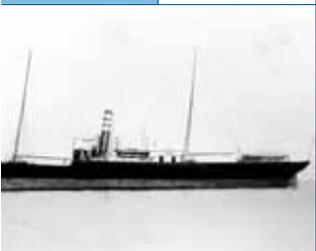


MOL Group

Environmental and Social Report 2014



Bluer Oceans,
Cleaner Environment and
Sustainable Future

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MOL Group Environmental and Social Report 2014 (Editorial Policy)

The MOL Group has reported on its Group-wide environmental protection activities every year since 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 contribution as well as environmental protection initiatives.

We publish the Environmental and Social Report in order to elicit understanding of our roles in and approach to CSR and the environment, and our latest initiatives. This is consistent with our aim of becoming an excellent and resilient organization that grows sustainably and harmoniously with society, while earning the trust of all our stakeholders. In our 2014 report, we focus in particular on the role of marine shipping as a critical infrastructure in the world economy and our unique initiatives for resolving social issues and creating value.

Period

FY2013 (April 1, 2013 to March 31, 2014; some activities outside this period are reported with notes.)

Scope

In principle, all MOL Group companies that do business in Japan and overseas. (Activities and data that are limited in scope are reported with notes.)

*The MOL Group

Mitsui O.S.K. Lines, Ltd., 357 consolidated subsidiaries, 73 equity-method affiliates and other affiliated companies.

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

Reference Guidelines

- Environmental Report Guidelines 2012, Japanese Ministry of the Environment
- Environmental Accounting Guidelines 2005, Japanese Ministry of the Environment
- GRI (Global Reporting Initiative) (GRI Guidelines Version 3.1) Please visit our website under the "CSR/Environment" section to view comparison charts with the GRI Guidelines and UN Global Compact.

Issue Date

Issued August 2014 (Previous issue: October 2013; next issue: July 2015 (scheduled))

The MOL Group discloses information concerning CSR and the environment using the following media:

Environmental and Social Report 2014

"CSR/Environment" section (website)

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

More detailed information not included in this publication can be found on our website.

Other communication tools

Annual Report

A detailed explanation of investor relations information such as management strategy, business environment, operating results and financial data. Primarily for shareholders and other investors.

MOL Investor Guidebook

Easy-to-understand analysis using tables and charts of the MOL Group's management plans, key financial indicators, business activities, market position and operating environment in each business. Primarily for shareholders and other investors.

Corporate Brochure

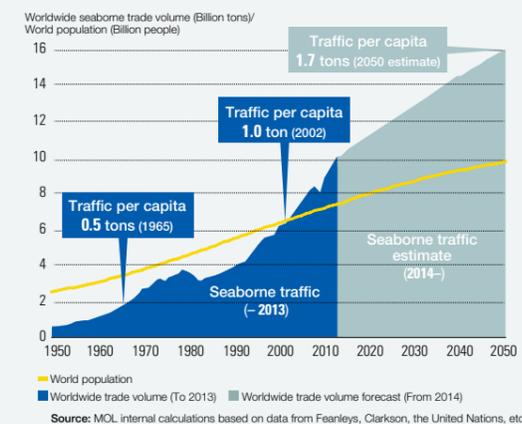
Easy-to-understand discussion of the company's business activities. Mainly for customers, business partners, local communities, and job-hunting students and professionals, as well as the general public.

Website (<http://www.mol.co.jp/en/index.html>)

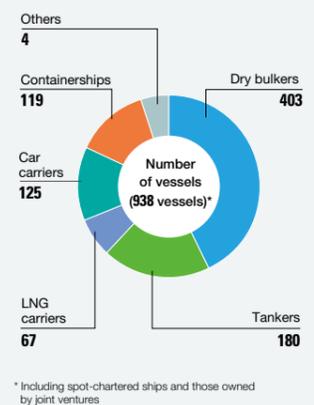
Provides an overview of businesses and the latest information through press releases for all stakeholders. The website also has links to the websites of MOL Group companies.

Key Indicators

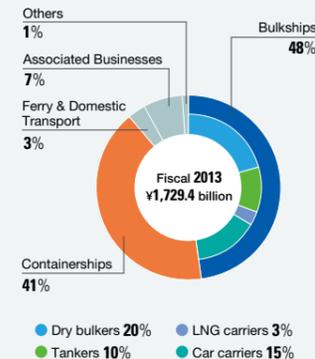
Worldwide Seaborne Trade Volume



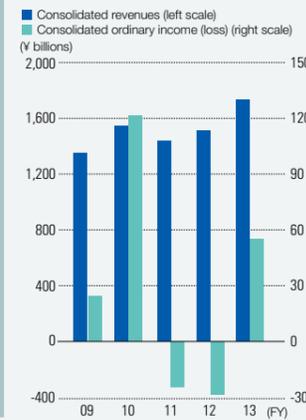
Fleet Composition by Number of Vessels (As of March 31, 2014)



Fiscal 2013 Consolidated Revenues by Segment



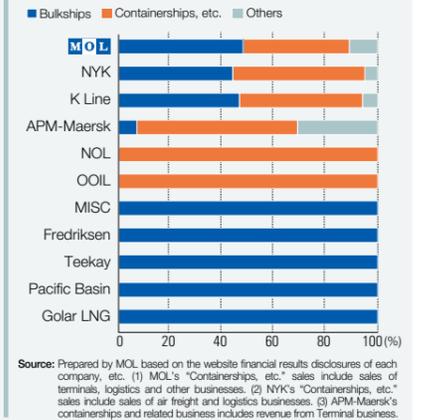
Consolidated Revenues and Ordinary Income



World Major Carrier' Fleets (All Vessel Types) (As of March 31, 2014)



Major Carriers: Sales Composition



The marine shipping industry creates value by transporting things. We will create new value chains with MOL's spirit of challenge that has marked our 130-year history.

MOL this year celebrates its 130th anniversary. The company's 130-year history since its predecessor's founding in 1884 can itself be seen as the history of modern shipping in Japan over this turbulent period. We have been through numerous hardships—among them enormous losses of ships and crews during World War II, the consolidation of shipping companies in Japan, several global economic crises, and a protracted rise in the yen—but we have overcome each of these difficulties through hard work and ingenuity. MOL's core business of global shipping generates added value through the transport of goods. Contributing to the development of local industry and enriching people's lives by marine shipping is our corporate social responsibility (CSR) as well as an aspiration that has been passed down unchanged since our founding.

[STEER FOR 2020]

MOL this year formulated a new midterm management plan: "STEER FOR 2020." The word *steer* refers to adjusting the rudder of a ship to change direction toward the desired route. This plan incorporates the ideas of making a major heading change toward 2020 and realizing solid growth through innovative changes. "STEER FOR 2020" advocates three innovations. The first is "innovation of business portfolio," by which we will allocate management resources earlier and significantly to businesses where we expect high growth and stable long-term profits. The second is "innovation of business model," by which we will focus on businesses that offer added values and meet customer needs. The third is "innovation of business domain," by which we will create value chains by expanding our business domain to both the upstream and downstream sectors of ocean shipping transport. In addition to actively expanding our offshore business further upstream from the marine shipping of energy (crude oil and LNG), we will operate container terminals and undertake other onshore businesses as tools for differentiating our services. Governance, safe operation, human resources development, and environmental protection will be key in supporting solid growth (sustainability) through these three innovations.

Governance

In 2000, MOL greatly shored up its management structure. Taking a lead position among Japanese companies, MOL established an advanced, highly transparent corporate governance structure by, for example, inviting outside directors and introducing an executive officer system. The fruit of these efforts can be found in the growth we achieved

through the successful implementation of a series of midterm management plans. We were also able to overcome the oppressive business environment in 2011–2012 and return to a growth trajectory through the Business Structural Reforms of 2012. This can be attributed to properly functioning corporate governance. However, we must deeply reflect on the fact that during the boom period, before the onset of the financial crisis, we compounded significant market exposure risks, as well as the fact that car carriers became involved in cartel-related violations. Under the new midterm management plan, "STEER FOR 2020," the strengthening of total risk control and compliance is regarded as a priority issue around which the entire MOL Group is coming together to implement.

Safe operation

MOL's business activities are contingent on safe operation. There is no completion of maintaining safe operation, and all Group executives and employees have devoted unwavering efforts to making continuous improvements in this regard. I chair MOL's Operational Safety Committee, which examines and discusses important matters relevant to safe operation. Ensuring safe operation is directly tied to service quality. For this reason, MOL has set achieving the Four Zeroes (an unblemished record in terms of serious marine incidents, oil pollution, fatal accidents and cargo damage) as a permanent target. We are striving for transparency by monitoring standard quantitative key performance indicators (KPIs), such as the number of work-related accidents, operational stoppage time and operational stoppage accident rate. And by proactively disclosing MOL's shipping quality, MOL is doing its utmost to be the carrier of choice.

Environmental protection

In international marine shipping circles, the 21st century is said to be the era of environmental regulations. New environmental regulations are steadily being introduced to prevent global warming, conserve biodiversity, and protect the sea and the air. In responding concretely, MOL views these evolving regulations as a business opportunity. MOL will leverage its practical environmental technologies and know-how to attain a competitive advantage and advance toward further growth. To this effect, we launched the Senpaku ISHIN project (next-generation vessels) in the previous midterm management plan and created next-generation vessels, which are equipped with the elemental technology proposed for the Senpaku ISHIN. For example, the Emerald Ace, a hybrid car carrier delivered in June 2012, earned plaudits from automobile manufacturers striving to lower environmental load over the entire product lifecycle. July 2014 saw the delivery of the Azul Brisa, a large bulk carrier equipped with a waste heat energy recovery system. Offshore testing confirmed a more than 5% reduction in fuel consumption. We have also been disclosing environmental information to the public through our container business website (Count On MOL) in the form of CO₂, NO_x, and SO_x reduction targets and emissions that constitute some of our service indicators (KPI), and this has been gaining immense praise from customers keenly interested in the environment.

Social contribution activities

MOL engages in social contribution activities distinctive to a globally-networked shipping company. For example, we run a crew training center that we established in the Philippines, giving us access to skilled crew members as well as expanding jobs in that country. Situated in the path of typhoons, the Philippines are frequently hit by natural disasters. When these disasters strike, we swiftly conduct on-site disaster relief operations and support reconstruction. MOL also participates in support projects in Somalia under the UN Development Programme. By offering the youth of Somalia viable employment opportunities, the project will provide an alternative to life as a pirate. The nations of Africa are expected to grow and we have been supporting NGOs located at our ships' calling ports for example by transporting desks and chairs for schools for free and cooperating in shipments of mobile libraries. Taking the long view, these initiatives serve as a cornerstone of our sustainable growth and through them, Group employees from all around the world can really feel that our business activities contribute to local development through marine shipping. Furthermore, as a company expanding globally, we share universal values. It is important to show that MOL acts in accordance with those values. MOL was quick to participate in the United Nations Global Compact in 2005 and has endeavored to support and carry out the Global Compact's

10 principles, which span the four fields of human rights, labor, environment and anti-corruption.

Human resources development

The employing and training of superior marine and inland personnel are essential for implementing the three innovations advocated in "STEER FOR 2020." Boldly taking on the global challenges of difficult projects personnel must be trained at all Group companies in Japan and abroad. We are thus creating an environment that will allow a diversity of people of various nationalities to play more active roles.

MOL's spirit of challenge

Our views on CSR, including governance, safe operation, environmental protection, social contribution activities, and human resources development as discussed above, are based on a corporate culture we have cultivated over the past 130 years, a history that has made "an indomitable spirit of challenge" part of our DNA. With MOL's spirit of challenge, we are going to sail full steam ahead, carrying our stakeholders into a shining sea of hope.



Koichi Muto
President

A handwritten signature in black ink, appearing to read 'Koichi Muto', written over a light blue background.

Creating value chains by expanding business domain to both upstream and downstream of ocean shipping transport.

The MOL Group will be both actively expanding its offshore business further upstream from the ocean shipping transport of energy (crude oil and LNG) and developing onshore businesses such as container terminals as sales tools for differentiated services as well as expanding new business domains. MOL will solve social issues such as tight demand for energy, food and resources through ocean transport and will be focusing maximum effort on safe operation, environmental protection, and human resources development in a manner suited to business investment.

FSRU are one of MOL's mainstay offshore businesses, and they offer stakeholders a number of benefits over conventional onshore LNG receiving terminals:

- 1 Lower environmental impact**
FSRU operate while moored offshore, reducing the environmental impact on locales onshore
- 2 Shorter construction period, lower cost**
Onshore LNG receiving terminals take five or more years to build, while the construction period for FSRU is only about three years, allowing LNG to be introduced more quickly and economically
- 3 Easier relocation/conversion**
FSRU can be easily relocated, enabling them to serve as tools for flexibly meeting a broad range of needs, among these being use for "bridge" storage capacity until an onshore LNG receiving terminal goes into operation and for supplemental storage capacity during peak periods of gas demand



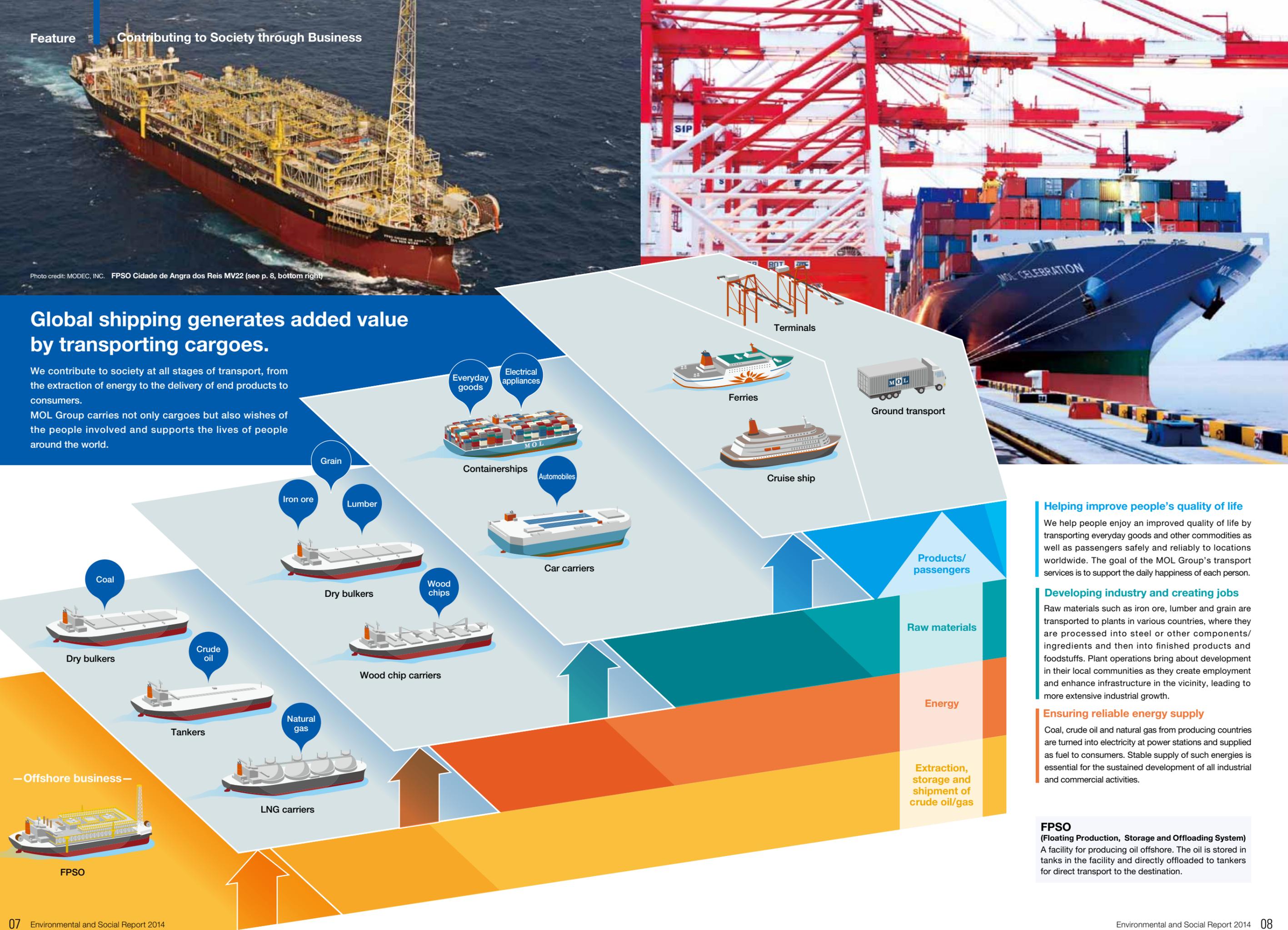
Floating Storage and Regasification Unit (FSRU) is a facility for storing LNG offshore, where LNG returns to its gaseous form for distribution by pipeline to land. In 2013, MOL decided to participate in the Uruguay LNG FSRU Project to establish a facility offering the world's largest LNG storage capacity.

* OG image provided by GDF Suez S.A.

Photo credit: MODEC, INC. FPSO Cidade de Angra dos Reis MV22 (see p. 8, bottom right)

Global shipping generates added value by transporting cargoes.

We contribute to society at all stages of transport, from the extraction of energy to the delivery of end products to consumers. MOL Group carries not only cargoes but also wishes of the people involved and supports the lives of people around the world.



Helping improve people's quality of life

We help people enjoy an improved quality of life by transporting everyday goods and other commodities as well as passengers safely and reliably to locations worldwide. The goal of the MOL Group's transport services is to support the daily happiness of each person.

Developing industry and creating jobs

Raw materials such as iron ore, lumber and grain are transported to plants in various countries, where they are processed into steel or other components/ingredients and then into finished products and foodstuffs. Plant operations bring about development in their local communities as they create employment and enhance infrastructure in the vicinity, leading to more extensive industrial growth.

Ensuring reliable energy supply

Coal, crude oil and natural gas from producing countries are turned into electricity at power stations and supplied as fuel to consumers. Stable supply of such energies is essential for the sustained development of all industrial and commercial activities.

FPSO
(Floating Production, Storage and Offloading System)
 A facility for producing oil offshore. The oil is stored in tanks in the facility and directly offloaded to tankers for direct transport to the destination.



Hybrid car carrier (PCC: Pure Car Carrier)
 The Emerald Ace, the world's first hybrid car carrier, was delivered in 2012. This vessel achieves zero emissions while at berth by using electricity generated by solar power while at sea with a hybrid power supply system that combines a solar power generation system with lithium-ion batteries. After operating this vessel for two years, MOL has confirmed that it has achieved zero emissions while at berth and that the load on diesel power generators has been reduced by approximately 4.2%. The Emerald Ace is a step toward realizing the ISHIN-I series of next-generation vessels announced in September 2009.

Environmental protection through business

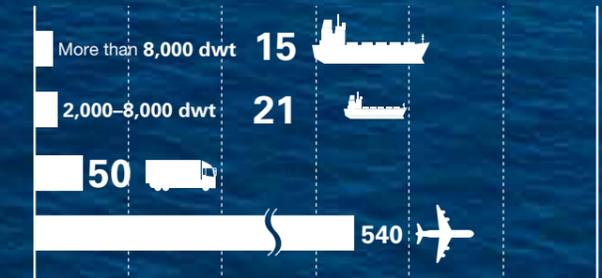
Marine shipping is an eco-friendly mode of transportation that has lower CO₂ emissions per unit of transport than any other form of transportation and can carry larger volumes at one time. Expanding globalization will increase the movement of goods across national borders. Given the increasing demand for global environmental protection, the MOL Group regards the global warming countermeasures as an important management issue, and it has been proactively and continually focusing on technological innovation and improving vessel operation systems to further reduce its environmental impact.

Marine shipping is an eco-friendly mode of international transportation

A modal shift from aircraft and trucks to vessels and other such modes that can transport larger volumes of cargo at one time is a very effective method for reducing CO₂ emissions.

* Ton-km is a measure derived from multiplying transport tonnage and transport distance. One ton of cargo transported for one kilometer equals one ton-km.

Comparison of CO₂ emissions from aircraft, trucks and vessels (unit: grams/ton-km)



Source: ICS & NTM, Sweden

Aiming to further reduce our environmental impact

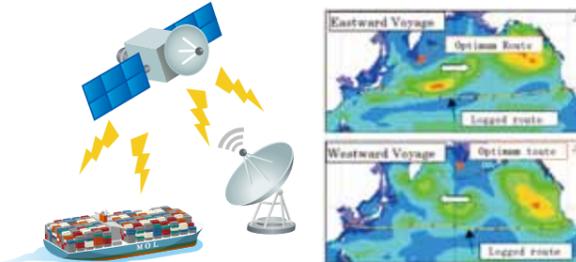
Increasing transport efficiency with larger ships



The Brasil Maru (deadweight capacity: approx. 320,000 tons), large dedicated iron ore carriers, is able to transport one ton of iron ore between Brazil and Japan with 20% less CO₂ emissions.

Optimal vessel operation support system

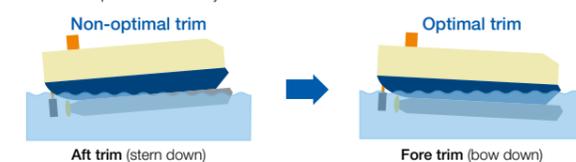
This system monitors the operational status of vessels and utilizes the latest ocean meteorological data to determine optimal routes in terms of safe operation, on-time departure/arrival and minimal fuel consumption, taking into consideration the performance characteristics of specific vessel types.



Optimal trim calculation system

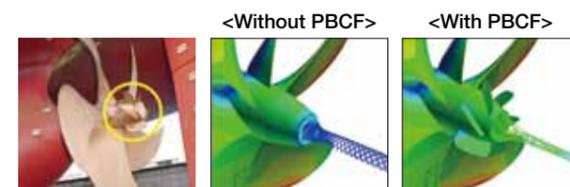
Optimization of draft and trim is becoming popular as a technique for reducing ships' CO₂ emissions. CFD* calculations, tank tests, and full-scale vessel tests have been conducted with a focus on optimal trim to cut fuel consumption, and trim optimization has been shown to reduce CO₂ emissions by up to 4%. MOL is now developing a system to calculate with high precision from small amounts of vessel data in joint research.

* CFD: Computational Fluid Dynamics



PBCF (Propeller Boss Cap Fins)

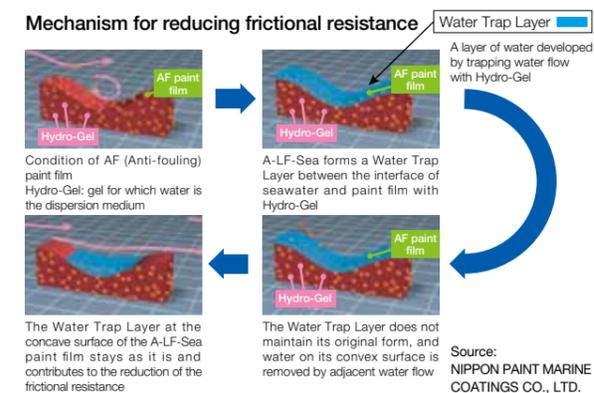
PBCF is a device that has been developed by MOL jointly with other parties since 1987 to improve propeller efficiency. PBCF produces a 4% to 5% improvement in fuel efficiency at the same speed, along with commensurate reductions in CO₂ emissions. These fins have been widely installed on MOL-operated vessels, as well as other vessels around the world. As of March 31, 2014, PBCF had been introduced to more than 2,600 vessels worldwide, including vessels scheduled to be built. MOL is currently developing new PBCF, which target a further improvement in fuel efficiency of another percentage point.



PBCF rectifies the hub vortex from the blade trailing edge of the boss, eliminates the low-pressure area and reduces the resistance from the Boss Cap fin.

Low-friction hull paint

Minute concaves in the paint film trap the water, smoothen the rough surface and reduce frictional resistance. MOL's performance analyses have confirmed a more than 3% improvement in energy conservation, although differences exist between individual vessels. The next-generation paint (A-LF-Sea) is now being tested.



Vessel equipped with high-efficiency waste heat energy recovery system

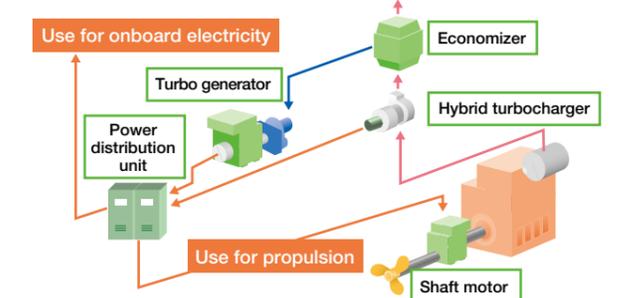
The bulk carrier Azul Brisa, equipped with a high-efficiency waste heat energy recovery system, was delivered on June 16, 2014.



This high-efficiency waste heat energy recovery system uses waste heat energy recovered from the main engine to generate electricity with a

hybrid turbocharger equipped to generate power, and a turbo generator, which is combined with a steam turbine. The electricity generated satisfies electrical demands of the vessel, and can be used for propulsion through the main engine's shaft motor fitted to the crankshaft, helping to reduce CO₂ emissions by reducing fuel consumption of the power generator and the main engine.

High-efficiency waste heat energy recovery system



Offshore testing of the vessel has confirmed a reduction of more than 5% in CO₂ emissions.

Developed along similar lines, a propulsion assist system using the main engine's waste heat energy has been highly evaluated, and was selected for the 2014 Japan Society of Naval Architects and Ocean Engineers (JASNAOE) Award (for inventions, designs, etc.).

These systems represent one of the steps taken towards the realization of future marine engines in the ISHIN-III, the next-generation series of ships announced in April 2010.

New Midterm Management Plan “STEER FOR 2020”

The MOL Group executed the single-year management plan “RISE 2013” to regain solid footing to growth pathway by aiming at returning to profitability in fiscal 2013. With the assurance of profitability, we projected our 2020 vision, and announced the new midterm management plan “STEER FOR 2020” on March 31, 2014, to show our pathway for the three years from fiscal 2014, as part of our journey to our goals.

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.

Long-term Vision

To make the MOL Group an excellent and resilient organization that leads the world shipping industry

New Midterm Management Plan “STEER FOR 2020”

Main theme

Solid growth through innovative changes

“To steer” means to take the helm of a ship and direct its course toward a specific destination. MOL is making a sharp turn toward solid growth in 2020 to grow sustainably and harmoniously with society. Our CSR activities are the basis of strengthening our management foundation to support this solid growth.

Overall Strategies

Three Innovations		
1	2	3
Innovation of Business Portfolio	Innovation of Business Model	Innovation of Business Domain
Allocate management resources earlier and significantly to businesses where we expect high growth and stable long-term profits	Transform our fleet for higher market tolerability and more competitiveness Focus on businesses that offer added values and meet customer needs	Create value chains by expanding business domain to both upstream and downstream of ocean shipping transport
Strengthening of our management foundation to support achievement of our goals		
- Reinforce compliance - Restructure our safe operation structure	- Strengthen total risk control - Concentrate business intelligence	

CSR Overview



MOL Group’s Approach to CSR

MOL’s basic approach to corporate social responsibility is expressed in the MOL Group Corporate Principle. To put these principles into practice, the MOL Group meets global transport demands through daily business activities, and strives to become a company which grows sustainably and harmoniously with society by promoting CSR activities to strengthen its business foundations.

Objectives of CSR Activities

The MOL Group has various stakeholders around the world since it is developing business on a global scale centered on its core business of shipping. CSR is concerned conducting business management that adequately takes into account laws and regulations, social ethics, safety and environmental issues, human rights, and other consideration. We believe we can develop with society sustainably while earning support and trust by contributing to all the Group’s stakeholders.

The MOL Group Corporate Principles state that the Group will contribute to the development of society as multi-modal transport group. Putting these principles in practice is the foundation of the MOL Group’s CSR. (“CSR Overview” ⇒p. 11)

Organizational Framework for CSR Initiatives

In implementing CSR activities, MOL deliberates on CSR-related policies and measures, primarily through the three committees under the Executive Committee. The CSR and Environment Committee discusses activities related to CSR of the entire MOL Group, sets medium- to long-term as well as single year targets, and reviews the progress periodically. Our CSR initiatives are further expanding in response to the business environment, the world situation, and stakeholders’ needs.

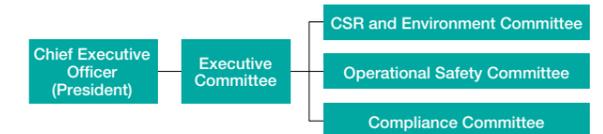
As an example, MOL formulated the MOL Group Basic Procurement Policy in 2012 based on the discussion by the Committee to fulfill our social responsibility as a company taking a part in customers’ supply chains. (Please refer to our website for more information on the MOL Group Basic Procurement Policy.)

The CSR and Environment Office in the Corporate Planning Division administers the committee and promotes CSR.

Operational safety and compliance are particularly important in supporting the MOL Group’s management foundations, and designated committees are formed in each of these areas. The Operational Safety Committee studies and discusses basic policies and measures for ensuring safe operation of MOL- and MOL Group-operated vessels, and the Compliance Committee discusses the enhancement of the compliance system and actions for dealing with compliance violations, as well as basic policies

and measures related to establishing a structure for protecting and managing personal information.

Organizational Framework for CSR Initiatives



Participating in the UN Global Compact

With business activities spread across the globe, the MOL Group believes that building good relationships with various stakeholders worldwide and contributing to the realization of sustainable growth of society are vital as it seeks to realize the ideas set forth in the MOL Group Corporate Principles. In order to contribute to an international framework for realizing these goals, MOL became the first Japanese shipping company to participate in the United Nations Global Compact in 2005. Since then, MOL has worked to support and practice the 10 principles in 4 areas of the UN Global Compact, which shares the same values as MOL’s Rules of Conduct, which were established as a set of guidelines for executives and employees.



10 Principles of the Global Compact

- Human Rights**
- Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and make sure that they are not complicit in human rights abuses.
- Labour**
- 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 labour;
 - Principle 5: the effective abolition of child labour; 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.

CSR Program Targets and Results (FY2013)

FY2013 Targets		FY2013 Main Activities and Results		Evaluation
Enhancement of Corporate Governance and Risk Management	Further raise compliance mind-set	Implemented level-specific training, legal insurance course and E-learning on compliance in general (100% participation). Raised awareness on handling issues related to bribery prevention and the Ordinance for Eliminating Organized Crime Groups through e-mail and intranet.		◎
	Strengthen systems for risk management and business intelligence (BI) that support sustainable growth	1) Ensured effective corporate governance by having active discussions including outside directors and outside auditors. Adequately reflected instructions for risks provided by relevant committees and meetings on business operations. 2) Concentrated management resources on the business domains of high growth and potential for long-term stable profitability (LNG, offshore business). Created a taskforce team for securing human resources for expanding those businesses (seafarers in particular) and executing the development plan. Established the Offshore Business Office. 3) Implemented continuous improvement actions by utilizing our management system that complies with international conventions, and reduced disaster and risk factors at shipyards by establishing common understanding with the construction sites based on the HSE (health, safety, environment) manual. 4) Enhanced discussions on changes in external environments by implementing Business Intelligence sessions in each concerned department and committee.		◎
	Strengthen BCP (business continuity planning) framework	Raised awareness of BCP among executives and employees using e-mail, intranet and Group newsletters. Postponed company-wide drills until starting the operation of a new system (FY2014).		△
Accountability	Further expand information disclosure related to sustainability and business strategy	1) Expanded communications by holding meetings with individual investors, organizing MOL Group facility tours for institutional investors, and implementing roundtable discussions with the media. 2) Explained to institutional investors and the media the contents and progress of our business reforms and RISE2013 (focused on reinforcement of dry bulkers business) in detail through direct dialogues and MOL Group newsletters. 3) Explained to domestic and international investors our business expansion strategies (LNG vessels, focus on offshore business, entering the Singapore market) using our strengths (human resources, know-how on safe operations) in detail, and implemented aggressive PR activities to increase the number of stable shareholders. 4) Newly established data items on the environment and human resources in the Environmental and Social Report 2013 in preparation for expanding ESG ^{*1} information disclosure.		◎
	Earn the trust of stakeholders by disclosing negative information properly	1) Implemented drills on handling the media in preparation for enhancement of timely information disclosure, and held meetings to explain to the Group companies about emergency responses. 2) Implemented drills on handling the media including overseas participants, and reinforced our system for global response by holding PR meetings with each of the regional headquarters in overseas sites. 3) Started the investigation to identify the cause of the MOL Comfort marine incident immediately after the occurrence and reported the status frequently (26 times in 25 days). Disclosed information through the website on the implementation of safety reinforcement measures to prevent a reoccurrence, and explained the background information and current status in our Environmental and Social Reports.		◎
Safe Operation, Service Quality	Become the world leader in safe operation	1) Did not achieve the "Four Zeroes" (an unblemished record in terms of serious marine incidents, oil pollution, fatal accidents and cargo damage) because of the MOL Comfort marine incident, etc. Root cause investigation of the incident and formulation of various preventative measures against reoccurrence are now in progress in order to achieve the goal in the future. 2) Did not achieve further reduction of operational stoppage time per vessel (Target: 24.00 hours/vessel/year, Actual: 25.04 hours/vessel/year) 3) Achieved reduction of operational stoppage accident rate per vessel (Target: 1.00 incident per vessel/year, Actual: 0.52 incidents per vessel/year) 4) No collisions or groundings to cause long-term non-operation of the vessel. However, a collision against a wharf occurred, and provided enforced instructions to the ship owner. 5) Did not achieve due to the occurrence of electrical system trouble that required long-term stoppage. Thorough investigation of the cause and formulation of countermeasures are in progress with concerned departments. 6) Regularly held operational safety workshops, Safety Campaigns and Safety Conferences ^{*2} to raise safety awareness. Expanded beach cleanup at Kashima Nada to foster a culture of safety.		●
	Improve service quality	Periodically reported KPI ^{*3} status of containerships on the website. Implemented timely information disclosure including negative information.		◎
	Raise human rights awareness	To raise human rights awareness, provided training, conveyed information about human rights, participated in outside seminars, and solicited human rights slogans.		◎
Human Rights	Develop human resources	1) To utilize and develop diverse human resources, fostered career awareness of having self-reliance and self-responsibility using career-path and career image, improved overseas training programs and periodically implemented training for leaders. 2) To improve the awareness of operational safety and heavy focus on operation sites, provided safety education using DVDs and instructions, and raised safety awareness during the briefing session before boarding vessels. Provided experience training sessions, and propelled the efforts for fostering a culture of safety by including lectures on safety in level-specific training programs.		◎
	Promote diversity	1) Continued the initiatives for hiring foreign nationals and physically challenged applicants. Improved the working environment for utilizing and fostering diverse human resources by starting the utilization of short-work hours for child-care and expanded the support system for career development and opportunities for female employees. 2) In order to secure and develop talented multi-national seafarers, promoted new employee training programs including welfare improvement measures (promoting the installation of Internet access on board) and adding personal rooms. 3) Advanced preparation of new measures (formulating the Group's code of conducts, opening a global management school, etc.), and enhanced the network among overseas subsidiaries and global human resources to promote global human resources activities.		◎
	Promote work-life balance and enhance employees' health management	1) Completed the third action plan for general companies by the end of September 2013, and received the "KURUMIN" mark in January 2014. (Please refer to p. 30). 2) Implemented various measures for raising awareness (setting up no overtime days, internal notifications, disclosing status information). Did not achieve the target for annual leave and special summer vacation usage, but achieved the target for overtime work reduction. (Annual leave: usage target at least 10 days, 6.0 days used) (Special summer vacation days: usage target of 7 days, 5.5 days used) (Overtime work hours/month/person: reduced by approx. 3.0 hours compared to previous year) 3) Implemented health training, released the MOL Body Fit Exercise ^{*4} , and strengthened care after periodic health checks to maintain physical and mental health of employees on board. Considered providing healthy menus at company cafeterias for employees.		◎
Care for Employees and Seafarers	Maintain and raise employees' motivation	Commenced public relations activities to commemorate the 130th anniversary of MOL.		◎
	Improve occupational safety and health and welfare programs for seafarers	1) Did not achieve the target of eradicating work-related accidents causing injury or death because of the occurrence of accidents, including a death due to an accidental fall. Enhanced improvement measures by sharing information on accidents, countermeasures and preventative measures with each vessel and relevant parties. 2) Did not achieve the LTIF ^{*5} target due to the increase of accidents involving young employees. (Target: 0.25 or less, Actual: 0.44). Implemented an investigation of the root cause and measures for preventing any reoccurrence. 3) Implemented the reduction of workload on board in order to comply with the Marine Labour Convention (MLC), and established a follow-up system to monitor and improve the situation after the issuance of the Convention.		●
Environmental Measures	Evolve into a corporate group that meets today's demands by offering transport solutions with a lower environmental burden	"Environmental Targets and Results" (Please refer to p. 22)		◎
Social Contribution Activities	Implement principled social contribution activities	1) Continued the initiatives to help solve social issues including the assistance to the areas affected by the typhoon in the Philippines.		◎
		2) Continued social contribution activities to support the MOL Group's sustainability including the Somalia Support Project.		◎
		3) Expanded social contribution activities participated in by executives, employees and seafarers of the Group companies in Japan and overseas such as beach cleanups.		◎
		4) Implemented measures to promote fair trade, and discussed the introduction of target merchandise.		◎
		5) Continued activities to support the recovery from the Great East Japan Earthquake including cooperation with charity auctions for the Tohoku Recovery Support by Mitsui O. S. K. Passenger Line, Ltd.		◎

Legend: ◎ Achieved ○ Generally achieved △ Partially achieved ● Did not achieve (target period/content changes)

CSR Activities Policy in the New Midterm Management Plan

The scope of the MOL Group's CSR activities is broad, and the level of focus and priority that we place on each activity changes depending upon the business environment, world situation and the condition of each local area where the activities take place. The targets of CSR activities during the period of the New Midterm Management Plan "STEER FOR 2020" were formulated in the form of medium term targets and single year targets after setting up overall strategies for the MOL Group to pursue based on the state of achievements in fiscal 2013 and identifying material issues upon which we must focus.

The New Midterm Management Plan

Aiming to achieve sustainable growth together with society and to respond to stakeholders' trust by making all MOL Group executives and employees aware of our social responsibility and putting it into practice.

CSR Midterm Targets (FY2014-FY2016)		FY2014 Targets
Critical Issues	1. Thoroughly implement safe operation and provide safe, secure, stable, high-quality services.	Supplying safe, secure and stable services is the basis for earning stakeholders' trust and becoming their choice. By reminding ourselves once again that marine shipping is a social mission as it supports industries and the daily lives of people around the world, we will strive to supply high quality services, which meet the requirements of the new era and contribute to the development of the world economy. 1) Achieve "Four Zeroes," i.e., an unblemished record in terms of serious marine incidents, oil pollution, fatal accidents, and cargo damage 2) Further reduce operational stoppage time per vessel (achieve operational stoppage time per vessel of 24 hours/year or less) 3) Further reduce operational stoppage accident rate per vessel (achieve target operational stoppage accident rate of 1.00 incident per vessel/year or less) 4) Reorganize operational safety system for preventing the reoccurrence of serious marine incidents 5) Strengthen BCP (business continuity plan) system by implementing practical drill exercises along with continuous education to all executives and employees 6) Promoting a stable supply of high quality services by meeting and responding to our customers' needs and to this new era.
	2. Deepen initiatives to ensure thorough compliance.	Each of the MOL Group executives and employees cherishes compliance as a corporate social responsibility, and fosters a company culture for demonstrating compliance in business activities. 1) Rebuild the system for completely complying with laws and regulations, including the appointment of an executive member in charge of compliance. 2) All executives and employees of the MOL Group are to help achieve compliance with laws and regulations. Continue implementation of various measures including internal training and E-learning by selecting antimonopoly laws, anti-corruption laws, and insider trading laws.
	3. Promote personnel training and diversity to strengthen comprehensive Group capabilities.	Further strengthen human resources development of the entire MOL Group globally. Improve the comprehensive capabilities of the MOL Group by facilitating work environment where multi-national and diverse human resources including women can demonstrate their abilities. 1) Upgrading training for enhancing management capability of the MOL Group personnel (domestic and overseas) 2) For promoting diversity, continue to support the performance of female employees and their career development by creating work environments in which diverse human resources can demonstrate their abilities 3) For the improvement of work-life balance, discuss and investigate the possibility of introducing a system to meet the needs of individual's stage of life and lifestyle 4) Improve occupational safety and health for seafarers (achieve LTIF 0.25 or less), and improve their welfare by expanding the availability of broadband on vessels.
	4. Make further progress on solving social issues and promoting environment initiatives as an environmentally advanced company.	Further enhance initiatives for reducing environmental impact as an "Environmentally Advanced Company" with full awareness of the environmental impact of the business activities of the MOL Group, and protect the global environment, which is an issue common to the whole world. (Single-year targets are set separately by following the Environmental Activities Policy. Please refer to p. 23.)
Issues	5. Actively disclose sustainability data.	Fostering stakeholders' trust by actively disclosing information to show the sustainability of MOL businesses 1) Promoting information delivery for enhancing stakeholders' understanding of MOL's steady growth through the execution of the new midterm management plan "STEER FOR 2020" 2) Earning stakeholders' trust by actively disclosing ESG information on the website, Environmental and Social Report, Annual Report, etc., as well as through our KPI-related actions by containerships 3) Ensure full information disclosure on serious marine incidents, and improve follow-up activities
	6. Promote social contribution activities related to MOL's businesses.	Promote social contribution activities that are highly relevant to MOL businesses, and continue our efforts for solving social issues as a corporate citizen 1) Further improve activities using the resources of the Group companies and know-how we acquired through our primary businesses, and activities participated in by executives, employees and seafarers of the Group companies in Japan and overseas 2) Continue supporting the Somalia Support Project that will lead to a contribution to operational safety of international ocean shipping 3) Promote initiatives that are relevant to solving social issues and contribute to fulfilling our social responsibility and sustainability 4) Respond in a timely manner to disaster sites, and continue supporting the Philippines' disaster sites hit by typhoon HAIYAN (#30) and the restoration after the Great East Japan Earthquake

*1 ESG: Environment-Society-Governance

*2 Safety Conference: Meetings held at MOL's four main supply sites of seafarers. Management members speak on operational safety and exchange opinions with participants. (Please refer to p. 20.)

*3 KPI: Key Performance Indicators

*4 MOL Body Fit Exercise: Exercise for preventing accidental falls on board (Please refer to p. 30.)

*5 LTIF: Lost Time Injury Frequency. Number of work-related accidents per hour per one million people

Governance

MOL has implemented management reforms to put in place a corporate governance structure to realize “an open and visible management style that is guided by the highest ethical and social standards” set forth in the MOL Group Corporate Principles. We will further improve our activities and continue to be the MOL Group that is trusted by society.

Corporate Governance

MOL aims to improve the transparency of corporate management and to maximize stakeholders' profits through the most appropriate allocation of management resources. To this end, MOL adopts a structure whereby the Board of Directors, with the participation of outside directors, checks the appropriateness of management decisions and the status of execution of business operations, and the Board of Directors also oversees the business execution of the president as the chief executive officer.

At the Board of Directors, deliberation on corporate strategy and vision, an initiative unique to MOL, is held around five times a year. It discusses topics such as management strategies and MOL's long-term vision. These discussions provide an opportunity for lively debates with the outside directors and corporate auditors, and opinions are reflected in formulation of management strategy and business execution.

For business execution, MOL has a system of executive officers that resulted delegation of authority. By clarifying each governance function, decision-making has been expedited.

MOL has also adopted the corporate auditor system, and two of the four auditors are appointed from outside. Furthermore, the Internal Audit Office operates

independently of the company's divisions and offices and reports directly to the Executive Committee, the company's supreme decision-making body at the business execution level. The corporate auditors and independent public accountants cooperate in performing their respective statutory audits and audit the execution of business operations, including at Group companies.

Risk Management System

MOL has established a risk management system for main risks shown below:

(1) Risks Concerning Maritime Shipping Market Trends

In the maritime transportation field, MOL's principal business, the shipping tonnage supply-demand is influenced by trends in the volume of global seaborne trades and the supply of vessels, and these trends have a significant impact on fluctuations in freight rates and hire rates. Hence, such material issues as investment in ships are brought to the Investment and Finance Committee, which identifies, analyzes and evaluates risks.

(2) Safe Operation of Vessels

The Operational Safety Committee reviews and deliberates issues concerning safe operation based on the rules of the committee in order to secure and thoroughly implement safe operation.

(3) Market Risks

Fluctuation risks including market rates, bunker price, exchange rates, and interest rates are reduced appropriately in accordance with market risk management regulations.

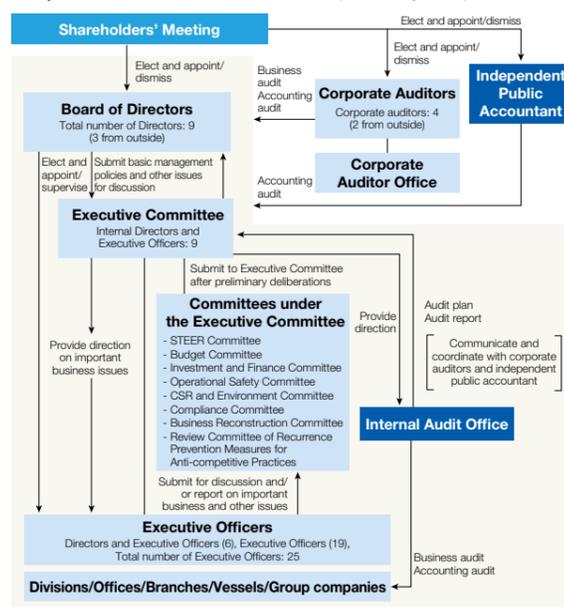
(4) Group Company Operational Management

The MOL Group Corporate Principles serve as the basis for setting regulations at MOL Group companies. In terms of Group company operational management, MOL designates a division, office or executive in charge, and that organizational body or individual receives the necessary reports in a timely manner in accordance with Group Company Management Regulations to properly ascertain the status of management and business risks. Important management matters are executed with the company's permission.

(5) Response to Natural Disasters and Other Risks

MOL has a risk management system designed to stop an earthquake or other disaster or an outbreak of infectious disease from affecting business activities. This includes formulating business continuity plans (BCPs), documenting specific procedures, and running regular drills.

Corporate Governance Structure (As of July 2014)



Information Security Measures

MOL has formulated the Electronic Information Security Rules to specify proper control and protection procedures for handling electronic information including confidential information that we deal with in our businesses. Various security measures have been put in place to prevent the leakage of corporate information and to protect information from unauthorized internal and external access. In order to improve the awareness and IT literacy levels of each one of the MOL Group executives and employees, an E-learning program has been implemented periodically. (Implementation result in FY2013: 27 companies in Japan)

Compliance

MOL believes compliance means not only complying with legislation and internal rules, but also observing voluntarily established internal rules (Rules of Conduct) in carrying out corporate activities, including respecting human rights, refusing to permit discrimination and harassment, and preventing corruption in accordance with social norms and corporate ethics. (Please refer to our website for the Statement of Principles for Compliance.)

Since MOL conducts business globally, it aims to instill and entrench a compliance-oriented mind-set not only at Head Office, but also at Group companies in Japan and overseas. To this end, it regularly conducts E-learning and in-house training programs. In fiscal 2012, MOL revised its guidelines on antimonopoly laws in order to further enforce compliance and notified the amendments to Group companies in Japan and overseas.

Compliance Structure

- MOL has a Compliance Committee, which is headed by a corporate officer appointed by the Executive Committee in accordance with MOL's Compliance Policy specifying rules of conduct executives and employees must observe. This committee is responsible for strengthening and refining the compliance structure as well as deciding on disciplinary measures in the case of violations, and measures to prevent a recurrence.
- General managers of divisions and offices are appointed as Compliance Officers. They take a thorough approach to compliance as the person responsible, and are also required to report to the Compliance Committee Secretariat Office in the event of a compliance issue and take necessary corrective actions.
- MOL has two Compliance Advisory Service Desks: an internal one that is independent from divisions, offices, and branches and for which the General Manager of the Internal Audit Office is responsible; and one through an outside attorney. These advisory service desks receive reports and requests for consultation from executives and employees of MOL and MOL Group companies in Japan and overseas, as well as temporary employees, domestic

business partners and other outside parties. In addition to giving feedback on action taken to the person reporting an issue, the advisory service desks ensure that those reporting an issue and those who cooperate in the investigation are protected from any retribution or unfair treatment.

Regarding the Japan Fair Trade Commission's Announcement

According to the announcement made by the Japan Fair Trade Commission (JFTC) on March 18, 2014, MOL was found to have violated Article 3 of the Antimonopoly Act (Unreasonable Restraint of Trade) in relation to certain car carrier shipping trades. The Company, however, was exempted from Cease and Desist Orders and Surcharge Payment Orders because it had already ceased the questioned conduct before the on-site investigation and the JFTC granted MOL's application under the JFTC's leniency program. Nevertheless, we still consider this legal violation to be a very serious matter and have cut executive compensation of the Chairman, the President, and the Senior Managing Executive Officer responsible. In addition, we are working to reinforce compliance through new measures, including those described below, as each and every executive and employee should conduct their activities each day with the deeply ingrained understanding that compliance is a major requisite for corporate activities.

- Established the Review Committee of Recurrence Prevention Measures for Anti-competitive Practices, which is headed by the President, to examine and execute concrete policies to prevent a recurrence
- Established a chief compliance officer to head compliance officers
- Revised company rules and reinforced education and training

Accountability

MOL believes that timely, full and fair disclosure of corporate and financial information is an important aspect of corporate governance. In addition to being accountable to shareholders and investors by providing information, the Company makes every effort possible to reflect their opinions in management. (Please refer to our website for IR Basic Policies.)

The distinguishing feature of our investor relations activities is that the President takes the lead in their implementation. The President actively participates in the Company's presentations of quarterly results and attends meetings with domestic and foreign investors. The Company is also aware of the need for full and fair disclosure to all investors, whether in Japan or overseas. At the same time its quarterly financial results in Japanese are released over the Tokyo Stock Exchange's TDnet, the Company posts them to its website with an accompanying English translation. The Japanese and English drafts of presentation materials are also posted on the website. MOL actively disseminates information about management strategy, investment plans, market conditions and other information through its website.

Fulfillment of accountability is not only for the communication of management and financial information. Our basic stance therefore is to quickly disclose information to all stakeholders including negative information on accidents. We hold regular drills for responding to the media with the assumption of serious marine incidents, and are working to strengthen our ability to be able to quickly and properly disclose information. (Please refer to p. 27, "Dialogue with Stakeholders.")

Measures to Ensure Safe Operations

Safe operation is of the utmost importance and lies at the heart of MOL's management. In the new midterm management plan "STEER FOR 2020," we set the reconstruction of our safe operating system as an integral initiative to strengthen our management foundation, which supports the successful execution of the plan. We will continue to restrengthen our safe operating system to ensure the thorough implementation of measures to prevent serious marine incidents as we strive to become the world leader in safe operation.

Safe Operation Management

Safe Operation Management Structure

MOL has an Operational Safety Committee, which is chaired by the President of MOL. Under this committee are the Safety Assurance Committee and the Ship Standard Specification Committee. The Operational Safety Committee discusses and determines basic policies and measures for ensuring safe operation of vessels through rigorous attention to every detail. The Safety Operations Headquarters, which consists of marine technical and ship management divisions, is responsible for implementing specific measures, with progress overseen by the Safety Assurance Committee. The Ship Standard Specification Committee discusses and determines MOL Safety Standards and owned ship maintenance standards from a fail-safe*1 perspective.

*1 Fail-safe: Equipment and systems are designed to operate safely at all times, even when trouble occurs due to operator error or malfunction.

Organizational Structure Supporting Safe Operation



Emergency Response System

MOL continues to strengthen its systems so that it can provide an accurate response in the unlikely event of an emergency.

■ Safety Operation Supporting Center (SOSC)

The SOSC is staffed at all times by two marine technical specialists, including an experienced MOL captain, and supports the safe navigation of MOL-operated vessels around the clock 365 days a year. The center monitors the position and movement of more than 900 MOL Group-affiliated vessels in real time, providing assistance from the captain's perspective by supplying information on abnormal weather and tsunamis and on piracy and terrorism incidents to relevant personnel on the ship and land. At the same time as serving as an information portal supporting the safe operation of MOL ships, the center also functions as a help desk for urgent inquiries from ships regarding safe operation. Since its establishment, the center has helped to steadily reduce the number of incidents involving adverse weather or emergency entry*2.

*2 Emergency entry: Entering foreign territory due to severe weather on the sea, serious hull or engine distress, or the injury of a crewmember.

■ Accident Response Drills

MOL regularly conducts accident response drills on vessels while at sea. These drills simulate various situations such as an on-board fire or water immersion, or act of piracy or terrorism, so that seafarers can respond swiftly and appropriately in an emergency. Head Office conducts serious marine incident emergency response drills twice a year with the cooperation of the Regional Coast Guard Headquarters. The drills involve MOL's President, other corporate officers, representatives of relevant departments and ship management companies, and vessels. In November 2013, we conducted an emergency response drill with the premise of a pirate attack on a car carrier in the seas off Somalia. In May 2014, we conducted an emergency response drill with the premise of a bulk carrier running aground in the Seto Inland Sea with a fire in the engine room. Furthermore, MOL Group companies that operate ferries and cruise ships conduct emergency response drills, including evacuation guidance, on a regular basis, as they put the highest priority on ensuring customer safety in an emergency.



Evacuation drill on board

Safe Operation Measures

Efforts to ensure safe operation will never end. Coupled with the revision and continuation of policies already in place to strengthen safe operation, MOL will thoroughly implement policies to prevent a recurrence of recent serious marine incidents.

Making Processes for Realizing Safe Operation Visible

MOL has introduced objective performance indicators for measuring safety levels, and also set the following numerical targets, including the Four Zeroes.



1. Four Zeroes (an unblemished record in terms of serious marine incidents, oil pollution, fatal accidents and heavy cargo damage)
2. LTIF*3 (Lost Time Injury Frequency): 0.25 or below
3. Operational stoppage time*4: 24 hours/ship or below
4. Operational stoppage accident rate*5: 1.0/ship or below

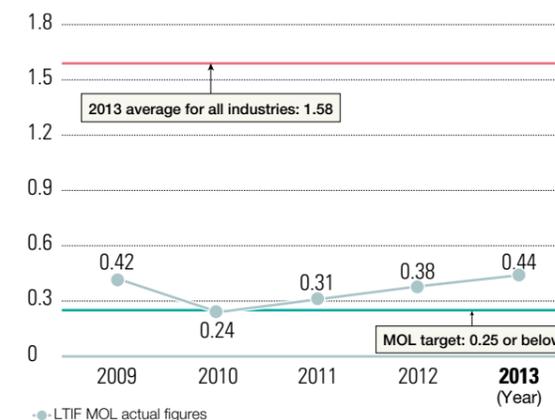
In fiscal 2014, MOL will work on three important targets: (1) eradicate work-related accidents causing death, and reduce work-related accidents causing injury, (2) eradicate collisions and groundings, and (3) eradicate machinery trouble resulting in a dead ship condition (a ship being unable to move under its own power).

*3 LITF (Lost time injury frequency): Number of work-related accidents per one million hours worked that resulted in time lost from work of one day or more. Average for all industries (2013) was 1.58; for shipping industry, 1.54; for transportation equipment manufacturing industry, 0.47. (Source: 2013 Survey on Industrial Accidents issued by the Ministry of Health, Labour and Welfare)

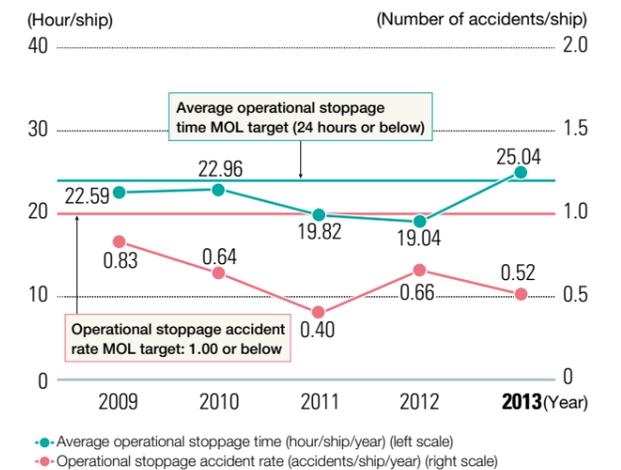
*4 Expresses the amount of ship operational stoppage time due to accidents per ship per year.

*5 Expresses the number of accidents that result in ship operational stoppage per ship per year.

Lost Time Injury Frequency (LTIF)



Operational Stoppage Accidents Average Time and Frequency



MOL COMFORT Marine Incident

On June 17, 2013, MOL COMFORT (an 8,000-TEU type container-ship built in 2008) suffered a crack amidships while under way from Singapore to Jeddah, Saudi Arabia, in the Indian Ocean. This made it impossible for the vessel to continue on under its own power. Subsequently, the vessel fractured into two parts and the aft part of the containership sank on June 27 and the fore part later sank on July 11.

Since directly after the incident, MOL has been continuing a thorough investigation to find the cause with the cooperation of the shipbuilder, the classification society and other parties in addition to implementing various safety measures. The Company strengthened the hull structures of seven sister vessels operated by MOL. MOL decided to take extra preventive measures to achieve roughly twice the strength of Class NK hull strength standard in compliance with the Rules of the International Association of Classification Societies Ltd. (IACS). The Company is also continuing operational precautions to reduce the stress on the hull. MOL has examined the outer bottom shell plates of all the large container-ships it operates and confirmed there were no safety issues. We, with industry professionals and experts, are also fully cooperating with the study by the Committee on Large Container Ship Safety initiated by the Japanese Ministry of Land, Infrastructure, Transport, and Tourism acting as secretariat. Although the committee has not reached a conclusion about the definite cause, MOL has already implemented the recommended safety measures outlined in the interim report released in December 2013. We will continue to cooperate with the parties concerned to ensure safe operation.

Preventing New or a Recurrence of Serious Incidents

MOL is constantly, repeatedly implementing and raising awareness of fundamental matters while striving to thoroughly keep fresh the memory of serious incidents we have experienced and prevent a recurrence of serious incidents while giving due consideration to improving teamwork, safety awareness, awareness of relevant parties and vessel management quality. We will continue to adapt our accident

prevention system by making improvements related to both seafarer training and ship facilities to break the chain of errors in which minor factors combine and ultimately lead to major maritime accidents.

In terms of seafarer training, we are thoroughly implementing drills prior to boarding and supervising the instruction of less experienced seafarers. We are also enhancing land-based education and training curriculum and programs such as “Hazard experience” training sessions and BRM drills*1. These measures are geared towards enhancing the ability of seafarers to perceive danger and promoting teamwork. In addition, we are working to raise safety awareness among seafarers by collecting information from each vessel in operation on examples of incidents and problems as well as close calls*2 and by using videos, photos and illustrations to appeal to the visual sense of seafarers. In terms of ship facilities, we are working to equip ships with error-resistant equipment and promoting the adoption of information technology. This involves promoting the fail-safe design concept by providing shipyards and equipment manufacturers with feedback from vessels in operation on areas of non-conformance and areas in need of improvement.

It is the MOL Group’s ultimate goal to eradicate work-related accidents causing death. MOL analyzes the factors and causes behind accidents from various angles and uses the results to make improvements in ship facilities. It also asks employees on land and at sea to discuss and propose preventive measures for examples of serious incidents and problems as if they were each wholly responsible as part of efforts to prevent accidents.

*1 **Bridge resource management drill:** Simulating an incident on a vessel operation simulator to enable seafarers to acquire response techniques. It includes MOL’s original programs.

*2 **Close calls:** Risky incidents that came very close to causing a more serious accident.

Cooperation for Safe Operation

The MOL Group works together with vessels, shipowners, and ship management companies to work toward achieving the world’s highest level of safe operation of all owned and chartered vessels by sharing safety-related information. The Company regularly broadcasts “Safety Alerts” — information pertaining to safe operation, including work-related incidents involving casualties — to every vessel. MOL conducts “Safety Operation Meetings” and “Safety Campaigns”*3 involving vessels, shipowners, ship management companies and even the sales division to deepen understanding of its safety standards and to discuss safety improvements. MOL also inspects vessels to check whether its safety standards are understood well and put into effect. If there is a need to make improvements, MOL will take corrective actions, communicating with the vessel, shipowner and ship management company in the process.

*3 Please refer to p. 20, Safety Campaigns under “Fostering a Culture of Safety.”

Recruiting and Training Excellent Personnel to Support Safe Operation

To ensure safe operation, it is crucial we regularly employ and train excellent seafarers who meet the Company’s technical standards. We secure excellent human resources from around the world and mold these recruits into seafarers

possessing the high morale and vastly superior technical skills and knowledge MOL demands by tailoring their compensation and working environment on and off the ship, in addition to conducting top-notch training and education. We have introduced a scholarship and other programs to support students aspiring to be seafarers. In addition, the Company operates MOL Training Centers in eight locations spanning six countries. We conduct a wide variety of training from lectures for learning theories to practical training using various simulators.

The Company has introduced unique programs and is carrying out initiatives to foster MOL seamanship. These programs include the Cadet Actual Deployment for Education with Tutorial (CADET) Training, which is a cadet training program whereby practical training is conducted on operated vessels. There is also the OJT Instructor Program where highly experienced captains and chief engineers board the ship while at sea and give advice and technical guidance right there on the spot.



Cadet program graduation ceremony in the Philippines

* In the Philippines, which supplies more than half of MOL’s seafarers, we have introduced an officer candidate program. Under this program, we train students selected from seven partner maritime colleges.

Fostering a Culture of Safety

A safety culture is a corporate culture that puts safety as the shared value. We are therefore taking various steps including education and training programs such as hazard experience training sessions, operational safety workshops, and E-learning to ensure that organizations and individuals realize that to secure people’s lives, cargo, the environment and the vessel always come first and act accordingly. MOL’s goal of becoming the world leader in safe operation will be realized with the collective efforts of all the MOL Group’s executives and employees, including seafarers, who are at the frontlines of our operations.

Safety Campaigns

Twice a year in spring and fall, MOL’s marine technical support staff and executives and employees of the Sales and Marketing Department and of administrative departments

visit our vessels in service, and hold face-to-face discussions with seafarers on board to exchange opinions on selected themes. This is intended to raise safety awareness on vessels and on land, and at the same time, the opinions and proposals for improvements are shared internally and among MOL-operated vessels to raise the level of safe operations. (Spring 2014 Theme: Promotion of Safe Practices, 128 vessels/ Fall 2013 Theme: Improving Team Capabilities, 141 vessels)

Safety Conferences

MOL is holding Safety Conferences for MOL seafarers at their four main residential locations, the Philippines, India, Croatia and Japan to hear management’s explanations about strengthening safe operation and to exchange opinions. From the end of February to mid-March 2014, more than 500 seafarers on holiday in total participated in active discussions with MOL’s executives and employees in these four locations.



Beach Cleanup at Kashima Nada

MOL Group executives and employees conduct cleanup on the Kashima Nada coast, the scene of a grounding of the MOL-operated Giant Step in 2006. While protecting the environment and contributing to the community, this cleanup prevents the memories and lessons in the past marine incident from fading with time, and fosters a safety culture as one of such efforts. In fiscal 2013 MOL implemented the program twice, spring and fall, with a total of 120 participants.

Developing Highly Skilled Seafarers Worldwide (MOL Training Centers)

MOL has training centers in eight locations in six countries. These centers provide a variety of training, ranging from classroom lectures on theory to practice using real engines and various simulators.

- MOLTC (Montenegro)
- MOLTC (MOL MI-India)
- MOLTC (MANET-India)
- MOLTC (STIP-Indonesia)
- MOLTC (Philippines)
- MOLTC (MSU-Russia)
- MOLTC (Japan)
- MOLMC* (Japan) * MOL Marine Consulting, Ltd.

VOICE “from the forefront”

Captain **Chepy Chairl Anwar** (MOL’s first Indonesian Captain of LNG vessel: Center in the photo)



I think it is important to create an atmosphere where all seafarers can express their opinions freely, and report anything easily by maintaining good communication among us.

The captain is responsible for raising the motivation of seafarers for executing their jobs in a responsible manner and improving their skills. I consider it’s more effective for myself as captain to act as a role model for all seafarers and conduct my job with leadership rather than simply giving them instructions.

Environmental Management Policy

The MOL Group seeks to offer more environmentally-friendly services through various environmental protection measures as it meets world demand for shipping. These measures include developing and adopting environmental technologies, operating vessels with minimum environmental impact, and implementing approaches to preserve the atmosphere and the marine environment.

MOL Group Environmental Policy Statement

Philosophy

As one of the world's leading multi-modal transport groups, the MOL Group is committed to protecting the health of our marine/global environment and therefore promotes and supports the following policies.

Policies

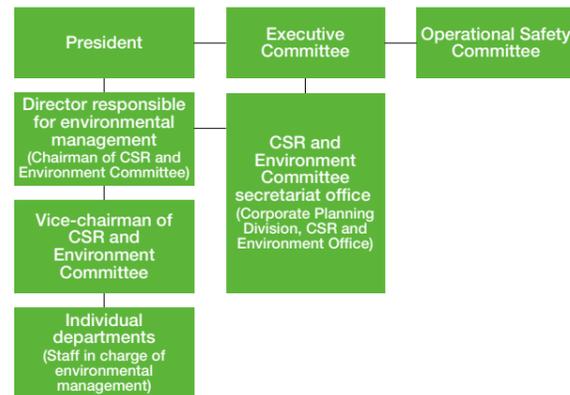
1. Protect all aspects of the marine/global environment and foster safe operation;
2. Comply with all environmental legislation and regulations that we are required to by law, and all relevant standards and other requirements that we subscribe to. And, whenever possible, further reduce the burden on 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

System to Promote Environmental Management

At MOL, under the president, who has the ultimate decision-making authority, the CSR and Environment Committee, a subcommittee of the Executive Committee, formulates the MOL Group's basic policy for environmental management based on an evaluation of environment-related risks and opportunities. It also works to promote business activities in line with the MOL Group Environmental Policy Statement.

The committee operates two unique environmental management systems—MOL EMS21 and the MOL Group Environmental Target System—as it promotes the MOL Group's environmental activities.

Environmental Management System



MOL EMS21

MOL introduced environmental management system—MOL EMS21—in 2001, and acquired internationally recognized ISO 14001 certification. In the MOL EMS21 system, the director responsible for environmental management (chairman of the CSR and Environment Committee) confirms and assesses how effectively the system functions, based on internal audits held periodically. Det Norske Veritas AS (DNV), an ISO 14001 external certification body, holds an annual audit and a renewal assessment every three years.

The MOL Group Environmental Target System

The MOL Group implements the MOL Group Environmental Target System covering main Group companies in Japan and overseas. Regarding the environmental burden due to each company's business activities, every fiscal year, based on general guidelines, each company sets its own environmental targets in line with the midterm environmental targets, and sets out an action plan to achieve those targets. Data from each company regarding its environmental burden (consumption of fuel, electricity, paper, and generated waste), are collected and the Group-wide environmental burden is tabulated.

Environmental Targets and Results (FY2013)

	FY2013 Environmental Targets	FY2013 Main Activities and Results	Evaluation	
Ensure Safe Operation	Eliminate Pollution of the Marine Environment Caused by Shipping Accidents	Prevent incidents, take firm steps to clarify the cause, and develop preventive measures in the event of an incident or trouble Further enhance the MOL Safety Standard Specifications and promote to new vessels	The MOL COMFORT marine incident occurred in the Indian Ocean. The investigation to identify the cause is in progress, and preventive measures are in place. In May and November, we implemented serious marine incident emergency response drills, and took firm steps to prevent incidents, to clarify the cause and to develop preventive measures in the event of an incident or trouble Continued applying MOL Safety Standard Specifications for equipment and facilities to newly built vessels	○
	Comply with Environmental Regulations	Rigorously Prepare to Comply with International Environmental Regulations before Enforcement	NOx measures: conduct on-board demonstration of SCR system (NOx-reducing system) SOx regulations: prepare to comply with stricter regulations on low sulfur fuel oil, and to accommodate their introduction across an expanded geographical area Ship recycling: comply with and enhance the selection criteria for environmentally-friendly scrapping yards and promote preparation of inventory lists SEEMP (Ship Energy Efficiency Management Plan): promote monitoring of EEOI (Energy Efficiency Operational Indicator) for all operated vessels Install the ballast water treatment system first on certain vessels and promote preparation for installation	Equipped newly built vessels with SCR (selective catalytic reduction system), and conducted on-board test using MGO and LSDD as fuel and confirmed denitrification Continued raising awareness and alerting about the collected information and the outcomes on SOx regulations to the concerned members Working on materializing LNG vessels with less SOx emission Complied with and enhanced the environmentally-friendly scrapping yards Collecting information on regulations in Europe Created inventory lists for 7 vessels. Implementing initiatives for utilizing third parties for creating inventory lists Started the development of internal system for capturing company-wide EEOI values for SEEMP operation, and implemented trials on vessels in service
Promote Senpaku ISHIN Project		Promote R&D for improving PBCF efficiency	Conducted CFD and tank test for optimal fin shape to improve PBCF effect. Verification and improvement efforts will continue	○
		Promote the "Wind Challenger Project" for wind-propelled ships	Conducted verification test using a test vessel on land for the sail performance, retraction and rotation for the development of Retractable Rotating Solid Sail. Developing the designing method and operation method of wind-propelled ships	○
		Test the benefits of technologies for improving the fuel efficiency of main engine at low loads	Confirmed the improvement of fuel efficiency with low-speed operation	○
	Develop the DPF system	Installed improved DPF, and are continuing the test on ships in service	△	
Strengthen Competitiveness by Promoting Environmental Technologies	Promote Activities of the MOL Technology Research Center	Develop technology for raising the combustibility of ship fuel	○	
	Fully Practice ECO SAILING and Pursue Efficient Operations	Promote further adoption of reduced navigation speeds - Implement and promote further adoption of reduced navigation speeds based on safety and maintenance considerations by providing technical support and sharing information internally - Apply tuning technologies for main engines at low loads (EGB: Exhaust Gas Bypass, VTI: Variable Turbine Inlet) (5 vessels in FY2013, total 6 vessels) Select optimal routes based on weather and ocean conditions - Use the routing service. Monitor the movement of vessels and provide assistance by the Safety Operation Supporting Center (SOSC) - Utilize FMS Safety-Bridge System (on-board system that plans optimal routes based on the latest data on weather and ocean conditions) and maintain the ratio of vessels using the system at 90% or more	Verified the combustibility and fuel efficiency of a special spray nozzle for an engine injection device, and observed CO ₂ reduction Continuing further improvement efforts Continued the investigation with measuring instruments to determine the condition to produce micro-nano bubbles and discussed with universities on the technology for visualizing micro-nano bubbles Shared the progress and concerns of reduced navigation speeds in the meetings for exchanging technology information (total 5 times) and in Safe Operation Meetings (total 6 times), and promoted further adoption of reduced navigation speeds Delivered vessels equipped with EGB or VTI equipped. Adoption to newly built vessels will continue in order	○ ○
		Adopt optimum trim system (plan to adopt on 20 containerships and 13 car carriers in FY2013, cumulative adoption by 53 vessels) Install electronically controlled engines (plan to install on 6 vessels in FY2013, cumulative installation on 27 vessels) Install onshore power supply system (2 vessels in FY2013, cumulative installation on 18 vessels) Install PBCFs and other equipment to improve propeller efficiency on all newly built MOL vessels Install energy-saving LO lubricators on all newly built MOL vessels	Released about 600 Heavy Weather Alerts in the year to avoid adverse weather. This resulted in the utilization rate of the Bridge System for the year reaching about 90% as it guides the vessel to avoid adverse weather and change the course to an optimal choice Will further improve the utilization rate by identifying ships not using the Bridge System Conducted experiments on actual vessels including containerships, bulkers, tankers, POCs and LNG vessels. Tank test and CFD calculation were also conducted Trim charts are being created at AKISHIMA LABORATORY (MITSUI ZOSEN INC., and the chart for each vessel type is to be completed around June 2014 Installed electronically controlled engines on 6 newly built vessels Installed on 2 containerships Equipped all 15 newly built MOL vessels delivered in this fiscal year with propeller efficient devices Installed energy-saving LO lubricators on all 15 newly built MOL vessels delivered in this fiscal year	○ ○ ○ ○ ○
	Reduce CO ₂ , NOx and SOx Emissions per Tonne (Oceangoing Vessels Operated by MOL and Domestic Consolidated Subsidiaries)	CO ₂ : reduce by 1% year on year in FY2013 compared to FY2012; reduce by 10% in FY2015 compared to FY2009 NOx: reduce by 1% year on year in FY2013 compared to FY2012; reduce by 10% in FY2015 compared to FY2009 SOx: reduce by 1% year on year in FY2013 compared to FY2012	Reduced by 2.2% compared to FY2012; reduced by 9.5% compared to FY2009 Reduced by 2.2% compared to FY2012; reduced by 9.5% compared to FY2009 Reduced by 2.2% compared to FY2012	○ ○ ○
Further Accommodate Modal Shift	Reduce customer CO ₂ emissions by approx. 600,000 tons annually using Japan's largest ferry network	By further accommodating modal shift, shipping volume made steady progress in all routes resulting in a reduction of CO ₂ emissions by 583,000 tons	○	
Offer Low Environmental Impact Solutions as a Whole Group	Actively Develop Existing and New Low-Environmental-Impact Solutions	Conduct energy-saving operations at the Ohi Logistics Center Continue the beverage can recycling business Introduce low-environmental-impact office buildings	Continuing research and development with Nihon Tug-Boat Co., Ltd., for practical application of LNG fueled tugboats Sold 249 units in FY2013, and achieved 2,604 units cumulatively To reduce electricity consumption, enforced energy-saving operations by changing the temperature settings in low-temperature warehouses Reduced electricity consumption by approx. 60% by changing 1,125 lights that were always in use to LED lights Introduced an electricity demand monitoring system for reducing the maximum volume of energy consumption in summer 2014 Continued the beverage can recycling business using "clean" energy with reduced environmental impact Introduced a regional air-conditioning system that effectively utilizes river water and drastically reduces CO ₂ emissions to the Dabiru-Honkan. This system effectively brings outside air to inside using a natural ventilation system, and was awarded the top rank "S" by the CASBEE Osaka (Osaka City Comprehensive Assessment System for Built Environment Efficiency)	○ ○ ○
	Maintain and Enhance MOL Group Environmental Award Program	Entrench the MOL Group Environmental Award	Announced about the 8th MOL Group environmental award, and received 14 entries	○
	Advocate Policies and Measures Aimed at Contributing to Actual Reduction in Environmental Impact	Take Part in Policymaking and Actively Make Recommendations so that Environmental Policy Promotes Utilization and Reinforcement of the High Environmental Efficiency of Shipping and Contributes to Environmental Impact Reduction and Sustainable Economic Growth	Contributed to discussions on GHG emission regulations, and lobbied for promoting a modal shift through industry groups	○
Contribute to Conservation of Biodiversity and Protection of the Natural Environment	Raise Awareness of Employees Regarding Biodiversity Protection and Nature Conservation and Promote Activities, Technological Development and Social Contributions to this End	Expand activities that help in biodiversity protection and nature conservation by utilizing internal resources Reduce unit energy consumption at offices in Japan over medium to long term: reduce by 1% year on year in FY2013 compared to FY2012 Reduce unit energy consumption by ferries and domestic carriers over medium to long term: reduce by 1% year on year in FY2013 compared to FY2012 Recycle as much as possible and reduce waste Amended Energy Conservation Act and Tokyo Metropolitan Environmental Security Ordinance: develop and implement specific reduction measures Continue utilizing renewable energy (solar power generation and solar thermal) at offices	Planned and conducted plant conservation activities and beach cleanups in Japan and overseas Participants and locations for beach cleanups increased because of planned preparation and announcements Reduced unit energy consumption at offices in Japan by 3.8% compared to FY2012 Increased by 1.2% compared to FY 2012 because of change in trade patterns Raised awareness for recycling, and achieved a high recycling rate (Head Office: 67%) as in the previous year Developed specific reduction measures concerning the Amended Energy Conservation Act and Tokyo Metropolitan Environmental Security Ordinance Continued utilizing renewable energy (solar power generation and solar thermal) at offices	○ ○ ● ○ ○

Legend: ○ Achieved ○ Generally achieved △ Partially achieved ● Did not achieve (target period/content changes)

Environmental Activities Policy in the New Midterm Management Plan

In the New Midterm Management Plan “STEER FOR 2020,” MOL has set a new environmental activities policy and targets for the three years starting in fiscal 2014 to further advance our efforts for reducing environmental impact. Through achievement of these targets, the MOL Group will protect the marine and global environment.

New Midterm Management Plan

Fully aware of the environmental impact of its business activities, the MOL Group will lead the world shipping industry by proactively responding to environmental regulations and differentiating our performance by actively adopting superior environmental technologies for protecting the global environment.

Environmental Targets in the New Midterm Management Plan

Midterm Environmental Targets (FY2014-2016)		FY2014 Targets
1. Comply with Environmental Regulations	Reduce environmental impact through overall optimization and serving for global environmental protection by engaging in company-wide efforts including ballast water management, ship recycling, prevention of global warming, prevention of atmospheric pollution and response to diverse environmental regulations.	<ol style="list-style-type: none"> Promote installation of the ballast water treatment system prior to the enforcement Consider installation of SOx emission reduction system Evaluate and verify SCR (NOx reducing system) Develop and implement specific reduction measures for complying with domestic environmental regulations such as the Amended Energy Conservation Act and Tokyo Metropolitan Environmental Security Ordinance Review the selection criteria for scrapping yards in preparation for the enforcement of The Hong Kong International Convention
2. Proactively Utilize Technologies to Reduce Environmental Impacts	Promote energy-saving innovation of ships and eco-sailing through active utilization of refined energy-saving technology that MOL acquired in the ISHIN project for the next-generation vessel concept. Reduce CO ₂ emissions 11.5% ^{*1} per ton-mile by FY2016 compared to FY2009.	<ol style="list-style-type: none"> Reduce CO₂, NOx, SOx by 1% in FY2014 compared to FY2013 Build vessels with a high-efficiency waste heat energy recovery system Develop methanol fueled vessels Consider LNG fueled vessels Promote projects for utilizing winds such as Power Assist Sail, Wind Challenger Project, reduction of wind resistance for PCCs and containerships, etc. Develop DPF <PM (particulate matter) removal system> (Continue verification and evaluation on oceangoing vessels) Promote the development of special revolving nozzles to reduce CO₂ and NOx using the test engines of the MOL Technology Research Center Fully practice Eco Sailing and pursue efficient operations Examine environmental concept vessels with consideration of internal needs and seeds Reduce unit energy consumption at offices and domestic coastal vessels for the medium to long term. Reduce by 1% in FY2014 compared to FY2013
3. Actively Disclose Environmental Data	Respond to stakeholders' interests in MOL's environmental policy by disclosing KPI for transport with low environmental impact and various environmental data using the Web and Environmental and Social Reports.	Proactively promote calculation, analysis and disclosure of following data and disclosure of reduction effects <ol style="list-style-type: none"> Energy consumption volume GHG emission volume (Including Scope 1-3) SOx, NOx emission volume Consumption volume of other resources
4. Ensure Safe Operations	Ensure safe operations to prevent unexpected environmental impacts, and pursue zero ocean pollution caused by marine incidents.	<ol style="list-style-type: none"> Prevent serious marine incidents by restructuring MOL's safe management system Further improve the quality of new vessel design and construction Further improve the MOL Safety Standard Specifications, and promote the application to newly built vessels
5. Contribute to Conservation of Biodiversity	Raise awareness of biodiversity protection, promote waste reduction from vessels, and participate in volunteer activities for conserving biodiversity at company-wide level.	<ol style="list-style-type: none"> Further reduce waste from vessels such as on-board waste, waste oil and bilge Prevent cross-border transportation of foreign marine organisms through ballast water exchange in the sea, and implement planned vessel cleaning to remove organisms on vessel for conserving biodiversity Support volunteer activities to help conserve biodiversity such as mangrove planting in Japan and overseas Navigate with consideration in the areas with high populations of large-sized marine life
6. Advocate Transport Policies and Measures Aimed at Contributing to Reduction of Environmental Impact	Actively make recommendations so that environmental policy promotes utilization and reinforcement of the high environmental efficiency of shipping as transport mode, and contribute to environmental impact reduction and sustainable growth.	<ol style="list-style-type: none"> Make following recommendations and requests to industry groups, government and relevant ministries: <ul style="list-style-type: none"> Promote modal shift for low environmental impact Establish rules for realizing next-generation fuel vessels Actively participate in energy-saving policies
7. Environmental Investment	Make environmental investment of 20 billion yen in 3 years, 60 billion yen in 6 years to respond to environmental regulations and to promote energy-saving innovation for vessels.	<ol style="list-style-type: none"> Research and develop new environmental technologies such as methanol fueled vessels Further improve waste heat energy recovery system for vessel's main engines Promote installation of ballast water treatment system prior to the enforcement, and respond to environmental regulations

*1 Reduction target for CO₂ emissions per ton-mile in the former midterm management plan was 10% by FY2015 compared to FY2009. MOL is currently making steady progress toward achieving the goal. Targets in the new midterm management plan were set through the final year based on the assumption that MOL will maintain the same reduction speed.

Environmental Regulations

Environmental Regulations Schedule of the International Maritime Organization (IMO)

Regulation			2013	2014	2015	2016	2017	2018	2019	2020
Prevention of global warming	GHG	EEDI ^{*1}	Phase 0			Phase 1				Phase 2
	GHG	SEEMP	Becomes mandatory							
* Consideration of introducing the Monitoring, Reporting and Verification (MRV) System of actual fuel consumption and economical methodology (MBM) is in progress for further reduction of GHG (mainly CO ₂) emissions.										
Prevention of atmospheric pollution	NOx	General sea areas	Tier II regulation			Tier III regulation				Tier III regulation ^{*3}
		ECA ^{*2}	Sulfur (3.5%)							
	SOx	General sea areas	Sulfur (1.0%)			Sulfur (0.1%)				Sulfur (0.5%) ^{*3}
Protection of marine environment	Ballast Water Management Convention ^{*5}		Becomes mandatory							
	Minimize transportation of foreign marine organisms on vessels ^{*6}									
	Ship Recycling Convention (The Hong Kong International Convention) ^{*7}									

*1 The scope of the regulation is newly built ships, and the applicable phase (reduction rate) varies depending upon the date of the shipbuilding contract concluded.

*2 Emission Control Area. Following three areas are currently designated as ECA:

(1) US and Canadian coast within 200 nautical miles (NOx & SOx), (2) the US Caribbean Sea (NOx & SOx), and (3) the Baltic Sea and the North Sea (SOx only).

*3 To be effective from the ships built on and after January 1, 2016.

*4 Global supply-demand condition of the fuel conforming to this regulation and the market trend will be investigated by 2018, and if the results show that there will be difficulty in enforcing the regulation in 2020, the enforcement date will be on January 1, 2025.

*5 Adopted in 2004 (yet to become effective). If it is issued by the end of 2016, the installation of ballast water treatment system becomes mandatory in 2016. If it takes effect in 2017 or later, the installation becomes mandatory after the issuance of the convention.

*6 Voluntary implementation during the review period (5 years) of the "Guidelines for the Control and Management of Ships' Bio-fouling to Minimize the Transfer of Invasive Aquatic Species" adopted in 2011. Will possibly be a convention after comprehensive review in 2017.

*7 Adopted in 2009 (yet to become effective). Will become effective 24 months after satisfying the requirements for effectuation.

Prevention of Global Warming	
GHG (Greenhouse gas) emission constraint	A regulation for reducing CO ₂ . Starting in 2013, fuel efficiency is regulated for newly built vessels, and existing vessels are required to have an energy-saving navigation plan. It aims at 30% reduction of CO ₂ emission from the current average level (baseline) by Phase 3 (2025-2030).
Prevention of Atmospheric Pollution	
NOx (Nitrogen oxide) emission constraint	This requires the reduction of NOx in emission gas to 80% of currently regulated volume in the Emission Control Areas. The scope of the regulation is vessels built in and after 2016. Current ECA includes 200 nautical miles from the coast of North America and Canada (excluding part of Alaska) in the Pacific Ocean, Atlantic Ocean and the Gulf of Mexico. Denitrification equipment or exhaust gas recirculation system will be necessary.
SOx (Sulfur oxide) emission constraint	This regulates the sulfur content ratio of fuel oil in Emission Control Areas, and the scope of the regulation is the coast of North America and Canada within 200 nautical-miles in the Pacific Ocean and the Atlantic Ocean (excluding part of Alaska), the Caribbean Sea, the Baltic Sea, and the North Sea. Starting in 2015, the sulfur content limit will be reduced to 0.1% in the above areas. In 2020 the sulfur content limit for fuel oil in general sea areas is scheduled for a further reduction to 0.5% or less. However, after investigating the supply condition of such fuel in 2018, the application of the regulation might be postponed to 2025, depending upon the investigation outcome.
Conservation of Marine Environment	
Ballast Water Management Convention	A convention for preventing cross-border transfer of foreign marine organisms through ballast water of vessels. The possibility for this convention to become effective in 2015 is high, and if it becomes effective prior to the end of 2016, installation of ballast water treatment system becomes mandatory in 2016.
Ship Recycling Convention	A convention for preventing labor accidents in ship recycling and minimizing environmental pollution. It stipulates rules for ship recycling facilities and recycling procedures, and mandates creating, keeping and updating a list of harmful substances (inventory list) for existing vessels.
Convention on Bio-fouling on Ships	Marine organisms attached to the bottom of a boat and crossing national borders are becoming an issue, and IMO is holding discussions on formulating guidelines for preventing this problem.

Approaches to Ship Recycling

Aging vessels will be scrapped. In May 2009, the IMO adopted the Hong Kong International Convention for the Safe and Environmentally Sound Recycling of Ships, 2009. The MOL Group has started in early stage to initiate measures to prepare inventory lists, and is now working to ensure that the convention is widely understood, as well as to share information regarding recycling, including the status of recycling yards, so as to facilitate a smooth response to enforcement of the convention.

When selling a ship on the assumption that it will be scrapped, we select the recycling yard after checking various matters such as whether the yard implements environmental measures in conformity with ISO14001 (or the environmental management equivalent), uses scrapping methods and procedures that are sufficiently safe for the environment and personnel, and takes into consideration human rights. We also check certification and conduct site inspections.

Environmental Investments

(Unit: 100 million yen)

	FY2010	FY2011	FY2012	FY2013
Environmental measures including CO ₂ reduction (including environment related R&D activities)	55	37	41	22
Compliance with environmental regulations	10	15	25	28
Group companies' initiatives	10	5	3	3
Total	74	57	68	53
(Reference) Investments for reducing CO ₂ (included in the total) ^{*8}	35	27	26	21

*8 Investments in areas such as modification work for implementing slow steaming, electronically controlled engines, and PBCFs

(Please refer to our website for environmental accounting following Japan's Ministry of the Environment's "Environment Accounting Guidelines (FY2005)")

CO₂ and Cost Reductions from Environmental Measures

	FY2010	FY2011	FY2012	FY2013
CO ₂ emissions reductions Unit: tons (vs. previous fiscal year)	837,852	431,737	302,928	279,786
Cost reductions Unit: ¥100 million (vs. previous fiscal year)	114	73	53	55

CO₂ emission reductions and cost reductions were each calculated based on the fuel consumption reductions achieved by making greater use of slow steaming, installing PBCFs, and using low-friction paint.

Benefits that could not be easily quantified were not included in totals.

MOL Environmental Technologies

Shipping is an energy efficient mode of transportation; however, but vessels emit CO₂, which is a cause of global warming, and NO_x and SO_x, which are linked to acid rain and atmospheric pollution. To further reduce such emissions, the MOL Group is implementing various unique actions including advancement of technologies and developments. We are also cooperating with shipyards and vessel equipment manufacturers to realize further reduction of environmental impact by developing technologies.

* Implementing with research assistance from the "Joint R&D with Industries and Academic Partners" by Nippon Kaiji Kyokai (ClassNK).

Capture the Power of the Wind Again

Ships have navigated the seas for centuries by catching the wind in sails, but with the development of engines, most ships today no longer use sails.

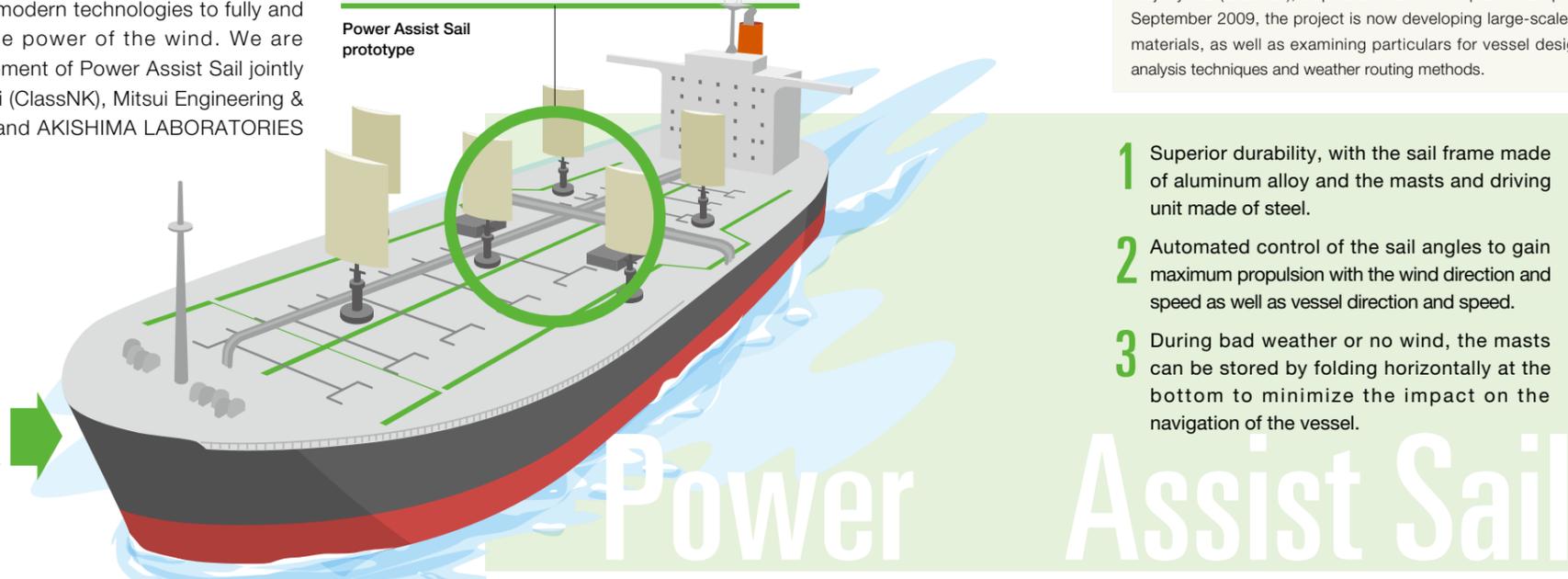
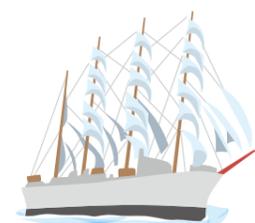
Amid demands to reduce CO₂ emissions, companies should reconsider wind power as a means of propulsion, which has been used since ancient times. MOL has been developing Power Assist Sail, a new prototype sailing rig that can use the latest modern technologies to fully and effectively capture the power of the wind. We are proceeding the development of Power Assist Sail jointly with Nippon Kaiji Kyokai (ClassNK), Mitsui Engineering & Shipbuilding Co., Ltd. and AKISHIMA LABORATORIES (MITSUI ZOSEN) INC.



Specification
 Overall height: 27.5 m
 Sail width: 10.0 m
 Sail area: 200 m²

Power Assist Sail prototype

Sailboat



Development of Power Assist Sailing*

This device contributes to enhancing the propulsion power of the vessel by mainly using lifting power like an airplane receiving cross-winds, and resistance power when there is a tailwind. Our design objective is to allow its installation without requiring major design change to existing vessels. We are expecting CO₂ reductions of 2% to 5%.

Wind Challenger Project

MOL is taking part in the "Wind Challenger Project" led by The University of Tokyo. This project is researching wind-propelled ships, which involves using sails as the main driving power, with a propulsion system in an auxiliary role. In addition to MOL, two other shipping companies, Nippon Kaiji Kyokai (ClassNK), shipbuilders and other parties are participating in the project. Launched in September 2009, the project is now developing large-scale solid sail structures using composite materials, as well as examining particulars for vessel designs to develop, and developing fluid analysis techniques and weather routing methods.



Wind Challenger Project

- 1 Superior durability, with the sail frame made of aluminum alloy and the masts and driving unit made of steel.
- 2 Automated control of the sail angles to gain maximum propulsion with the wind direction and speed as well as vessel direction and speed.
- 3 During bad weather or no wind, the masts can be stored by folding horizontally at the bottom to minimize the impact on the navigation of the vessel.

Methanol fueled vessels

For the first time in the world, MOL will install methanol and heavy fuel oil dual fueled slow-speed diesel engines on vessels. Methanol fuel can realize Zero emission of SO_x, and is drawing considerable attention as an energy source with a low environmental impact. (Planned for delivery in 2016)

LNG fueled vessels

Compared to vessels that use heavy fuel oil, vessels running on LNG will emit substantially less CO₂, NO_x, SO_x and PM. MOL is investigating the application of LNG-fueled concepts with all kinds of vessels. The development of a specialized engine is one of the key themes for creating LNG-fueled vessels. MOL demonstrated the operation of a gas-injection slow-speed diesel engine, as part of efforts to make such a vessel a reality in the near future.

Measures to Reduce Environmental Impact

CO₂ Emissions Countermeasures

(Please refer to p. 9-10, "Aiming to further reduce our environmental impact.")

- PBCF (Propeller Boss Cap Fins)
- Hybrid car carrier
- Low-friction ship bottom paint
- Optimal navigation support system
- Optimal trim calculation system
- Propulsion assist system using waste heat of main engine, etc.

SO_x (sulfur oxide) Emission Countermeasures

SO_x is generated by burning fuel oil containing sulfur. To reduce the volume of SO_x emissions, MOL has set a standard for the sulfur content in the fuel it consumes that is stricter than the International Convention governing sulfur content in fuel oil.

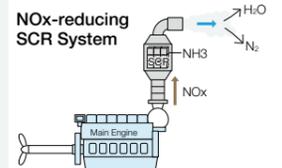
We have started the following actions as additional measures.

- 1 Installing devices compatible to low sulfur fuel oil on some vessels
- 2 Investigation of low sulfur fuel oil's impact on existing devices and safety verification for actual operation
- 3 Considering the installation of SO_x scrubbers to remove sulfur from emission gas

NO_x (nitrogen oxide) Emission Countermeasures/SCR*

NO_x is generated when nitrogen contained in fuel oil and air binds with oxygen in the air at the high temperatures that occur from burning fuel in the engine. MOL has installed an NO_x selective catalytic reduction (SCR) system, which removes NO_x emitted by vessels, in three power generators on MOL-operated iron ore carriers, and confirmed that the performance of NO_x removal from diesel fuel will comply with the third tier NO_x constraint starting in 2016 by IMO.

Collaborating with Nippon Kaiji Kyokai (ClassNK) and Yanmar Co., Ltd, MOL has been using the SCR on actual vessels in operation since the delivery of the vessel in December 2013, and implemented approximately 2,000 hours (Total operation hours of three SCR nitrogen removal systems) of tests.

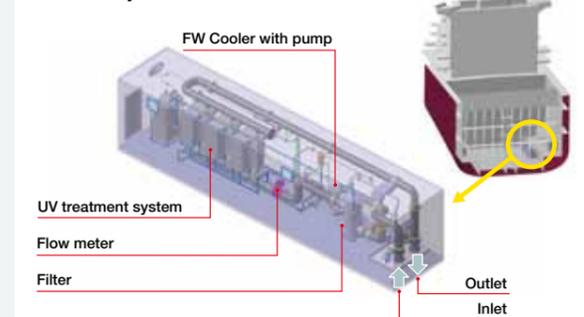


Ballast Water Treatment System*

MOL acquired approval in concept for installation of a packaged container ballast water treatment system that can fit in a vessel's cargo hold. This marks Japan's first approval of such a system by Nippon Kaiji Kyokai (ClassNK). The system is packaged in a 40-foot container (about 12 m long) with electrical equipment. Ease of maintenance and accessibility were considered for this containerized design. This design means that installation time is expected to be reduced by an estimated seven days, compared to installing a system in the engine room. MOL has installed an experimental system on MOL-owned containership to verify its operation.

In April 2013, MOL announced completion of work to install a ballast water treatment system on a VLCC. MOL is the first Japanese shipping company to install such a system on an existing VLCC prior to the enforcement of the Ballast Water Management Convention. In case of an oil tanker, most of the ballast water treatment system is required to be installed in the pump room, which is very narrow and small, and thus requires very high levels of safety and process management.

Packaged Container Ballast Water Treatment System



This research and development was conducted in a joint research with Mitsubishi Heavy Industries (MHI) and ClassNK.

Dialogue with Stakeholders

The MOL Group aims to build sound relationships of trust and support through dialogue with stakeholders. It is working to increase corporate value to remain a group trusted and selected by stakeholders by meeting their needs and to grow sustainably with society.

Communication with Customers

Provision of High-Quality Services Based on Safe Operation and Environmental Awareness

We meet and respond to our customers' needs and to this new era, and enhance safety and reliability as we work to improve service quality. We determine customer needs through our daily sales and marketing activities, and regular meetings where we exchange opinions. These activities are the basis for providing safe and environmentally considerate services, and we will also contribute to customers' supply chains through CSR activities.

Communication with Shareholders and Investors

Timely, Accurate and Fair Information Disclosure, and Cultivation of Confidence in MOL's Sustainable Growth

In addition to answering shareholders' and investors' questions, we explain MOL's management sustainability to elicit understanding and support. Besides disseminating information mainly on our website, we hold the Annual General Meeting of Shareholders, quarterly results presentations, briefing sessions, and facility tours for investors, and value the opportunities to engage in dialogue with shareholders and investors.



Dialogue with shareholders and investors at the Annual General Meeting of Shareholders

Communication with Public Organizations

Strengthening Governance and Compliance

We comply with laws and regulations as a good corporate citizen, and understand and respect our obligations to pay taxes, with the aim of contributing to the smooth operation of national and local governments and to the promotion of the marine industry. By utilizing superior environmental efficiency of marine shipping, MOL is actively participating

in the process of formulating transport policies, which contribute to substantial reduction of environmental impact and sustainable growth.

Communication with Business Partners

Fulfilling Our Social Responsibility and Achieving Sustainable Growth Together with Fair Trade

Through fair trade with business partners, we establish relationships of trust as a sound partner providing high-quality services to customers. In 2012, we formulated the MOL Group Basic Procurement Policy, with the aim of contributing towards the realization of sustainable societies together with our business partners, while gaining their understanding.

(Please refer to our website for the MOL Group Basic Procurement Policy.)



Holding a briefing session with shipyard's staff in the bridge of a vessel in service

Communication with Communities, NPOs and NGOs

Contributing to International and Local Communities

As a group developing business globally, engaging in dialogue with communities, responding to their needs is important. In addition to our activities as the MOL Group, contributing to society in association with NPOs and NGOs is crucial for developing sustainably together with society.

As the MOL Group, we are actively implementing social contribution activities where we can utilize our global network. These activities are guided by the Three Principles of MOL's Social Contribution Activities.



Supporting the transport of mobile library vehicles to South Africa

Social Contribution Activities

Principle I Contribute to the United Nations Millennium Development Goals*

—As a company growing in step with the global economy and social development—

Somalia Support Project

To stabilize Somalia and help eventually eliminate pirate activities, MOL and six other companies* have given financial support to the Somalia Support Project, run by the United Nations Development Programme (UNDP).

In fiscal 2013, the project opened a market facility with 150 retailers, creating many jobs. They also established a Business Development Center to help the younger generation in Somalia gain more opportunities in society, which it is hoped will lead to safer vessel operation in the seas off Somalia.

* United Nations Millennium Development Goals:

One of the common frameworks that integrates the Millennium Declaration adopted at the United Nations Millennium Summit held in September 2000, and the International Development Goals that were adopted at major international conferences and summits in the 1990s. The Millennium Development Goals consist of specific numerical targets to be achieved by 2015 in eight fields, including "achieve universal primary education" and "reduce child mortality."

* Shell, BP, Maersk, Stena, NYK and "K" Line



Opening a market facility

Principle II Contribute to Protecting Biodiversity and Preserving Nature

—As a company that impacts the environment to an extent and as a company that does business on the ocean, a rich repository of living organisms—

Beach Cleanups in Japan and Overseas

MOL has been conducting beach cleanups continuously. In Japan the activity began in fiscal 2000, and in fiscal 2013 we



Beach Cleanup at Kashima Nada

carried out this initiative in three locations: Kamakura, Makuhari and Kashima (actual number of participants: 179 in fiscal 2013, 133 in fiscal 2012). We are expanding the activity to overseas, and are now implementing it in Thailand, Hong Kong, and Singapore. This activity helps executives and employees raise awareness of environmental protection and foster a culture of safety.

Principle III Contribute to Local Communities

—As a good corporate citizen—

Supporting Afflicted People of Typhoon in Leyte Island, the Philippines

In 2013 after Typhoon HAIYAN struck Leyte Island in the Philippines, MOL immediately donated 30,000 dollars to the relief fund to support afflicted people, and transported relief supplies in 24 containers (47 TEU). In addition, the MOL Group executives, employees and seafarers provided a contribution fund of 130,000 dollars and the entire amount was donated for the afflicted people through MOL's seafarer manning company, Magsaysay MOL Marine, Inc. (Philippines). MOL has deeply established relationship with the Philippines as it hires many seafarers in the Philippines and provides seafarer education at the education and training facility. We will continue to contribute to this country in various ways.



Volunteers of Magsaysay MOL Marine, Inc. distributing relief supplies to local afflicted people

The 130th Anniversary Commemorative Social Contribution Activities

In fiscal 2014 MOL will reach its 130th anniversary, and our social contribution activities will focus on the following areas.

- Donating photographs of vessels to educational institutions in Japan for seafarers
- Supporting education at the schools affected by the Great East Japan Earthquake
- Engaging in activities proposed by the Group executives and employees in Japan and overseas



Please visit MOL's website for activity details and information about other activities.

<http://www.mol.co.jp/csr-e/society/index.html>

Creating a Positive Working Environment

To create a positive work environment where diverse individuals can demonstrate their potential, MOL is enhancing training programs, communication with employees and seafarers, and various other systems. The MOL Group aims at its sustainable growth together with the development of individual employees and seafarers.

Communication with Employees and Seafarers

Through the MOL Group newsletters and intranet, the president of MOL dispatches messages to the Group executives, employees and seafarers, and started a Meeting to See the Company Results in fiscal 2013, in which the president speaks on financial results, future projections and management plans. Through the question and answer session between the president and executives/employees, we share our vision and awareness. In the Group Executive Committee meeting, held twice a year, we exchange opinions on the management direction of the MOL Group with the management members of the domestic Group companies.

For communication with seafarers, MOL holds Safety Conferences for enhancement of safe operations and provides opportunities for management members and seafarers to exchange opinions. In addition, Safety Campaigns are implemented by having staff and executives visit our vessels in service, and exchange opinions on accident prevention with seafarers on site. (Please refer to p. 20, "Measures to Ensure Safe Operations.")

Development of Global Human Resources

In order to enhance the comprehensive capabilities of the MOL Group, we are promoting the development of self-reliant and self-responsible human resources who can perform well in the global market. As our businesses grow and diversify in multi-national markets, we are working to clarify our common values so that all the MOL Group executives and employees

VOICES "from the Forefront"

Noriko Hiyamizu
 Manager
 HR Group I
 Human Resources Dept.



In fiscal 2014 we will start a new program "MOL Global Management College" to improve cross-cultural management skills and develop next-generation global leaders for our employees and staff members of overseas affiliate companies. During a period of approximately four months, participants will engage in group training and team projects, through which they can create networks across the departments to which they belong.

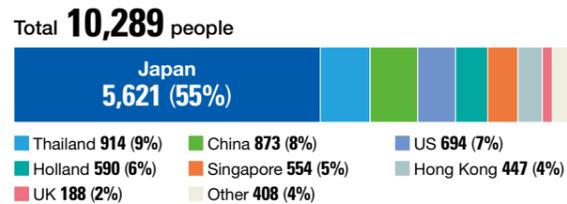
can share the company values and use them as the basis for their conduct and judgment. Currently the personnel division is conducting interviews with employees of various levels to confirm the direction that MOL must pursue.

The MOL Group as a whole has approximately 10,000 employees of various nationalities. Starting in 2005 we are implementing training for improving communication among our employees in Japan and overseas with different nationalities and upgrading cross-cultural management skills.

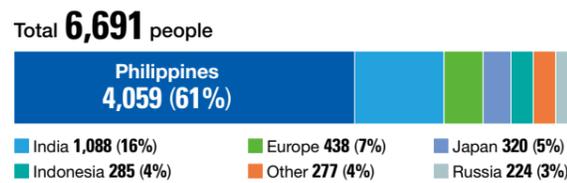
The number of seafarers on MOL's vessels is approximately 6,700 with no less than 20 nationalities. We are hiring and utilizing talented human resources around the world. (Please refer to p. 19, "Measures to Ensure Safe Operations.")

Ratio by Region

<Number of MOL Group employees (consolidated)>



<Seafarers>



Initiatives and Programs for Promoting Diversity

As a company expanding globally, the MOL Group has been implementing initiatives for promoting diversity since before the time "diversity" became a common word as our employees and seafarers came from a variety of nations.

Performance of Diverse Human Resources

■ Promotion of Female Employee Performance

In addition to the enhancement of child-care support, MOL is enhancing support for career development. Female managers also run "Women's Initiatives" such as holding seminars to increase motivation, and creating networks for women managers, including those of Group companies.

■ Continuous Employment System

In fiscal 2006 MOL introduced a re-employment system for workers who have reached mandatory retirement age.

VOICES "from the Forefront"

Tomoko Hasegawa
 Second Officer



In March 2013 I participated in the career support event at a Tokyo metropolitan high school, and introduced the seafarer's job as a female officer. I hope that the students gained some interest in shipping and seafarers that they do not have direct contact with in their daily lives, and that they can use the information to help them choose a career.

Retirees who apply are re-employed after retirement, and we provide a health management system and a structure for them to perform actively.

■ Employment of People with Disabilities

MOL will continue the efforts for hiring people with disabilities by cultivating job fields for them to exhibit their capabilities and by coordinating with social welfare entities.

Supporting Diverse Work Styles

With consideration of changes in life-stage and lifestyle, we work to create workplace where employees can maximize their ability and feel proud of their business.

We implemented various measures to create a company culture that allows both male and female employees to actively participate in child-care, and further improved efforts for reducing overtime work and increasing the use of paid vacation days and summer holidays. As a result, in fiscal 2013 MOL was recognized as a general employer complying with the criteria of the Act on Advancement of Measures to Support Raising Next-Generation Children, and awarded with the KURUMIN Mark, a certification in recognition of company efforts to support employees' child-care.



In fiscal 2014, recognizing the increase of young people posted overseas along with globalization, we instituted a system to re-employ former employees who retire because of their spouses' job transfer overseas. Furthermore, we are working to provide opportunities for employees to continue their career. (Please refer to p. 32, "Employee Support Systems (MOL).")

Measures for Safety and Health

Health Management and Creation of a Positive Working Environment

In addition to complying with laws and regulations, we work to create a positive working environment and promote health management so that employees and seafarers can work

energetically, and in good health, both physically and mentally.

MOL conducts a survey of domestic Group companies annually to understand human resources measures by individual companies and supports their efforts for human resources development, working environment improvement and health management. In addition, we continuously hold seminars on safety and health management for executives of the Group companies. (Please refer to our website for information on systems and structures for managing land-based employee health and enhancing working environments.)



MOL Group's Mental Health Seminar

Furthermore, we try to create working conditions in which our multinational workforce of seafarers can work safely and with peace of mind. We also care for seafarers' families.

MOL is running safety training programs and ceaselessly improving working environments with the aim of eradicating work-related accidents (fatalities and lost time injuries) along with the efforts for improving individual safety awareness by creating visual and auditory educational materials and providing experience training sessions. In fiscal 2014 we created our original exercise, the "MOL Body Fit Exercise" for preventing work-related accidents on board such as falling on the ship, and are introducing the program to vessels in service.

In terms of welfare services, MOL cares for seafarers and their families, who must spend considerable time apart, and work to improve living conditions aboard vessels by providing onboard broadband and Family Gatherings (Initiatives include promotion of onboard internet access and Family Gatherings).



The MOL Body Fit Exercise in practice

Human Rights Education

MOL aims to be an organization that respects human rights and is rich in diversity. MOL works to raise and entrench human rights awareness throughout the whole Group by ensuring awareness of the principles of important international human rights regulations. As one effort, MOL is participating in the UN Global Compact and is supporting and practicing universal principles regarding human rights and labor. Furthermore, MOL's Rules of Conduct state that the company will respect human rights and will not engage in discrimination and harassment. (Please refer to p. 12, "Participating in the UN Global Compact.")

MOL Group's Environmental Data

Energy Consumption	Unit	FY2011	FY2012	FY2013
Fuel oil (C oil)	thousand tons	6,063	5,885	5,569
MOL vessels	thousand tons	5,291	5,118	4,470
Group company vessels	thousand tons	772	767	1,099
Diesel oil (A oil)	thousand tons	112	114	98
MOL vessels	thousand tons	71	72	49
Group company vessels	thousand tons	41	42	49
Electricity	thousand kWh	96,609	94,027	92,672
Municipal gas	thousand m ³	1,598	1,530	1,542
Energy consumption	thousand GJ	269,049	261,293	246,543

Greenhouse Gas Emissions	Unit	FY2011	FY2012	FY2013
Scope 1: CO ₂ emissions	thousand tons	18,627	17,969	16,919
MOL vessels	thousand tons	16,866	16,322	14,218
Group company vessels	thousand tons	2,529	2,516	3,555
Scope 2: CO ₂ emissions	thousand tons	52	52	53
Scope 3: CO ₂ emissions	thousand tons	-	10,900	9,960

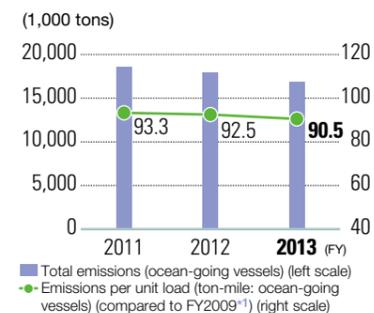
NOx and SOx Emissions	Unit	FY2011	FY2012	FY2013
NOx emissions	thousand tons	495	480	452
SOx emissions	thousand tons	308	284	266

Waste and Other Resources	Unit	FY2011	FY2012	FY2013
Waste	tons	296,220	247,390	135,504
Recycled	tons	295,301	246,490	134,560
Non-recycled	tons	919	900	945
Recycling rate (MOL Head Office Building)	%	69	68	67
Water	tons	683,241	686,964	706,618
Tap water	tons	683,241	686,964	706,618
River water	tons	-	-	-
Seawater	tons	-	-	-
Office paper	thousand sheets	66,414	78,364	77,613

ECO SAILING and Energy Conservation Initiatives	Unit	FY2011	FY2012	FY2013
Ocean-going vessels				
CO ₂ emissions per unit load (ton-mile)	FY2009=100	93.3	92.5	90.5
MOL	FY2009=100	93.3	92.7	92.8
Domestic coastal vessels				
Unit energy consumption	FY2009=100	99.3	99.4	101.2
Onshore offices				
Unit energy consumption (MOL, Daibiru, Shosen Koun)	FY2009=100	87.2	83.4	83.6
Solar power generation	thousand kWh	222	255	257

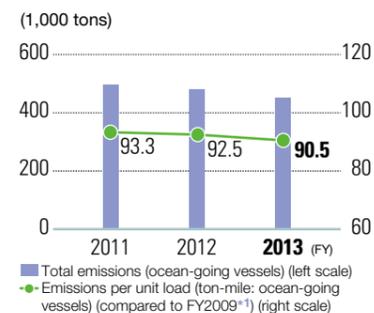
Data scope • MOL Group consolidated subsidiaries in Japan and overseas. Excludes some small offices
• Noted areas such as "(MOL)" are limited to that scope

MOL Group CO₂ Emissions

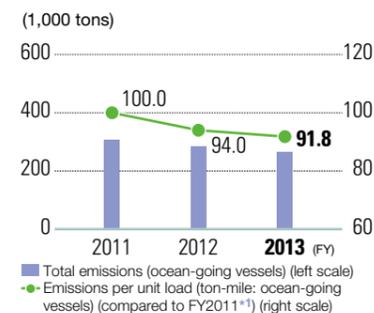


*1 Benchmark year for reduction target

MOL Group NOx Emissions



MOL Group SOx Emissions



C oil and A oil: Mainly used as fuel for vessels

Energy consumption: The energy equivalent of heat originated from C oil, A oil, electricity, municipal gas and other energy consumed

Scope 1: CO₂ emissions originating mainly from A oil and C oil used as fuel in vessels

Scope 2: CO₂ emissions originating mainly from electricity consumption

Scope 3: Estimated value of CO₂ emissions originating mainly from A oil and C oil used as fuel in vessels MOL has chartered out to other companies; calculated from fiscal 2012

Waste: Mainly vessels sold to be scrapped; recycled at scrapping yards

Water: The volume of water used in offices. Most of the water used in vessels is made from seawater and recycled

Human Resource Data (As of March 31, 2014)

Employees (MOL)

	FY2011		FY2012		FY2013	
	Land	Sea	Land	Sea	Land	Sea
Number of employees**1						
Male	489	277	469	283	444	269
Female	169	5	168	6	162	7
Total	658	282	637	289	606	276
Number of employees by position**1						
Group leaders and above	212	121	210	122	209	114
Male	206	121	203	122	201	114
Female	6	0	7	0	8	0
Managers	191	98	184	106	171	108
Male	183	98	174	106	162	108
Female	8	0	10	0	9	0
Below manager level	481	266	474	262	478	268
Male	282	258	280	254	278	259
Female	199	8	194	8	200	9
Total	884	485	868	490	858	490
Ratio of females in managerial positions**1 (%)	3.5	0	4.3	0	4.5	0
New hires						
Male	18	20	19	21	19	22
Female	7	2	7	1	7	1
Total	25	22	26	22	26	23
Ratio of employees with disabilities (%)	1.8		1.9		1.9**2	
Average years of continuous service**1	15.8	11.6	15.5	11.7	16.0	11.0
Job turnover rate within three years of continuous service**1 (%)	0.0	2.9	0.0	0.0	1.3	3.0

Calculation method: (New graduate hires resigning within three years of joining the company)/(New graduate hires over past three years)

*1 Excludes loaned employees, contract employees and part-timers, etc.

*2 The number of employees with disabilities meets the statutory employment number of employees with disabilities.

Employee Support Systems (MOL)

	FY2011	FY2012	FY2013
Number of annual leave days taken**3 (including summer vacation)			
Days	12.1	11.5	11.6
Percentage (%)	44.8	43.3	43.7
Maternity leave (pre- and post-childbirth)**4			
Number of employees	5	2	3
Ratio (%)	100	100	100
Paternity leave usage**3 Usage data disclosed since fiscal 2012			
Number of takers	-	26	23
Ratio (%)	-	70	45
Child-care leave system**4			
Number of users (males shown in brackets)	7 (0)	2 (0)	9 (0)
Usage rate (%) (Female)	100	100	100
Working mothers**4			
Number	38	42	39
Nursing care leave system			
Number of users	0	0	0
Re-employment system for mandatory retirees			
Number of employees	0	2	1

Child-care and Nursing Care Support Systems	System	Application Period and Details
Childbirth	Pre- and Post-Childbirth Leave	8 weeks of leave before and after childbirth (Of those weeks, 6 weeks are paid)
	Child-care Leave	Until a child becomes 2 years old
Child-care	Short-time Shift	1 hour shorter work day
	Overtime Work Exemption	Until a child becomes 3 years old
Nursing Care	Nursing Care Leave	Up to 2 years leave
	Short-time Shift	1 hour shorter work day
	Special Working Arrangements	Flexible working hours

*3 Excludes personnel working onboard, loaned employees, contract employees and part-timers, etc.

*4 Excludes loaned employees, contract employees and part-timers, etc.

Other Support System

"Refresh" Leave: Employees are allocated extra holidays after 15 years and 25 years of continuous service.

Industrial Accidents (land)

Industrial Accidents (land)	FY2011	FY2012	FY2013
Industrial accidents (excludes commuting accidents)	0	2	0
Industrial accident leave	0	1	0

Number of MOL Group Employees (consolidated, excluding seafarers)

Number of Employees (person)	FY2011	FY2012	FY2013
Bulkships	1,249 (134)	1,277 (129)	1,307 (118)
Containerships	4,533 (501)	4,484 (385)	5,348 (348)
Ferry & Domestic Transport	937 (96)	919 (112)	878 (89)
Associated Businesses	1,984 (1,479)	2,103 (1,504)	2,099 (1,503)
Others	427 (68)	384 (67)	364 (81)
Company-wide (common)	301 (77)	298 (74)	293 (65)
Total	9,431 (2,355)	9,465 (2,271)	10,289 (2,204)

(1) The number of employees includes the entire labor force, and the approximate average number of temporary employees is indicated in parentheses.

(2) The employees indicated as Company-wide (common) belong to administrative departments, which cannot be classified in any specific segment.

Third-Party Opinion



Eiichiro Adachi
Counselor
The Japan Research Institute,
Limited (JRI)

Career Summary:
Currently heads the ESG Research Center at JRI, after working in its Management Consulting Department and Technology Research Department. Primarily involved in industry research and corporate assessments from the standpoint of CSR.

In September 2013, the International Maritime Organization (IMO) published a report, "A Concept of a Sustainable Maritime Transportation System," which positioned maritime transport as indispensable to sustainable world growth, as it is a sound mode of mass transport both in terms of energy efficiency and the prevention of pollution. It clearly defines ten targets and actions required for the maritime transportation industry to realize "sustainable maritime transportation." The list includes safe operation and environmental protection, human resources development, improvement in energy efficiency, and countermeasures against pirate and terrorist attacks. In the maritime transportation business, environmental and social factors are increasingly affecting company management every year, and the MOL Group's approaches and initiatives for CSR are expected to make further advancement.

The features section of this report attempt to communicate the facts that the MOL Group is making great contributions to businesses and people's lives across the world, working hard to improve energy efficiency, and attempting to be proactive by solving social issues through the expansion of business fields. However, in details presented on page 11, I was not always able to ascertain the pathway of advancement. In other words, where the MOL Group has found new issues and what new actions it has had taken.

Some of the examples are how MOL would set cargo transport prices in a fair manner, how MOL would respond to the increase of bad weather due to climate changes, and how MOL would adequately implement ship recycling. Although a certain level of

details was provided on these new issues, I expect clearer disclosure of details.

Among the ten items listed in the IMO report, "Ocean Governance," "Finance, Liability and Insurance Mechanisms," "New Technology and Innovation," and port facility development and management as "Technical Co-operation" require collaboration and partnership with various other parties. They cannot be achieved by the independent action of the MOL Group, and there is a remarkable need for this kind of group approach to CSR initiatives. I look forward to seeing the MOL Group further investing its efforts to the activities requiring collaboration with customers, suppliers, industry groups, governments and international organizations by exhibiting its initiative.

With respect to environmental protection, I wanted to know about: 1) the acknowledgement of business risks caused by new regulations and climate change in the future, 2) the focus on increased environmental awareness among cargo owners and environmental protection as business opportunities, and 3) the MOL Group's assessment of its own relative achievements and self-analysis of its competitive superiority. Recently MOL made an announcement regarding the participation in the LNG Transport Project with the world first LNG icebreaker and implementation of commercial shipping in the Northern Sea route. I wish to find the details of this project in the next report.

Regarding the disclosure of environmental data and human resources data, I compliment you for the scope and the level of details provided. In the section titled "Creating a Positive Working Environment," I wish to see the improvement in the disclosure of qualitative information of the efforts made for the development of global human resources and actions taken by individual companies in relation to having 60 consolidated subsidiaries in Japan and overseas offices in 44 countries and regions.

In the previous report I requested continuous information disclosure on the MOL COMFORT marine incident. This report explains that Japan's governmental committee has not identified the cause, but MOL has already executed safety measures recommended in the committee's interim report. It also reports the status of the cartel-related violation involving car carriers. I would ask MOL to maintain this sincere attitude in disclosing information.

Addressing the Challenge

Thank you for your invaluable feedback on our Environmental and Social Report.

With respect to the IMO report, "A Concept of a Sustainable Maritime Transportation System," the first item of the ten action programs is safe operation and environmental protection, and the next on the list is human resources development. This is consistent with MOL's materiality matters. For safe operation, environmental protection, and human resources development, we have been making improvements by confronting individual issues in a sincere manner. However, you have pointed out the difficulty of capturing the pathway of our advancement. In the next report, we will find a way to present our progress, in addition to further improving the current initiatives, identifying new areas for improvement, and taking actions for the new issues. I also appreciate your suggestion on environmental protection. We will attempt to

self-evaluate the MOL Group's achievement level with environmental protection activities and analyze our competitive superiority. For the activities where MOL can take initiatives and collaborate with customers, suppliers, partners, governments and international organizations including the development of the Northern Sea route, we will further invest our efforts and disclose the information. Regarding marine accidents and compliance issues, we intend to continue actively disclosing information and promoting highly transparent management to earn trust from our stakeholders.

Junichiro Ikeda
Director, Senior Managing Executive Officer
Chairman of CSR and Environment Committee



External Recognition

General CSR Activities-Related (Including Socially Responsible Investment (SRI) Indexes)

Selection as a Component in Dow Jones Sustainability Indices

Since 2003, MOL has been included in the Dow Jones Sustainability Index (DJSI) Asia Pacific. This designation is reserved for companies meeting international criteria for social responsibility in areas such as environmental protection, human rights, corporate governance, and relationships with stakeholders. The component companies are also expected to demonstrate sustainable business practices. ▶A

Selection as a Component in FTSE4Good Index

FTSE is a global index company owned by the London Stock Exchange. Since 2003, FTSE has included MOL in one of its major indices, the FTSE4Good Global Index, which is a socially responsible investment index. ▶B

Morningstar Socially Responsible Investment Index (MS-SRI)

MOL has been included in the MS-SRI since 2003 for its superior social responsibility. The MS-SRI is composed of stocks that have been selected by Morningstar Japan K.K. ▶C

Global 100 Most Sustainable Corporations in the World

In 2011, MOL was included among the "Global 100 Most Sustainable Corporations in the World," a listing announced each year by Canadian publishing company Corporate Knights Inc.

SMBC Sustainability Assessment Loan

In 2013, MOL was the first company to receive a Sumitomo Mitsui Banking Corporation (SMBC) Sustainability Assessment Loan. MOL earned a high rating for timely and accurate disclosure of ESG issues and for its initiatives on sustainability. ▶D

Recognition from the Philippines Overseas Employment Administration

Magsaysay MOL Marine, Inc., an MOL seafarer manning company, received the Award of Excellence in 2010 and 2013 with the recognition for its efforts on promotion of transparency and the highest standards of ethical recruitment and deployment of Filipino workers for oversea employment.



IR Related

Japan Investor Relations Association

MOL's IR activities were recognized with the IR Prime Business Award Grand Prix in 2005. We were once again recognized with the IR Prime Business Award in 2008 after being ineligible for the award for two years as a past winner under the award regulations.

Nikkei Award Sponsored by Nikkei Inc.

MOL's Annual Report won the fiscal 2004 best award. This was followed by excellence awards in fiscal 2005 and fiscal 2006. We have also won prizes in this annual competition on five other occasions.

Recognition from the Tokyo Stock Exchange (TSE)

MOL was selected as one of the recipients of the TSE's FY2009 Disclosure Award. The TSE recognized the fullness of MOL's disclosure.

Internet IR Commendation Award

MOL received the 2012 Internet IR Commendation Award from Daiwa Investor Relations Co., Ltd. (Daiwa IR). ▶E



Safe Operation (Including Recognition of Seafarer Training Program)

Certification from DNV GL AS for LNG Carrier Seafarer Training Program

MOL's LNG Carrier Standard Training Course, which is run in Japan and overseas, acquired certification in 2007 from DNV GL AS for compliance with the LNG carrier crew ability standards advocated by SIGTTO*. ▶F

* Society of International Gas Tanker & Terminal Operators Ltd.

Certification from DNV GL AS for Seafarer Education and Training Management Program

MOL obtained certification in 2012 for compliance with the Competence Management System (CMS) by DNV GL AS. ▶G



Environment Related

ISO 14001 Certification

In 2003 MOL acquired ISO 14001 certification, an International standard for environmental management, by DNV GL AS.

Scope: Ship operation activities at sites and Head Office associated with multi-modal logistics/ ocean service (except charter vessels on contracts of one year or less) ▶H

DBJ Environmental Ratings

In 2011, MOL became the first company in the ocean shipping industry to acquire the "DBJ Environmental Ratings" from the Development Bank of Japan Inc. (DBJ). MOL received the highest rating from DBJ, which cited MOL's "particularly forward-looking approaches to environmental consciousness." ▶I

Carbon Disclosure Leadership Index Commendation

In 2012, MOL was commended by CDP, an international not-for-profit organization, as a leader in the disclosure of greenhouse gas emissions and strategies for climate change, based on high scores in the CDP's analysis of its approaches to information disclosure.

SMBC Environmental Assessment Loan

In 2012, MOL acquired the top rating for a Sumitomo Mitsui Banking Corporation (SMBC) Environmental Assessment Loan, earning recognition as a company whose corporate management reflects deep concern for the environment. (In 2009, MOL acquired a high rating.) ▶J

Commendations from the port authorities of Los Angeles and Long Beach, U.S.A.

In 2013, MOL received the Green Flag Award and Vessel Speed Reduction Award from the ports of Long Beach and Los Angeles, respectively, for its efforts to ensure compliance with standards that call for vessels to slow down within 40 nautical miles (nm) of the shore.





Mitsui O.S.K. Lines

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

Corporate Profile (As of March 31, 2014)

Name: Mitsui O.S.K. Lines, Ltd.
 President: Koichi Muto
 Shareholders' equity: ¥679.1 billion
 Number of shares issued: 1,206,286,115
 Number of shareholders: 109,304
 Share listings: Tokyo and Nagoya stock exchanges
 Business: Multi-modal transport mainly by ocean-going vessels
 Number of MOL Group employees: 10,289 (The parent company and consolidated subsidiaries)
 Number of Group companies: 430 (The parent company and consolidated subsidiaries)
 Group fleet: 938 vessels, 67,120 thousand DWT
 Consolidated subsidiaries in Japan: 60
 Overseas network: 44 nations and regions
 Head Office: 1-1, Toranomom 2-chome, Minato-ku, Tokyo 105-8688, Japan
 Branches and offices in Japan: Nagoya, Kansai, Hiroshima, Kyushu

For inquiries

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 CSR and Environment Office, Corporate Planning Division
 1-1, Toranomom 2-chome, Minato-ku, Tokyo 105-8688, Japan
 Tel: +81-3-3587-7063 Fax: +81-3-3587-7702
 E-mail: plemo@molgroup.com

Vessels on the front cover (from the bottom)

HIDEYOSHI MARU	Launched 1878
KINAI MARU	Launched 1930
AMERICA MARU	Launched 1950
OPPAMA MARU	Launched 1965
SENSHU MARU	Launched 1984
NIPPON MARU	Launched 1990
ATLANTIC LIBERTY	Launched 1995
BRASIL MARU	Launched 2007
FPSO Cidade de Angra dos Reis MV22	Commenced operation in 2010 Provided by MODEC, INC.



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