

# Face up to Social Issues, Expand Business while Reducing Stress on Society and the Environment



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## The MOL Group's Role and Responsibility in Society

### **Contribute to Worldwide Economic Growth by Adding Value through Ocean Shipping**

The MOL Group, with international shipping at its core, has helped people around the world enjoy more prosperous lives and promoted the growth of local industries by transporting the products and commodities essential to daily life. Our company serves as a lifeline to the world economy and global society. In the future, worldwide population growth and economic development in emerging nations will fuel new demand for transport. Thus, with a greater role as the arteries of global commerce, more responsibilities will be required for international shipping services. Our group's Corporate Principles clearly state that it contributes to global economic growth and development, anticipating the needs of our customers and the challenges of this new era as a multi-modal transport group. We believe that our group's social responsibility, and indeed our *raison d'être*, is to embody those principles. With management focused on this principle, our group continues to create new values through leadership of the international shipping industry and sustainable growth in step with society based on the understanding that corporate activities themselves are corporate social responsibilities.

Responding to Global Risks and Social Issues

## Face up to Social Issues

Worldwide economic growth, a more borderless society, climate change, depletion of various resources, human rights issues, poverty and economic inequality, and political instability — all of these combine to create complex, interconnected global risks. More frequent natural disasters are compounded by these risks. Economic and social ills also give rise to piracy, which threatens the safe operation of the merchant fleet, the key principle of the MOL Group's business. Clearly, our group cannot ignore these issues. Generally, such social issues are considered as obstructions for corporate activities. However, instead, we believe that addressing social issues is the corporate responsibility and the absolute minimum requirement for corporations to stay in business.

## Cooperate with Stakeholders and Solve Social Issues

In September 2015, the United Nations General Assembly adopted Sustainable Development Goals (SDGs) toward 2030, and in December of the same year, the new framework convention on climate change (the Paris Agreement) was adopted at COP21. The international community is demanding a cooperation for a sustainable society. We must pay particular attention to human rights related issue more than ever before. The MOL Group is the first shipping group to participate in the UN-backed Global Compact, and since then has supported and practiced its universal principles. The MOL Group must also strive to address the issues raised in the Modern Slavery Act 2015 enacted by the U.K. We will take a proactive stance to lead the growth of a sustainable society in cooperation not only within our group, but among our stakeholders, including suppliers, as well.



MOL Group's Key Priorities

## Identify 5 Key Priorities to Ensure Sustainable Ocean Shipping

Corporate initiatives on social and environmental issues have a greater impact on business and corporate value every year. The MOL Group, which has established a global business network centering on international shipping, has a great variety of stakeholders all over the world. Naturally, we recognize the importance of doing business while firmly grasping how our activities affect society. Our group has identified five issues — “safe operation,” “environmental conservation,” “governance,” “compliance,” and “human resources development” — as key priorities to ensure the sustainability of the ocean shipping industry and promotes corporate activities related to those issues. “Safe operation” is the highest priority among all these issues, a lapse in safety that causes a marine incident has the greatest impact on society and the environment, as well as a significant impact on earnings.

Safe Operation

### Forge Ahead to Become the World Leader in Safe Operation through Enhancement of BBS

In July 2015, a fire broke out aboard the ferry *Sunflower Daisetsu* off Tomakomai, Hokkaido. Tragically, this incident took the life of one of our crewmembers, a fact that far overshadows the inconvenience to our customers or the impact on our business results. 70% to 80% of marine incidents are caused by human error, so we are working to enhance Behavior Based Safety (BBS), a concept we introduced in fiscal 2014, to eliminate dangerous behaviors. In addition, safety is not the mission for officers and mariners at sea alone — all executives and employees including land-based personnel need to pay attention to “safety” and “security” first. We think this is the first step in creating a corporate culture that can promise our customers the

level of security they demand. Year 2016 marks the 10th year since four serious marine incidents occurred in 2006. We must once again take the importance of safe operation to heart, and set our sights on achieving the “Four Zeroes” (Zero serious marine accidents, Zero oil pollution, Zero fatal accidents, and Zero serious cargo damage).

Environmental Conservation

### Setting a Course toward More Aggressive Environmental Management

Ocean shipping is regarded as an environment-friendly means of mass transport from the standpoints of energy efficiency and prevention of air pollution. On the other hand, as an industry it generates massive amounts of CO2 through vessel exhaust emissions. In other words, even as our industry contributes to worldwide economic growth by efficiently transporting commodities and products, it has a significant negative impact on the environment. Thinking about how continued worldwide economic growth will drive new demand for shipping, it is indispensable that we continue our efforts to reduce that impact. We consider initiatives on the environment as business opportunities, and as a strategy that gives us a competitive advantage. We will take the helm and set a course toward truly reducing our impact on the environment by promoting aggressive environmental management.

Governance, Compliance

### Etch the Importance of Ethical Conduct into Our Brains

If corporations are to achieve sustainable growth, I believe that compliance, among all management issues, must be the first priority. We accepted our responsibility for violating the Japanese Antimonopoly Act in 2014, and since then we continued to take a comprehensive approach to ensuring that we never repeat such an offense. All executives and employees must etch the importance of compliance into their brains until not violating rules becomes second nature, as if corporate governance runs through their veins. Ethical conduct must become deeply rooted as our group's corporate culture, I practice it myself with tenacious determination continue to urge all group executives and employees to do the same. In addition, we worked to improve our corporate governance through the creation of Nomination Advisory Committee and Remuneration Advisory Committee to gain greater trust from our stakeholders. Other approaches to enhanced corporate government include formulating a method to assess the overall effectiveness of the Board of Directors.

Human Resources Development

## MOL Group Success Depends on People

Since people build long-term trust relationship with society and customers, the human factor is the driving force behind our group's growth, and the source of value creation and added value. Since I became president & CEO, I have emphasized creating a workplace where all employees can maximize personal and professional development. Thanks to various measures including diversity and work life balance, and promoting the adoption of “MOL CHART,” which was introduced in April 2015 to express the MOL Group's common values. I have seen steady progress in reforming our organizational climate and building awareness of our social responsibilities. I want to continually create opportunities to think about MOL CHART until it nourishes employees, body and soul, so they can put the MOL CHART values into practice in day-to-day business operations. I look forward continually nurturing personnel who fully recognize their social responsibilities and can create common value with society.

Toward Further Growth of the MOL Group

## Make More Advanced Use of IT and Other Technologies

I think the key to growth in the ocean shipping industry is get closer to our goals of safe operation and environmental friendliness through more advanced use of the Internet of Things (IoT), Information and Communication Technology (ICT) such as big data, and other technologies. So we established the IT Strategy Committee and the Technology, Innovation and Environment Committee to focus on those two themes. I personally take part in both committees in a proactive manner and carry on discussions about our ideal for the MOL Group. We will work swiftly to flesh out these strategies to push the further growth of the MOL Group.

## Challenge Innovative Changes with the Spirit of “One MOL, One Goal”

The MOL Group has been tossed up and down by myriad raging waves, but has overcome each wave with creativity, ingenuity, and the unified efforts of the entire company, and it has grown to become one of the world's largest multi-modal ocean shipping groups. In the current era, when it is so difficult for companies to differentiate themselves, and when we face so many social issues that must be addressed on a global scale, we cannot sit back and rely on past methods and successful experiences. Our challenge is to realize “an excellent and resilient MOL Group.” Now, with the spirit of “One MOL, One Goal,” we will strive to deepen and expand our trusting relationships with customers and drive innovative changes to create a bright new future.