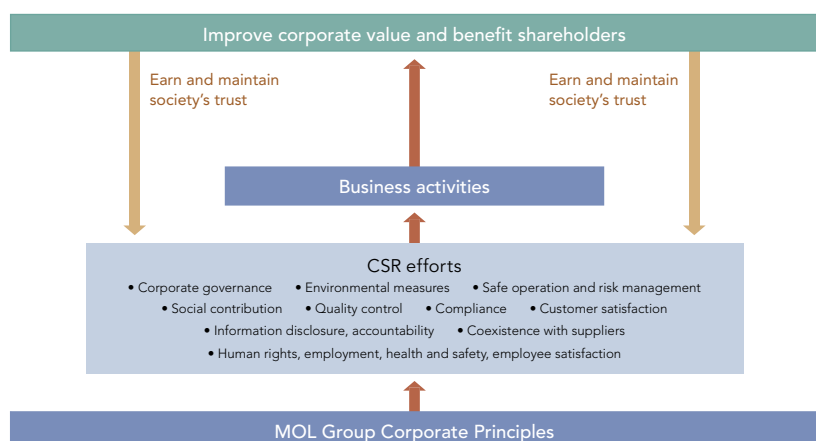
2. Maintaining a good relationship with each stakeholder

Our stakeholders vary and are all over the world since our group's core ocean shipping business has developed on a global scale. We place the highest value on our relationships with stakeholders and continue to build stronger partnerships.

3. Sustainable growth by reinforcing governance and risk management

We maintain transparent corporate management and conduct thorough risk manage-

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



ment activities to prevent compliance issues and the loss of stakeholders' trust, for example, due to a large-scale incident. We also have a high regard for environmental protection, as a corporation whose activities place a burden on the environment.

4. Increasing corporate value as a result of CSR efforts

We continually renew our awareness of how our group is viewed by society through these activities, and see this as a key to increasing our corporate value.

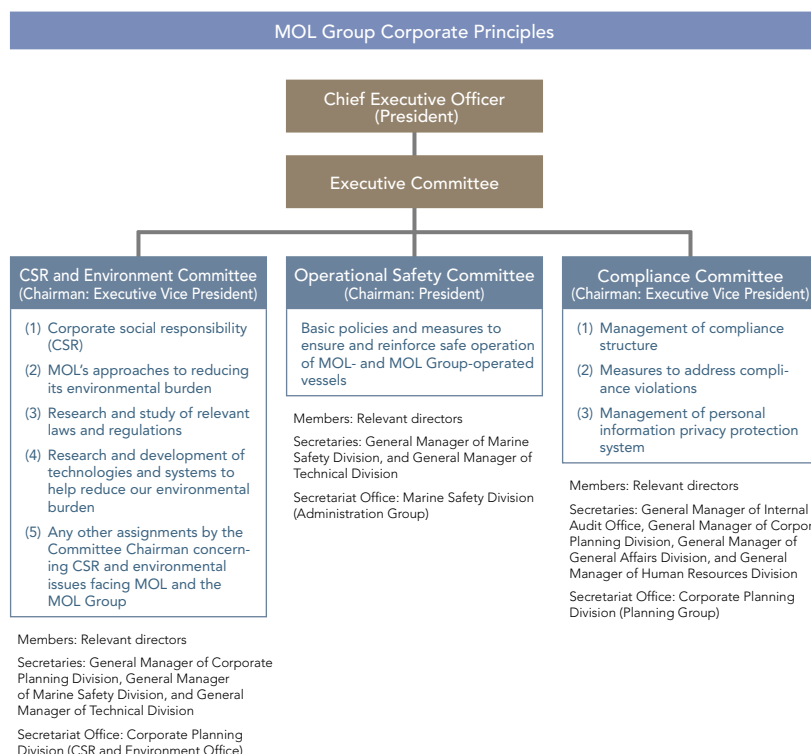
Participating in the UN Global Compact

Our CSR activities have a broad scope, and our efforts vary widely according to different priorities. Since our group does business all over the world, fulfilling the "MOL Group Corporate Principles" is one of our CSR goals. We also strive to build good relationships with various stakeholders all over the world, and contribute to a global framework to realize our vision of sustainable growth. Therefore, in March 2005, we became the first Japanese shipping company to join the United Nations Global Compact. The Global Compact advocates support of 10 principles in four fields — human rights, labor, environment, and anti-corruption. Participating companies are expected to demonstrate strong corporate citizenship to address various issues faced by modern society, through support and execution of these 10 principles.

Our company has continually provided financial aid to purchase emergency supplies (emergency tents) for the United Nations High Commissioner for Refugees (UNHCR) and grant-in-aid transport of them since 2006 as one of its related activities. We also conduct CSR activities in cooperation with the Global Compact Japan Network (GCJN) which comprises of Japanese participating members.

CSR Structure

At MOL, among the committees under direct control of the Executive Committee, the following three committees focus on CSR.



The 10 Principles of the Global Compact

- Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and
- Principle 2: make sure that they are not complicit in human rights abuses. [Labor Standards]
- Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
- Principle 4: the elimination of all forms of forced and compulsory labor;
- Principle 5: the effective abolition of child labor; and
- Principle 6: the elimination of discrimination in respect of employment and occupation [Environment]
- Principle 7: Businesses should support a precautionary approach to environmental challenges;
- Principle 8: undertake initiatives to promote greater environmental responsibility; and
- Principle 9: encourage the development and diffusion of environmentally friendly technologies [Anti-Corruption]
- Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery



In Appreciation of MOL's Support

Saburo Takizawa

United Nations High Commissioner for Refugees (UNHCR) Representative in Japan



UNHCR supports about 31.7 million people driven from their homes by conflict and persecution. UNHCR stores aid supplies such as tents, blankets, basic necessities, and cookware in warehouses around the world, and makes preparations for transferring these supplies to camps quickly according to need. Since last year, MOL has cooperated by providing financial aid to purchase aid supplies and grant-in-aid transport of supplies. For UNHCR, which purchases such supplies globally, this support is a perfect match to on-site needs. Please allow me to take this opportunity to express our sincere appreciation for the company's continual support.

CSR Programs — Achievements and FY2008 Targets

	FY2007 Main Targets	FY2007 Achievements
Compliance	<ul style="list-style-type: none"> Review current system on an as-needed basis to maintain appropriate compliance system. Further promote awareness of compliance to group executives and employees. Further infiltrate awareness of compliance to group executives and employees. 	<ul style="list-style-type: none"> Implemented e-learning related to antimonopoly law and insider trading to ensure full awareness of need for strict compliance with legislation. Implemented training session on legal insurance related to Subcontractor Protection Act. Emphasized compliance at group executive committee where group companies' top management gathered.
Corporate Governance	<ul style="list-style-type: none"> Build internal control system related to financial reporting. 	<ul style="list-style-type: none"> Built internal control system related to financial reporting. Upgraded and evaluated company-wide internal control system. Conducted process evaluation to complete documentation.
Care for Human Rights, Employees	<ul style="list-style-type: none"> Recruit senior marine technical experts and improve labor conditions, and improve labor conditions. More effectively manage all clerical employees by encouraging regional transfers. Enhance mentor system. Strengthen the response of mental health care and establish preventive system. Improve workplace environment by renewal of the Head Office building and welfare facilities. Further discuss the system for work-life balance. Deepen communication with employees. 	<ul style="list-style-type: none"> Raised senior marine technical experts' pay level, established new Marine Technical Executives system in which conditions are at the same level as executives, introduced results-based merit pay to increase motivation for continued service. Appointed the right person for the right job by allocating three clerical employees (each from Kobe, Osaka, and Nagoya) to Tokyo. Nine employees used the clerical employee mentor system, and two of them gained appointments as carrier employees. Increased employee counseling opportunities to three times a month, implemented mental health examination by interviews for long-term workers by expanding mental health staff, introduced an online mental health self-evaluation tool called M-TOP (April 2008). Executed renewal work of the Head Office building (will be complete in January 2009). Actively used the council meeting to reduce overtime work (four parties: employees, managers, Human Resources Division, labor union). Introduced a global portal site accessible to group company employees not only in Japan, but also overseas.
Environmental Measures	<ul style="list-style-type: none"> Review and expand scope of ISO14001 certification. R&D tasks including energy conservation. 	<ul style="list-style-type: none"> Built comprehensive management system to encourage vessel environmental management at our major ship management companies. Three companies acquired certification (green management). Used high-tensile steel plate, which was typified by the <i>Brasil Maru</i>, and launched larger-size vessels featuring technology to reduce metal fatigue.
Quality, Quality Management	<ul style="list-style-type: none"> Boost Health, Safety, Environment (HSE) or occupational safety and health for thorough safe operation. 	<ul style="list-style-type: none"> Enhanced database related to no. of sick and injured seafarers by ship type (dry bulk, tanker, LNG carrier) at ship management companies. Launched initiatives on occupational safety and health through online magazine
Safe Operation, Risk Management	<ul style="list-style-type: none"> Reinforce functions of Safety Operation Support Center for further improvement of safe operation. Develop a system to share safe operation information. Improve training and education of seafarers with MOL-owned training ship. Standardize curriculum of MOL training centers around the world and reinforce seafarer training system by introducing computer-based training. Enhance the Port To Port Boarding Audit Support System. 	<ul style="list-style-type: none"> Developed the FMS Safety system that monitors various phenomena that may affect safe operation and determine movement of all vessels, with WNI. The system functions as a help desk for overall operations, and helps ensure zero serious marine incidents. Used the system on the Global Portal Site, and updated shared information in succession. Started operation of the training ship in July, and offered training to about 400 cadets from 7 nations. Continue standardization of training and equipment/machinery in MOL training centers one by one. Completed adoption of Computer Based Training (CBT) terminals in about 240 places, including MOL-managed vessels, ship management companies, manning companies, and training centers. Almost completed the Port To Port Boarding Audit Support System for all our flag of convenience vessels, giving onboard education on "dangerous parts of equipment and machinery and seafarers' unsafe behavior" through the program term, and requesting improvement by ship management companies.
Information Disclosure, Accountability	<ul style="list-style-type: none"> Implement table top media response drills in U.S. Provide media response manuals to major subsidiaries (targeting the subsidiaries which do not yet have such manuals. Promote various stakeholders' interest in ocean shipping, vessels, and the MOL Group, and increase their understandings of those matters. 	<ul style="list-style-type: none"> Held a crisis communication training session (simulated press conference) at overseas subsidiaries (North America, Europe). Implemented the same drill at a Japanese cruise ship company and other overseas companies. Media response manual was completed in almost all regions. Continually offered media response manuals to daily newspapers, industrial media, and TV. Completion of <i>Brasil Maru</i> was broadcasted on NHK nationwide news and local news.
Social Contribution	<ul style="list-style-type: none"> Continue existing activities. Discuss activities utilizing our company's special characteristics. Appropriate promotion of the company utilizing various opportunities. 	<ul style="list-style-type: none"> Implemented "Beach Clean Kanagawa," a joint program with community. Implemented the 3rd Kids Cruise. Accepted teachers and students in corporate training. Transported monuments for centennial of Japanese emigration to Brazil. Continued grant-in-aid transport services.
Other	<ul style="list-style-type: none"> Promote the company's role in environmental protection with new ad design in Japan. 	<ul style="list-style-type: none"> Advertised in various media to promote the company's presence.

FY2008 Main Targets

- Reinforce system through continual efforts.
- Evaluate operational status of internal control system, and verify the results.
- Further enhance health care system.
- Discuss renewal of welfare facilities.
- Review pension system.
- Reduce overtime work.
- Discuss employee salary system based on their contributions.
- Recruit and train core employees (non-Japanese) for overseas group companies.
- Further study the system to enhance work -life balance.
- Put further efforts toward energy saving, especially reduction of fuel use.
- Introduce and develop new environment-friendly technologies.
- Examine environmental technologies for practical use
- Use HSE data to develop preventive actions.
- Further develop information that can be gained from vessels and increase quality of safe operation management and risk management, to ensure zero serious marine incidents.
- Further develop content of safe operation information shared on Global Portal Site.
- As second phase, continually enhance standardization of training and equipment/ machinery at MOL training centers, and broadly expand educational campaign to places that introduced CBT to promote wider use.
- Expand adoption of the Port To Port Boarding Audit Support System to all our operated vessels.
- Discuss and implement measures to be taken in ship management companies, as a result of the program executed during FY2007.
- Hold table top media response drills in South America or Oceania.
- Provide media response manual for major subsidiaries (targeting the regions that do not have the manual and new companies).
- Increase various stakeholders' interest in ocean shipping, vessels, and MOL group, and increase their understanding.
- Implement a briefing session on media response to personnel who will be assigned to overseas subsidiaries.
- Continue work on existing activities.
- Implement activities toward achievement of a sustainable society.
- Publicize the company's management policies and presence by new ad design (common all over the world).



The MOL Group's Current CRS Activities

Hidehiro Harada

Executive Vice President
Chairman of CSR & Environment Committee

Looking Back at Our Activities during FY2007

We positioned FY2007 as the year to reinforce prevention of marine incidents and exerted every possible effort to promote the establishment of safe operation management. As a result, we are pleased to report that no serious marine incident occurred during the term. We continue to work hard on ensuring safe operation without compromises. Speaking of environmental protection, total emissions of greenhouse gases (GHGs) such as CO₂, SO_x, and NO_x increased because we expanded our operations in response to active seaborne trade. However, we sought to develop more efficient operations and launched larger vessels that allow for more energy efficiency and cargo capacity, as typified by the *Brasil Maru*, and other vessels featuring environmental technologies such as wind and water pressure resistance reducing designs. As a result, CO₂ and NO_x emissions per unit load decreased by 7%, and SO_x emissions declined by 14% compared to FY2005 (the benchmark year).

Activities during FY2008

In the area of environmental protection, we will advance technical innovation and R&D based on sustainable approaches, striving to reduce GHG emissions while supporting worldwide trade growth.

Corporate governance-related initiatives will include verifying that the internal control system related to financial reporting functions properly and put it into practice. And because human resources are our most vital asset, we have been developing a management structure that emphasizes employees' occupational, safety and health, and focus on training and developing world-class seafarers with top-quality education and training. Our social contribution activities based on our business domain include transport of grant-in-aid supplies and the MOL Kids Cruise, which we will continue to do in fiscal 2008.

The main theme of our midterm management plan MOL ADVANCE is "Growth with enhanced quality." We believe contributing to the world through stable transport of the cargo entrusted from our customers, with a lower environmental burden, is the foundation of the MOL Group's CSR activities. We will press ahead with our efforts toward sustainable growth, while ensuring "safe operation and global environmental protection" as set forth in the Corporate Principles.

Corporate Governance and Compliance

The MOL Group sets forth “promoting an open and transparent management style that is guided by the highest ethical and social standards” as one of its Corporate Principles, and strives to create an optimum governance structure with a painstaking approach to compliance.

Basic Policies (Compliance Rules Article 3)

- (1) Strive to follow the MOL Corporate Principles and make them a reality.
- (2) Always recognize the public mission and social responsibilities of MOL's business, and maintain the trust of the company's stakeholders.
- (3) Strictly comply with laws, regulations, and so on, and conduct fair and transparent corporate activities in the context of social norms and corporate ethics.
- (4) Never yield to antisocial influence, and never be a party to antisocial acts.

Establishment of Rules of Conduct Related to Antitrust Laws

MOL's rules of conduct demand conformance with laws and regulations in foreign nations to maintain and promote fair and free competition. In July 2005, the company strengthened the rules of conduct to conform to antitrust laws. MOL continues to work on various approaches to compliance.

Basic Concept of Corporate Governance

MOL believes the optimum form of corporate governance relies on management by the Board of Directors with participation of outside directors who are indispensable for corporate governance, supervising and encouraging the conduct of the president as the chief executive officer. Based on this belief, we have taken various steps on management reform. The company also believes that our tasks in corporate governance include formulation of a framework in order to improve the transparency of corporate management from the viewpoint of shareholders and to maximize stakeholders' profits through optimum allocation of management resources. In the MOL Group Corporate Principles, this concept is stated as “We will strive to maximize corporate value by always being creative, continually pursuing higher operating efficiency, and promoting an open and transparent management style that is guided by the highest ethical and social standards.”

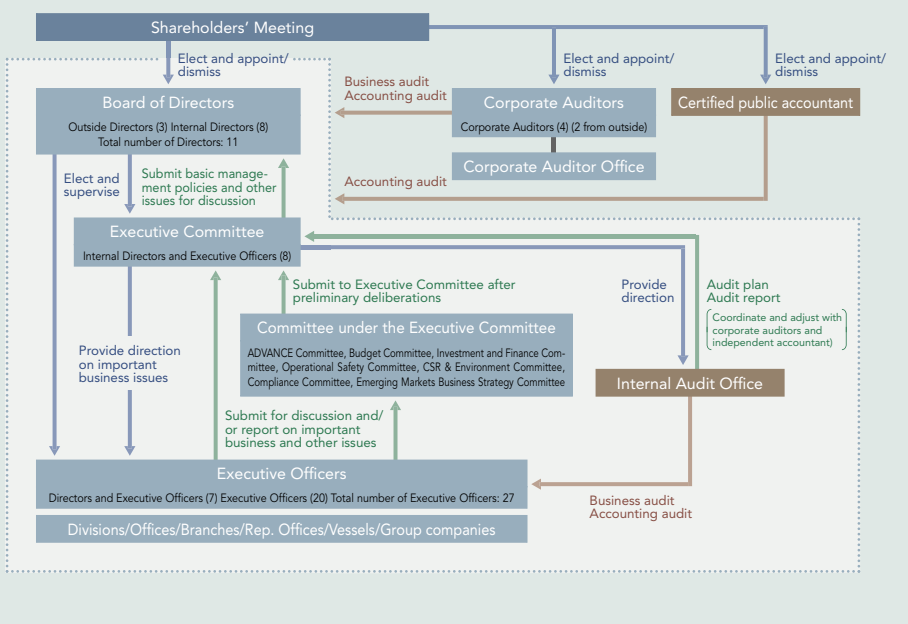
Measures Concerning Corporate Governance

The Board of Directors comprises eight internal and three outside directors (as of July 2008). Three outside directors check the appropriateness of management decisions and the status of business execution from the viewpoint of shareholders, and at the same time, express constructive opinions on overall management. Thus, they play a key role in revitalizing the Board of Directors. The Corporate Planning Division provides the outside directors with advance explanation of the matters brought up for discussion

at the Board of Directors Meeting, and reports important issues to them on a case-by-case basis. Thus, the company provides a framework that allows outside directors to effectively carry out their supervisory functions.

In 2000, MOL took steps to reform and strengthen the Board of Directors, including invitation of outside directors and introduction of the executive officer system. The executive officers, who are appointed by the Board of Directors and delegated authority from the representative directors, speed up management by conducting business execution based on the policies set by the Board of Direc-

Corporate Governance Structure (As of July 2008)



tors. The Executive Committee, as the supreme decision-making body at the business execution level, functions as a deliberative body on important issues related to basic management plans and key matters related to business execution.

The company adopts the corporate auditor system, and two of four auditors are appointed from the outside. The Internal Audit Office, independent from each division and office as an organization directly controlled by the Executive Committee, audits the business execution of the divisions/offices and group companies in cooperation with the corporate auditors and independent public accountants that conduct legal audits. In May 2006, we organized the Corporate Auditor Office as an organization directly controlled by the corporate auditors and Board of Auditors, thus enhancing a system that allows for more practical and efficient corporate auditing.

Approach to Compliance

MOL believes compliance means more than just strictly complying with legislation and internal rules (including voluntary "rules of conduct"); it also covers corporate activities and daily operations based on social norms and corporate ethics. The range of social responsibilities the company must bear has continued to grow — obligations to stakeholders who have grown more numerous and more diverse as a result of our business expansion and globalization, and as a result of improved awareness of the need to protect the marine and global environment. The MOL Group is well aware of this responsibility, and fulfills it with a painstaking approach to compliance.

Organizations Responsible for Compliance

Compliance Committee

The company formed the Compliance Committee as a subordinate organization of the Executive Committee, with the Executive Vice President as chairman. The membership comprises Executive Officers responsible for the Internal Audit Office, Human Resources Division, and Corporate Planning Division. The committee reinforces the company-wide compliance system, and determines penalties for violations.

Compliance Officers

General managers of divisions, offices, and branches are appointed as compliance officers. They take a thorough approach to compliance as the person responsible, and are also required to report any violation to the Compliance Committee Secretariat Office and promptly take necessary corrective actions. In addition, they are required to strictly preserve the confidentiality of anyone reporting a compliance issue.

Compliance Advisory Service Desk

Our company has a Compliance Advisory Service Desk to handle cases that are difficult to report through compliance officers. The General Manager of the Internal Audit Office, independent from divisions, offices, and branches, is responsible for the desk. The Advisory Desk gives consultation by e-mail, telephone, or letter after the person reporting the issue gives his or her name. The General Manager of the Internal Audit Office will meet with persons reporting compliance issues depending on their needs, and ask the Compliance Officer and the General Manager of the Counseling and Aid Center in the Human Resources Division to assist, depending the nature of the problem. In these cases also, the confidentiality of anyone reporting a compliance issue will be strictly protected. Issues will be reported to the Compliance Committee Secretariat Office (General Manager of Corporate Planning Division) when the need arises, and they will conduct necessary investigations and auditing. The person reporting the issue will receive feedback on how the issue was resolved. In addition, those reporting the complaint and those who cooperate in the investigation are protected from any retribution or unfair treatment.

Compliance Systems at Group Companies

MOL Group companies, as independent corporations, establish their own compliance systems. In case a violation occurs at a group company, the company addresses it promptly according to internal regulations, and takes preventive measures. At the same time, the compliance officer of the MOL branch, division, or office responsible for management of that company reports the violation to the Compliance Committee Secretariat Office without delay. If the violation may affect our Group management, it will be reported to the Compliance Committee. Our group companies' directors and employees who find violations at their company can also consult with the MOL Compliance Advisory Service Desk.

MOL Group Rules of Conduct

MOL sets forth rules of conduct for executives and employees from the viewpoints of various stakeholders. When the company directors and employees properly implement the rules of conduct, the MOL Group will create a better working environment for everyone. This improves corporate business activities, and leads to winning and retaining the trust of our stakeholders, thus, contributing to a continuous increase in corporate value.

For details of the rules of conduct (Compliance Rules Article 4), please visit our Web site: <http://www.mol.co.jp/compliance/index.html>

Building an Internal Control System

MOL's Board of Directors set forth the "Basic Policy for Building an Internal Control System" in response to the New Corporate Law effective May 1, 2006. We organized the Internal Control Planning Office in the Corporate Planning Division to ensure appropriate financial reporting based on the Financial Product Trade Law in June 2006, and developed and built an internal control system. Effectiveness of the internal controls related to financial reporting has yet to be evaluated and its results are to be reported to outside beginning with the financial year started in April 2008. The Internal Audit Office, which helps support corporate governance and compliance, played a key role in developing the framework to effectively assess and monitor internal controls. Our company not only responds to requirements of legislation, but also continually enhances the transparency, standardization, and efficiency of business operations. In addition, we continue to improve the internal control system to flexibly meet changes in the business climate and more effectively meet the needs of our stakeholders.

Environmental Management

The MOL Group is well aware of the environmental burden its business activities create, and always seeks to offer more environment-friendly services. For example, we continue to launch and operate ships with minimum environmental impact, take various steps to address global warming, enhance energy savings, reduce waste, limit air and water pollution, recycle resources, and develop and adopt improved environmental technologies.

MOL Group Environmental Policy Statement

As one of the world's leading multi-modal transport groups, Mitsui O.S.K. Lines group is committed to protecting the health of our marine/global environment and therefore promotes and supports policies that:

1. Protect all aspects of the marine/global environment and foster safe operation;
2. Comply with all environmental legislation and regulations that we are required to by law, and all relevant standards and other requirements that we subscribe to. And, whenever possible, further reduce the burden on the environment by setting and achieving even tougher voluntary standards;
3. Periodically review and revise our environmental protection measures on the basis of our framework for setting and reviewing environmental objectives and targets;
4. Conserve energy and materials through recycling and waste reduction programs;
5. Purchase and use environmentally safe goods and materials;
6. Promote the development and use of environmentally safe technology;
7. Educate and encourage group employees to increase their focus on protection of the environment through enhanced publicity efforts, and communicate our Environmental Policy to group employees;
8. Publish our Environmental Policy Statement and disclose our environmental information on a regular basis;
9. Always strive to ensure that our business activities contribute to and adequately support worthy environmental protection activities.

Established in September, 2000
Revised in March, 2003

ISO14001 Certification (Same scope as MOL EMS 21)

[Scope]

- All divisions in the MOL Head Office and all MOL-operated vessels (except charter vessels on contracts of one year or less)
- All divisions of Mitsui O.S.K. Passenger Line, Ltd. and the *Nippon Maru*
- All divisions of the MOL Ferry Co., Ltd. Head Office and operated ferries/RORO ships



ISO14001
Certification logo

[Scope of application]

Business activities on local sites and head offices related to ocean transport, total logistics and cargo transport services, cruise services of the cruise ship *Nippon Maru*, and passenger and vehicle cargo transport services by ferries and RORO ships

[Auditing authority]

Det Norske Veritas (DNV) in Norway

[Accreditation]

Read Voor Accrediate (RVA) in the Netherlands

Environmental Management System

Our group introduced two unique environmental systems — MOL EMS21 and the MOL Group Environmental Target System — to promote business activities in line with the MOL Group Environmental Policy Statement and reduce our environmental burden.

MOL EMS21

We introduced our environmental management system — MOL EMS21 — in April 2001. In January 2003, we expanded its scope to all our operated vessels (except charter vessels on contracts of one year or less), and acquired internationally recognized ISO14001 certification. Our group's certification was extended to Mitsui O.S.K. Passenger Line, Ltd. in September 2003 and to MOL Ferry Co., Ltd. in January 2004.

Promoting Environmental Management

MOL's CSR and Environmental Committee reports directly to the executive commit-

tee chaired by the president. The committee discusses basic policies on environmental issues, and oversees the MOL EMS21 and the MOL Group Environmental Target System.

Environmental Audits

In the MOL EMS21 system, the director responsible for environmental management (chairman of the CSR and Environmental Committee) confirms and assesses how effectively the system functions, based on internal audits held at least once a year. The CSR and Environmental Office conducts internal audits targeting all divisions and offices in the Tokyo Head Office, and the Marine Safety Division implements environmental inspections on our vessels. Det Norske Veritas (DNV), an ISO14001 external certification body, holds an annual maintenance audit and a renewal assessment every three years.

The MOL Group Environmental Target System Covering 82 Group Companies

The MOL Group Environmental Target System covers main group companies in Japan and overseas. Every fiscal year, each company sets its own targets based on specific guidelines, and sets out an action plan to achieve those targets. We collect data from each company regarding its environmental burden (consumption of fuel, electricity, and paper, and generated waste), and tabulate the group-wide environmental burden. (Refer to page 28.) Currently, the program covers 82 companies, including 63 group companies in Japan and 19 overseas affiliates and subsidiaries.

The 3rd MOL Group Environmental Award

The MOL Group Environmental Award was founded in FY2005 to raise awareness among group executives and employees about environmental protection activities, and to promote environmental management throughout the group.

The MOL Group Environmental Award is presented to divisions and offices in the Head Office, vessels, and group companies that develop and introduce the best environmental technologies and activities during the fiscal year.

The meeting to select the honorees for the 3rd MOL Group Environmental Award, which targeted activities during fiscal 2007, was held in June 2008. The Iron Ore Carrier Division and Technical Division, which launched the 320,000-dwt iron ore carrier *Brasil Maru*, the world's largest such vessel, shared the top award. Other award winners are as follows:

Outstanding performance award	Ports and Terminals Group, Liner Division Shosen Koun Co., Ltd. (Activities to reduce environmental burden at Kobe International Container Terminal (KICT))
Outstanding performance award	Diamond Ferry Co., Ltd. (The Sun Flower Gold, Japan's first twin-engine, single-shaft, diesel-powered ferry, received the ShipPax Award 2008)
Excellence award	Mitsui O.S.K. Techno Trade, Ltd. (The first in the MOL Group was certified for the Eco Action 21 program formulated by Japan's Ministry of the Environment)

MOL Group Companies with Green Management Certification

Company name	Acquired month
International Container Transport Co., Ltd.	October 2005
The Diamond Ferry Co., Ltd.	November 2005
Meimon Taiyo Ferry Co., Ltd.	December 2005
Diamond Line K.K.	February 2006
Green Kaiji Kaisha Ltd.	March 2006
Kansai Kisen Kaisha	May 2006
Nihon Tug-boat Co., Ltd.	August 2006
Japan Express Packing & Transport Co., Ltd.	November 2006
Utoc Trucking Services Corporation	February 2007
Kobe Towing Co., Ltd.	March 2007
International Container Terminal Co., Ltd.	June 2007
Green Shipping, Ltd.	July 2007
Shosen Koun Co., Ltd.	October 2007
Ube Port Service Co., Ltd.	November 2007
Kitanihon Tug Service Co., Ltd.	June 2008



Ceremony for the 3rd MOL Group Environmental Award

Caring for the Environment When Scrapping Vessels

Aging vessels must often be removed from service and scrapped in the interest of safe operation and protection of the marine environment. MOL formulates guidelines and environmental evaluation sheets when selling a vessel for scrapping. If we sell a ship on the assumption that it will be scrapped, we check that the scrapping yard that the buyer uses has acquired ISO14001 certification (or the environmental management equivalent), and relies on scrapping methods and procedures that are safe for the environment and personnel. And when delivering a vessel for scrapping, we always minimize the volume of fuel oil and ballast water on board, and provide prior notice of the location of any hazardous materials.

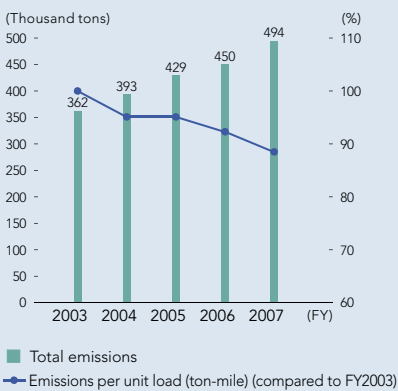
Approaches to Preventing Air Pollution

Vessel operation produces not only carbon dioxide (CO₂) which is a cause of global warming, but also nitrogen oxide (NO_x) and sulfur oxide (SO_x) which are linked to acid rain, as well as soot and smoke. The MOL Group is thoroughly aware of the effects of its business activities on air quality and works proactively to address this issue.

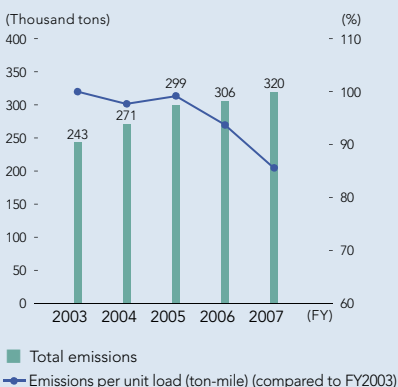


MOL Creation

Transition of MOL NO_x Emissions



Transition of MOL SO_x Emissions



Measures for NO_x and SO_x Emissions

NO_x

NO_x is generated by binding nitrogen (N) contained in the fuel oil and air and oxygen (O) in the air at high temperatures when fuel is burned in the engine. NO_x emissions can be reduced to some degree by controlling combustion temperature in the engine. Our company is promoting the adoption of electronically controlled engines that reduce NO_x, soot, and smoke by more effectively controlling the intake and exhaust valves.

We have launched four vessels featuring these advanced engines, including the *MOL Creation*, which was completed in June 2007. Another 21 vessels that are under construction or in planning will also be equipped with electronically controlled engines.

SO_x

SO_x is generated by burning fuel oil containing sulfur (S). For this reason, our company has set a standard of using bunker oil with a maximum of 3.5% sulfur — well below the current 4.5% in the MARPOL Treaty (see below).

Strengthening NO_x and SO_x Emission Regulations

NO_x and SO_x have been regulated by the MARPOL73/78 Treaty Annex VI (regarding prevention of air pollution from vessels) since May 2005. It was agreed in advance that the emission standards would be reviewed every five years, and a proposal to strengthen the regulations was approved at the 57th Marine Environmental Protection Committee (MEPC57) in March 2008, and will be discussed at MEPC58 slated for October 2008.

Strengthening NO_x regulations

The upper limit of NO_x allowable emissions is regulated by various engine specifications (at rated speed) to be equipped with a new building vessel. This regulated value will be strengthened as shown below in the future.

	Adoption period	Reduction	Target sea area
Secondary regulation	January 1, 2011	15.5 - 21.8% compared to primary regulated value	All areas
Tertiary regulation	January 1, 2016	80%	Designated areas

Engines that comply with the tertiary regulations are now under development, so the adoption period is planned for review around 2012 or 2013, depending on development progress.

Strengthening SOx regulation

The maximum sulfur content in fuel is regulated. More stringent limits are also proposed for sulfur content in fuel, as shown below.

	Current	March 1, 2010 –	January 1, 2012 –	January 1, 2015 –	January 1, 2020 –
General sea area	4.5%	–	3.5%	–	0.5%
Emission Control Area (ECA)	1.5%	1.0%	–	0.1%	–

SOx emissions are regulated more stringently in coastal areas where people live (designated as emission control areas or ECAs) than in the open sea far from the land, since SOx and NOx stay in the air for a shorter time, and dissipate more quickly in seawater. This regulation comprehensively addresses air pollution including global warming, since refining fuel oil with lower sulfur content generates additional CO₂.

Limiting sulfur content to under 0.5% in the general sea area, which would start in 2020, is under review, particularly concerning the availability of fuel oils that conform to the regulations by 2018.

Initiatives to Reduce Soot/Smoke and Dust

Diesel engine emissions contain diesel emitted particulate (DEP), soot, and dust. Our group strives to procure higher quality fuels and takes steps such as the following to reduce fuel consumption.

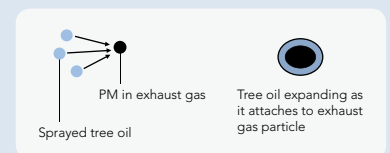
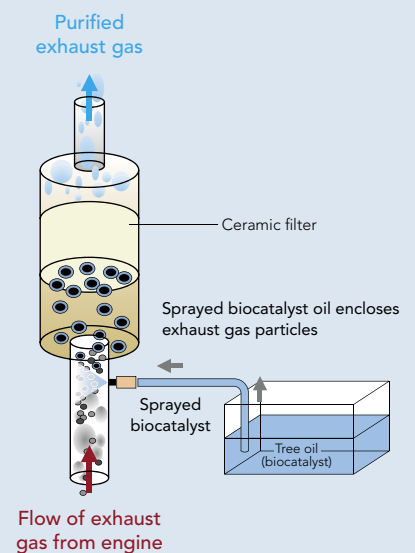
Our ship management company, MOL Ship Management Co., Ltd., teamed up with Juon Co., Ltd. of Hiroshima, Japan, to develop an exhaust gas purification system. It uses the catalytic effects of tree oil extracted from timber harvested during forest thinning operations. The purification system is installed inside the exhaust pipe of the diesel engine. It relies on a patented method to spray tree oil into the exhaust gas, which is then purified by a ceramic filter, enclosing the particulate matter (PM) so that more of it sticks to the filter, increasing the purifying effects. This greatly reduces emissions of soot and smoke. The system went into use on the pure car and truck carrier (PCTC) *Euphony Ace* in November 2005.

The exhaust gas purification system is also environment-friendly from the standpoint of more effectively using forest resources (See the figure at right).

Average Sulfur Content (%) in MOL-used Fuels

	A Oil	C Oil
FY2003	0.68%	2.71%
FY2004	0.62%	2.78%
FY2005	0.56%	2.82%
FY2006	0.49%	2.75%
FY2007	0.44%	2.62%

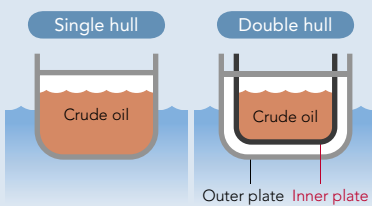
Exhaust Gas Purification System



Approaches to Marine Environmental Protection

The MOL Group takes thorough proactive measures to prevent the occurrence of marine accidents and pollution of the ocean, which is not only our place of business, but also the shared heritage of everyone on Earth.

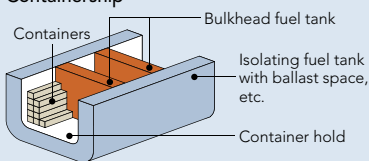
Double-hull Tanker



Double-hull structure

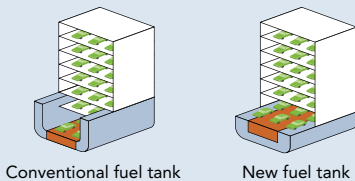
Double-hull Fuel Tanks

Containership

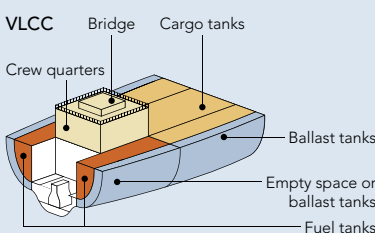


Car carrier

Ballast tanks Fuel tanks



VLCC



Double-Hull Tankers

The MOL Group has the world's largest tanker fleet, and is expanding its global activities as an expert in energy transport. We have been taking a proactive approach to adopting double-hull vessels in our tanker fleet — a key to preventing spills of crude oil, petroleum products, and chemicals if the outer hull is breached by a grounding or collision with another vessel. As of March 31, 2008, double-hull vessels accounted for 94% of our tanker fleet.

Double-Hull Fuel Tanks

The risk of petrochemical spills is not limited to our tankers. Vessels run on fuel oil, so we have pushed the adoption of double-hull fuel tanks in order to reduce the risk of bunker oil leaking into the ocean. A proposal to require double-hull fuel tanks on ships built after August 1, 2007, was adopted at the 54th session of the International Maritime Organization (IMO) Marine Environment Protection Committee held in March 2006.

About Ballast Water

When a vessel sails without cargo, it must take on ballast water in its tanks to adjust the draft and ensure that the propellers are at the proper position in the water. The ballast water is discharged when the cargo is loaded. As a result, marine organisms such as animal and plant plankton, bacteria, and barnacles will be transported among different regions, possibly causing harm to the marine environment and economy in the area where the water is discharged. So a treaty on ballast water management was adopted by the IMO in February 2004.

After 2017, all vessels will be required to treat ballast water to reduce the content of marine organisms to a specified level.

We have developed a ballast water purification system and conducted onboard demonstrations in cooperation with manufacturers, researchers, and other concerned parties. When we installed a prototype on our containership *MOL Express* and tested it in October 2006, we confirmed that it meets the concentration criteria (rendering harmless) required by the treaty. Our company is examining various possibilities from the standpoint of the system's users, and working to successfully render the ballast water harmless as soon as possible.

Using TF Ship Bottom Paints

Fuel efficiency declines when barnacles and marine plants attach to the bottom of a vessel and increase the hull's resistance as it travels through the water. The traditional

approach to this problem has been to coat ship bottoms with paint containing tributyl tin (TBT). But in the late 1980s, researchers recognized that TBT, as an environmental hormone, poses risks to human health. At a conference in 2001, the IMO adopted a treaty banning the use of TBT paints as of January 2003, and requiring complete elimination of TBT paint from vessels or overlaying coatings to prevent TBT from leaching into seawater, effective January 2008.

In Japan, marine-related industries teamed up to effect a complete ban on the use of TBT paint on newly constructed vessels and those being repaired in Japan, starting in 1990. We also changed to tin-free (TF) paint even on new vessels built overseas starting in 1999, and pushed forward to repaint vessels dry-docked overseas with TF paint since fiscal 2000. As a result, we completed the switch to TF paint on all our managed vessels in FY2005.

We have also conducted practical tests of a new silicon resin paint that is expected to offer long-term antifouling performance.

Proper Processing of Waste Oil

Vessel fuel oil contains many impurities. Water and other contaminants are extracted by pre-treatment before the fuel is used in main engines, power generators, and boilers. Waste oil from this process is heated in a separate tank to remove water, and then incinerated in conformity with environmental regulations. We have tried to optimize the waste oil that has a high fuel content as fuel for boilers. Our company continues to reduce incineration of waste oil through proper disposal and effective use.

Processing Bilge Water

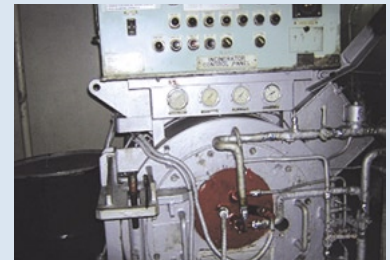
In a vessel's engine room, bilge water (waste water containing oil) is generated by leakage from seawater pipes and equipment, and during maintenance work. We introduced a bilge source separation system that categorizes bilge water in three stages according to oil density, and collects and disposes of it properly.

Onboard Waste Disposal

Since seafarers spend all their time on board a ship, they generate the same type of garbage as a household, plus various waste unique to ships, such as loading and packing materials. On our operated vessels, we established onboard waste management plans that require collection, separation, storage, and disposal of onboard waste, based on the MARPOL73/78 treaty. Waste management officers supervise this process, and work to build thorough awareness of the need for proper waste disposal among officers and crew members. Food waste and other biodegradable trash are ground into small particles and disposed of in specified areas of the open sea, and plastic waste is disposed of appropriately on land.

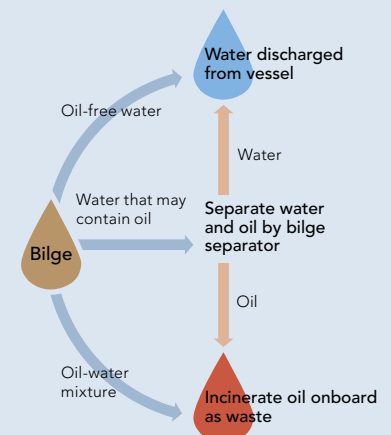


Containership coated with silicon resin paint



Waste oil incinerator

Proper Processing of Bilge Water



Onboard trash separation and collection point

The MOL Group and the Environment

The MOL Group conducts a range of business activities on land and at sea, including ocean shipping. In the course of those activities, we place a burden on the environment — for example, CO₂ emissions mainly associated with fuel consumption. Following is a summary of the MOL and MOL Group environmental impact, such as consumption of fuel, electricity, and office paper during FY 2007. We will continue striving to reduce our environmental impact in various ways.

Activities at Sea (vessels)



MOL (non-consolidated)

 Fuel oil (C oil* ¹) 5,800 thousand tons	INPUT	 CO ₂ 17,938 thousand tons	OUTPUT
 Diesel oil (A oil* ²) 76 thousand tons		 NO _x 494 thousand tons	

Group companies (domestic shipping)*³

 Fuel oil (C oil) 256 thousand tons	INPUT	 CO ₂ 839 thousand tons	OUTPUT
 Diesel oil (A oil) 19 thousand tons		 NO _x 23 thousand tons	









Group companies (ocean shipping)*⁴

 Fuel oil (C oil) 395 thousand tons	INPUT	 CO ₂ 1,288 thousand tons	OUTPUT
 Diesel oil (A oil) 27 thousand tons		 NO _x 35 thousand tons	









Activities on Land



MOL (non-consolidated)

 Fuel 44 kℓ	 Office paper 8,199 thousand copies * ⁷	 CO ₂ 753 tons
 Electricity 1,920 thousand kWh	 Municipal gas 0 m ³	 NO _x 0.56 tons
 Water 8,835 m ³		 Waste 125 tons

Group companies *⁶

 Fuel 7,310 kℓ	 Office paper 46,981 thousand copies * ⁷	 CO ₂ 56,752 tons
 Electricity 97,217 thousand kWh	 Municipal gas 2,229,872 m ³	 NO _x 28 tons
 Water 612,189 m ³		 Waste 3,676 tons

*1 Fuel oil (C oil): Mainly for vessel main engines

*2 Diesel oil (A oil): Mainly for onboard generators

*3 Ube Port Service Co., Ltd., Kitanihon Tugboat Co., Ltd., Green Kaiji Kaisha, Ltd., Green Shipping, Ltd., Kobe Towing Co., Ltd., Mitsui O.S.K. Techno-Trade Co., Ltd., MOL Ferry Co., Ltd., The Diamond Ferry Co., Ltd., MOL Naikou, Ltd., Nihon Tugboat Co., Ltd., and Meimon Taiyo Ferry Co., Ltd. (11 companies in total) However, this category does not match the company's segment classifications. (As of March 31, 2008)

*4 M.O. Cables Ltd., Mitsui O.S.K. Kinkai, Ltd., Mitsui O.S.K. Passenger Line, Ltd., and Tokyo Marine Co., Ltd. (four companies in total). However, this category includes some results related to transport services in Japan.

*5 Data on SO_x emissions of Group companies is not available.

*6 All consolidated subsidiaries in Japan, not including data from small companies whose environmental burden is negligible. In addition, this category includes the actual figures for activities such as terminals and on-land transport, as well as the environmental burden associated with consumption of such fuels at offices.

*7 Converted to A4 size.

Reducing the Environmental Burden in the Office

The MOL Group strives to reduce the environmental impact generated by office operations (office paper, electricity, water, waste, etc.), through MOL EMS 21 and the Group Environmental Target System.

Specifically, each division in the Head Office and group companies sets targets to reduce use of paper, electricity, among others, and works toward achieving those targets.

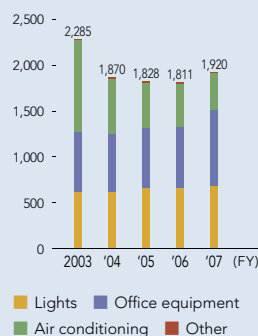


MOL Head Office Building

In addition, various energy-saving measures (faucet sensors, sectional adjustment control on air conditioning, etc.) have been taken in the MOL building remodeling project (slated for completion in January 2009) executed by our Group company Daibiru Corporation.

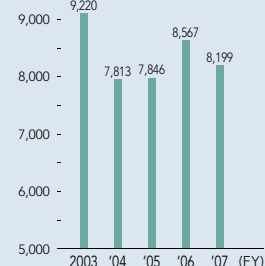
Electricity Use in Head Office Building

(Thousand kWh)



Office Paper Use in Head Office Building

(Thousand copies)



Environmental Accounting

Our company quantifies the investments and costs of environmental protection in business activities, as well as the effects of these investments and costs, and seeks to ensure an efficient approach to environmental issues. We began disclosing this environmental accounting with the Environmental Report 2001 to inform stakeholders of our activities.

Environment Production Costs

(Unit: ¥ million)

Category	Items	FY2007 achievements	
		Investment	Cost
(1) Costs in business areas	Global environmental protection	836	71
	Resource cycle	14	4
(2) Management activity	Costs for environmental management activities	0	82
(3) R&D	R&D costs	0	13
(4) Social contribution	Cost of social contribution activities	0	200
	Total	1,018	377

Environmental Protection Effects

Category	Content of effects	Index	FY2007	FY2006	Effects
(1) Effects related to resources invested in business activities	Total energy volume input	Fuel (g/ton · mile)	1.42	1.48	-0.06
		CO ₂ (g/ton · mile)	4.337	4.523	-0.186
(2) Environmental burden of business activities	GHG etc. emissions	NO _x (g/ton · mile)	0.1193	0.1244	-0.0051
		SO _x (g/ton · mile)	0.07733	0.08460	-0.00727

FY2007 Environmental Accounting

Scope of tabulation

Environmental and social contribution activities in the Head Office and on vessels of Mitsui O.S.K. Lines, Ltd. (non-consolidated)

Tabulation period

FY2007 (April 2007 – March 2008) (However, costs for environmental protection measures include depreciation and amortization of environmental investments before FY2006)

Reference guidelines

Ministry of the Environment "Environmental Accounting Guideline (FY2005)"

Notes:

- Investment and costs concerning safe operation are not included in the chart at left.
- The costs and investments included in the chart at left include only independent environmental measures, and not costs and investments required by laws and regulations.

Achievement and Assessment of FY2007 Environmental Targets, Midterm

FY2008 environmental targets were set based on achievement and its assessment of FY2007 targets.

Our vessel emissions (CO₂/NO_x/SO_x) per unit load (ton-mile) during FY2007 decreased by 7%, 7%, and 14%, respectively from the benchmark year (FY2005), achieving all targets.

In FY2008, the midterm (FY2007 – FY2009) target was set by upwardly revising some of the targets based on FY2007 achievement levels.

Theme	FY2007 Environmental Targets	FY2007 Achievements	Self-Assessment
Completely safe operation	Prevent marine incidents resulting in ocean pollution by oil spills.	No incident occurred.	Achieved
Marine and global environmental protection	Reduce CO ₂ , NO _x , SO _x emissions per unit load from vessels by 4% compared to FY2005.	Reduced CO ₂ and NO _x by approx. 7% per unit load and reduced SO _x by approx. 14% from FY2005.	Achieved
	Comply with current regulations and prepare for future tighter regulations and expanding regional scope	Responded to implementation of SECA for the North Sea (Aug.). Participated in IMO deliberations about tightening regulations for the test term, through the Ship Classification Association.	Achieved
	Cooperate on developing treatment technologies that satisfy discharge standards for ballast water.	Acquired IMO's basic approval for development with the Japan Association for Preventing Marine Accidents, and on-board testing is under way on an MOL-owned containership.	Achieved
Procure environment-friendly products, materials, and vessels.	Promote replacement of single hull (S/H) tankers with double hull (D/H) vessels.	Completed 6 D/H tankers during the term. Sold 3 S/Hs. D/H rate at end of FY2007 is 94%.	Achieved
	Study adoption of electronically controlled engines on vessels in the new building plan.	Decided to adopt electronically controlled engines on 12 vessels that will be complete from 2010 to 2013. Total is 25 vessels including 4 already completed.	Achieved
	Promote use of PBCF on operated vessels.	Installed mainly on MOL owned vessels and roll-on/roll-off (RO-RO) vessels.	Achieved
	Study use of nonhazardous ship bottom antifouling paint, paint for exposed parts, heat insulation paint, etc.	Conducted research and tests of new functional paints such as heat shield s, heat insulation, and hydrophilic paints. Now working with vessel paint manufacturers on joint development.	Achieved
	Increase fuel efficiency, and reduce fuel costs of operated vessels.	Published "Eco Sailing," which explains energy-saving navigation, for distribution to vessel operation divisions and ship management companies to standardize awareness of energy saving.	Achieved
	Study adoption of biomass fuels, solar power generation, and wind power generation to shoreside facilities and vessels.	After combustion testing, eliminated use of glycerin made from palm oil because of its unsuitability for vessels. Studied adoption of biomass fuels, etc. at terminals. Studied LNG as the next-generation fuel for vessels.	Achieved
	Development and introduction of technologies for environmental improvement	Proactively research, develop, and adopt emission gas purification system and emulsion fuel, etc.	Conducted research on gas purification system which uses A oil to determine whether onboard tests were warranted. Plan to develop the system using C oil in the future.
Review hiring of more employees for research and development (R&D).		Pushed ahead with hiring personnel and transferring the Technology Research Center to step up R&D activities.	Achieved
Study expansion/upgrading of equipment and facilities along with transfer of the Technology Research Center.			
Study acquisition of Green Passport.		Study problems and measures related to introduction of an inventory list — specifically, prepare a prototype inventory list — to adopt the green passport on existing vessels.	Achieved
Conserve energy and materials through recycling and waste reduction	Review and implement environment-friendly architectural design for the Head Office building remodeling plan.	Implemented various measures for energy saving and water saving. Effectively used (reused) more 300 existing fixtures and furniture items during renewal.	Achieved
	Promote thorough separation and recycling of garbage generated in the Head Office.	Garbage recycling rate declined nearly 2% from FY2006.	Not achieved
	Reduce electricity use per Head Office employee by 1% compared to FY2006.	Electricity use per Head Office employee increased by 0.4% from FY2006.	Not achieved
	Reduce 1% of office paper use per employee in the Head Office from FY2006.	Electric use per employee in the Head Office increased 13.4% from FY2006.	Achieved
Proactive disclosure of environment-related information	Published "Environmental and Social Report 2007" (appropriately communicating steps to prevent reoccurrence of marine incident to stakeholders.)	Distributed the Environmental and Social Report 2007 (5,500 copies in Japanese and 4,500 in English) inside and outside the group.	Achieved
Participation in and support of environmental protection activities	Continue to conduct existing activities and study new activities.	Collected PET bottle caps and donate them to NPOs to purchase polio vaccine, starting in the second half of the year.	Achieved
Enhancement of group environmental management	Deepen the structure for environmental management and environmental protection activities (64 Japanese, 4 overseas affiliates/subsidiaries).	15 overseas affiliates of MOL Asia, in Asia and Oceania, participated, increasing the number of target companies.	Achieved
	Environmental education at group companies	Mitsui O.S.K. Passenger Lines started environmental e-learning for its Head Office employees in September 2007.	Achieved
	Promote adoption of modal shift.	Group ferry companies aggressively expanded their environmental activities.	Achieved
	Support environmental business, and provide information.	Introduced environment-related operations of Kusakabe Maritime Engineering and Mitsui O.S.K. Techno-Trade in the Environmental and Social Report 2007.	Achieved

Environmental Targets, and FY2008 Targets

Theme	FY2007-2009 Midterm Environmental Targets	FY2008 Environmental Targets
Completely safe operation	Prevent marine incidents resulting in oil spills.	Prevent marine incidents resulting in oil spills.
Marine and global environmental protection	Reduce vessel CO ₂ and NO _x emissions per unit load by 10% for FY2010, compared to FY2005.	Reduced CO ₂ and NO _x emissions from vessels by 8% per unit load, compared to FY2005.
	Reduce vessel SO _x emissions by 17% per unit load for FY2010, compared to FY2005.	Reduce vessel SO _x emissions per unit load by 15% for FY2010, compared to FY2005.
	Cope with low-sulphur fuel regulation.	Comply with current regulations and prepare for future tighter regulations and expanding regional scope.
	Cooperate on developing treatment technologies that satisfy discharge standards for ballast water.	Cooperate on developing treatment technologies that satisfy discharge standards for ballast water, and discuss currently available systems.
Procure environment-friendly products, materials, and vessels.	Replace all very large crude oil carriers (VLCCs) with double hull (D/H) vessels by FY2008.	Replace all very large crude oil carriers (VLCCs) with double hull (D/H) by end of FY2008.
	Closer review on adoption of electronically controlled engines for vessels.	Study adoption of electronically-controlled engines in the new building plan.
	Increase adoption rate of PBCF with MOL-operated vessels.	Promote use mainly with MOL-operated vessels.
	Research and develop environment-friendly paints for vessels.	Study use of nonhazardous ship bottom antifouling paint, paint for exposed parts, etc.
	Continually study fuel additives.	Deeper study on adoption of heat insulation paint.
	Introduce renewable energy.	Promote "Eco Sailing" campaign.
Development and introduction of technologies for environmental improvement	Proactively research and develop and adopt emission gas purification system and emulsion fuel.	Proactively research and develop and adopt emission gas purification system, etc.
	Establish organizational structure for research and development (positioning full-time personnel (division), utilizing the technology Research Center, tie-ups with external institutions, etc.)	Reconfirm and clarify vision about functions of the Technology Research Center, mainly regarding research and development of technologies for safe operation and environmental protection, concurrent with office relocation.
	Research and study measures for vessel Life Cycle Assessment (LCA).	Develop a specific plan to provide an MOL fleet inventory list.
Conserve energy and materials through recycling and waste reduction	Promote thorough separation and recycling of garbage generated in the Head Office.	Improve separation and recycling of garbage generated in the Head Office.
	Reduce electricity use per employee by 3% in the Head Office compared to FY2006.	Reduce electricity use per employee by 2% in the Head Office compared to FY2006.
	Reduce office paper use per employee by 3% in the Head Office compared to the previous year.	Reduce office paper use per employee by 1% in the Head Office compared to FY2007.
Proactive disclosure of environment-related information	Proactively disclose environmental information through the Environment and Social Report and Web site.	Published "Environmental and Social Report 2008 (April 2007 - March 2008)" (communicating group-wide efforts, mainly on enhancement of safe operation systems and initiatives on control of global warming gas emissions).
Participation in and support of environmental protection activities	Continue existing activities (Kids ISO, beach cleanup, Pole Pole Club, and volunteer leader training for oil spill response) and study new activities.	Continue existing activities (Kids ISO, beach cleanup, Pole Pole Club, and volunteer leader training for oil spill response) and study new activities.
Enhancement of group environmental management	Promote activities for the environmental protection in group companies in Japan, overseas subsidiaries and affiliates.	Deepen the structure for environmental management and environmental protection activities (63 Japanese, 19 overseas affiliates/subsidiaries).
	Environmental education at group companies	Expand environmental education in group companies. Develop ways to promote the modal shift. Support environmental business, and provide information.

Approaches at Group Companies

The MOL Group makes serious efforts to continually reduce its environmental burden, through MOL EMS21 and the Group Environmental Target System, to convert the MOL Group Corporate Principles and MOL Group Environmental Policy Statements into tangible forms.



Sunflower Gold

Sunflower Gold Wins "ShipPax Award 2008" and Other Honors

The environment-friendly ferry *Sunflower Gold* has earned high regard both in Japan and overseas. In April 2008, it received the "Excellent Ferry Technology Award" in the "ShipPax Award 2008" organized by ShipPax Information in Sweden, in competition with many new building ferries and cruise ships from around the world. And in June 2008, the *Sunflower Gold* received awards from the Director of the Kyushu District Transport Bureau in the Land, Infrastructure and Transportation Ministry, in both environmental protection and barrier free categories.



"Adgreencoat" Example (1)
Refrigerated container used as office and rest station for the Japan Sailing Federation in Qingdao (Beijing Olympics).



"Adgreencoat" Example (2)
Deck of MOL Ferry Co., Ltd. *Miyako Maru*

Reducing CO₂ Emissions with a Dual-engine, Single-shaft System

Diamond Ferry Co., Ltd. <http://www.diamond-ferry.co.jp/>

The company launched the *Sunflower Gold* in November 2007 and *Sunflower Pearl* in January 2008. Both ships feature a dual-engine, single-shaft propulsion system in which one propeller is rotated by two engines.

Conventional long-distance ferries were equipped with two engines so they could continue navigation even if one engine had trouble. The dual-engine, dual-shaft system was also popular because it allows the vessel to enter or leave a berth without a tugboat. A drawback to this design is the increased water resistance because the twin shafts are placed to the left and right of center.

The dual-engine, single-shaft system adopted by Diamond Ferry ensures backup function for emergencies because it has two engines, and features bow and stern thrusters to improve maneuverability in and out of berths. The single-shaft design also allows a slimmer hull shape, improving propulsion efficiency, reducing fuel consumption and CO₂ emissions.

Contributing to the Environment through Sale of Environmental Products

Sanwa Marine Ltd. <http://www.sanwamarine.co.jp/>

The company markets environmental products such as the "SANWA Aerator," which ensures more effective wastewater treatment, and "BY FAR Z" an environment-friendly detergent to disperse oil. The company also added a heat shielding paint called "Adgreencoat" to its product lineup.

Adgreencoat is an environment-friendly water-based paint that makes building interiors cooler and more comfortable by reducing sunlight and solar radiation. Sanwa Marine received the silver award in the "Eco-products International 2006 Exhibition" held in Singapore in 2006 for products that address the heat island phenomena and help save energy. And in February 2008, the company received Eco-Mark certification for the product.

Various Efforts to Reduce Environmental Impact on Cruise Ships

Mitsui O.S.K. Passenger Line, Ltd. <http://www.mopas.co.jp/>

The cruise ship *Nippon Maru*, operated by Mitsui O.S.K. Passenger Line (MOPAS), acquired ISO14001 certification for its cruise services. In addition to reduction of the environmental burden associated with ship operation, a major challenge for the *Nippon Maru* is to reduce the environmental impact peculiar to cruise ships. The company

takes various approaches to protect the environment, while obtaining the support and understanding of passengers.

China and glass cups are used in the free drink zone of the dining room to reduce the use of paper and plastic cups. The ship also limits the use of disposable meal boxes as much as possible and uses reusable meal boxes or those made of recycled paper, in an effort to promote environment-friendly products.

MOPAS also asks passengers onboard to cooperate in reducing the ship's environmental burden related to services in guest rooms, through TV and onboard newspapers. Recently, they have accepted our requests more readily than ever before.

Promoting Beverage Can Recycling Business with Eyes on a Future Recyclable Society

Kusakabe Maritime Engineering Co., Ltd. <http://www.kusakabe-eng.co.jp/>

Kusakabe Maritime Engineering moved in a new direction toward a future recyclable society and established the "Try-R-Kobe" can recycling plant in May 2004.

At the plant, compressed blocks of steel and aluminum beverage cans, collected by community, corporate, and private recycling programs, are broken down into pieces and heated in a rotary kiln. Its advanced technology eliminates paint and coatings on can surfaces before the cans are annealed. Finally, high-quality steel pellets and aluminum pellets are collected through granulators and magnetic separators.

Steel pellets are sold as coolant for steelmaking and as materials for metal casting, and aluminum pellets are used as a deoxidizing agent for steelmaking and as materials for secondary aluminum alloys.

Clean-burning city gas is used to fire the plant, reducing CO₂ emissions by about 60% compared to conventional plants that run on heavy fuel oil, and combustible gas collected in the kiln is further circulated to ensure more complete combustion. Thus the plant has a minimal environmental impact, and meets the needs of today's resource recyclable society.

Enhancing Environment Management through Eco Action 21 (EA21)

Mitsui O.S.K. Techno-Trade, Ltd. <http://www.motech.co.jp/>

MOL Group technology trading company Mitsui O.S.K. Techno-Trade (MOTECH) is engaged in a broad range of businesses, especially vessel related activities as their main business. MOTECH promotes the sale and adoption of PBCFs (Please refer to page 7 for details) and supplies vessel equipment and components, materials, fuels, and lubricants. Other businesses include installation and maintenance of industrial equipment, and sales of real estate, gardening, and environment-related materials.

MOTECH proactively and independently contributes to environmental activities through the sale of environment-related products. It approaches environmental protection as its top priority, in office activities and bunkering operations in Japan and overseas. To increase the efficiency of its environmental management, the company established an internal environmental management system, and its head office received certification under Eco Action 21 (EA21) in July 2007, the environmental standards formulated by Japan's Ministry of the Environment, reflecting its ongoing environmental activities. MOTECH is the first MOL Group company to acquire EA21 certification.



Nippon Maru



Try-R Kobe plant

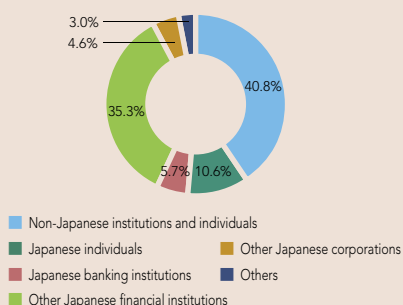


Commercial recycling of aluminum pellets (right) and steel pellets

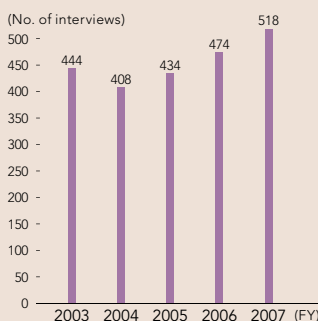
Building Better Relationships with Shareholders and Investors

The MOL Group fulfills its responsibility to disclose information conforming to the principles of “timely,” “accurately,” and “fairly,” to obtain the understanding of shareholders and investors, and works hard to execute transparent management with the president himself taking the initiative and responsibility for investor relations (IR). Our company believes that returning profits directly to shareholders through dividend payments is a key management policy. We will pay dividends based on a payout ratio of 20% as our criterion, and will address the need to increase the ratio under our mid- and long-term management policies.

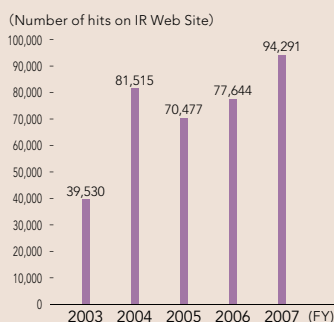
Breakdown of Shareholders



Number of Interviews with Institutional Investors



Number of hits on IR Web Site



Communication with Shareholders and Investors

MOL emphasizes the following points when communicating with shareholders and investors.

1. Explain business climates and strategies from mid- and long-term viewpoints, based on the midterm management plan
2. Proactively disclose information and answer questions that shareholders frequently ask, and explain tasks our company should undertake
3. Offer various data in easy-to-understand formats and explain it to shareholders, to deepen their understanding of the ocean shipping business

We publish various informational materials (IR tools) for investors, with an eye on the above points. For example, our latest annual report demonstrates the effectiveness of corporate strategies that closely monitor risk factors (market changes, rises in costs, etc.) while investing management resources in resource transport and working toward sustainable growth. Our Investor Guidebook explains financial data and ocean shipping market trends, and the position and strategies of the company, in a simplified manner, using charts and figures. We also issue monthly Shipping Market reports for each ship type. All publications are available on our Web site.

Communication Opportunities

Our company holds the Annual General Meeting of Shareholders on a different date from most companies in Japan, which enables more shareholders to attend and participate. We also hold briefing sessions to explain quarterly results and other small meetings to communicate with institutional investors. We take quarterly financial results (Japanese-language only) public on the Tokyo Stock Exchange TD-Net, and at the same time, post financial information on our Web site in both Japanese and English, in order to ensure fair disclosure internationally. What's more, we regularly hold presentation briefings for individual investors and provide online information and updates on the Web site and via mobile phone to provide information to individual investors.

Special IR Prime Business Award

MOL received the IR Prime Business Award in 2005 for third time and for the second consecutive year. (Sponsored by the Japan Investor Relations Association)

Nikkei Award for Annual Report

Our FY2006 annual report won the excellence award for fourth time and for the third consecutive year. (The FY2004 report received the best award.) (Sponsored by Nihon Keizai Shimbun, Inc.)



Award logo

Caring for Land-based Employees

The MOL Group goes to great lengths to develop world-class shipping personnel through unique training and education programs.

Basic Policies on Employment and Education

We are determined to push forward to become an “excellent and resilient group that leads the world shipping industry” and we believe that its driving force is employees, in other words, “human resources.” We demand personnel who satisfy four requirements and skills: Leadership to govern the entire group of over 300 companies around the world; Communication skills to ensure smooth cooperation with business partners, customers, and other concerned parties in Japan and overseas; Initiative to compete and win in today’s global market; and Toughness to move forward to achieve our targets.

Human Resources Development Programs

A career-track (non-clerical) employee’s first 10 years in the company is considered a cultivation period. During this time, employees are rotated into different jobs, usually around three, to experience various workplaces and business activities. In parallel with on-the-job training (OJT), our company provides other training systems, such as position-specific group training, overseas training, language instruction, onboard training that only a shipping company can offer, and outside training such as coaching programs. Furthermore, the company offers correspondence courses for self-improvement.

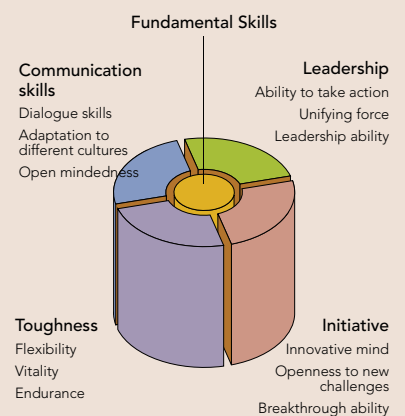
New Employee Training

MOL hires about 20 land-based employees every year. During new employee training, which lasts a month and a half, the company focuses on job-site operation and plans a unique menu of activities including field trips to branches at ports, vessels, and shipyards.

Training Programs

Common	Outside training					
	Correspondence courses					
	New and young employees	Senior Assistant	Assistant Manager	Manager	Group Leader	General Manager
Position-specific training	6th month training 3rd / 4th year training	Senior assistant training	Assistant manager training	Manager training	Group leader training	General manager training
Functional training		Logical thinking course	Leadership course	Management by Objective (MBO) coaching course		
Executive training				Management school		
Overseas training		Short-term study programs / Internships				
Training by theme		OA and PC / Logistics / Financial accounting / Legal and Insurance / Employee evaluation/Mental health, etc.				
Onboard training		Onboard training				
Others	New employee building English language proficiency / English, Chinese language course / Global business skills					

Concept of Employees’ Basic Capabilities



New employee training



MOL Kakio Institute (training center)



Short-term overseas study (with classmates)



Onboard training (MOL Creation)

MOL Group Joint New Employee Training before Allocation

All 76 new MOL Group employees gathered for a pre-assignment training session called "Talking about our dreams." The training included a lecture by instructor Masanobu Fukushima from the Entrepreneur Center Ltd. He urged new employees to work independently, learn to manage themselves, take responsibility, and support others.

Career Development Workshops

This is a self-development program to build better relationships between companies and employees. The goal is for all employees to carefully consider their relationship with the company. This program targets all employees age 30 and over. We think supervisors and employees alike need to realize that their work has meaning. So, based on this idea, all managers age 37 and older also need to take this training.



The Management School, one of many business training opportunities at MOL

Developing Global Businesspeople (Intensive English-Language Program, Short-term Overseas Study, Practical Overseas Training, and Language Courses)

The company provides intensive English-language programs a half year after employees join the company, to improve language skill and promote cross-cultural skills, which are indispensable for the worldwide ocean shipping business. Our company also helps cover some of the tuition for employees who want to learn languages other than English through correspondence courses. In addition, we provide various opportunities such as practical overseas training (North America, Europe, and Asia), short-term overseas academic study, and language courses, to foster global viewpoints early in employees' careers.

Learning about Vessels and Ports (Onboard Training)

Our business takes place aboard vessels, so knowledge of ships is indispensable for ocean shipping professionals. Onboard training is provided for about 15 employees a year, who experience a vessel voyage lasting from several days to a month. The goal is to promote understanding of safe operation and the marine environment, and build mutual understanding and cooperation with seafarers.

CSR-Related Education (Compliance, Human Rights, Environmental Education, etc.)

We offer compliance training covering issues such as antimonopoly laws and prevention of insider trading, human rights training, and environmental training using e-learning.

Aiming to Become a More Energetic Company

One unique characteristic of our company is that employees actively and seriously debate issues without regard to rank, at various places such as section, group, and division meetings, "Can-Do" meetings with the president (Please refer to page 43 for details), and cross-sectional brainstorming sessions. This openness is part of our corporate culture, and employees refer to each other as "Mr.," "Ms.," and so on, rather than using position titles.

HR System and Evaluation System

We realize it is important to motivate and energize employees, who are the company's most important resource. From FY2008, we introduced a revised merit salary system for assistant manager/senior assistant class employees, which encourages them to take the initiative in their work. A new salary system for business assistant class (clerical) workers took effect the previous year, reflecting responsibility and results more precisely. Establishment of a "fair and transparent evaluation system" is critical for such a personnel system. Prior to annual appraisals, managers and their subordinates set annual targets at the beginning of each fiscal year and have quarterly evaluations and interviews. Through these systems, we try to evaluate employees carefully, fairly, and in a way that is easy to understand. And our company offers training in evaluation and coaching to those at and above manager level, to improve their evaluation abilities and communication skills.

Developing the Next Generation of Top Executives (Management School)

We open an in-group business school to do joint studies such as group training by inviting noted outside instructors, management analysis of group companies, and

proposal of strategies, to foster the next generation of top executives for our group companies. Group company employees also participate in this school, thus improving group management and promoting personal exchange. We also offer the MOL Group executive seminar, which targets current top executives of group companies.

Ensuring Healthy Employees and a Safe Work Environment

Each employee works in a well-developed work environment, in a physically and mentally healthy condition — this is the foundation of the workplace. To maintain such a working environment, MOL established and introduced the following systems:

- Yearly medical check-ups
- Medical check-ups for employees spending an extended period of time at worksites and on recovery leave
- Daily medical services in the company clinic located in the head office
- Expanded mental health consultation service
- Online mental health self-evaluation
- Physical exam system for employees and spouses 35 and older through the MOL Health Insurance Society
- Disaster safety confirmation system
- Medical exams before and after overseas postings
- Regular required medical check-ups for employees working overseas
- Counseling and aid center in the Human Resources Division
- Casual Days (every Friday, casual everyday between June and September)
- Improved worksite environment by remodeling of the Head Office

Support Systems for Women Employees and Family Life

As more and more women advance in the workforce, individual values and lifestyles diversify. MOL takes the initiative in such social changes, and continues to introduce and examine various systems as we plan to develop the next generation of employees.

Maternity and child-care leave	Introduced five (5)-day leave for maternity and one-hour flex time in daily work schedules. Employees can take eight weeks of leave before and after childbirth (all salary is paid six weeks before and after the birth). Child-care leave system pending acceptance at day care is available (without pay). About 60 employees have used these systems since 1992, and these have become established with almost 100% use.
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“Refresh” leave	After 15 years of service, employees receive “refresh” leave of five days off plus incentive pay, and 10 days off plus incentive pay after 25 years of service.
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Meeting the Needs of Expatriate Staff and Other Locally Hired Employees

A total of 194 expatriates work overseas, as of March 31, 2008. The company supports various aspects of their lives such as medical care, children’s education, and safety in the nation where they work. We hired about 3,000 national staff all over the world, contributing to the growth of local economies.

Relationships with Labor Unions

Land-based employees belong to the Mitsui O.S.K. Lines Labor Union, and seagoing employees are affiliated with the All Japan Seamen’s Union. Both unions enjoy strong, trusting relations with company management.

Status of Career Women at MOL (as of March 31, 2008)

Number of woman employees

Career employees: 68,
clerical workers: 138

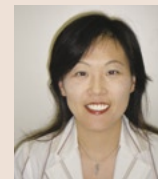
Highest position of women employees

Group Leader (the position following general managers of divisions, offices, and branches)

System to transfer to career employment

Clerical workers can transfer to career employment if they satisfy certain conditions and pass an exam

Increasing On-site Capabilities



Miyako Ando
Deputy General Manager
MOL (Asia) Ltd.

The Hong Kong office is one of the largest overseas subsidiaries, with more than 200 employees. I am responsible for overall vessel operation and service planning in the division that controls container services in Asia and Oceania. Partly because of the office

location in front of the container terminal, I can sense valuable and up-to-the-minute information about what is happening on site now, what customers need, and what our competitors are focusing on. I realize from time to time that to have such experiences is one of the good points of working in a city where we can really feel global economics at work. And regardless of nationality or job description, I can see lots of women with high motivation and ambitious individual goals here. That’s encouraging to me.

I Took Child-care Leave Three Times



Emi Watanabe
Co-ordination Group,
Liner Division

When I joined the company, I had a vague sense that I would leave when I married, but I decided to continue to work. After that, I thought I would leave the company if I have a baby, but I still wanted to work, and put off ideas of leaving. Eventually, I took maternity and child-care

leave three times. Thanks to the understanding and cooperation of my family and my colleagues, I have been able to continue to work at the company. Although I still ask for their help sometimes, I always do my best to contribute.

Caring for Seagoing Employees

A unique characteristic of the MOL Group is that we have seagoing employees. They play a key role in maintaining vessels' safety and managing vessel operation, which are the basis of our company business.

Caring for Seagoing Employees



Masanori Kobayashi
Group Leader
Marine Safety Group
Marine Safety Division

The Marine Safety Division distributes the monthly safety magazine *Gentle Breeze* to concerned parties including captains and crews of our operated vessels, personnel in charge of these vessels, ship management companies, and shipowners. This is part of our efforts

to share information and promote safe operation. We strive to build a safety-first culture without forgetting past serious marine incidents, and take a multifaceted approach. For example, we conduct statistical analysis of near misses and accidents involving our operated vessels and review them with onboard personnel. *Gentle Breeze* plays a vital part in building further communication between vessels at sea and the Marine Safety Division, which manages and supports activities to ensure safe operation.

Health Hazards of Asbestos

Our company implemented a survey on asbestos health hazards in July 2005. The company contacted all about 4,000 former seagoing employees and notified them of medical exams available at company expense. As a result, six cases were registered for workers' compensation insurance as of May 2008.

We continue to respond appropriately to the asbestos issue by providing advice on application procedures for insurance and issuance of necessary documentation.

Occurrence of Workplace Accidents during FY2007

(No. of cases/million hours)

Lost Time Injuries (LTIF)	0.72
Total Recordable Cases (TRCF)	2.36

LTIF: Frequency of injuries and illnesses that prevent seafarers from returning to normal work

TRCF: Total of LTIF, incidence of injuries that hinder normal operation, and incidence of injuries and illnesses requiring treatment

Target: Vessels managed by major MOL Group ship management companies

Number of Cases Involving Workers' Accident Compensation Insurance

FY2003	FY2004	FY2005	FY2006	FY2007
5	6	1	1	1

Target: MOL seagoing employees

Caring for Seagoing Employees

Basic policies for employment

Since a national license is required to work as a seagoing employee, acquisition of seamen's competency certification is an essential condition of employment. MOL's policy is to hire about 20 seagoing employees every year — generally half deck officers and half engine officers. The company has employed female deck officers since FY2005.

The operational range and activities of seagoing employees have expanded every year, requiring more expertise. They can gain expert knowledge through training after joining the company and during onboard service, so the company considers motivation, enthusiasm, and flexibility in hiring decisions.

Roles of MOL seagoing employees

MOL's seagoing employees serve in a higher proportion of business support operations such as handling safety measures and coordinating vessels, port/harbor and business divisions, as well as land-based vessel and seafarer management. For the first 10 years of their careers, they concentrate on serving aboard ships and accumulate competence as future captains and chief engineers. Based on that experience, they are posted to land-based positions utilizing their know-how, or they follow their own career paths by serving aboard various types of vessels. Thus, they are required to serve as all-round maritime experts to lead the MOL Group.

Occupational safety and health

The Onboard Management Committee and Onboard Safety and Health Committee were organized to serve seagoing workers. They strive to improve working conditions through onboard duty plans, safety checks of onboard equipment/machinery and working environment, occupational safety and health management, and education for onboard operations. Qualified onboard health officers take responsibility for monitoring seafarers' physical and mental health. Our company ensures that employees receive adequate leave and maintain their health, and also strives on managing to maintain their health through regular checkups.

Caring for families at home

It is vital to care for seagoing employees and their families, who must spend considerable time apart. Our company established a consulting office for seagoing employees and their families in the Human Resources Division and organizes regional gatherings for employees and families. These events are sponsored by a service club for seagoing employees, called Kaisho-Kai, and include briefings to explain the current status of the company, question-and-answer sessions, consulting, and meetings.

Crew duties

Deck Department: Responsible for vessel navigation, safe cargo transport, loading/ discharging operations, and hull maintenance. For safe operation, three teams of an officer and an able seaman take deck watch (navigation and lookout) around the clock with six four-hour shifts while the vessel is under way.

Engine Department: In charge of maintenance and operation of vessel equipment and machinery including the engine. They are responsible for keeping vessel in the best operational condition. The day in the engine room starts with a work plan meeting early in the morning, and continues in principle from 9:00 a.m. to 5:00 p.m. But a rotating engineer is on call in case of engine trouble during the night, when it is in M zero (unattended) operation.

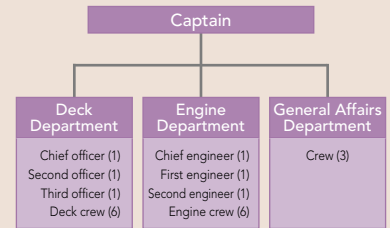
General Affairs Department: Takes responsibility for preparing meals for the seafarers and managing foodstuffs, cleaning, and health and sanitation. Their working hours are from early morning to night because they must prepare breakfast, lunch, and dinner. They take their meals and breaks during slow times.

Seafarer Education and Training

Needless to say, seafarers' skills, experiences, and awareness are vital to safe operation. MOL's seafarers serve aboard some 320 vessels, and come from more than 20 nations.

MOL has already opened crew training centers in seven nations. Naturally, we take a strict approach to quality management, in which safe operation is a main pillar. We also seek to provide further education and training for a growing number of seafarers in our crew training centers all over the world, in step with our growing fleet and expanding business. Our company sets our own strict technical requirements for every onboard engineer position, in addition to the competency standards set by international treaties. What's more, we operate our own training vessel, the *Spirit of MOL*, which provides onboard experience to cadets working toward vessel officer qualification. The ship is an important training facility, embodying seafarer education and ensuring safe operation. New mariners, who represent the future of the company, gain a strong identity as MOL Group seafarers and build on our heritage of safe, reliable operation, by taking training aboard of the *Spirit of MOL*, regardless of nationality.

Organization of Vessel (Example: Crew of 23)



Deck Department: Planning a safe and efficient voyage



Engine Department: Removing a piston from the engine



MOL's crew training center in the Philippines



Classroom instruction

What I Got from Onboard Training

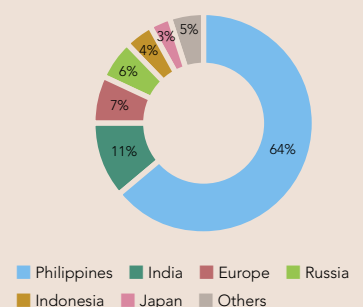


Go Koike
Al Bidda Junior Third Officer

can quickly land a vessel in crisis. We have a host of responsibilities to fulfill, to follow procedures ensure safe operation, and comply with laws, rules, and treaties. I look forward to becoming a top officer and playing a key role in global logistics, and I know my onboard training is key to gaining the experience and credentials I need.

Clear blue sky, white cumulus clouds, endless blue sea, and a bright, shining hull. I always feel refreshed when viewing the landscape from the bridge. I experienced all this when I went aboard an LNG carrier sailing between Japan and the Persian Gulf. Only the quartermaster and I were on the bridge during on-watch navigation. This means we took the vessel, cargo, and other crew members under our care. When I was responsible for the on-watch for the first time, I felt my heart race, and knew I was taking my first step to being an officer. Gradually, the tension grew, as I realized the gravity of my responsibilities and how critical my judgment is. Naturally, I carefully considered every decision and its impact on safety. I know I that any action taken on vague or faulty judgment

MOL Seafarers by Nationality



Social Contribution Activities

The MOL Group contributes to society through transport of various commodities that support people's lives and industries all over the world. We are proactive in social contribution activities as well, based on the following general policies.

Basic Policies

- Transport of aid supplies
- Marine and global environmental protection
- Maritime education
- International cooperation
- Others (monetary contributions, etc.)



Oil-spill response volunteer leader training

Impression after Taking "Volunteer Leader Training for Oil Spill Response"



Toshiya Iwagami
LNG Carrier Group (B)
LNG Carrier Division

This leader training has been held twice a year since 2004, and was initiated after the *Nahotoka Go* accident in 1997. I participated in the 10th event. I wanted to take part because I participated in the *Nahotoka Go* accident as a volunteer and belonged to the division that transports crude oil until recently.

The trainees are expected to lead about 20 volunteers and manage their safety in the field by learning characteristics and methods of countermeasures when oil (mainly crude oil and heavy oil) leaks into the sea.

During the two-day training, I learned how damage occurs after a spill and gained a sense of self-renewal as a person involved in the ocean shipping industry, through the practical exam and experimental test. And, I keenly felt my social responsibility as a shipping company employee.

Preventing any incident from occurring on our operated vessels, of course, is the most important thing. However, we must know characteristics of oil spills and how to take countermeasures in preparation of an incident just in case. I firmly believe this will ensure appropriate decisions and action even in a crisis.

Aid Supply Transport and Monetary Donation

[Monetary Donation]

Support for victims of the Chuetsu earthquake in Niigata Prefecture

Monetary donations through the Japan Red Cross

Support for victims of the Shanghai Eastern Sichuan earthquake in China

Monetary donations through the Japan Red Cross, China Red Cross, others (May 2008)

[Monetary Donation]

Support for the United Nations High Commissioner for Refugees (UNHCR)

Monetary donation for purchase of aid supplies such as tents for emergency shelter to the UNHCR, which supports refugees, through its Japan office, and grant-in-aid transport of cooking stoves between China and the U.A.E.

Transport of monuments for centennial of Japanese emigration to Brazil

Stone monuments created by sculptor Kota Kinutani were placed at Carmo Park in a suburb of Sao Paulo, a city closely tied to Japanese emigration. MOL offered to help the Executive Committee for the Construction of the Monument Commemorating Centenary of the Immigration of Japanese to Brazil and provided grant-in-aid transport of these monuments (February 2008).

Transporting a mobile library bus to South Africa

MOL worked with the Together with Africa and Asia Association (TAAA) to transport a mobile library bus to South Africa.

Environmental Protection Activities

Cooperation in marine research projects

Surface water temperature observation research using expendable bathythermographs (XBTs) aims to clarify the interaction between the ocean and atmosphere, the role of the ocean in climate change, and the ocean's overall circulation. This research is conducted at sea aboard the MOL VLCC *Kaminesan*.

Volunteer leader training for oil spill response

Since 2004, we have encouraged employee participation in this lecture co-sponsored by the Umimori Volunteer Information Center and The Nippon Foundation, with cooperation from the Maritime Disaster Prevention Center. The sessions aim at developing volunteer leaders who have a basic knowledge of oil spill response, helping our employees build an even stronger awareness of the need for safe operation.

Beach cleanup

We started this campaign in 2000, and 2008 marked its ninth year. We conducted this cleanup campaign at Yuigahama Beach in Kamakura City, Kanagawa Prefecture, and Odaiba Seaside Park in Tokyo, with 109 employees volunteering their time and effort.

Collection of used stamps, telephone cards, and PET bottle caps

The MOL Head Office and group companies collect used stamps, telephone cards, and PET bottle caps.

- MOL sends used stamps and telephone cards to the volunteer group Pole Pole Club, which promotes local villager's afforestation activities in Tanzania, East Africa. In fiscal 2007, our donations funded the planting of 1,947 seedlings.
- Our company sends PET bottle caps to NPO Ecocap Movement*. We started the collection in April 2008, and raised enough money to vaccinate 30 children in just three months.

Volunteer activities on the training vessel *Spirit of MOL*

The cadets onboard the training vessel *Spirit of MOL* come from various nations, and in addition to their onboard training, they conduct volunteer activities away from the ship. In the Philippines, the main training site for the vessel, they planted about 300 trees on Negros Island and joined beach cleanup projects on Boracay Island and in Manila.

Maritime Education

3rd MOL Kids Cruise

We hosted the MOL Kids Cruise on the luxury cruise ship *Nippon Maru* owned by Mitsui O.S.K. Passenger Lines, Ltd. The goal is to provide an opportunity for children, who represent the future of Japan as a seafaring nation, to build their interest in ships and the sea. Our employee volunteers welcomed fourth to sixth grade pupils, who were accompanied by one of their parents. We hosted a total of 306 guests — 153 pupil-parent pairs — and our volunteers presented their own informative and fun programs. These included a range of ingenious, educational activities for children to be able to learn and enjoy, such as a rope work class, flag signaling class, astronomy class, and a trivia quiz about ships and the sea. MOL will continue to communicate the world of ocean shipping and the importance of marine and environmental protection through this program.

Terminal tours

Our company also hosts tours of container terminals, which are the gateways for trade to Japan, for elementary and junior high school students as well as adults. We offered 159 tours at the Tokyo, Osaka, and Kobe container terminals operated by our group companies (International Container Terminal Co., Ltd., Shosen Koun Co., Ltd., and Mitsui O.S.K. Lines (Japan), Ltd. Kobe Branch) during FY2007.

International Cooperation and More

- Supported seafarer education and training in the Philippines and other countries
- Opened MOL Class at Dalian Maritime University (China) and Vietnam Maritime University (Vietnam)
- Participated in Junior Achievement, supporting vocational education for pupils in elementary, junior high, and high schools.
- Participated in PH-Japan Foundation (formerly known as Project HOPE Japan),



Beach cleanup

*NPO Ecocap Movement
MOL volunteers remove and collect caps from PET bottles, recycle them, and use the money raised to fund environmental protection activities and vaccinations for children in developing countries.



Planting trees on Negros Island



Beach cleanup on Boracay Island and in Manila



MOL Kids Cruise



Container terminal tour



Kobe University extracurricular seminar



Blood drive in the office of MOL (Asia) Ltd.



Sunshine Home for children in East London

which focuses on improving health and medical care in developing countries.

- Helped support the UN WFP, the Japan office of the United Nations World Food Program (WFP).
- Co-sponsored Kids ISO Program, which aims at environmental education for elementary and junior high school students.

MOL Group Companies' Social Contribution Activities

MOL Ship Management Co., Ltd.

- Exchange of letters and a vessel visit between the iron ore carrier *Shinzan Maru* and children in Kamiyama-cho, Tokushima Prefecture

Mitsui O.S.K. Lines (Japan), Ltd. Kobe Branch

- Accepted a large tour, co-sponsored by the MOL Japan Kobe Branch and Port of Kobe.
- Hosted a tour of Kobe International Container Terminal (KICT) as part of the lecture in the Faculty of Maritime Sciences, Kobe University, presented by MOL.

Shosen Koun Co., Ltd.

- Hosted 51 terminal tours throughout the year.

Green Kaiji Kaisha, Ltd.

- Participated and donated to activities of a local environmental volunteer group.

MOL (India) Pvt. Ltd.

MOL Information Processing Services (India) Pvt. Ltd.

- Visited an elder care facility and donated bed linens and clothes.
- Blood drives in cooperation with Naile Hospital (public hospital in Mumbai) to mark the 60th anniversary of India's independence

MOL (America) Inc.

- Donated a model of the *Bremen Maru* to The California Maritime Academy.

MOL (Asia) Ltd.

- Continually conduct blood drives in the office in cooperation with the Hong Kong Red Cross.

MOL South Africa (Pty) Ltd.

- Exchange with the Sunshine Home for children in East London, and provided bedding supplies.

The MOL Group is open about its business activities and CSR efforts, and promotes two-way communication with stakeholders, listening closely to their opinions.

Communication in MOL and the MOL Group

Holding various meetings taking various opportunities

MOL holds periodic liaison meetings and councils at various levels, aiming to share its vision, information, and consciousness. (These include Group Management Meetings for executives and presidents of major group companies, Executive Officers' Liaison Meetings, level-specific Liaison meetings such as General Managers' Meetings, Can-Do Meetings, Fresh Can-Do Meetings, and "Understanding the Quarterly Financial Results and Outlook Meetings" for assistant managers and young employees, which are held in parallel with official announcements to the public.

Communication through in-house magazines and Intranet bulletin boards

Our company promotes internal and group-wide information sharing and information exchange through the following in-house magazines (Japanese and English).

- *Unabara* – monthly internal magazine for all employees, also distributed to Group companies
- *Kaishokaiho* – Monthly magazine for seagoing employees
- *Open Sea* – English Web site published quarterly for overseas Group company employees
- *Open Sea* (digest) – English-language magazine for non-Japanese seafarers on MOL ships
- Other portal sites (newly opened MOL Group Information Portal), bulletin boards ("CSR" and "The Environment," etc.), and online magazines such as the monthly *The Environment* and *Gentle Breeze*, etc.

External communication

- The MOL Web site (Japanese and English, <http://www.mol.co.jp>)
- Corporate Profile
- Annual Report (published in July of each year in Japanese and English)
- Environmental and Social Report (Published in August of each year in Japanese and English)
- Quarterly *Ethica*
- *Kaisha no Arukikata* (MOL – A Guide to the Company) (edited/published by Diamond Inc.)

External evaluations (FY2007)

- Continuing selection for the Dow Jones Sustainability Indexes (DJSI), FTSE4 Good Global Index, Morning Star Index of Socially Responsible Investments.



Can-Do and Fresh Can-Do Meetings bring together the president and managers of each division, plus young employees, to share substantive discussions. These meetings aim to energize employees and encourage them to look at issues from different points of view.



MOL Environmental and Social Reports



Quarterly *Ethica*
This quarterly provides artistic and cultural presentations on vessels, the ocean, and harbors/ports



Kaisha no Arukikata
Walking in the Business World
— Mitsui O.S.K. Lines, Ltd.
Edited and published with MOL's cooperation, targeting customers and students (prospective employees)

Third-party Opinion

Itaru Yasui

Professor, University of Tokyo
Vice-Rector, United Nations University



Higher Energy Efficiency in Transport is Indispensable

The term “food mileage” is sometimes used to promote what we call local production for local consumption. The idea is that people should consume foods produced locally, not imported from a long distance. Though the “local production for local consumption” itself is a valid way to look at things, more recently, the argument has shifted to considering more than just transport distance. Lately, people have become concerned with “carbon footprints,” a measure of CO₂ emissions from all processes of production through consumption.

If we want to eat a tomato in winter, we must remember that fuel must be burned to heat a greenhouse to grow that tomato. But if it is grown outdoors in a warm part of the world, the CO₂ emissions involved will be one-tenth of those from the hothouse tomato. That means the transport volume increases if the carbon footprint is adopted as an index. This is an adverse wind for Japanese agriculture, but the food has different axes such as safety and reliability of supply.

It is often said that a large volume of CO₂ is emitted along with transport if the food is imported from overseas, but actually it is very small for items that travel by ship and rail. In some cases, short-distance truck transport in Japan can produce more emissions. Automobiles and aircraft consume good deal of energy in general.

Think about another example. Should steel be manufactured in Japan or overseas?

Japan leads the world when it comes to energy-efficient steel production. CO₂ emissions from transport and manufacturing of steel in Japan, are lower by 0.2 to 0.5 tons per ton compared to other countries. Even though iron ore and coal used for steel production weigh twice as much as finished steel, transporting them to Japan is still better for the global environment.

The answer to the general question “If we push ahead toward environmental protection more quickly, will this cut down global transport volume?” is “In many cases, transport of raw materials to the place where a more efficient manufacturing process exists is better, and the volume does not decrease immediately.” To reduce transport volume, it is indispensable to boost the efficiency of product manufacturing in developing nations. However, it takes time to achieve.

So what should the transport business do? The only correct response is to reduce per unit-load transport.

Speaking of another environment issue, NO_x and SO_x emissions from vessels will have to be reduced eventually, as we saw with the automobile industry. Automobiles, in fact, can reduce emissions of NO_x, SO_x, and CO₂ at the same time, by utilizing hybrid technology.

Hybrid technology may be one solution for vessels also. In addition to adopting more electronics, I hope we will see a hybrid vessel that runs on an engine as well as wind power like an old sailing ship.

MOL's Response



Koichi Muto

Senior Managing Executive Officer
(Deputy Chairman of CSR and Environment Committee)

Dr. Yasui, thank you for sharing your encouraging opinions. You presented the concept of the carbon footprint, which is a measure of CO₂ emissions on all processes from production to consumption. The international ocean shipping industry can contribute to reducing our environmental burden through our primary business by relying on the collaboration of manufacturing process quality and ocean shipping.

Ocean shipping has grown continually in line with the paradigm shift of global economy. But if stakeholders become more aware of the need to address carbon footprints, seaborne trade may increase further. Our company recognizes that we must strive to protect the environment while accomplishing a social mission to meet such continually increasing transport demands. We have worked to reduce our environmental burden through various approaches such as larger vessels and development of environmental technologies, but we continue to utilize our experience in reducing our per-unit-load environmental burden, and contributing to sustainable growth all over the world.

GRI Guidelines and U.N. Global Compact Comparison Charts

In producing this report on MOL Group CSR activities, our No.1 goal is to communicate the information in way that is easy to understand. We referred to the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines to select the items covered in this report. The chart below shows these GRI guidelines, the principles of the U.N. Global Compact, which we joined in March 2005, and our activities.

Relevant Global Compact principles	GRI Guidelines		Related pages
	1. Vision and Strategy		
Principle 8	1.1	Statement of the organisation's vision and strategy regarding its contribution to sustainable development.	2-3, 14-15, 18-19
	1.2	Statement from the CEO describing key elements of the report.	2-3, 18-19
	2. Profile		
	Organisational Profile		
	2.1	Name of organisation.	47
	2.2	Major products and / or services including brands if appropriate.	47, 12-13
	2.3	Operational structure of the organisation.	47, 12-13
	2.4	Description of major divisions, operating companies, subsidiaries, and joint ventures.	47
	2.5	Countries in which the organisation's operations are located.	47
	2.6	Nature of ownership; legal form.	47
	2.7	Nature of markets served.	12-14
	2.8	Scale of the reporting organisation.	47, 14-15
	2.9	List of stakeholders, key attributes of each, and relationship to the reporting organisation.	13, 16
	Report Scope		
	2.10	Contact persons for the report including e-mail and web addresses.	Back cover
	2.11	Reporting period (eg fiscal / calendar year) for information provided.	1
	2.12	Date of most recent previous report (if any).	1
	2.13	Boundaries of report (Countries / regions, products / services, divisions / facilities / joint ventures / subsidiaries) and any specific limitations on the scope.	1
	Report Profile		
	2.18	Criteria / definitions used in any accounting for economic, environmental, and social costs and benefits.	1, 29
	2.20	Policies and internal practices to enhance and provide assurance about the accuracy, completeness, and reliability that can be placed on the sustainability report.	1
	2.22	Means by which report users can obtain additional information and reports about economic, environmental, and social aspects of the organisation's activities, including facility-specific information (if available).	43, Back cover
	3. Governance Structure and Management Systems		
	Structure and Governance		
	3.1	Governance structure of the organisation, including major committees under the board of directors that are responsible for setting strategy and for oversight of the organisation.	17, 20
	3.2	Percentage of the board of directors that are independent, non-executive directors.	20
	3.4	Board-level processes for overseeing the organisation's identification and management of economic, environmental, and social risks and opportunities.	17, 22-23
	3.6	Organisational structure and key individuals responsible for oversight, implementation, and audit of economic, environmental, social, and related policies.	17
	3.7	Mission and values statements, internally developed codes of conduct or principles, and policies relevant to economic, environmental and social performance and the status of implementation.	0, 2-3, 14-21, 22, 35, 38, 40
	Stakeholder Engagement		
	3.10	Approaches to stakeholder consultation reported in terms of frequency of consultations by type and by stakeholder group.	21, 34, 36, 38, 43
	3.12	Use of information resulting from stakeholder engagements.	44
	Overarching Policy and Management Systems		
Principle 7	3.13	Explanation of whether and how the precautionary approach or principle is addressed by the organisation.	8-11
	3.14	Externally developed, voluntary economic, environmental and social charters, sets of principles, or other initiatives to which the organisation subscribes or which it endorses.	4, 17, 24
	3.15	Principal memberships in industry and business associations, and / or national / international advocacy Organizations.	4, 37
	3.16	Policies and / or systems for managing upstream and downstream impact.	27
	3.17	Reporting organisation's approach to managing indirect economic environmental and social impacts resulting from its activities.	26-27
	3.19	Programmes and procedures pertaining to economic, environmental and social performance.	14-15, 18-19, 22-23, 29, 30-31
	3.20	Status of certification pertaining to economic, environmental and social management.	22, 33
	4. GRI Content Index		
	4.1	A table identifying location of each element of the GRI Report Content, by section and indicator.	45-46
	5. Performance Indicators		
	Integrated Indicators		
	Systematic indicators	Systematic indicators relate the activity of an organization to the larger economic, environmental, and social systems of which it is a part.	12-13
	Cross-cutting indicators	Cross-cutting indicators directly relate two or more dimensions of economic, environmental, and social performance as a ratio.	4-5, 24
	Economic Performance Indicators		
	Direct Impacts		
	Core Indicators		
	Customers		
	EC1	Monetary flow indicator, Net sales	14, 47
	Environmental Performance Indicators		

	Core Indicators		
	Materials		
Principle 8	EN1	Total materials use other than water, by type.	28
	Energy		
Principle 8	EN3	Direct energy use segmented by primary source.	28
	Water		
Principle 8	EN5	Total water use.	28
	Biodiversity		
Principle 8	EN7	Description of the major impacts on biodiversity associated with activities and / or products and services in terrestrial, freshwater and marine environments.	26-27
	Emissions, Effluents, and Waste		
Principle 8	EN8	Greenhouse gas emissions (CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆)	4, 28
Principle 8	EN10	NO _x , SO _x , and other significant air emissions by type.	24-25, 28
Principle 8	EN11	Total amount of waste by type and destination.	28
	Products and Services		
Principle 8	EN14	Significant environmental impacts of principal products and services.	4-7, 24-27
	Additional Indicators		
	Energy		
Principle 9	EN17	Initiatives to use renewable energy sources and to increase energy efficiency.	7
	Transport		
	EN34	Significant environmental impacts of transportation used for logistical purposes.	4-7, 24-27
	Overall		
	EN35	Total environmental expenditures by type.	29
	Social Performance Indicators		
	[Labour Practices and Decent Work]		
	Core Indicators		
	Labour		
	LA1	Breakdown of workforce, where possible, by region / country, status (employee / non-employee), employment type (full time / part time), and by employment contract (indefinite or permanent / fixed term or temporary). Also identify workforce retained in conjunction with other employers (temporary agency workers or workers in co-employment relationships), segmented by region / country.	37, 39, 47
	Occupational Health and Safety		
	LA6	Description of formal joint health and safety committees comprising management and worker representatives and proportion of workforce covered by any such committees.	37
	LA7	Standard injury, lost day, and absentee rates and number of work-related fatalities (including subcontracted workers).	38
	Diversity and Equal Opportunity		
Principle 6	LA10	Description of equal opportunity policies or programmes, as well as monitoring systems to ensure compliance and results of monitoring.	35-39
Principle 6	LA11	Composition of senior management and corporate governance bodies (including the board of directors), including female / male ratio and other indicators of diversity as culturally appropriate.	20
	Additional Indicators		
	Employment		
	LA12	Employee benefits beyond those legally mandated.	37-38
	Training and Education		
	LA16	Description of programmes to support the continued employability of employees and to manage career endings.	35-37, 39
	LA17	Specific policies and programmes for skills management of for lifelong learning.	35-36
	[Human Rights]		
	Core Indicators		
	Policy and Management		
Principle 1	HR1	Description of policies, guidelines, corporate structure, and procedures to deal with all aspects of human rights relevant to operations, including monitoring mechanisms and results.	16-21, 36
	Non-discrimination		
Principles 1, 6	HR4	Description of global policy and procedures / programmes preventing all forms of discrimination in operations, including monitoring systems and results of monitoring.	16-21, 36
	Freedom of Association and Collective Bargaining		
Principle 3	HR5	Description of freedom of procedures / programmes to address this issue.	16-17
	Child Labour		
Principle 5	HR6	Description of policy excluding child labour as defined by the ILO Convention 138 and extent to which this policy is visibly stated and applied, as well as description of procedures / programmes to address this issue, including monitoring systems and results of monitoring.	16-17
	Forced and Compulsory Labour		
Principle 4	HR7	Description of policy to prevent forced and compulsory labour and extent to which this policy is visibly stated and applied as well as description of procedures / programmes to address this issue, including monitoring systems and results of monitoring.	16-17
	Additional Indicators		
	Policy and Management		
	HR8	Employee training on policies and practices concerning all aspects of human rights relevant to operations.	36
	Disciplinary Practices		
	HR9	Description of appeal practices, including, but not limited to, human rights issues.	21
	HR10	Description of non-retaliation policy and effective, confidential employee grievance system (including, but not limited to, its impact on human rights).	21
	[Society]		
	Core Indicators		
	Corruption		
Principle 10	SO2	Description of the policy, procedures / management systems, and compliance mechanisms for organisations and employees addressing bribery and corruption.	16-17, 20-21
	Additional Indicators		
	Community		
	SO4	Awards received relevant to social, ethical, and environmental performance.	34, 43
	Competition and Pricing		
	SO7	Description of policy, procedures / management systems, and compliance mechanisms for preventing anti-competitive behaviour.	20-21
	[Product Responsibility]		
	Core Indicators		
	Respect for privacy		
	PR3	Description of policy, procedures / management systems, and compliance mechanisms for consumer privacy	20-21

Corporate Profile

Name:	Mitsui O.S.K. Lines, Ltd.
President:	Akimitsu Ashida
Capital:	¥65,350 million
Number of shares issued:	1,206,195,642
Number of shareholders:	102,316
Shares listed in:	Tokyo, Osaka, Nagoya, Fukuoka
Business:	Multimodal transport mainly by ocean-going vessels
Consolidated revenue:	¥1,945,696 million (FY2007 ended March 2008)
Number of MOL employees:	892 (607 on land, 285 at sea) excluding employees temporarily assigned to other companies
Number of Group companies:	322 (consolidated)
Number of consolidated subsidiaries:	62 in Japan, 205 overseas
Number of equity method non-consolidated subsidiaries:	1 overseas
Number of equity method affiliates:	20 in Japan, 34 overseas
Number of MOL Group employees:	9,626 (The parent company and consolidated subsidiaries)
Group fleet:	874 vessels, 57,265 thousand DWT
Head Office:	2-1-1 Toranomon, Minato-ku, Tokyo 105-8688
Branches in Japan:	Sapporo, Yokohama, Nagoya, Osaka, Kobe, Kyushu
Offices:	Tomakomai, Hiroshima, Dubai, Moscow, Vladivostok, Saint Petersburg
URL:	http://www.mol.co.jp

(As of March 31, 2008)

Consolidated Subsidiaries in Japan (62 companies)

1. Bulk Carrier Business (5)

Chugoku Shipping Agencies, Ltd., Mitsui O.S.K. Kinkai Ltd., Tokyo Marine Co., Ltd., M.O.LNG Transport Co., Ltd., MOL Tankship Management Ltd.

2. Containership Business (7)

Utoc Corporation, Mitsui O.S.K. Lines (Japan) Ltd., International Container Terminal Co., Ltd., Shosen Koun Co., Ltd., Chiba Utoc Corporation, Utoc Stevedoring Corporation, Utoc Trucking Services Corporation

3. Logistics Business (6)

MOL Osaka Nanko Physical Distribution Center Co., Ltd., MOL Logistics (Japan) Co., Ltd., International Container Transport Co., Ltd., Japan Express Co., Ltd. (Yokohama), Japan Express Co., Ltd. (Kobe), Japan Express Packing & Transport Co., Ltd.

4. Ferry and Domestic Transportation Business (10)

Searox Kitaichi Co., Ltd., Sea-Road Express Co., Ltd., MOL Ferry Co., Ltd., The Diamond Ferry Co., Ltd., Diamond Line K.K., MOL Naikou, Ltd., Blue Highway Express K.K., Blue Highway Express Kyushu Co., Ltd., Blue Highway Service K.K., Miyako Shoji Co., Ltd.

5. Associated Business (25)

Esca Corporation, Daibiru Facility Management, Ltd., Kansai Building Maintenance Co., Ltd., Santo Tatemono Service Co., Ltd., Mitsui O.S.K. Kosan Co., Ltd., Daibiru Corporation, Hu-Tec Service Co., Ltd., Hokuso Kohatsu K.K., Mitsui O.S.K. Passenger Line, Ltd., Ikuta & Marine Co., Ltd., Ube Port Service Co., Ltd., Kitanihon Tug-Boat Co., Ltd., Green Kajji Kaisha, Ltd., Green Shipping, Ltd., Kobe Towing Co., Ltd., Nihon Tug-Boat Co., Ltd., Mitsui O.S.K. Techno-Trade, Ltd., M.O. Marine Consulting, Ltd., M.O. Engineering Co., Ltd., Kusakabe Maritime Engineering Co., Ltd., M.O. Marine Construction Co., Ltd., Mitsui O.S.K. Career Support, Ltd., Japan Hydrographic Chart & Publications Co., Ltd., Sanwa Marine Ltd., M.O. Tourist Co., Ltd.

6. Other Business (9)

MOL Adjustment, Ltd., M.O. Cablesip Ltd., M.O. Ship Tech Inc., MOL Ship Management Co., Ltd., MOL Accounting Co., Ltd., Orange P.R. Ltd., International Marine Transport Co., Ltd., MOL Information Systems, Ltd., Mitsui Kinkai Kisen Co., Ltd.

(As of March 31, 2008)

Overseas Network (36 nations)





<http://www.mol.co.jp>

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