

Key Systems Underpinning MOL: Corporate Governance and Corporate Social Responsibility

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Board of Directors, Corporate Auditors and Executive Officers

(As of June 23, 2011)



AKIMITSU ASHIDA
Representative Director
Chairman



MASAKAZU YAKUSHIJI
Representative Director



KOICHI MUTO
Representative Director



TOSHITAKA SHISHIDO
Representative Director



MASAFUMI YASUOKA
Director



TSUNEO WATANABE
Director



SHUGO AOTO
Director



TAKESHI KOMURA
Director
(Executive Advisor of Tokio Marine &
Nichido Fire Insurance Co., Ltd.)



SADAYUKI SAKAKIBARA
Director
(Chairman, Representative Director of
Toray Industries, Inc.)



MASAYUKI MATSUSHIMA
Director
(Senior Advisor of The Boston Consulting Group K.K.)

CORPORATE AUDITORS

JUNICHI NARITA

Corporate Auditor

MASAAKI TSUDA

Corporate Auditor

SUMIO IJIMA

Corporate Auditor

HIROYUKI ITAMI

Corporate Auditor

EXECUTIVE OFFICERS

AKIMITSU ASHIDA

Chairman

MASAKAZU YAKUSHIJI

Vice Chairman

KOICHI MUTO

President

TOSHITAKA SHISHIDO

Executive Vice President Executive Officer
(Assistant to President [Mainly in Sales & Marketing Divisions])

MASAFUMI YASUOKA

Senior Managing Executive Officer
(Coal and Iron Ore Carrier Division,
Bulk Carrier Division)

HIROSHI TANAKA

Senior Managing Executive Officer
(Research Office, Dedicated Bulk Carrier Division)

KAZUHIRO SATO

Senior Managing Executive Officer
(LNG Carrier Division, MOL LNG Transport Co., Ltd.)

SOICHI HIRATSUKA

Senior Managing Executive Officer
(Human Resources Division, Marine Safety Division,
MOL Ship Management Co., Ltd., Tanker Safety
Management Office, MOL LNG Transport Co., Ltd.)

TSUNEO WATANABE

Senior Managing Executive Officer
(Tanker Division, Tanker Safety Management Office)

KENJI YOKOTA

Managing Executive Officer
(Technical Division)

TAKASHI KURAUCHI

Managing Executive Officer
(Car Carrier Division)

MAKOTO YAMAGUCHI

Managing Executive Officer
(Bulk Carrier Division,
Dry Bulk Carrier Supervising Office)

KENICHI NAGATA

Managing Executive Officer
(Coal and Iron Ore Carrier Division)

TETSUYA MINATO

Managing Executive Officer
(Liner Marketing, President of Mitsui O.S.K. Lines
(Japan), Ltd.)

SHUGO AOTO

Managing Executive Officer
(Finance Division, Accounting Division,
Investor Relations Office)

JUNICHIRO IKEDA

Managing Executive Officer
(Liner Division)

MASAHIRO TANABE

Managing Executive Officer
(General Affairs Division, Group Business Division,
Kansai Area)

SHIZUO TAKAHASHI

Managing Executive Officer
(Internal Audit Office, Secretaries Office,
Corporate Planning Division, Public Relations Office,
MOL Information Systems, Ltd.)

KAZUNORI NAKAI

Executive Officer
(Tanker Division)

MASAAKI NEMOTO

Executive Officer
(Marine Safety Division, Tanker Safety Management
Office, MOL LNG Transport Co., Ltd.)

KIYOTAKA YOSHIDA

Executive Officer
(Technical Division)

HIROKAZU HATTA

Executive Officer
(Human Resources Division)

TAKESHI HASHIMOTO

Executive Officer
(LNG Carrier Division)

HIROYUKI FUKUMOTO

Executive Officer
(Car Carrier Division)

TETSURO NISHIO

Executive Officer
(General Manager of Dedicated Bulk Carrier Division)

TOSHIYA KONISHI

Executive Officer
(General Manager of Liner Division)

TSUYOSHI YOSHIDA

Executive Officer
(Chairman/President/CEO of MOL (America) Inc.)

TAKASHI MARUYAMA

Executive Officer
(General Manager of Finance Division)

AKIHIKO ONO

Executive Officer
(General Manager of Corporate Planning Division)

Corporate Governance

MOL'S PHILOSOPHY, MANAGEMENT REFORMS AND ACHIEVEMENTS

The MOL Group established the MOL Group Corporate Principles in March 2001. One of the pledges in our Corporate Principles states, "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."

In order to realize the ideals set forth in the principles, MOL reformed its corporate governance structure, instituting management reforms that brought external directors onto the board, separated management and executive functions, and set standards for accountability, risk management and compliance. These reforms were implemented as follows:

| | |
|--|--|
| 1997 | Outside auditors increased from one to two out of a total of four auditors |
| 1998 | George Hayashi (former APL chairman) invited to join the Board of Directors. (Became Director and Vice President in 1999, following revision of the Shipping Act) |
| 2000 | Management organization reform 1. Introduced a system of executive officers 2. Abolished the Managing Directors Committee and established an Executive Committee (reduced the membership from 21 to 10) 3. Reformed the Board of Directors (redefined its duties as the highest-ranking decision-making body and the supervision of business activities) and reduced membership from 28 to 12 4. Elected two external directors 5. Established the Corporate Visionary Meeting Established the IR Office Started holding the Annual General Shareholders' Meeting on a day relatively free of other shareholders' meetings |
| 2001 | Established the MOL Group Corporate Principles Added one more external director, increasing the number of external directors to three Established Compliance Policy and a Compliance Committee |
| 2002 | Second stage of management reforms Reforms reinforced roles of the Board of Directors concerning determination of basic strategies and monitoring risk management while providing for faster decision-making at the business execution level 1. Board of Directors was reorganized to carry out three important functions: (1) deliberation on issues requiring approval by the directors; (2) receipt of reports on business operations; and (3) deliberation on corporate strategy and vision 2. Review and consolidation of issues submitted to the Board of Directors 3. Expanded jurisdiction of the Executive Committee regarding execution of business activities |
| 2006 | Decided basic policy on the establishment of internal control systems in response to enforcement of the new Japanese Corporate Law In response to the enforcement of the Financial Instruments and Exchange Law, the Internal Control Planning Office was established in the Corporate Planning Division. |
| 2007 | The Internal Control Planning Office enhanced internal control systems for the purpose of ensuring the accuracy of financial reporting, in accordance with the Financial Instruments and Exchange Law. |
| 2008 | We have been using management evaluations of internal controls relating to financial reporting required by the Financial Instruments and Exchange Law since fiscal 2008, audits by the Internal Audit Office and advice based on the results of those audits, to improve internal controls throughout the group. |
| 2009 | We submitted an internal control report to the Kanto Local Finance Bureau in Japan containing an assessment by management that internal controls over financial reporting at MOL were effective. |
| Number of Meetings of Governance Bodies in Fiscal 2010 The number of meetings during the fiscal year of the Board of Directors, Executive Committee and their sub-committees is shown in the Corporate Governance Organization chart on the opposite page. | |

The chart on the next page shows the structure of our corporate governance organization.

At MOL we believe that the essence of corporate governance lies not in its structure or organization, but in whether or not it functions effectively. In our case, the corporate governance structure described previously functions as follows:

1. Major investment projects, such as the construction of new vessels, are submitted to the Board of Directors at the basic policy formulation stage. The 10 directors, including external directors, thoroughly evaluate and discuss the pros and cons of the projects and make decisions on their feasibility from many perspectives. Transferring the authority to implement projects within the scope of the basic policy to executive officers supervised by the president speeds decision making on individual projects. The separation of the management and execution functions was one important contribution to allowing the MOL Group to build up a fleet of the right type of vessels at the right time.
2. Another important responsibility of the Board of Directors is deliberation on corporate strategy and vision. At each meeting, the board focuses on a particular topic concerning management strategies, MOL's long-term vision or other subjects involving management.

These discussions provide an opportunity for lively debates that include the external directors and corporate auditors, thus helping to ensure that the perspective of shareholders is reflected in how MOL is managed.

3. The Board of Directors has 10 members, including three external directors who are completely independent and have no conflict of interest with MOL. There are four corporate auditors, who are responsible for performing statutory auditing functions, including two individuals who are completely independent and have no conflict of interest with MOL. At a time when the auditing systems of corporations are taking on added importance, it goes without saying that the independence of auditors from management and policy execution is assured. Our corporate auditors work closely with the Internal Audit Office and independent public accountants to assure effective corporate governance. They also work on strengthening corporate governance and compliance throughout the group.

ACCOUNTABILITY

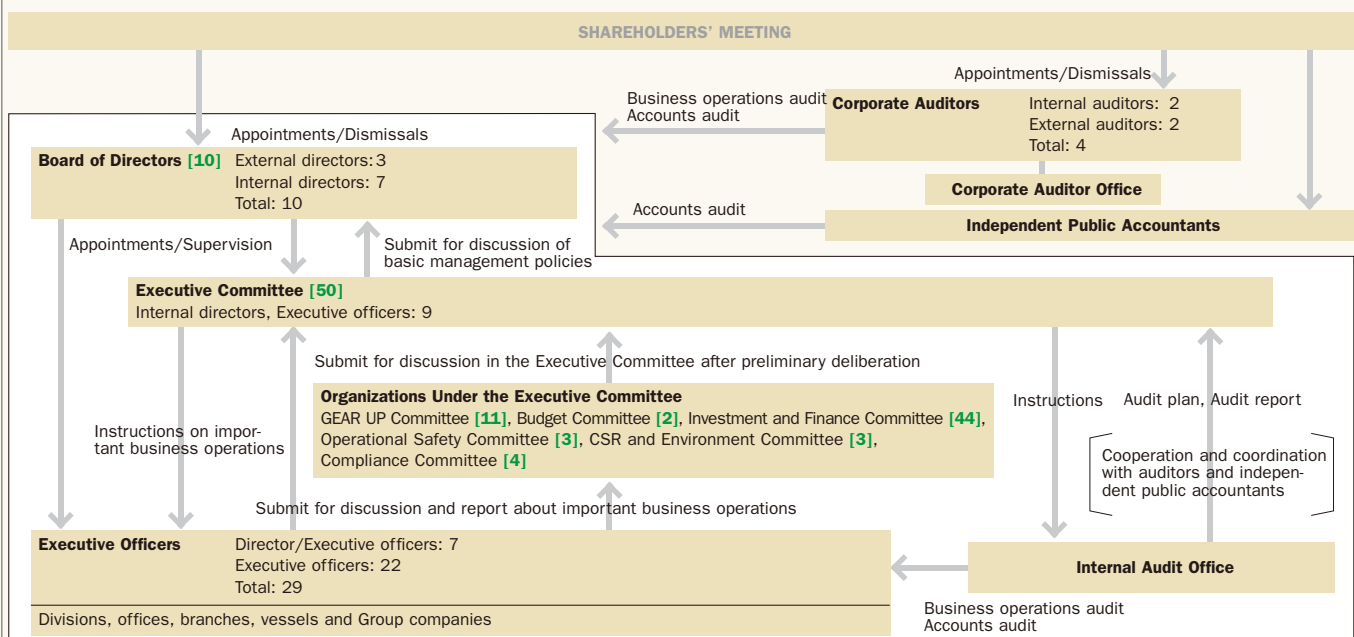
MOL believes that timely, full and fair disclosure of corporate and financial information is an important aspect of corporate governance. In addition to being accountable to shareholders and investors by providing information, the company makes every effort possible to reflect their opinions in management.

The distinguishing feature of our investor relations activities is that the president takes the lead in their implementation. In fiscal 2010, the president participated in the company's presentations of quarterly results and attended meetings with domestic and foreign investors. This reflects his conviction that it is the chief executive officer's responsibility to explain future corporate strategies to 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. This information is e-mailed on the same day to foreign investors registered with the company.

These types of activities have been highly evaluated, and in fiscal 2005, MOL received the Special IR Prime Business Award from the Japan Investor Relations Association (JIRA), which is presented to companies that have received the IR Prime Business Award three times. MOL also picked up the IR Prime Business Award again in 2008. Furthermore, in fiscal 2009 MOL was selected as one of the recipients of the Tokyo Stock Exchange's FY2009 Disclosure Award. Also, in the Nikkei Annual Report Awards, which are judged by institutional investors, MOL's annual report has been highly evaluated for its aggressive disclosure, winning the top prize once and the excellence prize three times.

The responsibility to provide information is not limited to management and financial issues. Accordingly, in regard to the four major marine accidents that occurred in fiscal 2006, MOL disclosed the situation directly after each incident, providing a total of 25 press releases for the four accidents. These accidents were highly regrettable, and MOL believes that it has a responsibility to disclose the situation to everyone who is directly or indirectly affected. While we will continue to do our utmost to prevent accidents, we will also maintain a policy of disclosing information, even if it is negative.

CORPORATE GOVERNANCE ORGANIZATION (AS OF JUNE 23, 2011)



Numbers in brackets show the number of meetings of the Board of Directors, Executive Committee and their sub-committees during fiscal 2010.

DIRECTOR COMPENSATION

The Board of Directors, including the external directors, determines compensation for the directors. Compensation paid to directors in fiscal 2010 is shown in the table below.

The company has granted stock options to all directors, executive officers, general managers of divisions and branch offices and managers in similar positions, as well as to presidents of consolidated subsidiaries, to motivate them to carry out operations for the benefit of shareholders.

COMPENSATION FOR DIRECTORS AND CORPORATE AUDITORS

| | No. of people remunerated | Total remuneration (¥ millions) | (Thousands of U.S.\$) |
|--|---------------------------|---------------------------------|-----------------------|
| Directors (Excluding external directors) | 9 | ¥654 | \$7,865 |
| Corporate auditors (Excluding external corporate auditors) | 2 | 84 | 1,010 |
| External directors and external corporate auditors | 6 | ¥ 68 | \$ 818 |

COMPENSATION FOR INDEPENDENT PUBLIC ACCOUNTANTS

| | (¥ millions) | (Thousands of U.S.\$) |
|--|--------------|-----------------------|
| Compensation for auditing services | ¥123 | \$1,481 |
| Compensation for auditing-related services | 3 | 36 |
| Total | ¥126 | \$1,517 |

COMPLIANCE

The company is aware of the crucial role that compliance plays in living up to its broad corporate social responsibilities, and that compliance with the letter of the law is at the core of this role.

We have strengthened our compliance system by establishing a Compliance Committee, which is headed by a corporate officer appointed by the Executive Committee, and formulating the Compliance Policy to assure strict adherence to rules and regulations and to take action against any violation. General managers of each division, department and branch office, are appointed as Compliance Officers for their respective organizations. They are responsible for enforcing compliance regulations and for reporting any violations to the Compliance Committee Office. The Internal Audit Office, a body that operates independently of the company's divisions, departments and branch offices, provides a counseling service and also acts as a hot line in the event it is difficult for a report to be filed with a Compliance Officer. The Internal Audit Office undertakes investigations and audits as necessary and reports steps taken to the Compliance Committee.

The company works to assure a proper relationship with its independent public accountants. Compensation paid to independent public accountants in fiscal 2010 is shown in the table to the left.

Message From an External Auditor



SUMIO IIJIMA
Corporate Auditor

I have been involved in the legal profession for more than 40 years as an attorney. I am now in my fifth year as an outside auditor of MOL, which is a completely different world from what I was used to. When I was appointed, MOL had approximately 900 head office employees and planned to increase the number of vessels to 900—or 1 ship for every employee, which was extremely surprising for me.

MOL has three external directors and two outside auditors, including myself. This creates a certain amount of tension at Board of Directors' meetings, and I think prevents the Board from merely rubber stamping matters put forward for decisions by the Executive Committee. From my perspective, I look at the actions of directors to make sure that they aren't violating the responsibility of prudent managers. I check whether directors, as management professionals, have business common sense and exercise reasonable management judgment. In that sense, one could say that a good corporate auditor is one who knows a lot about management. But, what constitutes common sense may differ from individual to individual, so I think it's better to have discussions where experts from various circles, not just lawyers, reconcile their opinions. At Board meetings, I ask questions to seek clarification on certain points after hearing about agenda items and issues for discussion from directors. Since I don't have specialist knowledge of the marine transport sector, directors explain subjects carefully for me. It seems a simple thing, but it's actually a key point. By having to explain topics previously agreed by the Executive Committee in different words and from a different perspective, directors naturally think again about the proposal, that is, they give it a second thought. This governance system works well, so I think it should be retained going forward.

In marine transport it is often said that market conditions dictate business. As a person who sits in on Board

meetings, I don't believe that is necessarily the case. Amid the current economic conditions, the marine transport industry isn't alone in experiencing difficulty anticipating the future. I always witness MOL's management team exchange opinions in Board meetings, freely and vigorously, based on information the company worked hard to collect and share. Therefore, I believe they are making rational management judgments with common sense based on as much information as is available to them.

You could also say that MOL's directors respond quickly to business risks. When I was first appointed in 2006, MOL had experienced a string of four marine disasters. The management team saw these marine incidents as an important management risk and decided to thoroughly ensure safe operations. Today, the quality of MOL's safe operations is a selling point for the company. The recent natural disaster in Japan also illustrates my point. The fact that almost no MOL operated vessels that were berthed at affected ports or sailing in the ocean near them suffered damage when the Great East Japan Earthquake struck testifies to the efforts of the company to buttress its risk response system. Also, MOL transported relief supplies and personnel by ferry soon after the earthquake and tsunami. This to me was a striking example of swift Board decision-making.

Changes in the global economy and trade, foreign exchange fluctuations, bunker prices, terrorism and piracy, and other issues will test the quality of MOL's management going forward. But I hope the management team will continue to steer MOL in the right direction based on a transparent Board of Directors.

SUMIO IIJIMA
Corporate Auditor

Management's Report on Internal Controls over Financial Reporting

MATTERS RELATING TO THE BASIC FRAMEWORK FOR INTERNAL CONTROLS OVER FINANCIAL REPORTING

Representative Director and President Koichi Muto is responsible for designing and operating internal controls over financial reporting of Mitsui O.S.K. Lines, Ltd., and has designed and operates internal controls over financial reporting in accordance with the basic framework for internal controls stipulated in "On the Setting of the Standards and Practice Standards for Management Assessment and Audit concerning Internal Control Over Financial Reporting (Council Opinions)" published by the Business Accounting Council of Japan.

The internal controls are designed to achieve their objective within a reasonable scope through the effective function and combination of their basic elements. Therefore, there is a possibility that misstatements in financial reports may not be completely prevented or detected by internal controls over financial reporting.

MATTERS RELATING TO THE SCOPE OF ASSESSMENT, THE RECORD DATE OF ASSESSMENT AND THE ASSESSMENT PROCEDURES

The assessment of internal controls over financial reporting was performed as of March 31, 2011, the fiscal year-end, and was performed in accordance with standards of internal controls over financial reporting generally accepted as fair and valid in Japan.

In conducting this assessment, we evaluated internal controls that may have a material effect on financial reporting as a whole on a consolidated basis (company-level control), and based on these results we selected business processes for evaluation. After analyzing these selected business processes, we identified key controls that may have a material impact on the reliability of financial reporting, and assessed the status of design and operation regarding these key controls, enabling us to assess the effectiveness of our internal controls.

We determined the required scope of assessment of internal controls over financial reporting for Mitsui O.S.K. Lines, Ltd., and its consolidated subsidiaries and equity-method affiliated companies, from the perspective of materiality that may affect the reliability of financial reporting, which was determined by taking into account the materiality of quantitative and qualitative impacts. We reasonably determined the scope of assessment of internal controls over business processes based on the results of assessment of company-wide internal controls for Mitsui O.S.K. Lines, Ltd., 20 consolidated subsidiaries and 2 equity-method affiliates.

The scope of assessment of process-level control involved selecting locations and/or business units in descending order of revenues (after the elimination of intercompany accounts) of the fiscal year under review, and two company businesses (bulkships and containerships) whose combined revenues reached around two-thirds of consolidated revenues for the fiscal year under review were selected as "significant locations and/or business units." At the selected significant locations and/or business units, we included in the scope of assessment business processes leading to revenues, trade receivables, and operating expenses and charterage included in cost of revenues as significant accounts that may have a material impact on the business objectives of the company. In addition to the selected significant locations and/or business units, we added to the scope of assessment, as business processes having high materiality considering their impact on financial reporting, those business processes relating to the high likelihood of material misstatements and significant accounts involving estimates and forecasts and those business processes relating to businesses or operations dealing with high-risk transactions.

MATTERS RELATING TO ASSESSMENT RESULTS

We concluded that the company's internal controls over financial reporting were effective as of the end of the fiscal year under review based on the results of the aforementioned assessment.

SUPPLEMENTARY INFORMATION

Not applicable

SPECIAL INFORMATION

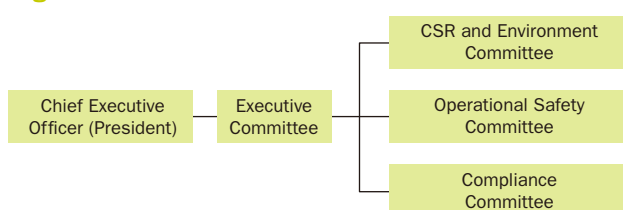
Not applicable

Corporate Social Responsibility (CSR)

MOL'S APPROACH TO CSR

In our view CSR means conducting business management that adequately takes into account laws and regulations, social norms, safety and environmental issues, human rights and other considerations, and developing together with society in a mutual and sustainable manner while earning the support and trust of stakeholders, including shareholders, customers, business partners, employees and local communities. In order to fulfill these responsibilities, MOL deliberates on CSR-related policies and measures, primarily through the three committees under the Executive Committee.

Organizational Framework for CSR Initiatives



The CSR and Environment Committee was established in June 2004 by reorganizing the former Environment Committee. This committee works to promote CSR throughout the MOL Group by setting and reviewing annual targets for initiatives related to compliance, corporate governance, accountability, risk management, safe operation, human rights, care for employees and seafarers, social contributions and the environment.

Our policy for CSR activities during “GEAR UP! MOL” (Fiscal 2010-2012) is as follows:

1. Stepping up “CSR that protects MOL” and “CSR that fulfills MOL’s responsibility”
2. Pursuing “CSR activities that benefit both the company and society”
3. Expanding CSR activities worldwide, and throughout the MOL Group

CSR activities that follow this policy are closely related to the company’s business strategies. By establishing a CSR policy that is clearly understood and evaluated favorably by all stakeholders, MOL will be the company of choice. This in turn will allow the company to make even greater contributions to society, generating a positive cycle that builds synergy, supports sustainable growth and benefits both the company and society.

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. Stand firm against antisocial forces
6. Act with awareness of social responsibilities

7. Actively work to ensure safe operations and protect the environment
8. Build good relationships based on trust with clients and contractors
9. Provide guidance and supervision of the Rules of Conduct by individuals in management positions
10. Report and consult on discovering suspected breaches

In March 2005, the MOL Group’s participation in the United Nations Global Compact initiative was acknowledged and accepted by the United Nations. The Global Compact was initiated in 1999 by then United Nations Secretary-General Kofi Annan and was ratified in July 2000.



The Global Compact asks companies to embrace, support and enact, within their sphere of influence, a set of 10 core values in the areas of human rights, labor standards, the environment, and anticorruption.

By participating in the Global Compact, which is consistent with the Rules of Conduct, the MOL Group has declared its commitment to working toward the realization of the Global Compact’s core values.

One overall strategic goal of “GEAR UP! MOL” midterm management plan is to accelerate business development in the world’s growth markets. In pursuing this goal, MOL believes that it must rigorously observe laws and regulations and social norms, across the entire group worldwide. Based on this belief, in January 2011, MOL surveyed 58 overseas MOL Group companies to gauge their awareness and enforcement of the UN Global Compact.

The results of this survey will be shared with MOL Group companies in Japan and overseas, in the hope that this will lead to even greater awareness and improved measures relating to CSR across the entire group.

MEASURES TO ENSURE SAFE OPERATIONS

Safe operation forms the basis of our business not only for growth as a company, but also for gaining the trust of society and building a strong reputation. We have set our sights on eliminating causes of accidents proactively to prevent minor problems from escalating into major accidents, with the aim of becoming the world leader in safe operation.

Safe Operating Practices—Initiatives in Less-Visible Areas

Damage and impacts from accidents usually result from various risk factors linking like a chain, including misjudgment, equipment malfunction, and weather conditions. We believe that safety initiatives must address the human factor in order to break the link in a chain of errors.

We add crew members of a certain rank, as situations require, to reduce on-site workloads, allowing crew to pay closer

attention to safety issues. When a key person is relieved by a newcomer, we arrange an overlap period for sufficient familiarization.

We established the OJT Instructor System under which experienced captains and chief engineers go on board to train crew members, and remedy unsafe actions and potential hazards that can only be found during navigation at sea. The findings are then shared with all the vessels under MOL's operation to heighten sensitivity of crew members to potential hazards and prevent human error.

Seafarer Education

MOL operates a training ship called the *Spirit of MOL* to educate cadets who shoulder responsibility for ensuring safe operations at sea. The *Spirit of MOL* is the only training ship in the world owned and operated by a private shipping company. During their four months on the training ship, cadets not only learn the knowledge and technical skills required of officers and engineers, but also acquire the safety mindset that forms MOL's corporate culture, which places the highest priority on safety, and develop solidarity as a seafarer of MOL.

We provide regular training courses at training centers in eight cities, in six countries around the world. To reinforce seafarer's emergency response capabilities, the training courses simulate the actual situations of past accidents by using bridge, engine and/or cargo simulators.

We periodically hold seafarer seminars and safety conferences in several cities around the world together with MOL's in-house crewing companies. Seafarers and MOL executives exchange frank views on various issues and share their commitment to safety.

Safety Operation Supporting Center (SOSC)

At the Safety Operation Supporting Center (SOSC), experienced captains monitor vessels under MOL's operation 24 hours a day, and convey timely safety information, such as weather and security, to specific vessels. SOSC plays a key role in ensuring the quality of transportation services under the watchword of "Never leave the captain feeling isolated." SOSC experts coordinate closer communications between ship and shore, and assist captains in making difficult decisions whenever necessary.

SOSC has contributed significantly to reducing the number of navigation-related accidents since its 2007 foundation. In fact, its effectiveness was demonstrated in the wake of the Great East Japan Earthquake in March 2011, when it swiftly confirmed the safety of vessels in the tsunami-stricken area and quickly issued alerts to all related vessels.

Improvement of Equipment and Facilities—Initiatives With Vessels and Equipment

In order to minimize the risk of accidents and ensure the best quality of newly built ships, MOL technical superintendents are stationed at shipyards to make sure that construction processes are carried out in line with the required specifications.

MOL Safety Standard Specifications for equipment and facilities augment the requirements of international rules and regulations. These specifications are constantly updated based on lessons learned from past accidents and suggestions from ships for the highest safety standards in the industry.

ENVIRONMENTAL PROTECTION

Environmental Management Systems and Certifications

MOL has two unique environmental management systems—MOL EMS21 and the MOL Group Environmental Target System. Through these systems we have taken steps to reduce our environmental burden.

MOL EMS21: We introduced our environmental management system—MOL EMS21—in April 2001. In January 2003, we expanded its scope to all our operated vessels (except charter vessels on contracts of one year or less), and acquired internationally recognized ISO 14001 certification.



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

MOL Group Environmental Target

System: This system applies to MOL's 58 main Group companies in Japan and 18 overseas affiliates and subsidiaries. It serves as a framework for Group-wide environmental protection activities. MOL Group companies in Japan are working hard on complying with the "green management" environmental certification system promoted by the Japanese Ministry of Land, Infrastructure, Transport and Tourism. A total of 15 MOL Group companies have earned this certification.

Prevention of Global Warming and Air Pollution

Vessels burn fossil fuels and inevitably emit carbon dioxide (CO₂), which is a cause of global warming, as well as nitrogen oxide (NO_x), sulfur oxide (SO_x), soot and other emissions, which are linked to acid rain and atmospheric pollution. The MOL Group is fully aware of the effects on air quality associated with its business activities and thus proactively works to reduce the impact on an ongoing basis.

Environmental Technologies: MOL is engaged in various research, development and innovation of technologies for ships. (Please refer to our website at the following URL: <http://www.mol.co.jp/ishin/en/>)

Increasing Transportation Efficiency with Larger Ships: MOL believes that the introduction of larger vessels and improvement of propulsion are effective measures to fulfill the social responsibility of the shipping industry to meet burgeoning international demand for ocean shipping and, at the same time, to prevent global warming. In December 2007, MOL took delivery of the *Brasil Maru* (approx. 320,000 DWT), one of the world's largest iron ore carriers. The *Brasil Maru* boasts energy-saving design features such as her excellent propulsion, and propellers specially designed to improve propulsion efficiency. These qualities earned the *Brasil Maru* selection as the "Ship of the Year 2007" by the Japan Society of Naval Architects and Ocean Engineers.

ECO SAILING Thoroughly Adopted: MOL practices an approach we call ECO SAILING to save fuel and reduce environmental impact. We rigorously apply the principles of ECO SAILING whenever we operate vessels. Specifically, we 1) decelerate to the most economical navigation speeds, 2) take advantage of weather and sea condition forecasts, and the optimum trim, 3) select optimum routes, 4) reduce vessels' wetted surfaces, 5) optimize operation and maintenance of main engines, auxiliary equipment and the other machinery, 6) develop energy-efficient ship designs, and 7) equip vessels with Propeller Boss Cap Fins (PBCF).



Reducing NOx/SOx/Soot/Smoke and Dust: MOL controls NOx emissions through the installation of electronically controlled engines. Regarding SOx, MOL has set a standard of using bunker oil with a maximum of 3.5% sulfur—well below the current 4.5% for general sea areas in the MARPOL Treaty. In respect of soot contained in ship exhaust gases, MOL teamed up with Akasaka Diesels Limited to develop a diesel particulate filter (DPF). This DPF has been trialed aboard an MOL Group-operated coastal ferry, where it was shown to remove more than 80% of particulate matter from diesel emissions.

Modal Shift: Approximately 20% of Japan's CO₂ emissions are accounted for by the transportation sector. In order to reduce these emissions, the Japanese Ministry of Land, Infrastructure, Transport and Tourism and other concerned agencies have set up programs to establish a transportation system with a low

environmental burden and have promoted the so-called "modal shift" of using rail transport, shipping and other low-impact modes of transport. The MOL Group stands ready to do its utmost to facilitate this modal shift by providing Japan's largest lineup of ferry and coastal shipping services.

Eco Terminal: MOL and MOL Group company Utoc Corporation installed one of the largest solar power generation systems in Tokyo at the Tokyo International Container Terminal. The system generates 200 kW of power. In 2007, 1,200 solar panels were installed on the roofs of the gate building, where trailer trucks enter and exit the terminal, and the vehicle wash building. In fiscal 2010, this system generated approximately 232,000 kWh of power, which covered about 50% of the power needs for the control building. In addition, Utoc Corporation and Shosen Koun Co., Ltd. have also introduced hybrid transfer cranes at their container terminals in Tokyo and Kobe, respectively. These cranes consume approximately 40% less fuel than conventional ones.

Approaches to Marine Environmental Protection

By rigorously ensuring safe operation, MOL is working to prevent marine pollution caused by marine accidents. At the same time, MOL is taking into consideration biodiversity and actively pushing ahead with measures to protect the seas and oceans, which are not only our place of business, but also the shared heritage of everyone on Earth.

Double-hull Tankers: We have been adopting double-hull vessels in our tanker fleet to prevent spills of crude oil, petroleum products and chemicals caused by a grounding or collision of vessels. As a result, our fleet of tankers is 100% double-hulled.



Double-hull structure

Caring for the Environment When Scrapping Vessels: Aging vessels must often be scrapped in the interest of safe operation and protection of the marine environment. However, measures for workers' safety and the environment have been insufficient when scrapping ships in some Asian countries. MOL is working to create inventory lists of hazardous materials on ships, ahead of the enforcement of The Hong Kong International Convention for the Safe and Environmentally Sound Recycling of Ships, 2009, which was adopted in May 2009. Efforts are led by a task force made up of related divisions in the company that was established in 2010. At the same time, when selling a ship on the assumption

that it will be scrapped, we check that the scrapping yard has acquired ISO 14001 certification (or the environmental management equivalent), and uses scrapping methods and procedures that are sufficiently safe for the environment and personnel.

In addition, care is exercised to reduce the impact of normal operation of our vessels on the oceans. 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) to protect the marine environment. Regarding anti-fouling ship bottom paints, MOL has switched to tin-free paints, and with ballast water, vessels are required to treat it to reduce the content of marine organisms to a specified level rendering it harmless. These are just part of our efforts to help protect biodiversity.

SOCIAL CONTRIBUTION ACTIVITIES

MOL aims to be a company that grows continuously and synergistically with society. We therefore carefully consider social issues to tackle, and work to help solve them based on the following three principles. Guided by these principles, we proactively undertake social contribution activities that only a marine transport company with a global network can.

- I. Contribute to the United Nations Millennium Development Goals as a company growing in step with the global economy and social development.
- 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.
- III. Contribute to local communities as a good corporate citizen.

Response to the Great East Japan Earthquake: We offered various forms of support so as to assist with relief efforts for victims of the disaster and reconstruction of disaster-stricken areas. This included donations from corporate officers and employees of MOL and MOL Group companies, transportation of Japanese self-defense personnel and vehicles by ferry, and procurement and free transportation of relief supplies. Also, one month after the earthquake, MOL had the cruise ship *Fuji Maru* call in at three ports in Iwate Prefecture, where it provided quake survivors with day-use services such as nutritionally balanced meals, bathing facilities and private space in the form of cabins free of charge. A total of 4,451 people used these amenities over a 7-day period.

Ocean Transport of Shoes for Children in Africa: In 2010, MOL began helping in the transport of shoes donated to children in Zambia as the cosponsor of a project with the Japanese Organization for International Cooperation in Family Planning

(JOICFP). Along with providing containers for shipment from Japan free of charge, MOL cooperates in ocean transport to the South African port of Durban, which also serves as the gateway port to Zambia. (Similar cooperation is provided to shipments bound for Ghana and Tanzania.) In fiscal 2010, MOL helped ship nine 20-foot containers.

THIRD-PARTY EVALUATIONS

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

Since 2003, MOL has been included in the DJSI, a designation reserved for



companies capable of sustaining growth over the long term while maintaining excellence in environmental, social, and investor relations programs. In September 2010, MOL was selected for continuing inclusion in the DJSI.

MOL Selected for Continuing Inclusion in the FTSE4Good Global Index

FTSE is a global index company owned by The Financial Times and the London Stock Exchange. Since 2003, FTSE has included MOL in one of its major indices, the FTSE4Good Global Index, which is a socially responsible investment index. In March 2011, MOL was selected for continuing inclusion in the index.



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

The MS-SRI, Japan's first socially responsible investment index, is based on the stock prices of 150 of Japan's listed companies that have been selected by Morningstar Japan K.K. for superior social responsibility. MOL has been included in the MS-SRI since 2003. In July 2010, MOL was selected for continuing inclusion in the index.



Inclusion in Global 100 Most Sustainable Corporations in the World

MOL was included for the first time among the "Global 100 Most Sustainable Corporations in the World," a listing announced by Canada-based Corporate Knights Inc. The list is selected from 3,000 companies worldwide from the perspective of environmental, social and governance performance. MOL was ranked 32nd in the world and top in the marine transport industry.

ENVIRONMENTAL AND SOCIAL REPORT

MOL's approach to CSR and environmental issues is discussed in detail in our Environmental and Social Report.
URL: <http://www.mol.co.jp/csr-e>