

CSR Report 2012



NS United Kaiun Kaisha, Ltd.

For NS United Kaiun Kaisha, Ltd., CSR constitutes the bedrock of our each and every corporate activity and is truly a “corporate philosophy”.
We will pursue the satisfaction of our vast array of stakeholders based on CSR.



NS United Kaiun Kaisha, Ltd. offers safe, high-quality marine transportation services tailored to customer needs across the oceans of the globe.
Ever-mindful of its position as a corporate citizen, NS United Kaiun Kaisha, Ltd. is steadfastly committed to the development of society by providing transportation services that conform to evolving trends.
We hereby establish our corporate philosophy.

1	Social Mission	<ul style="list-style-type: none"> 1. Respond to all needs of clients and remain dedicated to the development of society through provision of honest, credible, quality international maritime transportation services. 2. Nurture enterprising minds strong enough to succeed against international competition as an overseas shipping company focused on the transportation of dry bulk and energy resources to secure sustained profitability, placing importance on group management to increase the corporate value of the Group as a whole, while striving to build a company that lives up to stockholders' expectations.
2	Safe Navigation and Conservation of the Global Environment	<ul style="list-style-type: none"> 1. Recognize that the safe navigation of vessels is the starting point of our business activities and conduct rigorous safety management based on international standards in order to take a role in protecting the global environment, including the seas and other resources shared by all humankind. 2. Continue our training process to improve the operational skills of crew on vessels and always endeavor to learn advanced technologies to cope with new needs.
3	Fair Corporation Activities	<ul style="list-style-type: none"> 1. Comply with the laws of Japan and international society, and as a member of society, undertake fair and healthy corporate activities under ethical social norms. 2. Take a firm stand against anti-social forces and organizations and never make payoffs to such parties.
4	Transparent Information Disclosure	<ul style="list-style-type: none"> 1. Disclose information on corporate activities in a timely and reasonable manner, actively communicating with society.
5	Democratic Management and Development of a Dynamic Workplace	<ul style="list-style-type: none"> 1. Respect the fundamental human rights of employees, and establish and maintain democratic management. 2. Develop a dynamic workplace where employees can grow through their work, take pride in their work, and appreciate the joy of working.

Established October 1, 2010



▶▶ **Editorial Policy**

The editorial policy of this CSR Report is to provide readers with an understanding of how the companies in NS United Kaiun Group engages in matters related to the stakeholders who have been supporting it. Especially, how we have been meeting our obligations while accomplishing the international marine transportation services that are the company's primary business objectives.

▶▶ **Period Covered**

April 1, 2011 through March 31, 2012

Please note that some matters that fall outside this period are also reported.

▶▶ **Organizations Covered**

NS United Kaiun Group and its related affiliates.

▶▶ **Other NS United Kaiun Publications**

- (1) Corporate Brochure (in Japanese, English, and Chinese)
- (2) Business Report, Semi-Annual Business Report (in Japanese)
- (3) Securities Report, Quarterly Report (in Japanese)
- (4) Annual Report (in English)

Copies of these publications can be requested from the address below. In addition to the publications listed under (1), (2), and (4), various kinds of information can be found on the NS United Kaiun website. <http://www.nsuship.co.jp/english/index.html>

▶▶ **Referred Guidelines**

Ministry of the Environment, "Environmental Reporting Guidelines, 2012 version"

▶▶ **Status of Compliance with Environmental Regulations**

We have had no violations of environmental laws, regulations, or other such rules that involve guidance, warnings, orders, or punishment by regulatory authorities.

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There is a questionnaire included with this report. Please take a moment to give us your honest opinion so that we can use them to improve the content in future editions.

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Overview of NS United Kaiun

Group Overview (as of March 31, 2012)

Number of Companies in Group

Head Office	
Consolidated Subsidiaries	45
Unconsolidated Subsidiaries (accounted for by the equity method)	3
Unconsolidated Subsidiaries (unaccounted for by the equity method)	6
Unaccounted for Affiliates	4

Number of employees
685 (consolidated)

Fleet
208 vessels (consolidated),
11,030,000 DWT

Main companies engaged in international marine transportation business and associated services

NS United Kaiun Kaisha, Ltd. (transportation of general cargo, ownership and related businesses)
NS United Marine Corp. (vessel management)
Nippo Marine Co., Ltd. (dispatching seamen)
International Marine Consulting Co., Ltd. (supervision of cargo operations)
Shinwa Chartering Corp. (broker)
Shinwa Agency Co., Ltd. (broker)
NS United Shipping (U.K.) Ltd. (broker)
NS United Shipping (U.S.A.) Inc. (broker)
NS United Shipping (H.K.) Co., Ltd. (broker, agent)
NS United Tanker Pte. Ltd. (international marine transportation)
NS United Bulk Pte. Ltd. (international marine transportation)

Main companies engaged in coastal shipping business and associated services

Shinwa Naiko Kaiun Kaisha, Ltd.
(transportation of general cargo)
Shinwa Chemical Tanker Co., Ltd.
(transportation of gas and chemical products)

Main companies engaged in other businesses

NS United Systems Co., Ltd.
(development/maintenance of information systems)
NS United Business Co., Ltd.
(general affairs and accounting agents, real estate management)
Shinwa Engineering Services Co., Ltd.
(equipment maintenance)

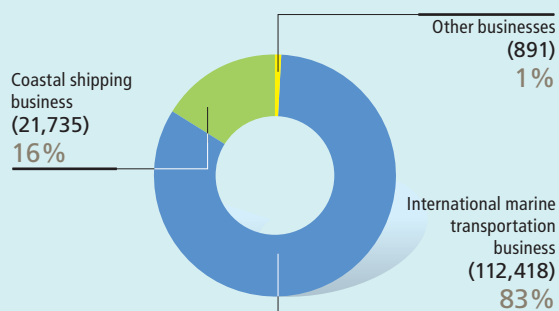
Overview of NS United Kaiun

Company name	NS United Kaiun Kaisha, Ltd.
Head office	Otemachi 1st Square West Tower, 5-1, Otemachi 1-Chome, Chiyoda-ku, Tokyo 100-8108, Japan
Established	April 1, 1950
Principal lines of business	International marine transportation services and related businesses

Capital	¥10,300,000,000
Stock market listings	Tokyo (First Section), Osaka (First Section), Nagoya (First Section), Fukuoka
Number of employees	221
Fleet	130 vessels, 10,830,000 DWT (including vessels owned by NS United Tanker Pte. Ltd.)

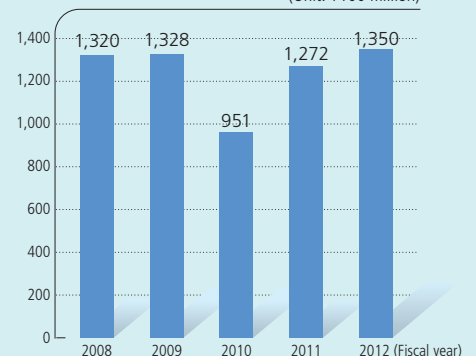
Revenues by business segment (consolidated)

(Unit: ¥ million)



Revenues (consolidated)

(Unit: ¥100 million)



Iron ore and coking coal transport service

Since our foundation, we have been transporting iron ore and coking coal. Our history essentially reflects the overall journey of the steel industry, the core of industrial development. We have consistently been at the cutting edge in providing larger, more efficient vessels, and have significantly contributed to reliable transport and reduced costs.



Coal/bulk transport service

NS United Kaiun Group has been offering worldwide transport services for coal and other sources of energy, particularly in India and China where there is soaring demand for these products in recent years. NS United Kaiun maintains two teams to satisfy our diverse customer needs: Coal/Bulk Carrier Team 1 (dedicated to Japanese electric power utilities) and Coal/Bulk Carrier Team 2 (carrying raw materials and coal for steel refineries and general industrial use).



Oil/gas transport service

To actively address environmental concerns, NS United Kaiun Group has converted all our crude oil carriers to a double-hull design, while promoting comprehensive vessel management by assigning expert marine technicians both onshore and offshore. We provide the safe delivery of crude oil, LPG, and petroleum/petrochemical products from oil-producing countries, oil refineries, and petrochemical bases throughout the world.



Tramp chartering service

The core of the fleet is our Handy Size Bulkers (20,000 to 50,000 dwt), offering various transport services that connect the ports of the world. A variety of commodities are transported, including steel products and heavy structures such as plant infrastructure and bulky raw materials such as nonferrous ore concentrates, grain, fertilizer, salt, cement, and woodchips.



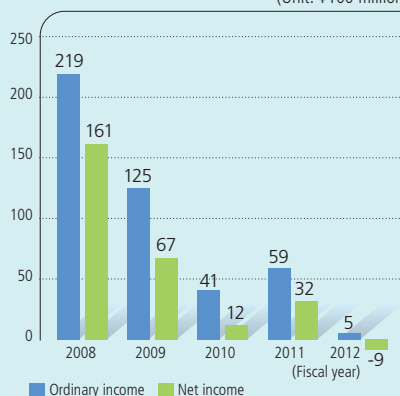
Near sea service

Vessels, which range from 5,000 to 10,000 dwt in size, provide transport services throughout Southeast Asia for steel products and a variety of bulk cargo. We are especially proud of our top market share in the Japan-China trade, which takes advantage of our proven track record of over 60 years of transport services on the Japan-China route.



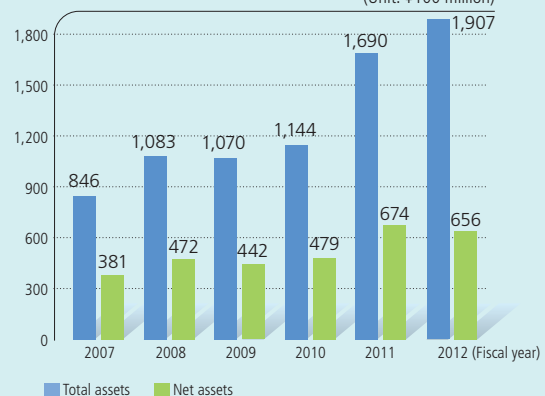
Ordinary income and net income (consolidated)

(Unit: ¥100 million)



Total assets and net assets (consolidated)

(Unit: ¥100 million)





To stakeholders

NS United Kaiun Corporate Philosophy proclaims that the company is fully mindful of its position as a corporate citizen, and has adopted this idea in its slogan for the development of society by exploring transportation services that conform to evolving trends. The Corporate Philosophy is the basis upon which we conduct our business.

With this philosophy as our foundation, we continuously engage in Corporate Social Responsibility (CSR) activities in line with the scope and characteristics of our marine transportation business.

NS United Kaiun Group, places the greatest importance on the safety of maritime navigation as a part of our Mid-term Business Plan. The Business Plan is the basis upon which we conduct our management. We do so in order to earn the trust of society, because without this trust, it would not be possible to fulfill our responsibilities with respect to the preservation of the global environment and to every stakeholder.

▶▶ Mid-term Business Plan

Since FY2012, we coined our new slogan "Aiming for New Value Creation" for the Mid-Term Business Plan "Unite & Full-Ahead". Since formulating our Business Plan, business conditions have changed substantially. We have been facing a harsh environment that includes long-term stagnation in overseas shipping, an ongoing rise in the price of fuel oil, and a persistently strong yen. As a result, we could not meet our target for the first year.

In spite of the difficult situation, we will take firm steps to maintain stable financial strength and improve profitability, with a positive and forward-looking emphasis on achieving our social mission. Poised to take advantage of opportunities for further development, NS United Kaiun Group will make a concerted and combined effort to tackle the challenges ahead.

▶▶ Mid-Term Goals

Through prompt realization of synergy from the merger, we aim for a consolidated ordinary income of 10bn. yen in FY2014, and to establish business infrastructure capable of 15bn. yen on FY2016.

▶▶ Five Key Strategies

1. Expand shipping services to our customers worldwide
2. Expand in emerging countries
3. Operate safely and stably, and continue balanced fleet operation
4. Reinforce organization and develop human resources for further global operations
5. Maintain sound balance sheet

▶▶ Safe navigation and environmental conservation

Connecting countries and areas around the globe, NS United Kaiun aims to contribute to the development of industry, economy, and culture through its daily operations: genuine, credible, high-quality international maritime transportation services designed to respond immediately to every customers' need. At the same time, we contribute to environmental conservation with thorough implementation of safe navigation, zero marine accidents, vigorous efforts towards environmental conservation, and other initiatives. As a corporation with the world as its stage, safe navigation and environmental conservation are both cornerstones of our business activities and our mission.

With regard to safe navigation, NS United Kaiun Group makes every effort to ensure safe navigation by "Establishing a safe navigation control system", "Instituting the Safety & Environmental Committee", "Establishing a crisis management system", and "Promoting training for seamen".

With regard to environmental conservation, NS United Kaiun Group has established an environmental policy focusing on issues such as air pollution, marine pollution, and CO₂ emissions to promote global environmental conservation activities.

It is NS United Kaiun's earnest hope that this CSR Report 2012 will assist you in understanding the measures we are taking and the responses we are making to demands from society.

NS United Kaiun Kaisha, Ltd.

Toru Ibata
President



NS United Kaiun Group's Approach to CSR

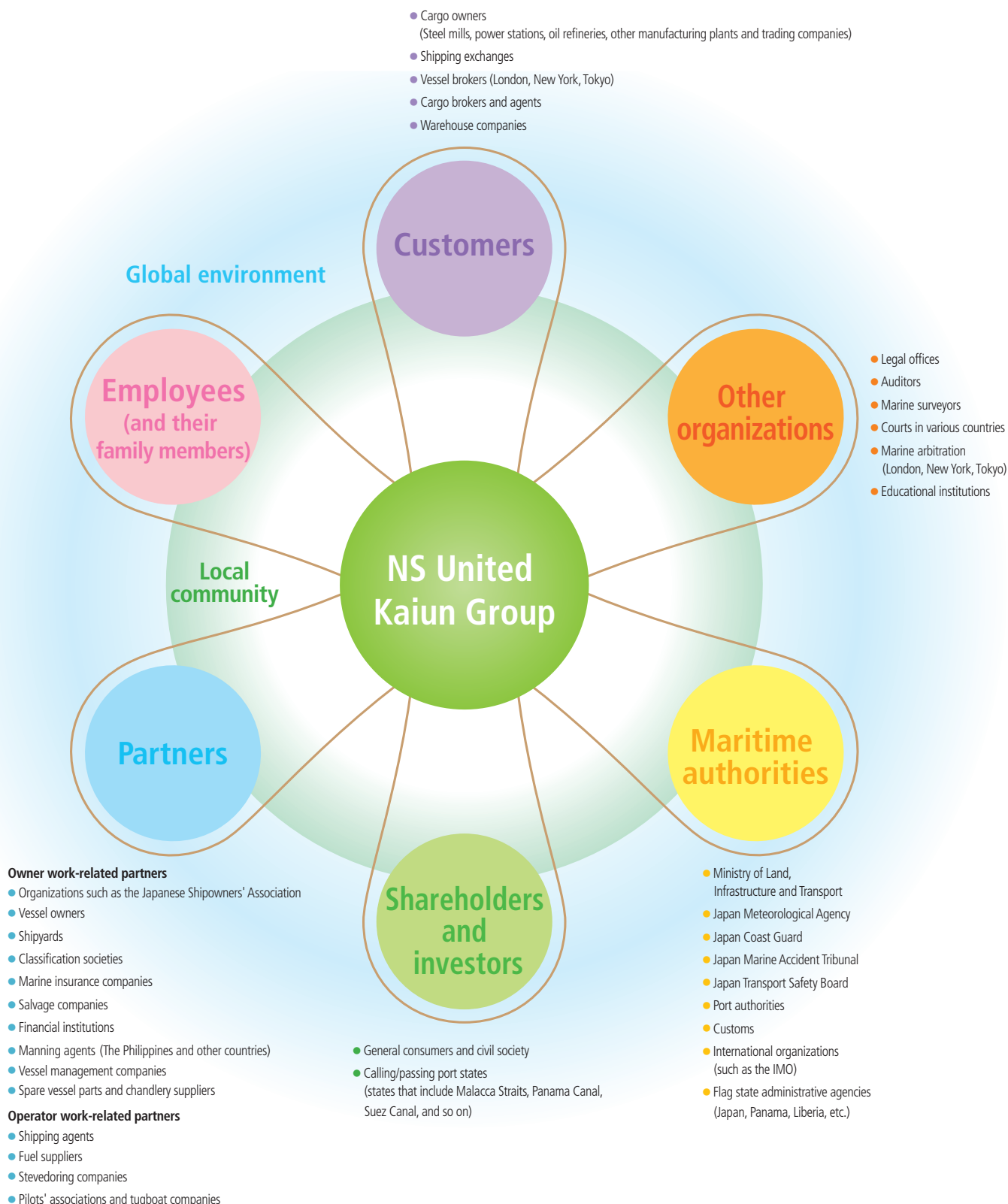
- 1 Corporate Social Responsibility is demonstrated by the way how a company responds to the wishes and expectations of society.
- 2 In general, society expects a company to contribute through its core business (in the case of NS United Kaiun, international maritime transportation services supporting international trade) to a better quality of life, and to improvement in the operations of other enterprises and organizations. At the same time, society does not expect a company to become caught up in a single-minded drive for economic efficiency or a runaway pursuit of profit in its core business, which can lead to corporate activities that have an adverse social effect and result in damage to the company's stakeholders. There have been a number of scandals involving other companies in recent years, and these have served to remind NS United Kaiun that a company must serve as a responsible part of society like any other member of the public.
- 3 CSR management seeks through efficient communication to win the understanding and trust of customers, suppliers, shareholders, employees, local communities, and other stakeholders for the company's activities, and to use various opinions and information in a continuous process of improvement, with the goal of increasing corporate value. This is the cornerstone of NS United Kaiun's management philosophy of interaction, and NS United Kaiun has been attempting to interact with society in cooperation with the Group's companies.
- 4 What makes it possible for NS United Kaiun Group to realize the philosophy is the steady corporate management structure, at the nucleus of which is the awareness of compliance in corporate activities to laws, company regulations and ethical norms. Based on this premise, competitiveness in corporate activities of a financial nature and the achievement of profitability, together with consideration of environmental burden reductions, and the forging of strong ties with civil society, are carried out. NS United Kaiun Group is engaged in CSR activities that balance in corporate scale and characteristics.

The various aspects of, and reciprocal relationships among, NS United Kaiun Group's CSR activities are shown below.



Stakeholders Supporting NS United Kaiun Group

NS United Kaiun Group's business is supported by a large number of stakeholders, including various maritime personnel, the government offices concerned, calling/passing port states, and local communities.



▶▶ Customer Satisfaction

NS United Kaiun has been principally engaged in worldwide logistics of raw materials, energy resources and products for industries. The company meets its customers' need for cargo transportation throughout the world by fully utilizing information of trade, vessels, shipping routes and cargo handling know-how accumulated over a long period at its bases in London, New York, and Tokyo, where many shipbrokers are located, and strives to offer timely shipment in the most appropriate vessels, safely and at competitive freight rates. The style of business communication by which the company pays direct visits to domestic and overseas customers becomes the foundation of relationships of trust. Regardless of whether a project is long-term or a spot voyage, the company strives to generate customer satisfaction, build trust, and increase opportunities for its customers worldwide to do business with "a first-class industrial bulk carrier."

▶▶ Ensuring Safety and Quality in Transport Services

NS United Kaiun Group's mission is to supply customers with safe and credible quality transportation services. NS United Kaiun, together with NS United Marine Corp., NS United Business Co., Ltd., Shinwa Agency Co., Ltd., Shinwa Chartering Corp., and International Marine Consulting Co., Ltd has established an environment management system, and has received ISO14001:2004 certification in maritime transportation services. NS United Marine Corp., and Shinwa Naiko Kaiun Kaisha, Ltd. have incorporated the ISO 9001:2008 quality management system into their vessel safety management system to maintain and operate it.

▶▶ Participation in Safety Meetings with Customers and Partners

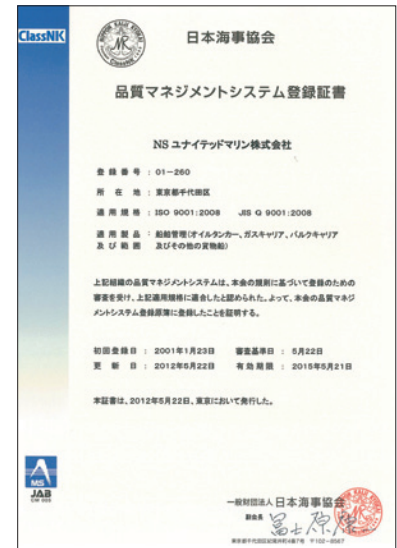
NS United Kaiun, together with its coastal shipping body Shinwa Naiko Kaiun Kaisha, Ltd. and Shinwa Chemical Tanker Co., Ltd. has continued to forge strong ties with the domestic consignees of various industries such as steel mills, power stations, oil refineries, gas plants and other port-related personnel, and has participated in many safety conferences all over Japan to ensure the safety of vessels entering/leaving port and the safety of the region, has cooperated in periodic surveys, and has implemented risk management programs related to accidents, disasters and environmental pollution.

▶▶ Emergency Response and Public Communication

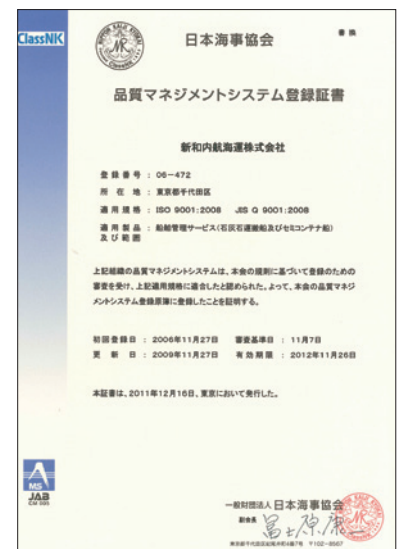
NS United Kaiun is always poised to implement an emergency response together with customers, salvagers, insurers, shipping agents, shipyards, and other partners, as well as related authorities, in accordance with our regulations regarding the handling of disasters at sea and other emergency circumstances. We also have systems in place to provide public explanations at appropriate times by means of the media and the company website.

▶▶ Efficient Stowage and Cargo Preservation

At International Marine Consulting Co., Ltd., a NS United Kaiun Group member, experienced vessel's masters supervise the loading and discharging of high-value steel products and plant products, and other such cargoes. The company uses its accumulated experience and knowledge of cargo characteristics and worldwide port conditions to preserve cargo and support efficient transportation.



ISO 9001: 2008 registration certificate for NS United Marine Corp.



ISO 9001: 2008 registration certificate for Shinwa Naiko Kaiun Kaisha, Ltd.



Loading coils

With Our Shareholders and Investors

▶▶ Timely Disclosure of Company Information

NS United Kaiun endeavors to ensure the timely and appropriate disclosure of investor-relations information through timely release to shareholders and investors of important corporate information that can have an effect on results. The information is disclosed on the websites of the Tokyo, Osaka, Nagoya and Fukuoka stock exchanges, through the media, and on NS United Kaiun's website.

In addition, the company's Investor Relations Committee, which is composed of the executives in charge of General Affairs Group, Finance and Accounting Group, and Project Group, as well as the managers of those groups, has formulated a public relations policy governing the release of information intended for investors. This committee is charged with responding to media coverage, holding press conferences, and posting articles on the company's website.



Front page of the company website

▶▶ Interactive Communication

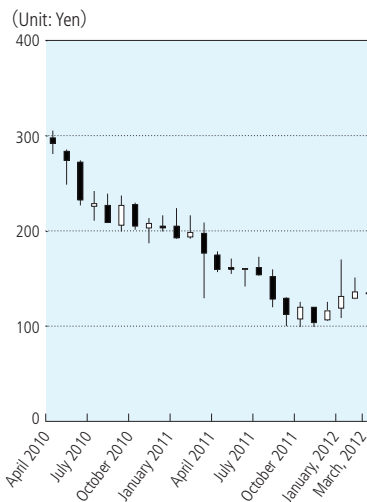
NS United Kaiun works to provide information to domestic and overseas institutional investors. As far as possible, the company holds individual briefings with securities analysts upon request, answering questions and explaining the status of operations. In accordance with a policy established by the Investor Relations Committee, at least one executive and one from the committee secretariat participate in these briefings. We held 14 individual briefings during FY2012 (year ending March 31, 2012).

▶▶ Dividends to Shareholders

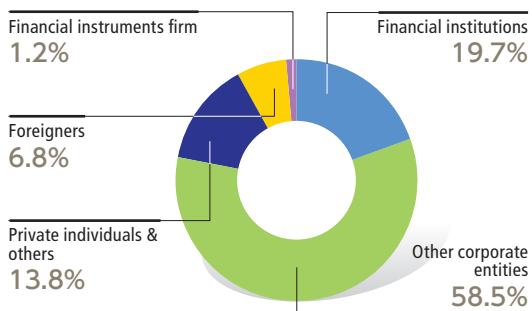
NS United Kaiun makes dividends to shareholders one of its key management policies. While retaining a portion of our profits internally to ensure future stable business development and strength to cope with changes in the business environment, we have set forth a basic policy to provide stable and continuous payment of dividends to our shareholders according to our operating results.

Our basic policy regarding annual dividends to call for a payout ratio of "approximately 20% on a consolidated basis".

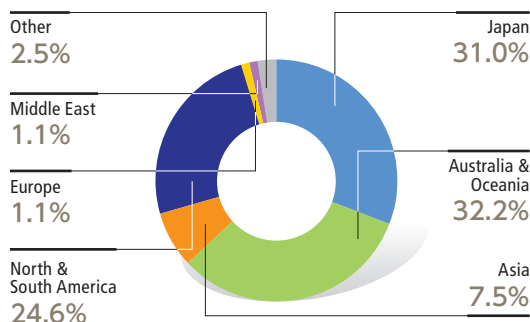
NS United Kaiun's Share Price



Distribution of share by type of shareholders (as of March 31, 2012)



Sales breakdown by areas (consolidated) (Fiscal year ended March 2012)



▶▶ Basic Employment Policy

There is a fundamental assumption that core staff, both administrative and technical, are permanent employees. In the spirit of Japan's Law on Securing Equal Opportunity and Treatment between Men and Women in Employment, employment is based only on the aptitude and capabilities of each individual, and the growth of employees is fostered by the company's training system.

Concerning our non-Japanese crew, we strive to improve retention rates on vessels managed by NS United Kaiun Group by expanding various kinds of training available to crew and staff, endeavoring in-house executive training through our qualification support system and giving preference to long-term employees. Further, to explore and develop outstanding human resources, NS United Kaiun established a scholarship system.

▶▶ Personnel System

In FY2002, the company introduced a personnel system under which promotion and advancement depend upon the individual's ability, motivation and performance. Since its introduction, the company has fine-tuned the system based on the opinion of employees. This system has the primary aim of meeting each individual at his or her current level of competence, and further developing his or her abilities as well as ensuring fair treatment.

▶▶ Training System

To develop new employees into professionals in the field of international shipping, NS United Kaiun provides training tailored for the career track and rank, with on-the-job training being the core of this training system. The company also offers training for new employees, training in shipping practice, languages (English and Chinese), personal computers, domestic agency matters, onboard training, and overseas administrative requirements, as well as stratified training and training for specific jobs. These provide each individual with various opportunities for progress, according to their position and requirements.

In accordance with the company's plan for quickly training young crew, exacting guidance and education is provided, allowing new employees to qualify as chief officer or first engineer in just three to four years after joining the company.

For non-Japanese crew members, we have a qualification support system and skill improvement training programs in place. These include pre-boarding training, classroom training, assistance in obtaining advanced vessel officer certifications, and OJT, provided both in the country where the crew members were employed and in Tokyo.

▶▶ Employee Health and Safety

All employees of NS United Kaiun Group receive annual health check-ups, and the company bears the expense of comprehensive physical examinations for employees who satisfy the requisite conditions. The head office also has a Health Maintenance Office where an industrial physician with professional knowledge of mental health and an administrator with nursing qualifications offer physical and mental health consultations and guidance on a regular basis. Programs implemented also included health guidance for preventing metabolic syndrome and other lifestyle-related diseases, prevention of infection, mental health checkups, and seminars on mental health.

Pre-embarkation health checkups are mandatory when going onboard, and crew members are given guidance on periodic health checks while onboard, as well. Safety is the top priority, and we have established a safety management system with safety measures that are implemented rigorously. In the unlikely event of an employee accident, compensations greater than those required by Japanese law are in place.

▶▶ Work-Life Balance

NS United Kaiun strives to create a congenial work environment so that its employees can maintain a good balance between work and home and lead a satisfactory life. The company offers a secure environment for working mothers, maternity leave, family-care leave, and other benefits more generously than required by law, and allows employees that satisfy conditions such as continuous service and age to take sabbaticals. The company provides dormitories, company housing, an employee savings system, a housing loan interest supplementation system, and various other welfare and benefit programs, in addition to which it helps fund employee groups that engage in cultural activities (including sports). In April 2008, the company also introduced lump-sum child-rearing support payments. Since April 2012, NS United Kaiun has been encouraging employees to take more paid leave on important dates, such as birthdays and anniversaries.

▶▶ Relations with Labor Unions

NS United Kaiun's shore employees belong to the NS United Kaiun Labor Union, and its onboard employees belong to the All Japan Seamen's Union. NS United Kaiun enjoys relationships of amity and trust with both of these unions.

INTERVIEW

Onboard training

Officer, Capesize Team-1,
Capesize Group
Akihiro Kanai



Writer is Second from the left

I participated in a two-week on-board training course on NSS BONANZA starting February 1, 2012. The vessel sailed from Port Hedland, Western Australia to Port Kure, Hiroshima. It was a truly amazing and memorable experience for me to be onboard a Capesize vessel, where I am typically involved in daily operations.

During the training, I was able to learn a great deal from the captain and crew, visiting the deck and persons on watch, scouring rust, and painting. Through the training, I also developed a new found respect for every crew member, which was the biggest change from the training. Duties and life on board is physically and mentally tough and extremely restricted, but it was very impressive to see the crew working so hard to fulfill their various duties while maintaining safe navigation. I am fully convinced that I can effectively use my first-hand experience when carrying out daily operations in addition to the knowledge that I have gained so far. I am very grateful to all of the crew members on NSS Bonanza and the staff who helped me make this training a success.

Initiatives for Society

▶▶ Joint Regional Disaster Prevention Programs

The companies of NS United Kaiun Group, headquartered in the Otemachi First Square (Chiyoda-ku, Tokyo), belong to the joint disaster prevention council for the building, through which they are actively engaged in fire drills and other joint regional disaster prevention programs. In addition, an in-house security and fire brigade has been organized within the NS United Kaiun Group to promote crime and disaster prevention inspections and education at the company's offices for both executives and employees. Moreover, the company treats activities of employees participating in the office area's "Marunouchi Volunteer Fire Brigade" as part of the company's regular work hours.

▶▶ Support for Culture

Through the Nippon Steel Arts Foundation, NS United Kaiun contributes to Japan's cultural development by cosponsoring musical programs at Kioi Hall.

▶▶ Rescue

Different countries have established systems to report vessel location and request that the closest vessel perform a rescue when the need for one arises. The systems include AMVER, a US-led, computer-based voluntary global ship-reporting system. Japan has a similar system, the Japanese Vessel Reporting System (JASREP), and all vessels under the management of NS United Kaiun participate in this system as well to offer mutual help.

▶▶ Donated Calendar Bazaar

Calendars donated by corporations and organizations throughout Japan were displayed in the 7th Donated Calendar Bazaar held December 17 to 25, 2011 in Kagoshima city. NS United Kaiun participated as part of its social contribution program, donating 50 calendars to the organizer, the Kagoshima Green Fund. The NS United Kaiun Group has been taking part in this bazaar every year since 2006. The proceeds are all donated to the "Green Fund" and used for support of forest improvement, afforestation promotion, and other such movements.



Performance at Kioi Hall



Green education (tree-planting) through money raised by the 2010 Bazaar

Special topic : The Great East Japan Earthquake

We would like to express our deepest sympathy for those affected by the Great East Japan Earthquake that occurred on March 11, 2011. The NS United Kaiun Group has reviewed its initial actions following disasters based on its experience with this tragedy to ensure that we fully meet our social corporate obligations as well as ensure business sustainability.

– Enhancing disaster prevention measures –

The Great East Japan Earthquake provided an opportunity for us to identify a variety of challenges with regard to future disaster prevention measures. Specifically, the catastrophe spurred us to create multiple systems for confirming the safety of employees and further improve readiness by allocating emergency supplies. To create a system that would ensure sustainable business operations quickly in the wake of a disaster, we thoroughly reviewed and improved our in-house disaster prevention system based on the challenges we faced in the recent catastrophe. For example, we reviewed our Disaster Response Manual, introduced and trained members of our Safety Check Service, improved company equipment, emergency supplies, and stockpiles, and bettered our response to those who would have difficulty returning home.

– Response to the Electricity Saving Initiatives –

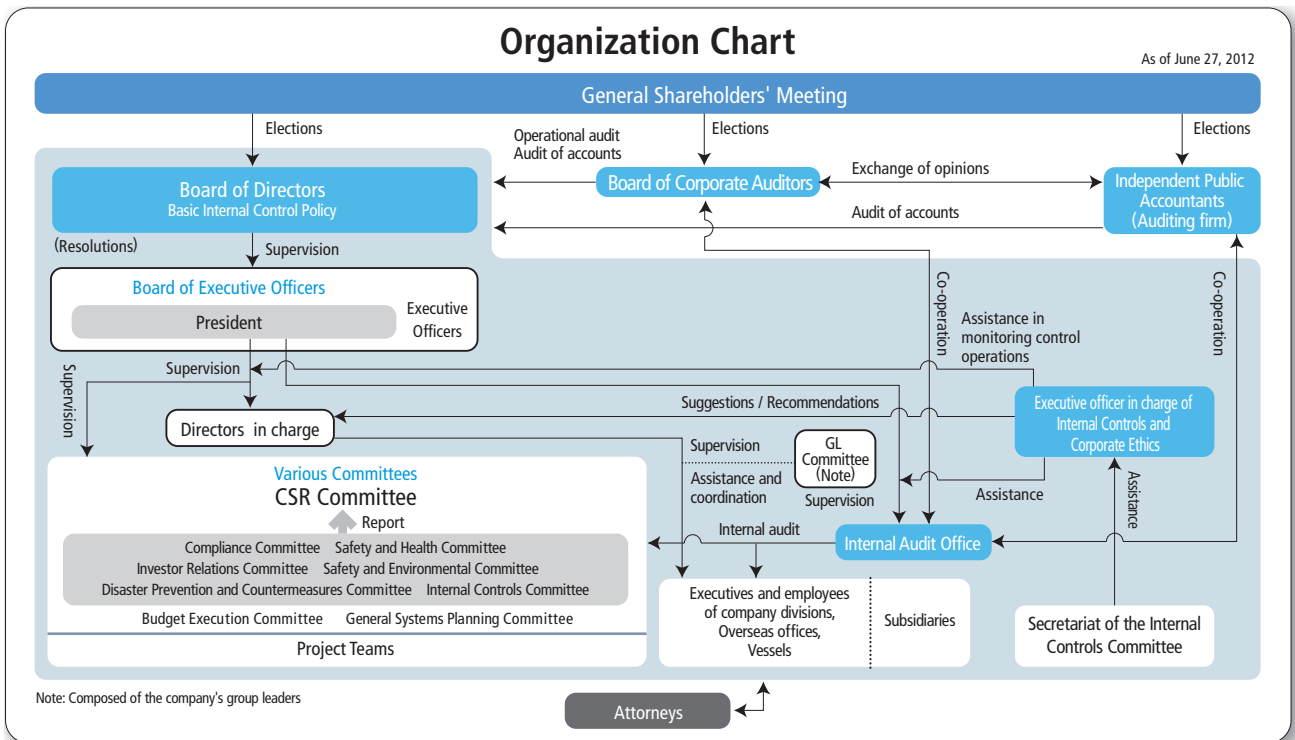
In accordance with the government-led "Measure for balancing electricity supply-demand during summer", NS United Kaiun Group implemented the energy-saving measures described below to reduce electricity consumption.

- 1) Controlling air-conditioning temperature (keeping office temperature at 28°C)
- 2) Overall reduction in brightness of lighting, and turning off the lights during breaks
- 3) Thorough implementation of energy-saving mode on computers
- 4) Changing the effective period for Cool-Biz (a more informal, tieless summer dress code promoted by government) from June through September to May through September. Also implementing Super-Cool Biz (casual office wear) in the hottest season between July and September.

– Supporting areas affected by the Earthquake/Tsunami –

Starting in FY2011, the NS United Kaiun Group, its executives, employees and retirees donated a total of 15.95 million yen in relief to individuals and communities affected by the earthquake/tsunami.

1. Corporate Governance



▶▶ Corporate Governance

NS United Kaiun is a company with Board of Directors, and strives to improve management efficiency by holding the Board of Directors composed of 7 directors including 2 outside directors (as of June 27, 2012). In June 2007, the company introduced an executive officer system in order to address changes in the management environment appropriately and precisely. Two of the four corporate auditors are outside auditors. Each corporate auditor attends meetings of the Board of Directors, the Board of Executive Officers, the Compliance Committee, and various other committees to conduct appropriate audits, as indicated, of business operations and accounting. One of the corporate auditors is appointed to serve as an independent board member who assures the objectivity and neutrality of the management review function. The company also established an internal audit office in July 2006 for the purpose of contributing to risk management and supporting the evaluation of internal controls in accordance with Japan's Companies Act and the Financial Instruments and Exchange Act. By order of the president, internal audits are conducted on operations in every division, working in cooperation with the corporate auditors to enhance the effectiveness of corporate governance.

2. Risk Management

▶▶ Risk Management System

Risk Management Regulations have been established as fundamental requirements for risk management. In this way, NS United Kaiun will accomplish its corporate social responsibility, even if substantial risks impacting operations should emerge. The company manages risks based on these regulations by analyzing risks and studying measurements in considering various risks that may arise in the course of our business activities. The Board of Executive Officers and Board of Directors discuss and determine issues related to risk management in addition to performing the year-end assessment of risk items and management implementation status based on the Risk Item List.

▶▶ Appropriate Management of Personal Data

NS United Kaiun appropriately controls information that can identify individuals, such as data on its employees, for the purpose of safeguarding private data. It adopts the policy of not offering personal data to any third party unless permitted to do so by law or when approval has been obtained from the individuals themselves. The data is only used for the purpose for which it is intended. In August 2006, regulations for appropriate control of personal data were established and disseminated to all companies in the NS United Kaiun Group as Compliance Regulations to ensure appropriate management of personal data. There were no cases of claims in FY2012.

3. Our Efforts to Promote Compliance

NS United Kaiun has established standards of conduct that articulate the practical implications of our corporate philosophy. The company has also established a Compliance Committee chaired by the director of the General Affairs Group in order to advance the goal of compliance. The committee's mandate is to ensure that each director, corporate auditor, and employee complies with legal statutes, company regulations, and ethical standards in the execution of daily operations, and to heighten awareness of these issues.

▶▶ Compliance Advisory Service Desk

NS United Kaiun established a Advisory Service Desk and associated regulations in July 2006 to accept direct reports from employees who had become aware of contravention to the law, misconduct and like committed by executives or other employees. With the goal of protecting individuals who report company information of public interest, a consultation service guided by an outside lawyer has been arranged. Further, the company set up a female in-house compliance adviser in October 2011 to better serve its employees.

▶▶ Compliance Awareness Month

NS United Kaiun defined October as compliance awareness month to offer all executives and employees a chance to recognize their social responsibility and increase their awareness in sense of ethics. During this month, efforts were made to implement various initiatives: the President sent a message on compliance to all executives and employees, lectures and training related to compliance and mental health were offered, and a "Compliance in-house awareness survey" was conducted.

4. Internal Controls

In accordance with Japan's Company Law and its Enforcement Ordinance, the Board of Directors has established a basic internal controls policy, while also working to ensure the reliability of financial reports in accordance with the provisions of the Financial Instruments and Exchange Act.

In April 2012, the company established the Internal Controls Committee after dissolving the Internal Control Promotion Committee in order to achieve a better organization with a more exhaustive scope.

We find that internal controls activities contribute to the improvement of management quality, and our highly reliable financial reporting heightens the credibility of NS United Kaiun among both individual and corporate stakeholders. All the directors and employees of this company are committed to continuing our cooperative effort to establish and implement internal controls appropriate for NS United Kaiun.



NS United Kaiun Group Environmental Policy

- 1 We will strive to maintain a healthy global environment - the common property of all mankind - as a corporate group that provides marine transportation services worldwide.
- 2 We will establish an environmental management system that we continuously update and strive to prevent pollution.
- 3 We will observe the laws and regulations and other environment-related requirements that are applicable to the navigation of our vessels and to our office activities.
- 4 Each section of our company will establish environmental objectives and targets that comply with our Environmental Policy and strive to attain these objectives and targets according to programs. We will also review performance on a regular basis to make sure these environmental objectives and targets are achieved.
- 5 We will strive to ensure that all employees of the NS United Kaiun Group increase their awareness of environmental issues and act in accordance with this Environmental Policy through environmental education and promotion activities.
- 6 We will choose supplies designed to reduce environmental impact when acquiring vessels, instruments, and other products and materials required for providing our services.
- 7 We will promote the conservation of energy and resources across the NS United Kaiun Group as well as the reduction and appropriate disposal of wastes.
- 8 We will disclose our Environmental Policy and environmental preservation activities as necessary.



Toru Obata
President

NS United Kaiun Kaisha, Ltd.

.....
Established on June 28, 2011



Promotes Safe Navigation

Striving for zero marine accidents, the NS United Kaiun Group makes every effort to maintain safe navigation based on the following four principles both to ensure high-quality services for our customers and to promote environmental conservation activities on a global scale.

▶ Establishing a safe navigation management system

NS United Marine Corp. manages vessels under NS United Kaiun's initiatives. To strengthen/establish a safe navigation management system, NS United Marine Corp. built the Safety Management System based on the International Safety Management Code advocated by the International Maritime Organization (IMO). They have also acquired certification and maintaining the Quality Management System, ISO9001:2008.

▶ Instituting the Safety & Environmental Committee

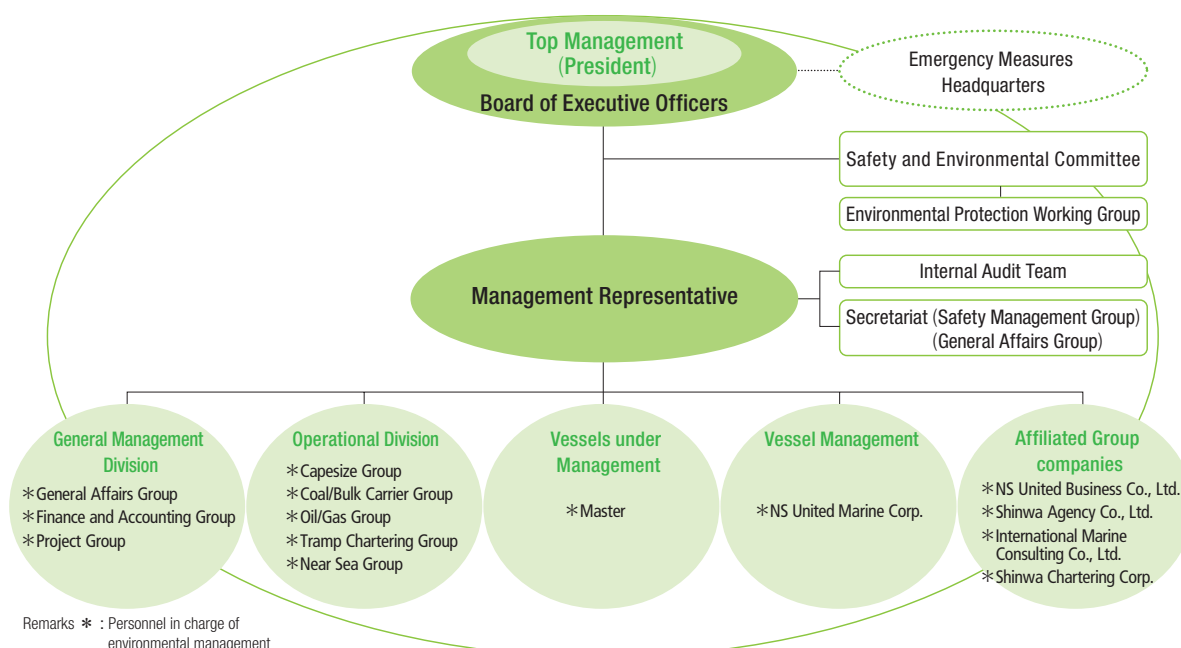
The Safety & Environmental Committee, headed by the President, was established to review our Environment Management System (including our Environmental Policy) as well as to ensure safe navigation on a regular basis. We are genuinely committed to conserving the global environment by continuously improving our environmental management system.

▶ Establishing a crisis management system

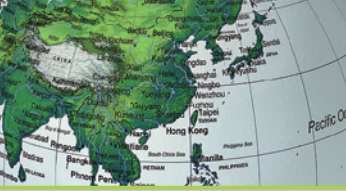
In accordance with our regulations regarding the handling of disasters at sea and other emergency circumstances, we have adopted measures to prevent marine accidents, including management strategies and internal systems to handle accidents if and when they occur, focusing on such activities as periodic emergency response exercises and regular reviews of our risk management systems.

▶ Promoting training for seamen

NS United Marine Corp. provides onboard training sessions, including lectures and/or on-the job training (OJT) to all seamen who board vessels managed by the company. In addition, we are implementing our Early Promotion Plan for Junior Japanese Officers, continually sending our staff to the Philippines and Vietnam to continuously promote the employment and training of non-Japanese seamen.



Environmental Management System Organization Chart



Verification of FY2012 Implementation Plan (Environmental Management Programs) and

Five-Year Long-Term Objectives (FY2011 Formulation)


Achieve a 20% reduction in CO₂ emissions per

PLAN ⇒		DO ⇒	CHECK / ACT ⇒	
Environmental Policies	Environmental Objectives	Target for 2012	Content of Activities	
		2012 Verification of Results		
Environmental Education	Promoting an Environmental Mind	Implement in-house education (at least three times a year)	Designate a training program for new employees Make use of group meetings	Implemented training in April for new employees Appropriate education provided at group meetings, although not at some
		Train internal environmental auditors (at least one)	Participate in outside lectures Organize in-house lectures	One person recently obtained qualification as an internal environmental auditor
		Implement pre-boarding seminar (100%)	Designate a training pre-boarding program	Education implemented to crew members during onboard training
		Implement onboard education of crew (once a year for each vessel)	Implement onboard education of crew	Onboard education Implemented to crew
Promotion of Safe Operation (Pollution prevention))	Preservation of the Marine Environment	Zero oil spills from vessels (without regard to amount)	Compliance with procedures for receiving/ transferring fuel oil and lubricating oil Compliance with regulations for preventing oil pollution Recommendation to install oil-absorbing filter on deck Instruction in prevention of oil-spill accidents	Zero oil spills by vessels owned or managed by the company However, there was a slight oil spill involving one of the company's long-term chartered vessel
		20% reduction in fuel oil consumption per ton/mile unit load over FY2001	Preparing effective operational plans Increasing loading cargo quantity Appropriate implementation of economic operations Instruction in reducing fuel-oil consumption in port	13.63% reduction in fuel oil consumption per ton/mile unit load over FY2001
Promote economic operations using BRIDGE (maritime meteorology and tidal current forecast information)				
Promote use of fuel additives				
Natural Resource Saving and Reduction of Waste	Conservation of Natural Resources	Reduction in paper consumption per employee	Implement filing inspections, encourage use of electronic libraries Promote printing on both sides of paper Promoting paperless operations by introducing onboard vessel-management software	Monthly paper consumption per employee increased by 79.7 sheets FY2012: 780.0 sheets/month per person (258 persons as of October 1) FY2011: 700.3 sheets/month per person (265 persons as of October 1)
		Conserving electricity	Conserve electricity to cope with electricity shortages by providing instructions and notices on in-house electronic bulletin boards regarding turning off unused lights, computers, equipment, and unnecessary lighting Summer electricity conservation should be conducted through individual announcements	Lighting level in offices adjusted Bulletin boards used to promote electricity conservation Room temperature set at 28°C in summer Ensured that unnecessary lighting was turned off
Conservation of Air Quality (Contamination prevention))	Reduction of Harmful Air Pollutants	20% reduction in NOx emission per ton/mile unit load over FY2001	Adoption of improved machinery on newly built vessels	13.63% reduction in NOx/CO ₂ emissions per unit load over FY2001
		20% reduction in CO ₂ emission per ton/mile unit load over FY2001		
		Implement GREEN FLAG INCENTIVE PROGRAM (100%) in vessel placed in service at Long Beach Harbor in the United States	Sail at 12 knots or less within 20 miles of relevant port	PROGRAM implemented for one out of two vessels assigned to the relevant port

FY2013 Implementation Plan

ton/mile unit load versus FY2001 figures by FY2016

 : Achieved
  : Partly achieved
  : Need review

	PLAN ⇒	DO ⇒	
Achieved	Target for 2013	Content of Activities	Term
	Implement in-house education (at least three times a year)	Designate a training program for new employees	Full year
		Make use of group meetings	Full year
	Train internal environmental auditors (at least one)	Foster internal auditors within the environment secretariat	Full year
	Implement pre-boarding seminar (100%)	NS United Marine Corp. implements the educational training to "Top4" (captain, chief engineer, C/O, and 1/E) and Japanese staff To those other than above, a manning company implements the training	Full year
	Implement onboard education of crew (once a year for each vessel)	Implement onboard education of crew	Full year
	Holding Shipboard Safety and Health Committee meetings (once a month)	Disseminate environment conservation matters by Shipboard Safety and Health Committee	Full year
	Zero oil spills from vessels (without regard to amount)	Promote safe navigation (prevent contamination)	Full year
		Perform safe cargo handling on oil tankers	Full year
		Implement safe bunkering and oil transfers Carry out maintenance work for potential oil leaks outside of vessels securely	Full year
		Prevent oil leaks from the deck when at anchor and berthing	Full year
		Prepare for emergencies	Once a year
	20% reduction in fuel oil consumption per ton/mile unit load over FY2001	Implement effective operation by onshore organization	Full year
		Implement effective onboard navigation	Full year
		Adding chemicals to boost combustion efficiency and reducing fuel oil consumption	Full year
	Reduction in consumption of paper per employee	Reduction through converting reference documents to electronic data Reduction by saving paper	Full year
		Promoting paperless operations by introducing onboard vessel-management software	Full year
	Conserve electricity/avoid excess air conditioning	Turn off unused lights, computers, and equipment, saving electricity by eliminating unnecessary lighting Consistent air conditioning temperature settings	Full year
	20% reduction in NOx emission per ton/mile unit load over FY2001	Implement effective operation and navigation Improved devices can reduce NOx level. These will be installed on newly constructed vessels in accordance with regulations.	Full year
	20% reduction in CO2 emission per ton/mile unit load over FY2001	Implement effective operation and navigation Note: Even with the latest models, it is impossible to reduce CO2 emission as long as fossil fuels are being used. Therefore, reductions are derived only from more efficient navigation.	Full year
	Implement GREEN FLAG INCENTIVE PROGRAM (100%) in a vessel placed in service at Long Beach Harbor in the United States	Sail at 12 knots or less within 40 miles of relevant port	Full year

▶▶ Safety Management by In-house Ship Management Company

NS United Kaiun recognizes that safe operation of vessels is one of the most important issues we face in order to protect the global environment in general and the marine environment in particular.

NS United Marine Corp., composed by marine experts, have established and maintained the Safety Management System, which primarily manages vessels owned by NS United Kaiun. The purpose of these efforts is to ensure safety at sea, prevent fatal accidents, and avoid environmental damages (especially to the ocean) and damages to property with the objective of offering highly reliable services that meet customer needs.

▶▶ Vessel Inspections

One of the activities to ensure the safe operation of the vessels owned or operated by NS United Kaiun, once a year, NS United Marine Corp. carries out safety inspection of each managed vessel based on its own check list. Every 6 months, the superintendents visit the vessel to check condition, give instructions to the crew and to confirm the status of onboard maintenance plan. In addition, annual internal audit is carried out in order to confirm operational condition of Safety/Quality control/Environmental management, and security systems onboard each vessel.

We also carry out inspections of time-chartered vessels in accordance with our standard checklist to maintain the safety level of our entire fleet in cooperation with the vessel owners and management companies.



Onboard fire drills

▶▶ Accident Zero Achievement Committee • Shipboard Safety and Health Committee

NS United Marine Corp. holds a Zero Accident Achievement Committee meeting on a regular basis. The discussions are based on studies and analyses of accidents that have actually occurred, and effective management measures to prevent accidents are formulated. To implement these on vessels under the management of NS United Marine Corp., Shipboard Safety and Health Committee meets monthly to deliberate on matters with total participation related to shipboard safety and health as well as on the environmental management system, and work to increase awareness of safety, health, and environmental conservation among crew members.

▶▶ KYT Approach

The "K" in KYT stands for the Japanese Kiken, which means hazard, "Y" stands for Yochi, which means recognition, and "T" stands for Training. The purpose of KYT is to heighten crew members' sensitivity to danger in order to prevent disaster.

Both Japanese and non-Japanese participate in KYT training during pre-boarding seminars and while on holidays. To heighten safety awareness among crew members and prevent disasters, we are actively providing training at every opportunity while on board (for example, through pre-work meetings).



Onboard KYT approach

▶▶ Near-Miss Report System

A near-miss report system has been established and put into practice as an accident prevention measure. Under the former system, there was a tendency for reports to go one-sidedly from the vessel to the company. NS United Kaiun endeavors to realize safe navigation, and has changed that system to one that now also takes measures to prevent recurrence of incidents.

▶▶ Safety Campaigns

The NS United Kaiun Group conducts a campaign designed to raise safety awareness. NS United Kaiun and NS United Marine Corp. defined the campaign period as November through March to raise safety awareness through on-board meetings between executives/superintendents and crew. The management team visited vessels owned by NS United Kaiun and vessels under management of NS United Marine Corp.,. The results of the safety campaign will be used to maintain and promote future safe navigation, educate crew, and improve management methods.

Campaign challenges:

- (1) Make efforts to raise safety awareness through direct dialogue with crew members.
- (2) Make sure that instructions from previous campaigns are being followed.
- (3) Inspect vessels from both hardware and software perspectives to incorporate remedial measures in future campaign plans (perform PDCA cycle).

Under the slogan of "Striving for zero accidents", Shinwa Naiko Kaiun Kaisha, Ltd. formulates sub-slogans twice a year and visits vessels in operation to educate its crew and staff on the significance of safe navigation.

The activities focus on raising safety awareness during the summer and thorough checking of navigation during winter.

Campaign challenges:

- (1) Distributing the Safety Campaign posters
- (2) Awarding the winning vessels of the previous campaign
- (3) Give out goods
- (4) Performing inspections using a checklist
- (5) Familiarization with preventative measures using past examples of accidents and problems

Shinwa Chemical Tanker Co., Ltd. sets up "Priority Safety Objectives" and "Voyage Safety Declarations" on a monthly basis. These are made known to vessels under operational management and vessel owners to heighten safety awareness. The company also conducts educational campaigns for safe operation, with an annual Zero Dense Fog Accident Campaign and New Year's Zero Accident Campaign.

Achieving zero accidents and zero disasters is a never ending mission. NS United Kaiun will ensure safe navigation for all vessels in operation by maintaining keen communication between vessels and shore in addition to continuing to visit vessels in the future.



Safety Campaigns

▶▶ Emergency response exercise

In the unfortunate event that a marine accident occurs, NS United Kaiun must be able to take prompt, definite steps to handle the accident and keep losses and contamination of the environment due to the accident down to a minimum. To that end, we conduct periodic emergency response exercises as well as verification of the crisis management system and its functions.

Last fiscal year, the exercise was held on January 12, 2011 with the themes of collision, oil spills, and man overboard. The exercise is also planned this year, around October to November.

We also conduct exercises between NS United Marine Corp. and vessels regarding security measures against piracy, terrorist activities, or other such risks.



Emergency response exercise

▶▶ Energy-Saving Devices (Propeller Flow Optimization)

One of the most common systems for vessel propulsion is the installation of propellers at the stern of the vessel. These are turned using diesel engines, propelling the vessel forward or backward.

Various efforts have been made to improve our vessels' diesel engines, and fins to adjust the flow of water at the stern of the vessels have been adopted as energy-saving devices for more efficient propulsion.

Vessels are propelled via water being forced away from rotating propellers, with effective propulsion depending on the movement of water into and away from the propellers.

To efficiently convert the flow generated by the propellers into propulsion, a fin or rudder designed to adjust the flow of water is installed either in front of or at the back of the propellers.

M/V SHIN-EI and M/V SHINWA-MARU, delivered in 2008, feature blades and protrusions adjusting the flow of water at the back of the propellers. M/V YUGAWASAN, delivered in 2005, features radial blades in front of the propellers, serving the same purpose.

These enable a 3-8% increase in propulsion efficiency, thus improving fuel efficiency by 3-8% and reducing CO₂ and other exhaust emissions.



Energy-saving device mounted on the M/V YUGAWASAN



Energy-saving device mounted on the M/V SHIN-EI and M/V SHINWA-MARU
Courtesy of Universal Shipbuilding Corporation

▶▶ Energy-saving initiatives that introduce electric-propulsion vessels (Super Eco-Ship, SES)

Shinwa Naiko Kaiun Kaisha, Ltd. has jointly started construction of electrically propelled coal ash carrier (749G/T model) with Japan Railway Construction, Transport and Technology Agency (JRTT). This state-of-the-art electrical propulsion vessel promoted by the Ministry of Land, Infrastructure, Transport and Tourism has achieved outstanding energy-saving efficiency.

Major features are as follows:

1 Electrical propulsion system

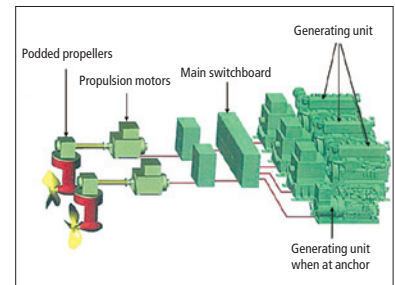
The vessel is propelled by electric motors with three small main generators instead of the conventional large diesel main engine. The vessel is designed to achieve advanced energy-saving performance by maintaining optimal mileage, which is done by selecting the number of generators according to load (electrical energy).

2 Buttock-flow shape

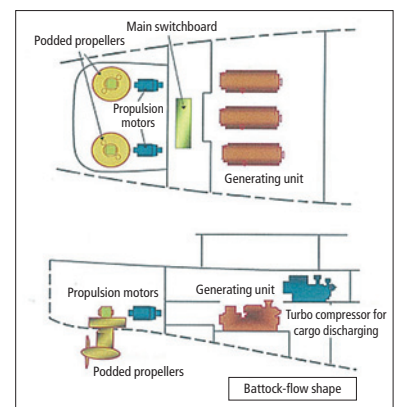
Installing an electric-propelled system allows greater flexibility for device layout within the engine room. A low-resistance buttock-flow shape is used for the vessel.

3 Podded propellers

Two podded controllable pitch propellers (CPP) are used with a whole circumference rotary system. This improves operation performance in narrow ports.



Overview of propulsion system



Outline of engine room layout

▶▶ Prevention of Global Warming

Global warming is said to be caused by greenhouse gases such as CO₂. Vessels need to burn fossil fuel such as heavy oil to run, and these emit CO₂-containing exhaust fumes. At present, the only effective way to reduce this CO₂ gas is to reduce fuel consumption. We are taking the following measures to reduce fuel consumption:

- Use of energy-saving equipment and devices.
- Improving propulsion performance by hull cleaning/polishing of propeller.
- Speed reduction optimized route planning in accordance with changing situations.
- Minimizing fuel consumption per transported unit with efficient shipping schedules and increased cargo loads.



Before propeller polishing After propeller polishing



Before hull cleaning After hull cleaning

▶▶ Prevention of Air Pollution (Prevention of Acid Rain)

Exhaust fumes from vessels contain nitrogen oxides (NO_x) and sulfur oxides (SO_x), which cause air pollution, including acid rain.

Regarding NO_x, diesel engines with a power output of more than 130 KW installed onboard vessels whose construction started on or after January 1, 2000, must comply with the NO_x emission limits specified by the relevant convention. Each of our new vessels is equipped with a new-model engine with low NO_x emissions.

Also, for SO_x emission control, the sulfur content of any fuel oil used onboard vessels must not exceed 3.5% in the general area, and 1.0% in designated area (the North Sea and Baltic Sea). We procure fuel oil that meets International standards ISO8217 for restricting SO_x emissions.

▶▶ Preventing the Generation of Dioxins

To prevent generation of dioxins, incinerators capable of rapidly cooling exhaust gas temperature to 200°C are installed in all newly built vessels.

▶▶ Prevention of Ozone Depletion

Chlorofluorocarbon and halon are regarded as causes of ozone depletion. Freon was used for onboard freezing and cooling machinery, while halon has been used in fire extinguishing systems.

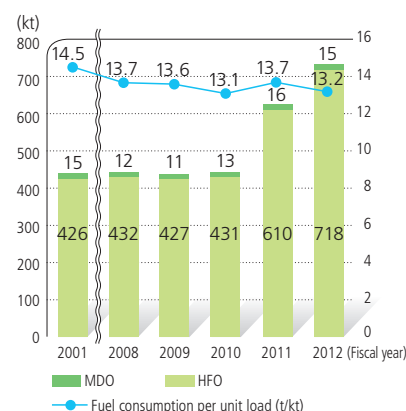
For our new vessels, we have adopted freezing and cooling machinery that use a freon substitute, and fire extinguishing systems that use CO₂ or high-expansion-foam. New installation of freon or halon fire-extinguishing systems has been prohibited; however, using existing equipment is allowed.

M/V KUNISAKI-MARU and M/V STAR FLOWER replaced their halon fire extinguishing systems with high-expansion-foam fire extinguishing systems. M/V DAISHIN-MARU replaced the refrigerant with its alternative to reduce ozone-depleting substances.

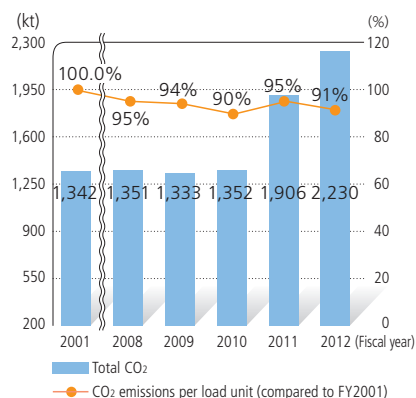


Shinwa Chemical Tanker Co., Ltd. AKEBONO MARU, which transports LNG, a fuel with very little CO₂ emissions

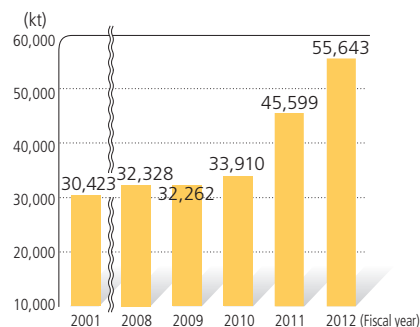
▶ Fuel Consumption



▶ CO₂ Emission Volume



▶ Traded Cargo Volume



Reducing Environmental Impact

▶ Greenhouse Gas (CO₂) emission Reduction Plan/Formulation of Ship Energy Efficiency Management Plan (SEEMP)

Statistics from 2007 show that the total CO₂ volume emitted by international maritime transportation was approximately 870 million tons. This accounts for approximately 3% of global emissions, equivalent to the emission by whole of Germany. In the future, a drastic increase in CO₂ emission is expected due to increased maritime trade.

Accordingly, establishing an international framework for CO₂ emission control has become a pressing issue. Therefore, in July 2011, two CO₂ emission reduction measures were adopted at the International Maritime Organization (IMO).

The first is a measure to improve performance of newly constructed vessels (vessels contracted to be constructed in 2013 or later) by requiring them to observe the Energy Efficiency Design Index (EEDI), an index of fuel efficiency.

The other is mandatory efforts to modify vessel navigation to reduce CO₂ by formulating/observing the Ship Energy Efficiency Management Plan (SEEMP).

These two measures will apply to all vessels starting actual service in 2013 or later.

NS United Kaiun also plans to make efforts to reduce CO₂ emissions by formulating an SEEMP.

M/V NSU GREEN SHIP EFFICIENCY ENERGY MANAGEMENT PLAN			
Name of Vessel:	NSU GREEN	GT:	50000
Vessel Type:	Bulk Carrier	Capacity:	100000
Date of Development:	1st Aug. 2012	Developed by:	NS UNITED MARINE CORP.
Implementation Period:	From: 1st Jan. 2013 Until: 31st Dec. 2013	Implemented by:	Master of NSU GREEN
Planned Date of Next Evaluation:	1st Feb. 2014		
1 MEASURES			
Energy Efficiency Measures	Implementation (including the start/end date)	Responsible Personnel	
Weather Routing	"Example": Contracted with [Service provider] to use their weather routing system and start using on trial basis as of 1 July 2012.	"Example": The master is responsible for selecting the optimum route based on the information provided by [Service provider].	
Speed Optimization	While the design speed (85% MEI) is 17.0 kt, the maximum speed to be maintained should be 17.0 kt as of 1 July 2012.	The master is responsible for keeping the ship's speed. The log/book entry should be checked every day.	
2 MONITORING - Description of monitoring tools			
3 GOAL - Measurable goals			
4 EVALUATION - Procedures of evaluation			

SEEMP requires vessels to constantly select an optimal navigation system in the most efficient manner for reducing CO₂ emissions through the PDCA cycle: (1)Plan, (2)Do, (3)Monitoring (Check), and (4)Assessment/improvement (Act).

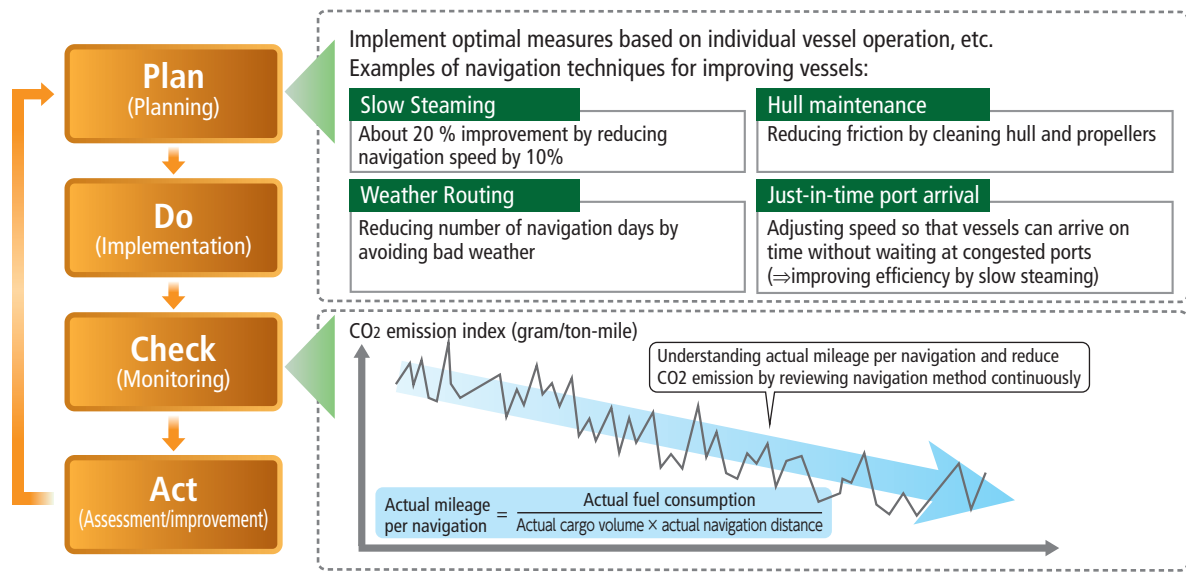
NS United Kaiun plans to address the CO₂ emission reduction issue by selecting suitable measures one by one from multiple options while ensuring safe and efficient navigation.

These options include slow steaming, weather routing (selecting optimal seaway/speed according to weather/sea conditions), slow steaming to the destination port to arrive there just-in-time (an ideal way to reduce fuel consumption and CO₂ emissions), preventing performance deterioration due to hull/propeller conditions by cleaning vessels and coating antifouling composition.

Outline of energy-saving navigation plan

Target: all vessels including existing ones

Benefit: CO₂ emission reduced by modifying vessel navigation



Provided by: Ministry of Land, Infrastructure, Transport and Tourism

▶▶ Reduction of Power Consumption in the Office

With saving electricity as our environmental slogan, NS united Kaiun is making efforts day and night to reduce annual power consumption at our offices, encouraging power savings with such practices as turning off unused office machines and unnecessary lights.



SHOYO MARU of Shinwa Naiko Kaiun Kaisha, Ltd. transporting fly ash for recycling

▶▶ Office Waste

For thorough separation of waste generated in offices, we have improved the arrangement of waste baskets, and are running an in-house campaign to implement waste segregation.

In addition, we promote the effective use of recyclables: since last fiscal year we have encouraged using personal coffee and tea cups instead of disposable ones.



Waste segregation in the office

▶▶ Proper Disposal of Onboard Waste

Various kinds of waste are generated by the crew living onboard. Such onboard waste is thoroughly separated and collected as is done onshore, and is either burned onboard or duly disposed of onshore, except items that can be disposed in the ocean after pulverization, such as food waste.

NS United Kaiun disposes of non-marine disposable wastes aboard and ashore, and receives reports from vessels owned to manage the volume of onboard waste being disposed aboard and ashore.



Proper disposal of onboard waste



Environmental Education

▶▶ Seamen's Environmental Education

NS United Kaiun has formulated and implemented onboard education and training through On-the-Job Training (OJT) in addition to classroom training for crew who board its vessels. The plan includes items related to environmental protection, which serves to bring about seamen's awareness of environmental protection through pre-boarding seminars.

▶▶ Environmental Seminar in Manila

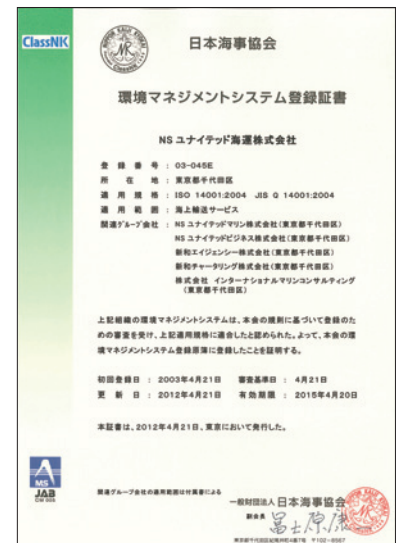
Four times per year, NS United Kaiun dispatches lecturers to hold seminars for Filipino seamen on leave, holds lectures on the environmental management system and strives to increase environmental awareness among the seamen.



Classroom training in Manila

History of CSR Activities at NS United Kaiun Group

- May 2000** ▶ Safe Navigation Committee established.
- October 2000** ▶ Corporate Philosophy of Shinwa Kaiun Kaisha, Ltd. established.
- December 2000** ▶ Regulations regarding avoidance of accidents at sea and accident countermeasures established.
- January 2001** ▶ Shinwa Marine Corp., received ISO 9002 certification (Class NK)
- September 2001** ▶ Safety and Environmental Committee established.
- October 2001** ▶ Shinwa Kaiun Group Environmental Statement formulated.
- December 2001** ▶ Rules regarding control of inside information and insider trading revised.
- May 2002** ▶ Environmental Report 2002 published.
- November 2002** ▶ Investor Relations Committee established.
- December 2002** ▶ Regulations regarding disasters at sea and other emergency circumstances revised.
- April 2003** ▶ ISO 14001 certification received (Class NK)
Companies included: Shinwa Kaiun Kaisha, Ltd. Shinwa Marine Corp. Shinwa Business Management Kaisha, Ltd. Shinwa Agency Co., Ltd. Shinwa Chartering Corp., International Marine Consulting Co., Ltd.
- May 2003** ▶ Shinwa Marine Corp., received ISO 9001-2000 certification
- September 2003** ▶ Environmental Report 2003 published.
- November 2003** ▶ Standards of Conduct established.
- June 2004** ▶ Environmental Report 2004 published.
- July 2004** ▶ Established guidelines for use of computer equipment, e-mail, and the Internet.
- December 2004** ▶ Compliance Committee established.
- December 2004** ▶ Internal audit regulations established.
- December 2004** ▶ Shinwa Kaiun Group Environmental Statement revised.
- June 2005** ▶ Environmental Report 2005 published.
- July 2005** ▶ Shinwa Kaiun Group Safe Operation Management Committee established.
- May 2006** ▶ CSR Committee established. Policy for CSR programs formulated.
- June 2006** ▶ CSR Report 2006 published.
- July 2006** ▶ Policy created for subsidiary representatives to participate as observers in the CSR Committee.
- June 2007** ▶ CSR Report 2007 published.
- June 2008** ▶ CSR Report 2008 published.
- April 2009** ▶ Shinwa Marine Corp., acquires ISO9001 (2008 version) certification
- April 2009** ▶ Shinwa Kaiun Group Environmental Statement revised as Environmental Policy
- June 2009** ▶ CSR Report 2009 published.
- June 2010** ▶ CSR Report 2010 published.
- October 2010** ▶ Merged with Nippon Steel Shipping Co., Ltd and changed registered name to NS United Kaiun Kaisha, Ltd.
- April 2012** ▶ Internal Controls Committee established (after dissolving Internal Control Promotion Committee)



ISO14001: 2004 Approval Registration Certificate

[Note: For period after 2000]

Glossary

Chlorofluorocarbons (CFCs)

CFCs are halogenated hydrocarbons containing carbon, fluorine, chlorine, and hydrogen. The word "freon" is often used as a generic term for CFCs. Because they are colorless, odorless, and non-toxic, as well as thermally and chemically stable, they were widely used as refrigerants, cleaners, solvents, firefighting agents, and aerosol propellants. However, manufacturing of freon has been prohibited since 1996 because it is an ozone depleting substance. Of the CFCs, halon is particularly harmful to the ozone layer and its manufacture has been prohibited since 1994.

Slow steaming

Generally, vessels can significantly reduce fuel consumption by sailing slower, since the fuel consumption is reduced faster than speed. Therefore, if the navigation schedule is not tight, CO₂ emission and fuel costs can be reduced by steaming at lower speeds.

Dioxins

Dioxins are highly toxic substances that are primarily formed during the incineration of waste, but may also be formed from natural causes such as wildfires and volcanic activity. They can cause cancer, birth defects, immune system suppression, and reproductive abnormalities. Although dioxins are decomposed at over 800°C, they recombine as they cool down, so exhaust gases are cooled down rapidly to limit formation of dioxins.

Energy Efficiency Design Index (EEDI)

This is an index to differentiate the fuel efficiency of newly constructed vessels as "number of grams of CO₂ estimated to be emitted when transferring 1 ton of cargo for 1 mile under given conditions" at the design/construction stage for new vessels (equivalent to the fuel consumption of new cars written in their specifications, e.g. 30km/liter). Since vessels are constructed on a build-to-order basis and all have different specifications, all vessels also have different EEDIs. Vessels to be constructed in the future must improve their fuel consumption performance as expressed in EEDI.

Greenhouse gas/CO₂ emission

This is a collective term for gases suspected to be harmful in terms of global warming. Among the greenhouse gases, CO₂ is emitted when fossil fuels, such as petroleum products and coal, are consumed. CO₂ is thus emitted as a result of fuel consumption during vessel navigation. Therefore, reducing CO₂ emissions that lead to global warming is directly connected to reduction of fuel consumption.

International Maritime Organization (IMO)

IMO is a specialized organization of the UN that researches and establishes international maritime treaties and conventions. The IMO promotes cooperation among the governments of every nation with regard to technological and legal issues bearing on marine transport, including maritime safety, improvement in marine transport technology, prevention of the ocean pollution by vessels, and the abolition of discriminatory treatment between countries.

From CSR Report 2011 Reader Questionnaire

Comments form Readers

- The Environment Management Program shows specific verification results even for unachieved items. I give you high marks for your sound methods.
- Environmental conservation issues, particularly air pollution and marine pollution, are closely related to the scope of the NS United Kaiun Group's business activities. This is where I paid special attention when reading the report. The report was clear enough in terms of current initiatives, but I wanted to know more about future challenges and vision.
- I felt that NS United Kaiun has a high degree of problem awareness, since the company focused on problems that are considered problems for society as a whole.
- I wanted to know more about employee satisfaction and comfort level with the company.
- I want more detailed information on the company's contribution to society and culture.
- The report should provide more about effective stowage of cargo, providing examples of products related to plant infrastructure.
- I found the benefits of "fuel-efficient antifouling coating" interesting.

Our Response

Our thanks to our readers for your cooperation in responding to the questionnaire.

It is our pleasure to receive some understanding and high regards towards for our steady efforts to achieve clear indexes. At the beginning of NS United Kaiun CSR report 2011, we declared that the report would define all corporate activities based on our corporate philosophy of CSR, while pursuing satisfaction of all stakeholders from every domain, including employees, the local community, and business partners from all over the world. It is our sincere hope that understanding of our efforts toward CSR is further deepen.

We would like to make use of the views expressed by our readers in considering which CSR activities to pursue next, as well as in preparing our next report.

ISO 14001

This is the international environmental standard established by the International Organization for Standardization (ISO) to guide companies in pursuing environmentally responsible business activities. It mandates environmental management policies, organizations and systems, operation, internal audits, and other measures, which are to be continually improved based on the PDCA cycle.

ISO 9001

This is the international standard for quality control and quality assurance established by the ISO. It sets forth the requirements for a quality management system that extends to organizational management to achieve customer satisfaction and operational improvements. The pursuit of customer satisfaction and improvement efforts through ISO 9001 allows a company to maintain the trust of the public and heighten its competitiveness.

Ozone layer

An atmospheric layer 20 to 25 km above the Earth's surface that is rich in ozone (an allotrope of oxygen). It absorbs much harmful ultra-violet rays from the sun, protecting organisms on the surface of the planet. Harm to the ozone layer would allow more harmful ultra-violet rays to reach the surface, with harmful effects such as skin cancer and conjunctivitis.

PDCA cycle

The PDCA cycle is a system for continuously improving management systems. Using this cycle, a company will Plan (planning), Do (Implementation), Check (Monitoring), Act (Assessment/improvement), and then Plan and so forth again.

Weather routing

When selecting a seaway from the port of departure to the destination, it may seem that simply selecting the shortest distance whenever possible is the most efficient. However, vessels are always subject to weather/sea condition, so simply taking the shortest route may cause a dangerous situation for the vessels due to deceleration and damage to the hull or cargo. Therefore, it is crucial to optimize the seaway by predicting the effect of weather/sea condition at any given moment or several days ahead. Today, there are numerous services for providing weather/sea information that can be used for safe and efficient vessel navigation.

Work-life balance

This is a concept promoted by the UK Ministry of Trade that involves harmony between a person's professional and personal lives. It means maintaining health and happiness without sacrificing either the workplace or the family. In Japan, the Ministry of Health, Labor and Welfare established a study group in 2003, and is working to achieve the acceptance of this concept through regional governments nationwide. It is also called Life-Work Balance.

<http://www.nsuship.co.jp/english/index.html>



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Thank you for your reading NS United Kaiun Group's CSR Report 2012.
Please take a minute to give us your opinions of the report.

① How well did you understand NS United Kaiun Group's thinking on CSR?

Understood Partially Understood Did not understand

② How would you evaluate NS United Kaiun Group's CSR initiatives?

Excellent Fair No opinion Some elements unsatisfactory Poor

③ Please evaluate this CSR report.

Quality of content: High Medium Low
Quantity of information: Plentiful Sufficient Insufficient
Number of pages: Too many Usual number Few
Readability: Very readable Readable Not readable
Clarity: Very clear Clear Unclear
Honesty: Very honest Honest Not honest

④ Which parts of the report did you find particularly interesting? (Select as many as you like)

Social Report NS United Kaiun Group's Approach to CSR
 Stakeholders Supporting NS United Kaiun Group
 With Our Customers and Suppliers
 With Our Shareholders and Investors
 With Our Employees Initiatives for Society
 Management Structure

Environmental Report NS United Kaiun Group Environmental Policy
 Initiatives for Safe Navigation
 Verification of FY2012 Implementation Plan and FY2013 Implementation Plan
 Ensuring Safe Navigation Reducing Environmental Impact
 Environmental Education

Which article interested you the most? (Page number : Sub-title :)

⑤ Please tell us what you'd like to know more about, and make any other comment you wish.

⑥ Please identify your relationship to NS United Kaiun Group or reason for reading this report.

Customer Shareholder or investor Financial institution
 CSR or environmental manager for a company or organization NGO/NPO
 Research or educational institution Student SRI Index or other evaluative body
 NS United Kaiun Group employee or family Other ()

⑦ Would you like to receive our next CSR report?

Yes No

Please fill in the following information as you feel comfortable providing.

Name _____ Gender M F Age _____

Address _____

Occupation (Name of company or school, etc.) _____

Department and position _____

Thank you very much for your assistance.

Privacy policy: The personal information gathered from this questionnaire will be used only for (1) evaluation and analysis of our CSR report, and (2) to provide next year's reports to those who request them. Your completion of this questionnaire indicates your consent to these conditions.