## Editorial Policy

To emphasize MOL Group’s worldwide leadership in safe operation, it has changed the name of the report’s title to Safety, Environmental and Social Report. The report provides a detailed explanation of the actions taken on these issues and data on the results based on the five critical issues that MOL identified, as well as background information on the role of ocean shipping and the challenges it faces.

The Annual Report and the Safety, Environmental and Social Report have different contents. While the former mainly targets shareholders and other investors, the latter is for customers and other stakeholders. Please refer to QR codes or URLs for related topics in the Annual Report.

### Period

FY2015 (April 1, 2015 to March 31, 2016). (Some information is from outside the report period and as such will be denoted with asterisks and footnotes.)

### 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 asterisks and footnotes.)

1. The MOL Group consists of Mitsui O.S.K. Lines, Ltd., 362 consolidated subsidiaries, 76 equity method affiliates and other affiliated companies.

### Reference Guidelines

- Environmental Reporting Guidelines 2012, Japanese Ministry of the Environment
- Environmental Accounting Guidelines 2005, Japanese Ministry of the Environment
- GRI (Global Reporting Initiative) Guidelines Version 4

### Issue Date

July 2016 (Previous issue: July 2015; Next issue: July 2017 (scheduled))

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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.
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 obstacles 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.

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 — “safety 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.

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

In July 2015, a fire broke out aboard the ferry Sunflower Daiesutsu 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 Zeros” (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.

MOL Group’s Key Priorities

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.

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.
MOL Group’s Business Summary

A Multimodal Ocean Shipping Group
Holding One of the World’s Largest, Most Diversified Business Portfolios

The business of the MOL Group centers on international ocean shipping, and supports people’s livelihood and industries around the world through the transport of resources, energy, raw materials, finished products, and other goods. Playing an indispensable role in the sustainable growth of the world economy, the MOL Group meets the needs of the times while carefully addressing environmental issues and social needs in its business activities.

Dry Bulkers
Dry bulkers transport large quantities of raw materials, agricultural products, minerals, and other goods. MOL Group’s dry bulk fleet consists of bulk carriers and bulk cariers that offer highly competitive services.

Coal Carriers
The Coal Carrier Division focuses on international coal shipping, contributing to the world’s energy supply. In addition to its activities in Japan, MOL Group is also active in the international coal transport market, providing reliable transport services to customers around the world.

Tankers
The Tanker Division has the world’s largest fleet of tankers for crude oil and other liquid chemical products. Its tankers are equipped with the latest technology and safety measures to ensure the safe transport of these vital commodities.

LNG Carriers
LNG (liquefied natural gas) plays a crucial role in global energy transport. MOL Group is one of the leading players in this field, operating a fleet of LNG carriers that transport LNG from producing to consuming countries.

Offshore Business
MOL Group’s offshore business division engages in offshore projects related to oil and gas exploration and production. Its technical expertise and capabilities are utilized in various areas, including FPSO (floaters for offshore operations) business and offshore installation and maintenance services.

Car Carriers
MOL Group is one of the leading car carriers in the world, providing efficient transport services for vehicles, including passenger cars, trucks, and motorcycles. The company operates a worldwide network of routes to meet the needs of automakers worldwide.

Ferries/Coastal Liner Ro-Ro Ship Business
MOL Group offers a wide range of ferries and coastal liner Ro-Ro ships, providing transportation services for vehicles, including cars, buses, and trucks. The company operates a network of ferries and coastal liner Ro-Ro ships in Japan and other regions.

Relationship between MOL and Stakeholders

MOL Group Fleet Scale

883 vessels

(As of March 2016)
MOL Group’s Management and CSR Initiatives

Aiming to Become a Company that Grows Sustainably in Harmony with Society

MOL’s basic stance toward corporate social responsibility (CSR) is expressed in the MOL Group Corporate Principles. To put the principles into concrete form, the MOL Group meets global transport demand through its daily business activities. We strive to become a company that grows sustainably in harmony with society by moving forward on CSR initiatives to strengthen the business base.

In April 2015, to ensure our sustainable growth, we introduced “MOL CHART,” expressing the core values embraced by all MOL Group employees.

MOL Group Corporate Principles

As a multi-modal transport group, we will:
- actively contribute to global economic growth and development, anticipating the needs of our customers and the challenges of this new era
- strive to maximize corporate value through creativity, operating efficiency and promotion of ethical and transparent management
- nurture and protect the natural environment by maintaining the highest standards of operational safety and navigation

Long-term Vision

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

"MOL CHART," expressing the core values embraced by all MOL Group employees.

Challenge

Innovate through insight

Honesty

Do the right thing

Accountability

Commit to acting with a sense of ownership

Reliability

Gain the trust of customers

Teamwork

Build a strong team

The introduction of MOL CHART is aimed at achieving the company’s long-term vision — To make the MOL Group an excellent and resilient organization that leads the world shipping industry — and enhance its corporate value by strengthening and concentrating its comprehensive group-wide efforts.

Objectives and Organizational Structure of CSR Initiatives

The MOL Group has a wide variety of stakeholders around the world, since it does business on a global scale, centered on its core business of ocean shipping. CSR focuses on conducting business management that appropriately takes into account laws and regulations, social ethics, safety and environmental issues, human rights, and other considerations. We believe we can develop our business sustainably, in step with society, benefiting all stakeholders and earning their support and trust.

In addition, the MOL Group Corporate Principles state that the Group will contribute to global economic growth as a multi-modal transport group. Realizing these principles is the foundation of all MOL Group CSR activities.

Three committees under the control of the Executive Committee — with the president as the chief executive officer — play a central role in setting CSR-related policies and measures.

Committees Setting CSR-related Policies and Measures

<table>
<thead>
<tr>
<th>Name</th>
<th>Function</th>
</tr>
</thead>
<tbody>
<tr>
<td>CSR Committee</td>
<td>Identify priority issues related to MOL Group’s overall CSR strategy, assess these policies, set targets, and review achievements</td>
</tr>
<tr>
<td>Operational Safety Committee</td>
<td>Study and discuss basic policies and measures to ensure the thoroughness of safe operation on MOL and MOL Group-operated vessels</td>
</tr>
<tr>
<td>Compliance Committee</td>
<td>Develop the Group’s compliance system and take action on compliance violations, and discuss related policies and measures related to as well as basic policies and measures covering the protection of personal information</td>
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</tbody>
</table>

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.

The Environment

Objective: The promotion of environmentally friendly technologies

10 Principles of the Global Compact

Human Rights

- Principle 1: the respect and protection of international human rights;
- Principle 2: the right to peaceful participation in human rights abuses;

Labour

- Principle 3: the support and protection of the right to fundamental freedoms and protection against discrimination in employment and occupation;
- Principle 4: the abolition of child labor;
- Principle 5: the abolition of forced and compulsory labor;
- Principle 6: the elimination of discrimination in employment and occupation;

Environment

- Principle 7: the implementation of a precautionary approach to environmental issues;
- Principle 8: the promotion of the diffusion of environmentally friendly technologies;
- Principle 9: the promotion and adoption of initiatives to counter all forms of corruption, including extortion and bribery;
- Principle 10: the promotion and adoption of initiatives to counter all forms of corruption, including extortion and bribery.
**Corporate Governance**

**Basic Concept**
MOL continually strives to bolster its corporate governance to ensure sustainable growth and maximize mid- and long-term group corporate value. The corporate value is based on the group corporate philosophy and long-term vision, as well as the values set out in the midterm management plan.

The ocean shipping business environment and risk factors change rapidly. As we set our course, we must accurately grasp business environment, always confront risks appropriately, and effectively utilize our management resources in a careful balance of offense and defense. We believe that the essentials of corporate governance are fostering sustainable growth and increasing corporate value by making decisions swiftly and boldly. They are guided by appropriate risk management, while ensuring the transparency and fairness of management by carefully considering the viewpoints of our diverse stakeholders.

**MOL Corporate Governance Organizational Structure**
At MOL, we believe that the optimal form of governance is to have the president serve as the chief executive officer to execute business operations, backed by the supervisory function of the Board of Directors and the auditing function of the Audit & Supervisory Board.

We believe that the essence of corporate governance lies not in its structure or organization, but in whether or not it functions effectively. In 2015, we took initiatives aimed at further strengthening our corporate governance e.g. enhancing the auditing function of the Board of Directors.

**Compliance Structure (As of July 2017)**

- Established the Nomination Advisory Committee and the Remuneration Advisory Committee
- Further vitalized the Board of Directors
- Reformed presidential selection process
- Changed time to appoint management executives and restructure organizations

**Thoroughness of Compliance**

On March 18, 2014, the Japan Fair Trade Commission (JFTC) found that the MOL Group had violated Article 3 of the Japanese Antimonopoly Act in certain car carrier shipping trades. The MOL Group has taken measures to reinforce its compliance efforts, including reform of its corporate culture to ensure that the importance of compliance – as the major premise of all corporate activities – is etched deeply into the mind of all executives and employees.

The Compliance Committee, chaired by the Chief Compliance Officer, meets every three months to monitor our compliance.

**Initiatives on Compliance with the Antitrust Act**

While investigating the cause of the Antitrust Act violations, it became apparent that we needed to revamp the MOL Group’s corporate culture. To analyze the group’s current corporate culture, we conducted a questionnaire survey of the employees.

As a result of the survey, we developed a program under which the division GMs will foster a corporate culture aimed at eliminating compliance violations. The program includes planning and executing improvement measures such as building awareness of compliance within the divisions under their management and monitoring achievements.

To create a more open organization, we hold bimonthly dialogue meetings “Cross Talk Wednesday” in the employee cafeteria, bringing together personnel from all levels – from the CEO to young employees.

MOL also held E-learning sessions about the Antitrust Act and Competition Act to provide distance learning targeting overseas group companies. About 9,700 employees in Japan and overseas took the E-learning session. We made the Antimonopoly Act course mandatory for all personnel assigned to a new career level, thus continually providing added programs for executives and employees every year.

**E-learning Participation Rate (FY2015)**

<table>
<thead>
<tr>
<th>Compliance Line</th>
<th>Participation Rate (% of employees)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate Culture</td>
<td>98.8%</td>
</tr>
<tr>
<td>Internal Control</td>
<td>97.8%</td>
</tr>
<tr>
<td>Management Society</td>
<td>95.6%</td>
</tr>
<tr>
<td>Total</td>
<td>94.4%</td>
</tr>
</tbody>
</table>

(*E-learning sessions about the Anti-monopoly Act or competition law and anti-corruption were presented at MOL Group companies in Japan and overseas. Sessions on internal control and information security were held only in Japan."

**Initiatives on Anti-corruption**

MOL established “Mitsui O.S.K. Lines’ Anti-Corruption Policy in October 2015 to eliminate bribery and excessive business entertaining of public servants as well as those outside the government. That ensures that we “Build good relationships based on trust with clients and contractors,” as stated in the Compliance Policy.

MOL also held a new session featuring an overview of anti-bribery laws and regulations in Japan and overseas for executives and employees.

**Information Security Measures**

The MOL Group Rules of Conduct clearly state: “Protect confidential information and respect intellectual property rights,” and the MOL Group Electronic Information Security Policy administrator has been in charge of this into practice. The rules set standards for managing electronic information handled by the group, protecting various types of confidential information, and so on, reinforcing security to prevent leaks of corporate information and unauthorized access from inside and outside the company. In addition, we regularly offer E-learning sessions to increase awareness of this issue among group executives and employees.

In October 2015, we established the My Number Management Rules as a result of the introduction of the My Number System in Japan in January 2016. We assigned the Chief Compliance Officer as the Chief Officer for personal information management.

**Initiatives on Human Rights**

To build consciousness of human rights, we organize workshops and training sessions about human rights-related issues, distribute information about human rights, participate in lectures inside and outside the company, and seek employees’ ideas for human rights slogans. In addition, we participate in the United Nations Global Compact, supporting universal principles regarding human rights and labor and putting them into practice.

In addition, the treaty concerning the Maritime Labor Convention in 2006 (MLC2006), which stipulates the basic rights of crewmembers, sets forth the following four acts regarding human rights:

1. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.
2. The elimination of all forms of forced and compulsory labor.
3. The effective abolition of child labor; and
4. The abolition of discrimination in respect of employment and occupation.

Our vessels adhere to onboard compliance guidelines, respect the four human rights as mentioned above, provide E-learning sessions about religion, nationality, age, and gender, and establish procedures to address complaints of harassment. They also hold monthly onboard compliance committee meetings to implement and evaluate efforts on human rights issues, discrimination, and harassment through dialogues between crewmembers and onboard compliance officers.

**Basic Procurement Policy**

To fulfill our responsibility as a corporate group that plays a part in our customers’ supply chains, we introduced the “MOL Group Basic Procurement Policy” that outlines our stance on CSR activities related to MOL Group’s procurement systems. We strive to contribute to the realization of sustainable societies together by complying with laws and regulations covering supply chains, as well as social norms, protecting the environment, and maintaining fair and friendly relationships with our business partners.

MOL Group Basic Procurement Policy

1. We comply with applicable laws, regulations and social norms, and pay due consideration to the protection of the environment.
2. We procure goods and/or services, including the delivery or execution of such goods and/or services that meet high safety standards.
3. We conduct fair trade, and endeavor to establish trusting relationships with contractors.

**Initiatives on Ship Construction**

Vessel procurement is one of the most important, fundamental aspects of the MOL Group’s business activities. When building ships, MOL requests shipbuilding contractors to incorporate specifications compliant with the MOL Safety Standard Specifications, which prescribe the company’s safety and environmental quality standards. In addition, MOL endeavors to enhance quality by dispatching ship construction superintendents from MOL Group companies to supervise the shipbuilding process, and also collaborates with shipbuilders to develop and introduce eco-friendly ships. With the aim of contributing towards the realization of sustainable societies together, while gaining their understanding of the MOL Group Basic Procurement Policy.

**Compliance Advisory Service Desks**

MOL has two Compliance Advisory Service Desks – internal and external – for group company employees. Outside attorneys are responsible for the external desk, providing consultation and reporting issues to the Compliance Committee Office. They handle follow-up contacts between persons reporting or seeking consultation on various issues related to the company. The desks also accept anonymous reports, strictly maintaining the confidentiality of anyone reporting an issue. In addition, those who report a breach of compliance, and those who cooperate in related investigations are fully protected from any reprisal. We also accept reports online for those outside the group companies, i.e. business partners in Japan and overseas.
1. Thoroughly implement safe operations and provide quality welfare, service, and facility maintenance.

2. Deepen initiatives to ensure transparency.

3. Strengthen initiatives on corporate governance.

4. Promote personnel development and diversity to nurture human resources.

5. Make further progress in controlling social issues and promoting innovative initiatives.

6. Promote stakeholders’ trust by proactively disclosing information to show the sustainability of MOL’s businesses.

7. Promote social contribution activities related to MOL’s businesses.

CSR Targets in the Midterm Management Plan

MOL Group  Safety, Environmental and Social Report 2016

Legend

Achieved

Partially achieved

Did not achieve (target period/content changes)

FY2015 Targets

FY2015 Results

FY2016 single-year Targets

Reference

1.  Achieve Your Zeroes*: i.e., an unknown record in terms of serious marine incidents, oil pollution, fatal accidents, and cargo damage.

   - In FY2015, there were no serious marine incidents.
   - There were no fatalities or injuries due to accidents at port terminals.
   - Cargo damage incidents were nil, and there were no oil pollution incidents.

2.  Proactively disseminate important information by achieving a link to MOL’s website within 24 hours after it is announced or at least within 72 hours after it is announced.

3.  Foster an open and free corporate culture through roundtable talks, etc., and observe changes by regular and extensive surveys of employees in July, AMGR appointed employees in August, and employees in Japan and overseas.

4.  Promote personnel development and diversity to nurture human resources.

   - Established a division responsible for promoting diversity, presented diversity promotion seminars, and publicized its initiatives in the in-house magazine.

5.  Enhance the Business Continuity Plan (BCP) system by introducing an anti-terrorism BCP and enhancing security measures.

   - Developed a comprehensive BCP system that includes anti-terrorism measures.

6.  Further improve onboard welfare programs.

7.  Promote social contribution activities that are highly beneficial to society, MOL businesses, and offshore efforts to solve social issues as a corporate citizen.

   - Introduced and explained the importance of achieving the "Four Zeroes," and past cases and corrective measures at the Safety Conference, seafarer seminars, and safety campaigns, in the monthly report aimed at sharing information on safe operation, at pre-boarding meetings, and other opportunities.

8.  Further enhance social contribution activities by volunteers and employees in Japan and overseas.

   - MOL Group employees from various departments and regions engaged in social activities, including volunteering at community centers, schools, and hospitals.

9.  Provide high-quality services.

   - Proactively disseminate the company’s long-term strategies centering on STEER FOR 2020 to investors and shareholders through the Annual Report, etc.

   - Established a division responsible for promoting diversity, presented diversity promotion seminars, and publicized its initiatives in the in-house magazine.

   - Developed a comprehensive BCP system that includes anti-terrorism measures.

   - Presented and announced the specific long-term target of maintaining a 0.99 incidents/vessel/year, achieved.

The table below shows the status of achieving the targets set in the Midterm Management Plan for FY2015 and the targets for FY2016.

<table>
<thead>
<tr>
<th>Target</th>
<th>FY2015 Status</th>
<th>FY2016 Target</th>
<th>Reference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Achieve Your Zeroes*</td>
<td>Achieved</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proactively disseminate important information</td>
<td>Achieved</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Foster an open and free corporate culture</td>
<td>Achieved</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Promote personnel development and diversity</td>
<td>Achieved</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Enhance the Business Continuity Plan (BCP) system</td>
<td>Achieved</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Further improve onboard welfare programs</td>
<td>Achieved</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Promote social contribution activities</td>
<td>Achieved</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* "Your Zeroes" are the company’s record in terms of serious marine incidents, oil pollution, fatal accidents, and cargo damage.
Making Effective Use of ICT (IoT / Big Data)

The Challenge of Constantly Improving Safety and Protecting the Environment

Usage of ICT such as the “Internet of Things” (IoT) or big data is expected to help address societal issues and act as a step toward greater innovation.

By drawing fully on data gained from operated vessels, up-to-the-minute reports on weather and sea conditions, and information from past incidents, the MOL Group forges ahead to become the world leader in safe operation and strives to preserve and protect the marine and global environments. These efforts also help us offer our customers safe, secure, and reliable services.

**<FMS. Safety>**
Monitoring system for weather information and conditions surrounding vessels in operation.

MOL uses FMS.Safety, which was developed in cooperation with Weathernews Inc. (WNI), to check on the weather, sea conditions, and other conditions surrounding the approximately 880 vessels operated by MOL Group companies, 365 days a year, 24 hours a day. There is always someone available if a ship captain requires assistance.

( Please refer to page 18 for details)

**Selecting the optimal course**

**<ECDIS>**
Electronic Chart and Display Information System

MOL Group introduced the WNI-developed Captain’s DOSCA communication system, which makes effective use of weather data to develop route plans that offer improved safety, on-time performance, economic efficiency, and environmental friendliness. MOL will move ahead toward greater safety improvements by concurrently adding its own information and using the Electronic Chart and Display Information System (ECDIS).

* Capt’s DOSCA: Captain’s Dynamic Operation System for Counter planning and Analysis

**<ACE>**
New autopilot route control function

MOL, along with Tokyo Keiki Inc., conducted a performance demonstration test of its autopilot route control function, called “Advanced Control for Ecology (ACE)”, onboard a vessel in service. The ACE estimates disturbance effects such as wind and tide by setting the vessel’s course direction. It optimally controls the helm to minimize route deviation and reduce the number of course changes required during a voyage, achieving significant reductions in fuel consumption compared to a similar vessel with a conventional control system.

Approximately 1.5% energy-savings effect was confirmed through a verification test using “Fleet Monitor”.

Vessel operation monitoring system

MOL Group has introduced Fleet Monitor, a system developed by Mitsui Engineering & Shipbuilding Co., Ltd., on 60 vessels. The Internet-based ship-to-shore integrated information system manages ship operation while sharing operation information from vessels in service. The system is automatically transmitted to offices on land at regular interval via satellite telecommunication.

**<CMAXS e-GICSX>**
Condition-based engine monitoring system

MOL has started a demonstration test of a next-generation condition-based engine monitoring system called “electronic Global Internet Customer Support neXt” (CMAXS e-GICSX) aboard the methanol carrier Mayaro, delivered in 2015.

Using the vessel operation monitoring system, CMAXS e-GICSX offers early detection of engine abnormalities that crewmembers may not be aware of. Thus, it contributes to prevent engine problems and minimizing downtime.

This advanced engine monitoring system brings together cutting-edge data analysis functions based on joint research between Mitsui Engineering & Shipbuilding Co., Ltd., and ClassNK. It detects abnormalities online, regardless of ship-to-shore telecommunication status, and enables troubleshooting displays based on the detected abnormalities. It is different from conventional condition-based monitoring systems and can analyze correlations among multiple sensors.

Special Feature

Social Contribution Activities

Human Resources Development

Safety

The Environment

Safe Operation

Special Feature

The Environment

Human Resources Development

Safe Operation

Social Contribution Activities
Forging Ahead to Become “the World Leader in Safe Operation”

MOL’s Approaches

All land-based and ocean-going personnel are united in working to achieve our goals including “Four Zeroes.”

1. **Safety Operation Management Structure**
   - The MOL Operational Safety Committee, chaired by the president, meets bimonthly to deliberate basic policies, countermeasures, and other items related to secure and completely safe operation of MOL- and MOL Group-operated vessels, and makes decisions on safety related measures.

2. **Committees Related to Safe Operation**
   - MOL Safety Assurance Committee
   - Ship Standard Specification Committee
   - Ship Manning Committee
   - Safety Operations Headquarters
   - Safety Operations Committee
   - Marine Safety Division
   - Ship management divisions
   - Maritime technical divisions supporting vessel operations for business divisions
   - Ship management companies setting vessel management practices

Safety Cost-focus Management

A well-known oil spill occurred off Spain in 2002, which resulted in the spill of about 63,000 tons of heavy oil after the oil tanker Prestige suffered hull damage and sank. Victims’ claims totaled about 1 billion euros (about ¥140.0 billion). This is typical of a serious marine accident that results in significant damage to the environment.

MOL established its unique “MOL Safety Standard Specifications” to ensure safety even at the ship design and construction stages. This also includes additional installation of backup equipment and other devices that allow for emergency operations. Normally, specifications and estimates quoted from shipyards are based on the standard specifications, but MOL is committed to taking additional safety measures even though it increases vessel construction costs by 2% to 3%. This can add up to billions of yen, but all of MOL’s vessels offer the most advanced safety specifications.

Key Performance Indicators (KPIs)

MOL sets the following numerical goals including “Four Zeroes,” as objective indices to measure safety:

- “Four Zeroes” (zero serious marine incidents, zero oil pollution, zero fatal accidents, and zero cargo damage)
- Less than 0.25 (FY2014), Less than 0.70 (from FY2015) LTIF (Lost Time Injury Frequency)
- Less than 24 hours of downtime per ship per year
- Less than 1.00 incidents per ship per year that require stopping the ship

CSR Targets in the Midterm Management Plan (FY2014 ~ FY2016)

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 thoroughly implementing safe operation and providing safe, secure, stable, high-quality services, MOL will strive to supply high-quality services, which meet the requirements of the new era and contribute to the development of the world economy.

Opportunities and Risks

- Earn customers’ trust and create new business opportunities by accumulating a solid record of safe, secure, and reliable transport services.
- Increase competitiveness by meeting customer needs and continually enhancing the safety of our operations.
- Significant impact on society, the environment, and corporate management in the event of an incident.
- Loss of trust from customers and business opportunities due to incidents or decline in service quality.

Innovations on “Safe Operation” in Value Chains

- Recruiting seafarers
- Ship construction
- Cargo transport
- Human resources development

MOL Safety Standards Specifications, MOL Standards

Cooperation with shipyards

Ship inspections targeting all in-service vessels

Thorough survey by inspectors with superior safety expertise

Use of IoT / Big Data (ICT)

<table>
<thead>
<tr>
<th>Year</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td><em>LTIF (Lost Time Injury Frequency)</em>&lt;sup&gt;1&lt;/sup&gt;</td>
<td>0.39</td>
<td>0.38</td>
<td>0.36</td>
<td>0.33</td>
<td>0.30</td>
</tr>
<tr>
<td><em>Vessel stoppage incident rate</em>&lt;sup&gt;2&lt;/sup&gt;</td>
<td>0.31</td>
<td>0.29</td>
<td>0.27</td>
<td>0.25</td>
<td>0.23</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td><em>Annual incident-related stoppage hours per vessel</em>&lt;sup&gt;3&lt;/sup&gt;</td>
<td>25.56</td>
<td>20.94</td>
<td>19.34</td>
<td>17.52</td>
<td>15.70</td>
</tr>
<tr>
<td><em>Annual number of incidents per vessel</em>&lt;sup&gt;4&lt;/sup&gt;</td>
<td>0.52</td>
<td>0.50</td>
<td>0.48</td>
<td>0.46</td>
<td>0.44</td>
</tr>
<tr>
<td><em>Annual number of incidents causing vessel stoppages</em>&lt;sup&gt;5&lt;/sup&gt;</td>
<td>0.5</td>
<td>0.5</td>
<td>0.5</td>
<td>0.5</td>
<td>0.5</td>
</tr>
</tbody>
</table>

Incident Aboard MOL Ferry Sunny Daisetsu

In FY2015, a serious marine incident and workplace fatality occurred on an MOL Group-operated vessel, so the group did not achieve “Four Zeroes.”

**Outline of Incident**

On July 31, 2015, an accidental fire broke out on the vehicle deck of the ferry Sunny Daisetsu operated by MOL Ferry Co., Ltd., resulting in the death of a crew member who was fighting the fire.

**Prevention of Recurrence**

To prevent the recurrence of such an incident, MOL Ferry installed additional firefighting equipment and facilities and provided a more practical firefighting plan. Upon the approval of the proper authorities, the vessel returned to service on February 3, 2016. It continues to conduct periodic firefighting training and is sharing its firefighting plan and safety measures with other group companies.
Initiatives on Safe Operation During Ship Construction

In cooperation with shipowners and shipbuilding companies, MOL continually strives to maintain and improve the quality of all operated vessels.

MOL Safety Standard Specifications

With the goal of effectively maintaining the safety of our operated vessels, MOL formulated the first edition of the MOL Safety Standard Specifications in the aftermath of serious marine incidents in 2006, and since then has been revising it accordingly. Serious incidents such as collisions and groundings, fires, sinking and loss of hull stability, oil spills, and other environmental pollution can have a huge impact on both society at large and the group’s profitability, not to mention the loss of trust from customers and other stakeholders. In FY2016, we decided to expand the scope of the specifications to include workplace accidents.

MOL Standards systematically compile knowledge and expertise—gained through many years of experience in ship operation—related to (1) countermeasures for issues such as inferior quality oil, which inhibits ship operation, (2) maintenance procedures, and (3) policies and practices that contribute to life saving, security, and environmental protection, after technical and economic analysis.

Some of these countermeasures are as follows.

Countermeasure 1: MOL Integrated Bridge

The bridge is the nerve center of a merchant ship. MOL has adopted the “integrated bridge” approach, which clarifies the bridge position of officers on duty and ensures their traffic flow and communication lines by integrating instruments and gauges in one central location. In addition, they can adopt the “integrated bridge” approach, which clarifies the bridge position of officers on duty and ensures their traffic flow and communication lines by integrating instruments and gauges in one central location. In addition, they can independently operate and monitor nautical gauges and instruments, strengthening Bridge Resource Management (BRM)(*)

Countermeasure 2: Introduction of Iridium Satellite Mobile Phones

MOL verified the effectiveness of iridium satellite mobile phones as a backup to existing telecommunication equipment when an engine room fire resulted in an electric power outage on an MOL Group-managed vessel. MOL Safety Standard Specifications now call for iridium satellite mobile phones for telecommunications backup to ensure smooth communication in case of an emergency. The company decided to retrofit existing vessels with iridium satellite mobile phones in addition to installing them on newbuilding vessels.

Working Closely with Shipyards

There are three shipbuilding supervisors’ duties at a shipyard: (1) quality management, (2) process control, and (3) Health, Safety and Environment (HSE) management.

Quality management verifies that shipyards reliably meet required specifications that contribute to safe operation, rules for each ship type, and other requirements.

Health, Safety and Environment (HSE) management ensures the safety of employees onboard, for example, establishing safety rules prohibiting crewmembers from entering an enclosed space alone, or requiring them to must warn each other when they encounter unsafe behavior onboard.

MOL assigns two to three personnel – marine engineers from the group company and MOL engineering personnel – to the shipyard during the construction of a vessel. They work on-site at the shipyard for one to two years from the initial stage (about a month after steel cutting) to the completion of the vessel.

Initiatives on Safe Operation During Cargo Transport

24/7/365 Support from the Safety Operation Supporting Center (SOSC)

Strong Determination to Safe Operation

Four serious marine incidents occurred in 2006. After those incidents, MOL thoroughly investigated the causes, and in 2007, we established the SOSC with the motto “Never let the captain get isolated.” The MOL Group executives and employees working together, took the lessons learned from those incidents to heart, and developed measures “forging ahead to become the world leader in safe operation.”

Risks Are Present Everywhere in the World

Our group vessels navigate the oceans of the world. Not only in bad weather situations such as winter storms, hurricanes and typhoons, and frozen river port, but also includes like the Middle East and Ukraine, where political situations can be volatile, we must always be ready to take appropriate measures. We also go where there is a chance of piracy. In other words, we must appropriately address myriad situations on a daily basis.

Global warming is upon us, and that serves to increase the power of tropical depressions – winds are stronger and accompanying rains are fiercer, so the linkage between vessels and shore becomes even more important. In addition, ship-to-shore cooperation becomes more crucial as deteriorating international conditions require greater preparation against possible pirate or terrorist attacks.

Our SOSC grasps these risks in real time, confirming that communications between vessels, ship management companies, marine technical teams, and personnel responsible for vessel operation is clear and constant. The SOSC’s motto is “Never let the captain get isolated,” and its initiatives are built on that premise. There are always two people on watch at the SOSC, one of whom must have experience as a captain of a vessel. Information on weather, reports from overseas media, and other things that might have something to bear on vessels under way is gathered. Thus, the SOSC is always ready to offer timely information and advice, and help prevent serious accidents before they happen.
**Initiatives on Safe Operation During Cargo Transport**

**Fostering a Culture of Safety**

**Safety Campaign**

MOL launches a biennial Safety Campaign with a different theme each time, during which executives and employees conduct an extensive series of visits to MOL-operated vessels and exchange information and opinions about ways to prevent incidents. Proposals and ideas gained through this campaign are shared throughout the MOL Group and among group-operated vessels to further enhance the group’s safe-operation structure. Since FY2014, the theme of the Safety Campaign is “Behavior Based Safety (BBS)”.

As part of the campaign, we will discuss measures to eradicate incidents caused by overconfidence that stems from complacency and carelessness. Land-based executives and employees also think about what goes into each onboard task and the role and importance of safe operation. In these ways, we strive to build company-wide safety awareness and create a sense of unity among all executives and employees, whether they work on shore or at sea.

**Safety Campaign Attendance in total (unit: persons)**

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Attendance</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2013</td>
<td>584</td>
</tr>
<tr>
<td>FY2014</td>
<td>464</td>
</tr>
<tr>
<td>FY2015</td>
<td>780</td>
</tr>
</tbody>
</table>

**Behavior Based Safety (BBS)** is the concept that increases “safe behavior” and ensures the safety of the vessel by thinking of background factors when people select “safe behavior” or “unsafe behavior” and working on the factors behind the selection process.

**Safety Conference**

As a part of the MOL Group’s measures to ensure safe operation, we have held Safety Conferences every year since 2007. In February and March 2016, Safety Conferences were held in Tokyo, Manila, Croatia, and India and attended by 540 crewmembers who were on leave. They actively exchanged opinions during presentations and group discussions focusing on two main themes: “lessons from incidents” and “preventing the occurrence of onboard fires.”

**Beach Cleanup at Kashima-nada Beach**

This year marks 10 years since the founding of the MOL-operated Giant Step in 2006. To prevent the memories and lessons of this incident from fading with time, MOL Group executives and employees meet every year at Kashima-nada beach, where the incident occurred, and conduct a beach cleanup. In 2015, 80 people participated in the cleanup activity.

**Crewmembers Receiving Instruction at MOL Training Centers (unit: persons)**

<table>
<thead>
<tr>
<th>Region</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Philippines</td>
<td>7,883</td>
<td>8,511</td>
<td>6,114</td>
</tr>
<tr>
<td>Asia</td>
<td>9,164</td>
<td>9,059</td>
<td>10,059</td>
</tr>
<tr>
<td>Europe</td>
<td>108</td>
<td>1,045</td>
<td>1,035</td>
</tr>
</tbody>
</table>

In addition, MOL has introduced its unique systems such as “Cadet Actual Development for Education with Tutorial (CADET Training),” a practical training program aboard its-operated vessels, and the “OJT Instructors System,” in which experienced captains and chief engineers go aboard a vessel and provide direct advice and instruction. These are just a few of our initiatives to hone the seamanship skills of mariners throughout the MOL Group. We also plan to open a new marine university, MOL Magaysay Maritime Academy Inc., in Dasmariñas City, the Philippines, in June 2016.

**Training Highly Competent Crewmembers on a Global Scale (MOL Training Centers)**

In the same way that a food company must absolutely never sell unsafe food to its customers, an ocean shipping company must never provide its customers with service that is not safe. That would be completely unforgivable. However, it is difficult to accurately predict the kinds of crises that may occur due to natural causes or other vessels. No matter how carefully we operate these huge vessels and all their machinery, something can break or malfunction.

Our initiatives are patient efforts with the long-term goal of eradicating any incidents, but many of them are not immediately linked to results. Thus, there are many days in which we must regret the occurrence and reoccurrence of incidents or trouble that we could have been able to avoid. There are still many things to do to create a true “safety culture.”
Further enhancing initiatives to reduce environmental impact as an “Environmentally Advanced Company”

Environmental Targets in the Midterm Environment Plan (FY2014 – FY2016)
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.

Opportunities and Risks

Opportunities
- Use technology to differentiate the MOL Group and gain a competitive advantage, while meeting the needs of customers who have especially high standards regarding environmental performance.
- Environmental measures help reduce fuel consumption and result in lower operating costs.
- Environmental laws and regulations covering the shipping industry have become more stringent, and companies that do not respond quickly enough risk losing business opportunities.
- Delaying the response to laws and regulations also results in higher costs.

Risks

Environmental Impact of Business Activities and Initiatives

Environmental Initiatives

Environmental Targets in the Midterm Environment Plan (FY2014 – FY2016)

MOL’s Approaches

MOL identified the highest-priority environmental issues and set about addressing those issues in a proactive manner.

Key Environmental Issues

In March 2014, we identified the highest-priority environmental issues and set about addressing those issues in a proactive manner. To identify these priorities, we analyzed issues from international conditions regarding about environmental issues, the opinions of stakeholders including customers, investors, and so on, as well as our own internal viewpoints. Finally, through discussions in the CSR and Environment Committee, we identified the following five issues:

1. Comply with environmental regulations
2. Utilization of technologies to reduce environmental impact
3. Disclose environmental data
4. Ensure safe operation
5. Contribute to conservation of biodiversity

Ocean Shipping’s Impact on the Environment

Compared to other modes of transport, ocean shipping can transport larger volumes of cargo at once and is rather an environment-friendly mode, with lower emissions per ton-mile of CO2 and other air pollutants.

However, with a growth of the world economy spurred by the development of emerging markets, the overall world ocean cargo traffic continues to increase. Seaborne trade has exceeded 10 billion tons, and we anticipate further increases in the future. As seaborne trade increases, CO2 emissions will rise in step with growing energy consumption. This can exacerbate pressing environmental issues. CO2 emissions from merchant vessels account for about 2% of global emissions, and the shipping industry must do more to protect the environment. MOL strives to control emissions of pollutants through ongoing initiatives, such as the adoption of advanced technologies and slow steaming. In FY2015, we reduced CO2 emissions per ton-mile by 3.0% in comparison with the previous year.

Organizational Structure for Environmental Initiatives

Establishing Technology, Innovation, and Environment Committee
To effectively promote environmental initiatives based on the MOL Environmental Policy, the CSR Committee, a sub-committee of the Executive Committee, oversees planning and promotion of environment-related measures under the direction of the president. The CSR Committee assesses environment-related risks and opportunities involving MOL, identifies the highest-priority issues in the group’s environmental management, and sets environmental targets to achieve environmentally friendly business activities.

In addition, MOL formed the new Technology, Innovation, and Environment Committee in February 2016, to more effectively promote initiatives that fulfill our environmental policy. We continue to take a proactive approach to reducing the burden our business activities place on the global environment.
Every fiscal year, MOL Sets Environmental Targets related to each important issue, and works steadily to achieve those targets.

### Objectives

#### 1. Build environmental technologies, which contributes to sustainable society

- **Every fiscal year, MOL Sets Environmental Targets related to each important issue, and works steadily to achieve those targets.**

#### 2. Comply with Environmental Regulations

- **Environmental Activities Results (FY2015) and Targets (FY2016)**
  - **Reduce CO2 emissions 11.5%* per ton-mile by FY2016 compared to FY2009.**
  - **1. Further promote installation of the ballast water treatment system prior to the enforcement of new regulations, while monitoring effectiveness of onboard ballast water treatment systems installed in actual operation.**
  - **2. Continue to promote installation of SOx emission reduction systems (selective catalytic reduction systems) while using low sulfur fuel.**
  - **3. Verify wind pressure reducing technologies on containerships.**
  - **4. 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.**
  - **5. Study the design, tank, and engine of an LNG-fueled tugboat.**
  - **6. Prepare the inventory related to the Hong Kong International Convention, and promote its use on vessels.**
  - **7. Complete R&D on specific spray nozzle technologies in close consultation with manufacturers.**

#### 3. Promote Mitigate Emissions to Reduce Future Environmental Impacts

- **Environmental Activities Results (FY2015) and Targets (FY2016)**
  - **Reduce NOx emissions by 3.0% compared to FY2014 (by 17.9% compared to FY2009); Reduce SOx by 1% in FY2015 compared to FY2014.**
  - **1. Further promote installation of the ballast water treatment system prior to the enforcement of new regulations, while monitoring effectiveness of onboard ballast water treatment systems installed in actual operation.**
  - **2. Continue to promote installation of SOx emission reduction systems (selective catalytic reduction systems) while using low sulfur fuel.**
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  - **6. Prepare the inventory related to the Hong Kong International Convention, and promote its use on vessels.**
  - **7. Complete R&D on specific spray nozzle technologies in close consultation with manufacturers.**

#### 4. Progressively Mitigate Risks to Reduce Future Environmental Impacts

- **Environmental Activities Results (FY2015) and Targets (FY2016)**
  - **Reduce CO2 emissions 11.5%* per ton-mile by FY2016 compared to FY2009.**
  - **1. Further promote installation of the ballast water treatment system prior to the enforcement of new regulations, while monitoring effectiveness of onboard ballast water treatment systems installed in actual operation.**
  - **2. Continue to promote installation of SOx emission reduction systems (selective catalytic reduction systems) while using low sulfur fuel.**
  - **3. Verify wind pressure reducing technologies on containerships.**
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  - **6. Prepare the inventory related to the Hong Kong International Convention, and promote its use on vessels.**
  - **7. Complete R&D on specific spray nozzle technologies in close consultation with manufacturers.**

#### 5. Promote Mitigate Emissions to Reduce Future Environmental Impacts

- **Environmental Activities Results (FY2015) and Targets (FY2016)**
  - **Reduce NOx emissions by 3.0% compared to FY2014 (by 17.9% compared to FY2009); Reduce SOx by 1% in FY2015 compared to FY2014.**
  - **1. Further promote installation of the ballast water treatment system prior to the enforcement of new regulations, while monitoring effectiveness of onboard ballast water treatment systems installed in actual operation.**
  - **2. Continue to promote installation of SOx emission reduction systems (selective catalytic reduction systems) while using low sulfur fuel.**
  - **3. Verify wind pressure reducing technologies on containerships.**
  - **4. 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.**
  - **5. Study the design, tank, and engine of an LNG-fueled tugboat.**
  - **6. Prepare the inventory related to the Hong Kong International Convention, and promote its use on vessels.**
  - **7. Complete R&D on specific spray nozzle technologies in close consultation with manufacturers.**

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**Legend:**
- **〇** Achieved
- **●** Partially achieved
- **△** Did not achieve (target period/content changes)

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**Environmental Activities Results (FY2015) and Targets (FY2016)**

#### 1. Build environmental technologies, which contributes to sustainable society

- **Reduce CO2 emissions 11.5%* per ton-mile by FY2016 compared to FY2009.**
  - **1. Further promote installation of the ballast water treatment system prior to the enforcement of new regulations, while monitoring effectiveness of onboard ballast water treatment systems installed in actual operation.**
  - **2. Continue to promote installation of SOx emission reduction systems (selective catalytic reduction systems) while using low sulfur fuel.**
  - **3. Verify wind pressure reducing technologies on containerships.**
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#### 2. Comply with Environmental Regulations

- **Environmental Activities Results (FY2015) and Targets (FY2016)**
  - **Reduce NOx emissions by 3.0% compared to FY2014 (by 17.9% compared to FY2009); Reduce SOx by 1% in FY2015 compared to FY2014.**
  - **1. Further promote installation of the ballast water treatment system prior to the enforcement of new regulations, while monitoring effectiveness of onboard ballast water treatment systems installed in actual operation.**
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#### 3. Promote Mitigate Risks to Reduce Future Environmental Impacts

- **Environmental Activities Results (FY2015) and Targets (FY2016)**
  - **Reduce NOx emissions by 3.0% compared to FY2014 (by 17.9% compared to FY2009); Reduce SOx by 1% in FY2015 compared to FY2014.**
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  - **3. Verify wind pressure reducing technologies on containerships.**
  - **4. 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.**

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**Major Environmental Indicators**

#### MOL Group CO2 Emissions

<table>
<thead>
<tr>
<th>Year</th>
<th>Emissions per ton-mile (Ocean-going vessels)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>94.2</td>
</tr>
<tr>
<td>2013</td>
<td>91.4</td>
</tr>
<tr>
<td>2014</td>
<td>89.5</td>
</tr>
<tr>
<td>2015</td>
<td>86.7</td>
</tr>
</tbody>
</table>

#### MOL Group NOx Emissions

<table>
<thead>
<tr>
<th>Year</th>
<th>Emissions per ton-mile (Ocean-going vessels)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>100.0</td>
</tr>
<tr>
<td>2013</td>
<td>97.9</td>
</tr>
<tr>
<td>2014</td>
<td>95.3</td>
</tr>
<tr>
<td>2015</td>
<td>92.5</td>
</tr>
</tbody>
</table>

---

**Focus:**

- **Adopting Technologies to Reduce Environmental Impact**
- **Compared to other modes ocean shipping is an environmentally friendly means of transporting CO2 emissions are negligible.**
- **The MOL Group continually takes an active approach to environmental innovation aimed at further reducing the environmental impact of its operations.**
- **Adopting Technologies to Reduce Environmental Impact**
- **Compared to other modes ocean shipping is an environmentally friendly means of transporting CO2 emissions are negligible.**
- **The MOL Group continually takes an active approach to environmental innovation aimed at further reducing the environmental impact of its operations.**
- **Adopting Technologies to Reduce Environmental Impact**
- **Compared to other modes ocean shipping is an environmentally friendly means of transporting CO2 emissions are negligible.**
- **The MOL Group continually takes an active approach to environmental innovation aimed at further reducing the environmental impact of its operations.**

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**Next-generation Car Carrier FLEXIE**

The name is derived from the word “flexible,” which refers to features such as the newly designed liftable decks, and expresses not only the ship’s flexibility in boosting loading efficiency, but also in fulfilling MOL’s sales and marketing strategy aimed at meeting diverse customer demands.

The rounded bow shape of the FLEXIE, which is situated to be delivered in 2017, will minimize wind resistance and is expected to reduce CO2 emissions by about 2% compared to today’s carriers.

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**MOL Group Safety, Environmental and Social Report 2016**

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Environmental Activities Results (FY2015) and Targets (FY2016)

**Objectives**

<table>
<thead>
<tr>
<th>FY2015 Environmental Targets</th>
<th>FY2016 Environmental Targets</th>
<th>Fiscal year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Conservation of Environmental Objectives FY2015</td>
<td>Environmental Activities and Results FY2015</td>
<td>Fy2015</td>
</tr>
<tr>
<td>Environmental Activities Results (FY2015) and Targets (FY2016)</td>
<td>Achievement FY2016 Environmental Targets</td>
<td>Reference</td>
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**Activity Disclose Environmental Data**

- **Co2 Reduction Initiatives**
  - 1. Make various efforts to encourage the modal shift, which aims at reducing the environmental impact of transportation, in cooperation with Japan's Ministry of Land, Infrastructure, Transport and Tourism and Ministry of Economy, Trade and Industry.
  - 2. Prevent cross-border transportation of foreign marine organisms through ballast water exchange in the open sea, and implement vessel cleaning to remove marine organisms in Japan and overseas, such as fish planting.
  - 3. Conduct beach cleanups in Kawasaki and Kaohsiung in Japan, and in Hong Kong and Malaysia overseas.
  - 4. Promote navigation with special consideration in the areas with high populations of large-sized marine life.

- **Actively Disclose Environmental Data**
  - 1. Make various efforts to encourage the modal shift, which has a low environmental impact, to industry groups, government agencies, and related ministries.
  - 2. Actively participate in energy-saving policies.
  - 3. Actively contribute to the development of new regulations, such as on climate change and transparency. 5. Accepted third-party (SGS) verification of CO2 emissions and improved accuracy and transparency.

**Conservation of Environmental Objectives FY2015**

- 5. Make various efforts to disclose the modal shift, which has a low environmental impact, to industry groups, government agencies, and related ministries.

**Environmental Investment**

- 1. Environmental investments in FY2015 was 4.63 billion yen. Recalculated again after results were finalized.

**Power Assist Sail**

The Power Assist Sail provides supplementary propulsion force for the vessel by using the lift force of crosswinds, similar to the wings of an airplane, and drag from tailvinds.

Taking advantage of the sail's small size, the goal is to install the sail rig without making major design changes to existing vessels. It is estimated to reduce CO2 emissions by 2-5%.

**Hybrid PCC Solar Power Generation System**

The world's first newbuilding hybrid car carrier Emerald Ace is equipped with a hybrid electric power supply system that combines a 160kW solar generation system with lithium-ion batteries that can store some 2.2MWh of electricity. On board the vessel, electricity is generated by the solar power system while it is underway and stored in the lithium-ion batteries. The batteries provide all the electricity the vessel needs while it is in berth, resulting in zero emissions at the pier. We are also currently verifying the durability of solar panels at sea for the four years since the vessel was delivered in 2012.

**Conservation of Environmental Objectives FY2016**

- 1. Promote various efforts to encourage the modal shift, which has a low environmental impact, to industry groups, government agencies, and related ministries.

**Actively Disclose Environmental Data**

- **Clean Shipping Index (CSI)**
  - The Clean Shipping Index is an environmental assessment tool for ships and shipowners, used by a network of cargo owners and forwarders (customs) when buying sea transport. Ship owners present the environmental performance of emissions of CO2, sulfur oxides, particulate matter and nitrogen oxides and the use and handling of chemicals, waste and water vessels. Vessels are then ranked from 'poor performance' to 'good performance'.

- **Clean Cargo Working Group (CCWG)**
  - The global nonprofit organization “Business for Social Responsibility (BSR),” which works with container shipping owners, container shipping customers, and non-vessel operating common carriers, has established the Clean Cargo Working Group (CCWG) in 2003. CCWG makes available, evaluates, and reports the ship owner environmental performance including CO2, NOx, SOx and Environmental Management System (EMS). MOL has been participating since 2012.

- **COP COP21**, the United Nations Framework Convention on Climate Change negotiations in Paris, France in December 2015, created a new category of countries and companies to report on their climate change actions. MOL has contributed to COP21 by announcing that it will reduce greenhouse gas emissions by 8% by 2020 compared to 2010 and have announced the results are publicly announced, and the scores of the results are publicly announced, and the scores of the results are publicly announced, and are recognized for Climate Disclosure Leadership Index (CDLI) in FY2015.

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Addressing Environmental Issues with Advanced Technologies

Viewing environmental regulations as a business opportunity and a strategy for differentiation, MOL proactively develops and adopts advanced technologies that reduce the environmental impact of our business and set the stage for real solutions to global environmental issues.

It is not really possible for a single nation to regulate merchant vessels, because they move all over the world, so international initiatives are indispensable. The United Nations Framework Convention on Climate Change (UNFCCC) in the Kyoto Protocol directs the International Maritime Organization (IMO) to study measures to control greenhouse gas (GHG) emissions in international ocean shipping. Currently, IMO studies, adopts, and issues various international conventions and regulations. MOL continues its company-wide efforts to ensure compliance with a wide variety of environmental regulations. (Please refer to the website for details.)

Preventing global warming

Global Warming Issues
Along with global warming caused by the increased atmospheric emissions of CO₂, forecasts say tropical lows will gain intensity, wind forces will gain power, and rainfall amounts will increase. Unstable weather may cause catastrophic events that make safe ocean transport impossible.

Example of Initiatives: Development of New Windshield
MOL has moved ahead in developing new wind shields to reduce wind resistance, especially on a new, larger vessels, and thus improve fuel efficiency and reduce CO₂ emissions. The wind resistance-reducing windshield installed on a 6,700TEU containership sailing the north Pacific route at 17 knots (about 31km/h) is expected to reduce CO₂ emissions by about 2%.

Regulations to Prevent Global Warming

EEDI:
Energy Efficiency Design Index. Requires that CO₂ emissions in theory conform to the regulations at the design stage of a newbuilding vessel. Target of reduction rate in each phase: Phase 1 = 0%; Phase 1 = 10%; Phase 2 = 20%; and Phase 3 = 50%.

SEEMP:
Ship Energy Efficiency Management Plan. Requires the selection of an operational method for each vessel to improve energy efficiency, documenation of the action plan, and adoption of method aboard the vessel. It targets newbuilding vessels and existing vessels.

In 2013, conventions related to energy efficiency (EEDI and SEEMP) were adopted as measures to reduce GHG emissions from international ocean shipping.

Regulations to Prevent Air Pollution

Air Pollution Issues
NOₓ and SOₓ cause acid rain and air pollution. As industrialization has grown, air pollution has become even problematical, affecting the daily lives of people and damaging the natural environment.

Example of Initiatives: SOₓ Scrubber
MOL launched a study to equip its in-service fleet with SOₓ scrubbers in advance of a revised international treaty that places stronger restrictions on vessel exhaust emissions. It targets car carriers, because their structure makes it more technically challenging to add scrubber systems, compared to other types of vessels. It also focuses on ships already in service, which are more difficult to equip with scrubbers than newbuilding vessels. We will promptly develop detailed specifications for the scrubber system and use the latest technologies such as 3D scanning to promote operational efficiency in installation process, aiming for results that will streamline the development of ship class rules and guidelines.

Example of Initiatives: Selective Catalytic Reduction (SCR)
NOₓ is generated by bonding nitrogen in fuel oil and the oxygen in the air under high temperature during combustion in the engine. MOL equipped SCR systems, which eliminate NOₓ emissions from vessels, to three power generators on its-owned/operated large-scale iron ore carrier. We confirmed that its denitration performance for diesel oil conforms to the Tier 2 regulation, which will be valid in 2016. MOL, in cooperation with ClassNK and Yanmar Co., Ltd., has been operating the system since the vessel was delivered in December 2013. Its verification using marine diesel oil (MDO) as fuel and about 3,100 hours of operation (total operation hours of three SCR systems) have been completed. Verification using heavy fuel oil (HFO) is now in progress.

SOx scrubber main unit
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Regulations to Prevent Air Pollution
SOₓ emissions regulations: Regulate the sulfur content in fuel oil to control SOₓ volume in exhaust emissions. From 2015, the ratio level in the Emission Control Areas (ECAs) was reduced to 0.1%. Another regulation soon to be introduced will limit sulfur content in general sea areas to 0.5% or less. The year of adoption, either 2020 or 2025, will be decided by 2018 after a survey of demand and supply for relevant fuel oil.

NOₓ emissions regulations: Regulate NOₓ in exhaust gas from engines in a step-by-step manner. Tier 1 regulates emission levels by rated engine rpm, targeting the vessels built between 2000 and 2010. Tier II applies to vessels built in 2016 or later, in specific Emission Control Areas (ECAs), requiring a reduction of 80% from Tier I.
### Contributing to Conservation of Biodiversity

#### Ballast Water Issues

Ballast water, which is discharged while loading cargo, carries marine organisms around the world and can have a negative impact on marine ecosystems and biodiversity. Accordingly, IMO adopted the Ballast Water Management Convention in February 2004, and its ratification is under way.

#### Ballast Water Treatment System

MOL has developed technology to install a packaged ballast water treatment system that takes up the same space as a standard container and can fit in the cargo hold of a container ship, and acquired approval in concept from Nippon Kaiji Kyokai (ClassNK) for the first time in Japan. The system makes the most of limited space availability and is designed for easy accessibility and maintenance. Further, installation time is reduced by about seven days compared to installing a system in the engine room. MOL has installed the system on some of its container ships and is now conducting demonstration tests.

#### Regulations to Protect the Marine Environment

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### Environmental Initiatives with Advanced Technologies

#### Installation of Ballast Water Treatment System before Convention Took Effect

MOL developed a ballast water treatment system in cooperation with manufacturers. And in FY2014, we set a company-wide policy to install the system on our vessels before the convention took effect, and began the process of selecting target vessels and preparing them for system installation. As of May 31, we have installed the system on a total of 57 ships—25 newbuildings and 32 in-service vessels.

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### Safe, Environment-friendly Ship Recycling

#### Ship Recycling Issues

Aged vessels need to be scrapped from the viewpoint of both safe operation and marine environmental protection. In May 2009, the IMO adopted the Hong Kong International Convention, which sets objectives for solving issues related to vessel scrapping, and is moving toward ratification. This convention prohibits and limits the content of stipulated harmful substances aboard throughout the life of the vessel and requires to create, maintain, and update an inventory list including the amounts of harmful substances and their locations aboard, to provide that list when handing the vessel over to a recycling yard.

#### Environmental Initiatives in Business Activities

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<thead>
<tr>
<th>Environmental Initiatives in Business Activities</th>
<th>Ship Construction</th>
<th>Cargo Transport</th>
<th>Scrapping</th>
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<tr>
<td>Global Warming</td>
<td>Measures to reduce CO2 emissions</td>
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<td>Expansion of Eco Sailing</td>
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<td>Air Pollution</td>
<td>Measures to reduce NOx emissions</td>
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<td>Use of optimal operation support System</td>
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<td>Marine Environmental Pollution</td>
<td>Initiatives on marine environmental conservation</td>
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Aiming for Leadership in Environmental Protection

The MOL Group believes that responding to environmental laws and regulations and initiatives on reducing environmental impact as business opportunities and strategies for diversification. We have proactively adopted advanced environmental technologies and moved boldly to promote the development of even more sophisticated ones. And we believe that novel, innovative initiatives are indispensable if we are to achieve targets of Paris Agreement adopted at COP21 in December 2015 and for further growth of our group. In this report, we visited Fujifilm Corporation, which consistently expands its range of businesses and grows by developing innovative technologies, to take part in a dialogue on the theme of “innovation.”

Kawagoe) First, I will briefly explain the characteristics of the ocean shipping industry and its environmental regulations. Emissions per unit load of CO₂ and other air pollution substances in the ocean shipping industry are lower than other transport means. On the one hand, ocean shipping is far superior to other modes of transport in terms of environmental friendliness. On the other hand, the CO₂ emissions from ocean freighters account for about 2% of the total global emissions. This is roughly equivalent to the emissions generated by the entire nation of Germany. Currently, the world population is 7 billion, and annual international ocean cargo trade is 10 billion tons. As population is projected to increase to 9.7 billion in 2050, and we expect cargo trade to grow in line with that projection.

Continued efforts to reduce the industry’s environmental impact are critical to balance worldwide economic growth and environmental conservation. Against that backdrop, the ocean shipping industry faces stricter environmental regulations every year.

Yanagihara) I am surprised that CO₂ emissions from ocean freighters are equivalent to the total amount produced by Germany. It is likely that environmental regulations will become even more severe, but which direction will you take in your initiatives from now on?

Kawagoe) In recent years, customers have a remarkably higher environmental awareness, and their transport needs are also more diverse. Some customers select us as their shipping partner just because they trust us to respond appropriately to environmental regulations. So to proactively meet customer needs and promote further technological innovation, we established the new IT Strategy Committee and the Technology, Innovation, and Environment Committee in February 2016. The committee will build an internal organization that allows us to move forward in a cross-sectional way. In the future, we will look for new values that we can offer our customers, while fully leveraging our collective capabilities. This gives us a competitive advantage as a group that owns a variety of ships and provides a broad range of services.

However, it is not easy to create new values and diversify, so we think it’s indispensable to make use of all the creative powers for innovation, free from preconceived concepts. Therefore, I would like to ask you about Fujifilm’s system and culture that foster innovations.

Yanagihara) Our corporate slogan is “Value from Innovation,” so the innovation is deeply rooted internally as the watchword. Then, this is because employees share our history of success in the face of big changes and severe competition. Currently, we develop market-oriented businesses, but we were completely the product-centered until after 2000, when global demand for color photo film reached its peak. We faced a crisis with the advent of today’s digital society, but what we did at the time was taking stock of the technologies we owned and could use as the seeds of future development. This effort revealed many technologies that were applicable for other industries. A typical example is a cosmetic product based on the technology accumulated by long-term technological development of photo films, such as collagen research, antioxidation, and nanodispersion.

Kawagoe) I can see that you face many challenges and difficulties. Was the sense of crisis at the root of your technological development personnel’s creativity and ability to execute?

Yanagihara) We were pressed to transform our business model as we entered the digital era, so I think there is no doubt that a sense of crisis is a driving force behind creativity and ability to get things done. Also, we can say innovation came to us just because we had to face the fact that the photo film business was disappearing. For example, in case of Matsui O.S.K. Lines, what would happen if vessels went away, or if the seas disappeared? From a different viewpoint, what if factories were eliminated and replaced with vessels, for example?

Kawagoe) The idea that vessels would be eliminated is unimaginable for us. However, the development of 3D printers, for example, might imply that finished products would not need to be transported. So that could bring us drastic changes.

Yanagihara) It takes lots of hard work for individuals to actually purchase raw materials and provide a 3D printer. So for example, when we order a product online, the raw materials could be loaded on the vessel and the product could be manufactured onboard using 3D printers, while the ship is on the way to its delivery destination. This is one way to imagine adding value in the transport process. From the viewpoint of value, we transport various products for export and import. But the past concept was that carrying the product from point A to point B without changing its value was the value. In other words, we accepted the cargo on the condition that we would fully maintain its quality and keep it safe during the month or so that it was in transport. But today, if we cannot create value by transport alone, what about ways to add value during the transport process? For example, if we sent the product from point A, and a customized product was completed when it arrived at point B, the value would be increased, wouldn’t it? If such things are actually possible, there are many things vessels can do to make peoples’ lives more comfortable and prosperous.

Kawagoe) In a way, time stops during transport, so that would be a way to use time more effectively. In addition, we can make beneficial use of the environment, such as generating electricity through wind power, during a voyage.

Yanagihara) When we refer innovation, what comes to mind is usually technological innovation, but we think the key is to create value for the customer by first, taking stock of the company’s technologies and other advantages, next, offering a solution that is really responsive to the world’s needs while being adaptable to potential needs, and then newly integrating the technology and everything else it takes to provide that solution. One of our challenges is the “Open Innovation Hub,” which was opened in January 2014. This is a place where we work closely with other industries to exchange information and generate sources for new innovation.

Kawagoe) Thank you very much for giving us so many novel ideas and opinions during today’s dialogue. Our group has taken a proactive stance in developing and adopting superior environmental technologies. But this dialogue with Mr. Yanagihara made us more confident that there are still many things we can do to create new values, and received some tips on how to cultivate creativity. Our group is united as a team to move ahead and create value through technological innovation.
Maximizing the Potential of Human Resources: the Driving Force behind Growth and Value Creation

Human Resources Development

Opportunities and Risks

The driving force behind any company’s growth and value creation is the power of its people, so employees’ growth and development are essential in expanding our business and differentiating the MOL Group from its competitors. Putting the responsibility for decision making in the hands personnel with various backgrounds and characteristics makes it easier for everyone to accept a more diversified range of values. This gives the MOL Group an edge in adapting to market changes and risk tolerance.

Opportunities

• If we face a shortage of skilled seafarers, we will lose competitiveness and miss business opportunities.
• MOL’s brand image and trust are backed by our people, and failing to adequately develop human resources, accumulate know-how, and create an effective working environment will hamper the MOL Group’s growth.

Risks

• The introduction of MOL CHART is aimed at achieving the company’s long-term vision and enhancing its corporate value, by strengthening and concentrating its comprehensive group-wide efforts on development of independent-spirited personnel who are committed to acting with a sense of ownership and playing an active role in global markets.

Penetration of MOL CHART

The introduction of MOL CHART is aimed at achieving the company’s long-term vision and enhancing its corporate value, by strengthening and concentrating its comprehensive group-wide efforts on development of independent-spirited personnel who are committed to acting with a sense of ownership and playing an active role in global markets.

Opportunities to Maximize the Potential of Employees

Global Human Resources Development

Initiatives to Maximize the Potential of Employees

MOL’s Approaches

Aiming at development of global human resources — personnel who channel the group’s common sense of values, MOL CHART, to our corporate culture, recognize our social responsibility, and can create shared value with society

Moving ahead to Create a Working Environment that Allows Diversified Personnel to Play Active Roles with a Sense of Unity

To strengthen and concentrate the MOL Group’s comprehensive efforts, we are pushing forward with group-wide initiatives on development of independent-spirited personnel who are committed to acting with a sense of ownership and playing an active role in global markets. In April 2015, we introduced MOL CHART to express the core values that all group executives and employees continue to pass on to new generations as the group’s business globalizes and diversifies.

Personnel System

Penetration of MOL CHART

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Human Resources Management Group (on-board personnel)

Executive, Senior and General Manager

HR Administration

Human Resources Planning Group

Career and Development

Counseling and Aid Center + Human Rights Coordination Center

Global Human Resources Unit

Global Human Resources Unit

Diversity Management Unit

Health Care Management Unit

Human Resources Development Unit

Global Human Resources Division

A Message from the Human Resources Division GM

Our group, which develops businesses on a global scale, has always proactively recruited diverse, multinational personnel. Today when the business environment is showing significant changes, we think that creating a working environment that brings together people who have not only external differences such as nationality and gender, but also with different perspectives and philosophies, enables each of them to flow into their potential and to work with vigor and enthusiasm. That in turn creates a stronger corporation. We need to align on the same vector and share the direction the company will take and what it will emphasize. That is the reasoning behind MOL CHART, which we introduced last year. We took forward to it rooted in our group’s corporate culture, fully understood by all personnel who are committed to acting with a sense of ownership and playing an active role in global markets.

Global Human Resources Development

Launch of Global Management College

MOL has held the MOL Global Management College since FY2014 to improve management skills in our cross-cultural working environment and cultivate the next-generation of executives. In FY2015, it took place from September to December, bringing together 18 employees from group companies around the world. They shared an awareness of the issues and a sense of value that transcended differences in divisions, nations, and cultures.

Comments from the Participants

MOL Global Management College 2015 gave me a golden opportunity to meet and learn from each global participant about MOL’s diversified business activities and shared opportunities to network with MOL colleagues worldwide. Professionally, I have gained immensely in the following specific areas: a) It enlightened me to realize my “leadership core” and learn how to use it in my workplace, and b) Learning effective communication and utilizing it in today’s multicultural, diversified business world.

Captain Animesh Hore

MOL Ship Management (Hong Kong) Company, Limited

It has been an epic journey, one of the greatest experiences of my life. I learned all the time from my colleagues and facilitators, and I left MOLMC 2015 with new friends and with the firm intention to apply what I learned in my daily job.

Diego Morandi

MOL Peru S.A.C.

A scene of MOL CHART training events at aboard operated vessels

Aiming at development of global human resources — personnel who channel the group’s common sense of values, MOL CHART, to our corporate culture, recognize our social responsibility, and can create shared value with society.

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MOL POWER Program

MOL Liner, Ltd., an MOL Group company, presents a global human resources development program called “POWER” aimed at fostering the skills, knowledge, and abilities needed for management positions. Over the course of the four-year program, trainees are given various business tasks in their regions. They are also allocated to different regions and involved in actual operations.

Comments from the Participants

The POWER program is a great opportunity to experience our liner business from all aspects. Being part of a department for a short period gives you unrivaled possibilities to broaden your knowledge extensively. After a while, knowledge gained in one department can be extremely useful in others and gives an opportunity to tackle the challenges we face today with a non-standard approach.

On a personal level, you are given opportunities to work on your competencies and develop skills that will help you in any future role.

Michiel Warnes
MOL (EurcoPil V.)

I would say POWER is challenging but at the same time rewarding to one’s career. One of the crucial aspects in this program is to relate key-role sections and develop knowledge in business on a fast track. You’ll be exposed to dynamic Liner business and expand and deepen your insight with knowledge on the connectivity and impact of the business in different ways. For me, POWER is impressive in its features that trainees can exchange their opinions with colleagues on various topics and develop an innovative mindset based on the job. If you’re eager to learn MOL Liner closely and widely and make innovation together, I recommend POWER to you.

Maki Tsujii
Mitsui O.S.K Lines Ltd.

Training to Enhance Frontline Capabilities

To raise our group-wide safety consciousness, it is important for all executives and employees, including those who work on land, to go on-site aboard vessels and learn to understand and appreciate vessels and their role in our business. We present various programs intended to strengthen bottom-up management in our human resources development. This fiscal year, 26 new land-based MOL employees spent seven working days training at seven agencies all over Japan. Along with observations of loading/unloading operations and vessels, they visited customers’ plants and logistics centers, and gained firsthand experience in ensuring safe operation throughout the supply chain.

Feedback from New Employees Who Participated

I visited Tokyo International Container Terminal, which is managed and operated by Utco Corporation. During the visit, I was impressed with the operation of the 51m-high gantry crane, and actually went inside it. The part that holds the container is even a few centimeters out of alignment. It could tear a hole in the container, or even cause the crane to collapse. This operation requires a great degree of precision. It was miraculous to look through the glass floor of the cab and watch the container being moved around with the meticulously operated operation of a steering wheel.

Emika Hatasaki
MOL Information Systems, Ltd.

I had the chance to visit various vessels at the Port of Nagoya as part of my agency training program. It was also a good experience to visit the fully automated terminal, but during the training program, I was especially impressed when I went aboard a tugboat and watched it assist the arrival and departure of an LNG carrier. I had a close-up look at the important role a tugboat plays in on-site operations. I do my best to give the optimal instructions as an operator while thinking from the vessel’s viewpoint.

Hidetoshi Takano
Tanker Division, Crude Oil Tanker Group

Striving to develop an environment where multinational, diversified personnel can maximize their personal development

Promotion of Diversity

The MOL Group, which develops businesses globally, has about 20,000 employees and crewmembers of various nationalities. We have worked to develop an environment that will increase our group-wide comprehensive strength and allow multi-national, diversified personnel including women to play more active roles.

Employment by Region

Establishment of Diversity Management Unit

MOL positions diversity management as one of its important management strategies, and is moving ahead to create a working environment that allows multinational, diversified personnel including women, to make full use of their talents and reach their full potential. To further encourage them to play more active roles, we established the new Diversity Management Unit in July 2015. During FY2015, we conducted programs to promote women’s engagement in the company, such as holding internal seminars and formulating an action plan. In addition to fulfilling systems centering on childcare and nursing care, we will continue our push to develop a working environment where people from all nationalities and backgrounds can play active and essential roles in the group.

Promoting Women’s Initiatives

To encourage women to play more active roles in the company, we have worked not only to fulfill systems centering on childcare support, but also to expand support for female personnel in pursuing their career paths. In addition, female managers receive various kinds of support including seminars to increase motivation.

Voice of a Woman Marine Officer

When I first came on board, I was dispelled in my lack of physical strength, and I had a hard time understanding the natural order of things at the port where I arrived. I can’t count how many times I have felt frustrated. But still, when I can complete my job with no problems, or overcome a difficult situation, I am happy. So I always do my work with a positive attitude.

Saori Shinkawa
MOL Ship Management Co., Ltd.

Work-life Balance

In consideration of changes in life stages and lifestyles of employees and crewmembers, MOL has promoted efforts to enhance the work-life balance. We also recognize that employees and crewmembers must be in excellent health, both mentally and physically, to do their jobs effectively. We strive to help them manage their health and to provide working environments that comply with laws, regulations, and treaties.

Voice of an Employee

In August, I took a short two-week childcare leave to look after a baby born in February. Even though it was a short time, I was able to spend time with my wife, caring for the baby during the daytime. It was a great experience since my job does not allow me to be involved in raising my children every day. It is still rare for men to take childcare leave, but it is a great opportunity for men who want the chance to be more involved in raising their families. It helps build closer ties with the children, too.

Nobuhiro Nishi
Dry Bulk Superwinning Officer Assistant Manager (1st Officer)

Development of Work Environment

MOL recognizes that employees and crewmembers must be in excellent health, both mentally and physically, to do their jobs effectively. We strive to help them manage their health and to provide working environments that comply with laws, regulations, and treaties.

Voice of a Woman Marine Officer

In consideration of changes in life stages and lifestyles of employees and crewmembers, MOL has promoted efforts to enhance the work-life balance. We also recognize that employees and crewmembers must be in excellent health, both mentally and physically, to do their jobs effectively. We strive to help them manage their health and to provide working environments that comply with laws, regulations, and treaties.

Family Day for Crewmembers

In consideration of crewmembers who are separated from their families for long periods of time, and their families who must cope with their absence. MOL worked to develop an onboard in-home environment, and took various other measures including holding Family Day events. We placed consultation service desks for crewmembers and their families in our local offices, providing detailed services reflecting regional cultures and needs.

In the Philippines, our main source nation for crewmembers, annual Family Day events are held throughout the nation. Particularly in Manila, this is a major event – an entire day is reserved for the enjoyment of some 4,000 participants. The purpose of this event is to build bonds between MOL and its crewmembers and their families. Through this activity, the dedicated seafarers can head out to sea with MOL and its crewmembers and their families. Through this activity, dedicated seafarers can head out to sea with MOL and its crewmembers and their families. Through this activity, dedicated seafarers can head out to sea with MOL and its crewmembers and their families.
MOL to Establish Maritime Academy in the Philippines

— With the aim of recruiting and training top-quality seafarers, who play a vital role in helping the MOL Group become the world leader in safe operation —

MOL will inaugurate a new maritime academy, MOL Magsaysay Maritime Academy Inc. (MMMA), in Dasmariñas City, Cavite State in June 2018. With its local partner Magsaysay Maritime Corporation (MMC), it plans to recruit about 300 graduates every year, providing continuous training programs to develop top-quality seafarers who can hit the ground running through a four-year curriculum that encompasses basic education and specialized coursework.

Background of Establishment of MMMA

MOL develops competent seafarers in cooperation with seven local maritime universities in the Philippines. Currently, Filipino seafarers serve as the core of the workforce serving aboard our operated vessels, and we expect them to play an even more critical role as technology advances.

To meet our need for seafarers, in terms of both quality and quantity, we must nurture top-quality seafarers by getting deeply involved at the educational stage. That’s why, in January 2016, we acquired governmental approval to establish an academy in the Philippines, in cooperation with MMC, our local manning partner.

Outline of MOL Magsaysay Maritime Academy Inc.

<table>
<thead>
<tr>
<th>Name</th>
<th>MOL Magsaysay Maritime Academy Inc. (MMMA)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Planned construction site and scale</td>
<td>Salitan, Dasmariñas City, Cavite State, the Philippines (about 30km south of Manila) Total site area: About 13.2 ha, Total floor area: About 30,000m²</td>
</tr>
<tr>
<td>No. of students</td>
<td>Max: 300 per year (170 each for navigation school and engineering school)</td>
</tr>
<tr>
<td>Scheduled opening</td>
<td>June 2018 (plan)</td>
</tr>
<tr>
<td>Ownership</td>
<td>Mihais D.S.K Lines Ltd.: 40% Magsaysay Maritime Corporation: 30% Magsaysay Institute of Shipping: 25%</td>
</tr>
</tbody>
</table>

Milestones of MOL’s Seafarer Education and Training Programs in the Philippines

<table>
<thead>
<tr>
<th>Year</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>1980</td>
<td>Starts manning containerships and crude oil tankers with Filipino seafarers. Starts assignment from MMC.</td>
</tr>
<tr>
<td>1993</td>
<td>Jointly establishes Magsaysay Institute of Shipping (MIS) with MMC, and starts education for new graduate cadets in addition to internal training for officers and crewmembers.</td>
</tr>
<tr>
<td>1997</td>
<td>Establishes Magsaysay MOL Marine and starts seafarer training operations through an in-house manning company.</td>
</tr>
<tr>
<td>2005</td>
<td>Establishes MOL Training Center (Philippines) in MIS</td>
</tr>
<tr>
<td>2007</td>
<td>Starts on-board seafarer training with dedicated instructors on the Spirit of MOL. (Over 2,000 cadets graduated from this program before the ship was retired in 2013.)</td>
</tr>
<tr>
<td>2008</td>
<td>Establishes MOL Magsaysay MOL Ship Management.</td>
</tr>
<tr>
<td>2011</td>
<td>Introduce the Third-year Program under the Academe- Industry Linkage Program (AILP)*1 promoted by the government of the Philippines. Provide education and training at MIS targeting third-year students selected from partner maritime schools.</td>
</tr>
<tr>
<td>2013</td>
<td>Starts a cadet education program, which provides practical training on MOL-operated vessels in service, which have been specially equipped with training facilities and accommodations for training.</td>
</tr>
<tr>
<td>2016</td>
<td>MOL Magsaysay Maritime Academy scheduled to open.</td>
</tr>
</tbody>
</table>

*1 Academe-Industry Linkage Program (AILP): A program to help schools upgrade the education of students and enhance employment opportunities for top-quality students, based on cooperation between academe and industry.

Social Responsibility as an Educational Institute

MOL has established training centers and placed a high priority on seafarer training. These facilities are critical in helping seafarers learn about vessel operating technology and providing pre-boarding training.

What sets MMMA apart from other training centers is that it will provide students with a basic education before they become seafarers. To carry out their duties on the front lines of safe operation, they must have a solid, basic knowledge of the mechanism and structure of vessels. They will complete a general education curriculum focusing on physics and chemistry to help them build a greater understanding of advanced technologies.

MMMA aims to become an educational institute that nurtures the personnel who will play key roles in the Philippines, by providing a solid academic education and honing logical thinking skills, in addition to training in vessel operating technology.

Ship in Campus Develops Seafarers who can Hit the Ground Running

MMMA is the first in the Philippines to introduce the Ship in Campus, which simulates an actual vessel. The Ship in Campus provides practical training so graduates can hit the ground running when they complete their education. The facility enhances the drills conventionally provided at AILP, not only by replicating the exterior of the vessel, but also with cutting-edge ship equipment and systems. This ensures more realistic training for tasks such as launching lifeboats and mooring with adjacent pool, so they can complete their entire education and training except boarding practice right on campus. This is one of the key advantages of MMMA.

The academy will also invite MOL Group officers and engineers who are currently in active service at sea and on shore, to the campus to talk about our group’s safety culture and preparedness from the point of view of those entrusted with onboard operation, as well as career and life plans. MMMA will turn out highly competent seafarers who have a thorough knowledge of MOL Group safe operation systems and standards, by providing the education, from the first-year stage, required to realize MOL Group’s goal: becoming “the world leader in safe operation.”

And, those high-competent seafarers, accumulating boarding experiences on our operated vessels for many years, lead to support of safe operation.
Volunteer Activities in Flood-ravaged Area of Joso City

Many of MOL’s social contribution activities center on relief efforts to assist areas hit by storms, earthquakes, and other natural disasters. While it is critical to provide swift transport of aid supplies in the immediate aftermath of a disaster, we believe it is also important to follow up with additional assistance even afterwards. This special feature introduces relief activities by 26 new MOL employees in the flood-stricken area of Joso City in April 2016.

Flood in Joso, and MOL’s response

The Kinugawa River overflowed its banks on September 10, 2015, leaving a huge section of the city’s eastern district underwater – an area measuring 18km north-south and 4 km east-west. Three people died, and more than 5,000 homes were flooded. Today, the flood-ravaged area still faces a host of problems such as delays in repairing the flooded houses, a decline in agriculture, the area’s major industry, a weakening of the local economy, and a worsening sense of distress among those affected by the disaster. Government agencies and non-profit organizations are both working to assist in the reconstruction efforts.

In light of the current situation, employees who joined MOL in fiscal 2016 visited the area as a part of the new employee training program, and conducted support activities in cooperation with the Tasukeai Center Juntos operated by the non-profit organization Ibaraki NPO Center Commons.

About Ibaraki NPO Center Commons

The authorized non-profit Ibaraki NPO Center Commons, established in 1996, provides Japanese language education for foreign children in its Joso office. In September 2015, it established the Tasukeai Center Juntos to conduct relief activities for those affected by the disaster and to serve as an information center during the disaster. Juntos is working to restore homes damaged by the flood, help displaced people move, and support the local community.

Relief Activities

1. Bus trip to disaster-affected area

The area affected by the flood is large, and different areas face different obstacles to recovery. MOL new employees toured the area by bus, and learned about the diversity of difficulties facing the community by looking closely at the collapsed banks of the Kinugawa River and the area that suffered the most serious flooding.

2. Eating emergency rations for lunch

New employees ate a lunch of emergency rations such as canned bread and rice, the same foods served at evacuation shelters during the flood. This allowed them to see the aftermath of the flood from the point of view of those most impacted by the tragedy, and reminded them how important it is to make preparations for a disaster.

3. Volunteer activities in disaster-stricken areas

Activity 1: Cleanup at noodle factory affected by disaster

At the request of the owner’s spouse, the new MOL employees helped to clean up a local noodle factory that was severely damaged in the flood. Wearing dust-protective masks, they split up into teams to rearrange household goods and furnishings that were hastily moved to the second floor as the floodwaters approached and clean up floors and ceilings. They took everything outside for thorough cleaning and removed garbage from the site. “The place has been cleaned beyond recognition,” said the owner’s spouse. “We are so happy.”

Activity 2: Sharing a tea break with local residents

Many restaurants, which served as meeting places for community associations and gathering places for local residents, were damaged in the flood, so the sense of community in the flood-ravaged area is rapidly disappearing. To prevent elderly residents from feeling isolated, which could aggravate their physical and mental health problems, it is essential to find spots where people displaced by the flood can get together. As part of that effort, eight flood-displaced residents were invited to the NPO office to chat with new MOL employees and enjoy tea, cookies, and other snacks.

4. Voices of New Employees after the Visit

• I could clearly appreciate the huge difference between learning about disaster-stricken areas through the media and actually seeing it with my own eyes. Before this, I had a vague knowledge of such things through the news, but now I will be more conscious about disaster-stricken areas and think about what I can do to help.

• I experienced how the perceptions of flood damage and the degree of reconstruction required vary so much even among people who suffered similar damage. I realized anew that I don’t have to talk to community members with incorrect, preconceived notions about their positions.

• From taking with those affected by the flood, I learned that safety depends on awareness of risks. I will take care not to fall into ignorance and lack of consideration when thinking about safety, and I realize that when I say things like “I don’t know” and “It has nothing to do with me,” I can be opening myself up to unnecessary risks.

5. Comment from NPO

As time passes since the flood, fewer volunteers come to the disaster-stricken areas. There are still many homes that have not yet been cleaned up. Thanks to MOL employees, reconstruction has started on the noodle factory. Thanks to their visit, we know we are not forgotten, and we have people who support us. This encourages us more than anything.

Yoshihiro Yokota

Representative of Tasukeai Center Juntos

The MOL Group continually takes a proactive stance to assist in disaster relief and reconstruction activities in Japan and around the world.
As a corporate group that strives for sustainable growth in step with society, we take a proactive stance in social contribution activities that are unique to an ocean shipping company with a global network. The group also emphasizes activities that get employees engaged and involved.

The MOL Group expresses its heartfelt sympathies to all those afflicted by the recent Kumamoto earthquake, and wishes for their safety and the swiftest possible reconstruction and restoration of the quake-stricken areas.

### MOL Group’s Social Contribution Activities: Connecting with the World

MOL plans various programs for executives and employees to implement on their own initiative. It also believes participation in social contribution activities presents an opportunity for personal growth.

#### Activities Involving Executives and Employees, In Japan and Overseas –

- **Charity Event Draws Attention to Child Hunger**
  - MOL held a charity event to help the World Food Programme (WFP)*1’s school meal initiative. The event gave executives and employees the chance to taste the same kind of meals provided through the aid program and purchase WFP charity merchandise, with all the proceeds going to the WFP. More than 300 people took part in the event. Their contributions through the event will help provide about 4,000 children with nutritious meals.

- **WWF is one of the world’s largest leading conservation organizations,** working in more than 100 countries. Its efforts focus on promoting biodiversity and preventing global warming.

- **Transporting Wheelchairs to the Philippines**
  - MOL provided free transport of 90 used wheelchairs for children in the Philippines. The wheelchairs were donated to the non-profit organization The Volunteers Group to Send Wheelchairs to Overseas Children, which recognized our contribution at a ceremony in the Philippines, and in a letter of appreciation.

- **Presenting Marine Day Event to let people come in contact with the Sea and the Ships**
  - MOL presented tours of a containership, container terminal, cruise ship, and ferry, and offered guests the opportunity to experience the ship operation simulator, in cooperation with the Japanese Shipowners’ Association and the Japan Captains’ Association.

- **Effort to Aid Quake-stricken Areas in Kumamoto, Japan**
  - To provide group-wide support after the Kumamoto Earthquake in April 2016, MOL established an aid relief task force in the immediate aftermath of the quake. We launched a charity donation drive, collecting about ¥4.3 million within the group to help people impacted by the disaster and to start reconstruction of the affected areas. It has also made a donation of ¥30 million as a group.

- **MOL Presents Dialogue between Miyako City Mayor and Local Youth Students**
  - MOL invited Miyako City Mayor Masanori Yamamoto and university students and adults living in the city to a dialogue event aboard the cruise ship Nippon Maru during a call at the port of Miyako, Iwate Prefecture.

  - **Comment from Miyako City Mayor Masanori Yamamoto**
    - “Mitsui O.S.K. Lines, Ltd. created the program, which invited 21 university students and adults living in the city to exchange opinions and ideas. The visit provided an opportunity for the younger generation, which will create the future of the region, to rediscover the attractiveness of the area and strengthen their ties with each other. During the dialogue, the participants shared their ideas of ‘My Favorite Miyako,’ and discussed ways to promote the region’s attractions to more people.”

- **Effort to Aid Quake-stricken Areas in Ecuador**
  - MOL continued activities to convey the maritime industry’s importance to Japan as an island country. In fiscal 2015, we presented lectures to about 230 young people.

- **Voices of Participants**
  - "It was a rare opportunity to see the inside of the ship.”
  - “It was amazing to see how big the container ship was.”

### Education Activities to Convey the Significance of Japan’s Maritime Industry –

MOL continues activities to convey the maritime industry’s importance to Japan as an island country.

- **Head Office Visit by Marine Technology Grad Students from Delft University**
  - MOL welcomed 34 graduate students from the Delft University of Technology in the Netherlands in a visit to the Tokyo Head Office. We showed them the Safety Operation Supporting Center (SOSC), and MOL employees enjoyed an active exchange of opinions about their response to environmental issues.

- **MOL Plans Various Programs for Executives and Employees to Implement on Their Own Initiative.**

  - “It was amazing to see how big the container ship was.”

- **Aid Relief Task Force**

  - MOL continues activities to convey the maritime industry’s importance to Japan as an island country. In fiscal 2015, we presented lectures to about 230 young people.

- **Voices of Participants**

  - "It was a rare opportunity to see the inside of the ship.”
  - “It was amazing to see how big the container ship was.”
MOL Group’s Environmental Data (As of March 31, 2016)

Third-party Verification of CO2 Emission Data

MOL acquired third-party verification by SGS Japan, Co., Ltd. to ensure the fairness, accuracy, and transparency of the 2015 CO2 emission data included in this report. The verification was conducted based on ISO14064-3:2006. Through the third party verification, we will identify issues and enhance our efforts to further reduce CO2 emissions.

Verification target = Scope 1, 2 (energy originated carbon dioxide emissions) and Scope 3 (downstream leased assets).

C oil/a: Used mainly for vessel fuel.

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.

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 FY2012

MOL Group’s Human Resource Data (As of March 31, 2016)

Employee Support Systems

Years of continuous service:

1. Excludes loaned employees, contract employees and part-timers, etc.
2. Excludes expatriate employees, loaned employees, contract employees and part-timers, etc.
3. The number of employees with disabilities meets the statutory employment number of employees with disabilities. 1.07% as of April 2016

Other Support System

“Retranch”: Leave: Employees are allocated extra holidays after 10 years and 25 years of continuous service.

Industrial Accidents (on land)

MOL Group Employees

Number of MOL Group Employees

<table>
<thead>
<tr>
<th>Category</th>
<th>FY2013</th>
<th>FY2014</th>
<th>FY2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>102,672</td>
<td>102,672</td>
<td>102,672</td>
</tr>
<tr>
<td>Land</td>
<td>35,895</td>
<td>35,895</td>
<td>35,895</td>
</tr>
<tr>
<td>Sea</td>
<td>66,777</td>
<td>66,777</td>
<td>66,777</td>
</tr>
</tbody>
</table>

Supporting Cost (For the fiscal year ending March 31)

<table>
<thead>
<tr>
<th>Category</th>
<th>FY2013</th>
<th>FY2014</th>
<th>FY2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Training</td>
<td>284</td>
<td>642</td>
<td>673</td>
</tr>
<tr>
<td>Education</td>
<td>264</td>
<td>261</td>
<td>257</td>
</tr>
<tr>
<td>Special Feature Costs</td>
<td>24</td>
<td>374</td>
<td>444</td>
</tr>
</tbody>
</table>

MOL Group Safety, Environmental and Social Report 2016

MOL Group

MOL Group

MOL Group
This year marks the fourth time I have contributed a third-party opinion on the MOL Group Safety, Environment and Social Report. Reading through this year’s report, I paid particular attention to some new challenges in FY2015 on which the MOL Group is taking a proactive stance in social responsibility.

The first is the establishment of the IT Strategy Committee and Technology, Innovation and Environment Committee. It is a natural step for the MOL Group to focus on safe operation and environmental conservation as critical challenges facing the ocean shipping industry, and further, it underscores how both are intertwined. I was especially interested in evaluating the group’s stance on advancing safe operation and environmental conservation by using ICT (IoT/Edge IoT data) in this report.

The second is establishment of the new “guidelines for prevention of bribery, etc.” Payment of port fees for loading/unloading, customs clearance, and so on, mainly in developing countries, has shown a tendency to become a problem among overseas ocean shipping companies. There is criticism that ocean shipping companies are involved in illegal trade with local corporations in Africa and other regions. We will continue to promote high standards of corporate social responsibility (CSR).

Looking back at events in the past year, the Paris Agreement adopted by the 2015 United Nations Climate Change Conference (COP21) marked a new step in international cooperation toward addressing global warming. The MOL Group’s CO2 emissions per unit load (ton-mile) (merchant freighters) shows a steady downward trend, but considering the various treaties and guidelines under examination by the International Maritime Organization (IMO), we must accept the possibility of measures to limit business activities and place additional financial burdens on ocean shipping companies. So please continue to focus on initiatives to stay a step ahead of changing environmental regulations.

Furthermore, Sustainable Development Goals (SDGs), comprising 17 goals and 169 targets set out in “Transforming our world: the 2030 Agenda for Sustainable Development” adopted by the United Nations, clearly shows the social issues that various countries, corporations, citizen’s groups and other organizations must address in the future. I hope the MOL Group will internally discuss how it can help fulfill the SDGs through its main business.

Eiichiro Adachi
Director
The Japan Research Institute, Ltd.

Biography
Currently serves as Head of ESG Research Center, via Corporate Strategy Research and Technology and Research division. Engages mainly in industrial research and corporate assessment from the viewpoint of corporate social responsibility (CSR).

Earnings inclusion in Dow Jones Sustainability Indices
MOL has been included in the Dow Jones Sustainability Indices (DJSI) Asia Pacific thanks to its highly regards efforts in the areas of environmental protection, CSR, and IR activities. The DJSI identifies companies expected to show long-term sustainable growth. (Since 2003)

Morningstar Socially Responsible Investment Index (MS-SRI)
MOL has been included in the MS-SRI for its superior CSR efforts. The MS-SRI is composed of stocks that have been selected by Morningstar Japan/KK on the basis of their superior performance in CSR. (Since 2003)

MSCI Global Sustainability Index
MOL has been included in the MSCI Global Sustainability Index for its superior efforts on measures taken for risks and opportunities related to environmental, social, and governance (ESG). (Since 2010)

SMBC Sustainability Assessment Loans
MOL has received the highest rating for SMBC Sustainability Assessment Loans from Sumitomo Mitsui Banking Corporation and earned the highest mark for its efforts to promote sustainability. (2016)

SMBC Nadeshiko Loans
MOL became the first company in the ocean shipping industry to receive SMBC Nadeshiko Loans from Sumitomo Mitsui Banking Corporation. It was also recognized as a leader among major corporations for its initiatives aimed at creating a workplace where women can play more active roles. (2016)

Cruise of the Year 2015 Awards
The Nippon Maru Tender (P&O) cruise packages to Okinawa, Kyushu, and Hokkaido, which were planned and marketed by its group company Mitsui U.S.A. Passenger Line, Ltd. won the Grand Prix in the “Cruise of the Year 2015” awards sponsored by the Japan Ocean-going Passenger Ship Association (JOPA). The company’s efforts to develop new cruise markets and its leading role in the promotion of regional tourism were key to its selection for this award.

Safe Operation Related (Including Recognition of Seafarer Training)
Certification from DNV GL AS for Seafarer Education and Training Management Program
MOL’s tanker and LNG carrier divisions have acquired certification from DNV GL AS, in recognition of the effectiveness of its unique seafarer training and education management program and its conformance with the Competence Management System (CMS). (Since 2012)

Earnings inclusion in FTSE4Good Index
For FY2015, MOL has included in the FTSE4Good Index as part of its commitment to sustainable development, as a company which prioritizes sustainable development through the Sustainable Development Goals (SDGs). (Since 2009)

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Management’s Response to the Third-party Opinion
We appreciate your objective analysis and your praise for the new initiatives aimed at fulfilling our group’s social responsibility. The four initiatives that were appraised in this report are integrated to realize our group’s corporate sustainability. Looking forward to the next year, we will continue to promote high standards of corporate social responsibility (CSR) while actively engaging in social issues that various countries, corporations, and citizen’s groups are facing in the future.

Kenichiro Nagata
Executive Vice President and Executive Officer
Chairman of CSR Committee

Overall, CSR Related (Including Socially Responsible Investment (SRI) Index)

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Third-party Opinion

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Earnings inclusion in FTSE4Good Index
For FY2015, MOL has included in the FTSE4Good Index as part of its commitment to sustainable development, as a company which prioritizes sustainable development through the Sustainable Development Goals (SDGs). (Since 2009)
Corporate Profile (As of March 31, 2016)

Name: Mitsui O.S.K. Lines, Ltd.
Head Office: 1-1, Toranomon 2-chome, Minato-ku, Tokyo 105-8688, Japan
President & CEO: Junichiro Ikeda
Capital: ¥65,400,351,028
Number of shares issued: 1,206,286,115
Number of shareholders: 104,202
Share listings: Tokyo and Nagoya stock exchanges
Business: Multi-modal transport, mainly by ocean-going vessels
Branches and offices in Japan: Nagoya, Kansai, Hiroshima, Kyushu
Overseas network: 35 nations and regions
Number of Group companies: 65 in Japan, 374 overseas; Total: 439
(The parent company and consolidated subsidiaries)
Number of MOL Group employees: 10,500
(The parent company and consolidated subsidiaries)
Group fleet: 883 vessels, 62,472 thousand DWT
(including vessels on short-term charter contracts and those owned by joint ventures)

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

The MOL Group discloses CSR and environmental information in:

Safety, Environmental and Social Report 2016

*CSR/Environment* section (Web site)
http://www.mol.co.jp/csr-e/index.html

More detailed information not included in this report can be found on our Web site.

Other communication tools

Annual Report
Explains detailed investor relations information such as management strategy, business environment, financial reports, and financial data, primarily for shareholders and other investors.

MOL Investor Guidebook
(http://www.mol.co.jp/ir-e/data_e/ig_e.html)
Explains the MOL Group’s management plans, key financial indicators, characteristics of business activities, market position, and operating environment by business division, primarily for shareholders and other investors, with charts and figures in an easy-to-understand way.

Web site
(http://www.mol.co.jp/en)
Provides an overview of businesses and the latest information through press releases for all stakeholders. The Web site also has links to the sites of MOL Group companies.