

## CORPORATE SOCIAL RESPONSIBILITY (CSR)

### MOL'S APPROACH TO CSR

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

The MOL Group provides an indispensable service to society through its operation of a fleet of oceangoing ships. We have been able to grow steadily over the last 120 years because, from the very beginning, we have consistently followed business policies compatible with contemporary standards of CSR, thus earning the support of stakeholders, including clients, shareholders, business partners and communities. MOL has drawn up Group Corporate Principles, and the group now addresses such issues as corporate governance, compliance and environmental protection.

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

The CSR and Environment Office reviewed the MOL Group's operations from a CSR perspective. The committee then initiated a number of steps, including measures to promote strict adherence to MOL's Rules of Conduct, a set of rules regulating the conduct of Group employees from the standpoint of all stakeholders. The office also recommended two priority areas: promotion of social service activities, an area in which the MOL Group has had a relatively low profile; and an active approach to global environmental protection measures.

### RULES OF CONDUCT

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

1. Observe laws and regulations while at all times exercising due caution as a good administrator
2. Respect human rights and refuse to permit discrimination and harassment
3. Protect confidential information and respect intellectual property rights
4. Clearly separate official and personal conduct, avoid conflicts of interest
5. Oppose antisocial activities
6. Fulfill of social obligations
7. Ensure safe operations and protect the environment
8. Build relationships with clients and contractors that conform to laws, regulations and social standards
9. Provide guidance and supervision by individuals in management positions
10. Report improper behavior, provide advice and deal with individuals who violate rules

In March 2005, the MOL Group's participation in the United Nations Global Compact Initiative was acknowledged and accepted by the United Nations. The Global Compact was initiated by United Nations Secretary-General Kofi Annan and was ratified in July 2000. The Global Compact asks companies to embrace, support and enact, within their sphere of influence, a set of core values in the areas of human rights, labor standards, the environment, and anti-corruption.



The MOL Group's participation demonstrates its determination to work toward integrating the values of the Global Compact, which is consistent with the Rules of Conduct, into its operations.

### ENVIRONMENTAL PROTECTION

#### ENVIRONMENTAL MANAGEMENT SYSTEM

MOL expanded the Environmental Management System, MOL EMS 21, from on-shore operations to all vessels in operation in January 2003, when we received certification under the ISO 14001 international standard for environmental management (excluding vessels with charters of one year or less). Our certification was expanded in September 2003 to include Mitsui O.S.K. Passenger Line, Ltd. and the *Nippon Maru*, and further extended in January 2004 to Shosen Mitsui Ferry Co., Ltd. and the ferries that it operates.



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

#### ENVIRONMENTAL TECHNOLOGY

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

PBCF: PBCF efficiently recovers energy loss in the vortex generated behind a ship's propeller. This is an MOL proprietary technology that uses the same number of fins attached to the rear end of the propeller shaft. The PBCF system provides a 4% to 5% energy saving and reduces emissions of CO<sub>2</sub>, NO<sub>x</sub>, and SO<sub>x</sub>. Since developing it in 1987, we have installed PBCF in over 900 vessels.



State-of-the-art Pure Car Carrier *Utopia Ace* wins Lloyd's List "Ship of the Year Award 2005": In February 2005, MOL's pure car carrier *Utopia Ace* won the Lloyd's List "Ship of the Year Award 2005," an extremely prestigious award for new vessels. The award recognized the carrier's design for environmental protection. Under the water line,



the ship features a hyper-slim energy-saving design that reduces water resistance. The ship also has an aerodynamically rounded profile to reduce wind resistance. Its double-hulled fuel tank reduces the risk of spills in case of a grounding or collision.

## PROTECTION OF THE MARINE ENVIRONMENT

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

MOL strictly adheres to all marine pollution treaties, including the International Convention for Prevention of Pollution from Ships, as well as applicable laws and regulations around the world. The company has stringent internal rules to prevent oil discharges and to ensure the proper disposal of lubricating oil and bilge water (which includes oil and other pollutants).

Other measures in place to reduce environmental loads include use of environmentally responsible anti-fouling paint and proper management of ballast water. As of the end of March 2005, 80% of the Company's tankers were of the double-hull type.



Double-hull structure

## PREVENTION OF AIR POLLUTION

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

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



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

## SOCIAL SERVICE ACTIVITIES

From early on, MOL has been actively involved in social service programs. These, programs include monitoring surface water temperatures, beach cleanups and cooperation with educational institutions worldwide.

### Aid to Victims of Earthquake/Tsunami Off Sumatra

One major initiative by the CSR and Environment Office, following its June 2004 establishment, was transportation of aid supplies to countries hit by the powerful earthquake off Sumatra on December 26, 2004 and the devastating tsunami (seismic wave) that followed.

The company tapped its global container service network to carry aid supplies at no charge from Japan and around the world to Colombo, Belawan and Chennai. The volume of cargo entrusted to MOL from NPOs, businesses and individuals for transport to the affected areas totaled an estimated 200TEU. We also transported special-purpose vehicles, such as large bulldozers and large dump trucks used for reconstruction work, in our pure car carriers. In addition, the MOL Group donated approximately ¥20 million for relief effort through a number of governmental relief agencies around the world.

## THIRD-PARTY OPINIONS

### MOL SELECTED FOR DOW JONES SUSTAINABILITY INDEXES (DJSI) (SEPTEMBER 2004)



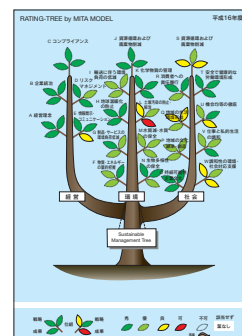
In September 2003, MOL was selected for inclusion in DJSI, a designation reserved for companies capable of sustaining growth over the long term while maintaining excellence in environmental, social and investor relations programs. In September 2004, MOL was selected for continuing inclusion in the index.

### MOL BECOMES A COMPONENT ISSUE IN FTSE4GOOD GLOBAL INDEX (SEPTEMBER 2004)

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



### MOL RECOGNIZED AS "GREEN TOP RUNNER" (FEBRUARY 2005)



In February 2005, the corporate rating unit of the Sustainable Management Forum, a non-profit organization, selected MOL as a Green Top Runner for the third year in a row. This honor recognizes a company's ability to operate in a responsible manner in three key aspects: society, management and the environment.

*Environmental and Social Report 2005*

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

URL: <http://www.mol.co.jp/report.shtml>