

●●● NS UNITED KAIUN GROUP

CSR Report

2014



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 of NS United Kaiun Group”. 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 of NS United Kaiun Group.

● NS United Kaiun Kaisha, Ltd. Corporate philosophy ●



I

Basic Philosophy

The NS United Kaiun Group will contribute to the development of society by providing sincere and high-quality marine transportation services.



II

Management Philosophy

1. Credibility and Reliability

Increase the corporate value of the Group as a whole by practicing sound management that is credible and reliable.

2. Safe Navigation and Environmental Protection

Strive to ensure the safe navigation of vessels at all times and continue training to improve the operational skills of crews on vessels in order to take a role in protecting the global environment including the seas.

3. Response to Customers and Reform

Vigorously pursue further progress through reform while effectively responding to customer needs.

4. Nurture and Mobilize Employee Abilities

Nurture employees and mobilize their abilities to develop a dynamic Group in which they appreciate the pleasure of working.



III

Corporate Code of Conduct

1. Comply with laws and regulations and act with high ethical standards.
2. Engage in fair and free competition and appropriately conduct transactions to maintain sound, responsible relationships with policy makers and the government.
3. Broadly communicate with the public, proactively and fairly disclose corporate information, and strictly protect and manage information.
4. Create a safe, healthy, and pleasant working environment with due respect for the individuality and diversity of employees.
5. Actively contribute to the local community and society as a corporate citizen.
6. Have no relations whatsoever with anti-social forces or organizations, and take a firm stand against any unreasonable demands.
7. Conduct business in compliance with national and regional laws and with respect for international norms as well as culture and custom.
8. Comply with this code and establish a system for ensuring its implementation. In the event of infringement, we will endeavor to promptly investigate the cause, prevent a recurrence, and effectively fulfill our accountability.

Established October 1, 2013

● 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, 2013 through March 31, 2014

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.

CSR Committee Secretariat

General Affairs Group, NS United Kaiun Kaisha, Ltd.

Tel: +81-3-6895-6404 Fax: +81-3-6388-2366

E-mail: LEGAL@nsuship.co.jp

Message from the President

●●● To Stakeholders

NS United Kaiun Kaisha, Ltd. established its new Group Corporate Philosophy in October 2013. It advocates 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.

The Corporate Philosophy is the basis upon which we conduct our business.

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

The Company developed the Mid-Term Business Plan "Unite & Full-Ahead! II," which sets FY2015 as its first year of implementation.

Keeping in mind the current severe business environment and the medium term recovery phase of the economy and market, we will take firm steps to achieve an action plan with five key strategies based on the Group Corporate Philosophy established in the last year.

In order to further strengthen the operating base of the Group as a whole through achieving a new Mid-Term Business Plan, the whole Group will work together under the slogan of "Start for Further Development."

● Mid-Term Goals

Strengthen business foundation, mainly in dry-bulk shipping segment, to achieve Financial goals by the end of FY2019:

Consolidated Revenue : 200 billion Yen

Consolidated Operating Income : 12 billion Yen

● Five Important Strategies

1. Expand our shipping services to our domestic/worldwide customers including Nippon Steel & Sumitomo Metal Corporation Group.
2. Expand opportunities for obtaining new business by further collaboration within NSU group.
3. Safe and Stable shipping operation.
4. Reinforce corporate organization and develop human resources for further global expansion.
5. Strengthen our financial standings.

- **Safe navigation and environmental conservation**

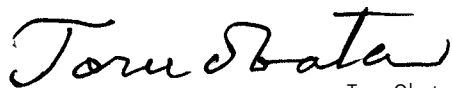
Connecting countries and areas around the globe, NS United Kaiun aims to contribute to the development of industry, economy, and culture through its daily operations: genuine, credible, high-quality international maritime transportation services designed to respond immediately to every customers' need. 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 2014 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 Obata
President



Overview of NS United Kaiun

• Group Overview (as of March 31, 2014)

Number of Companies in Group

Head Office	
Consolidated Subsidiaries	46
Unconsolidated Subsidiaries (accounted for by the equity method)	3
Unconsolidated Subsidiaries (unaccounted for by the equity method)	7
Unaccounted for Affiliates	5

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 Service Corporation (safety supervising and supervising for new construction of ships)
 Nippo Marine Co., Ltd. (dispatching seamen)
 International Marine Consulting Co., Ltd. (supervision of cargo operations)
 Shinwa Chartering Corp.*1 (broker)
 Shinwa Agency Co., Ltd.*2 (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)

Number of employees

663 (consolidated)

Fleet

210 vessels (consolidated),
11,020,000 DWT

Main companies engaged in coastal shipping business and associated services

Shinwa Naiko Kaiun Kaisha, Ltd.*3 (transportation of general cargo)
 Shinwa Chemical Tanker Co., Ltd.*4 (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)

Notes:

*1 Changed registered name to NSU Chartering Corp. on Jun 26, 2014

*2 Changed registered name to NSU Logistics Corp. on Jun 26, 2014

*3 Will change registered name to NS United Naiko Kaiun Kaisha, Ltd. on October 1, 2014

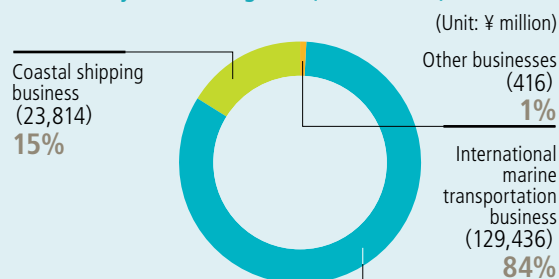
*4 Will change registered name to NS United Tanker Co., Ltd. on July 1, 2014

• Overview of NS United Kaiun (as of March 31, 2014)

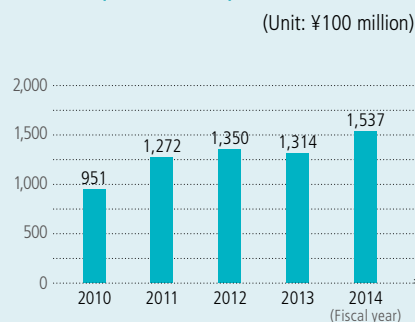
Company name	NS United Kaiun Kaisha, Ltd.
Head office	Otemachi 1st Square West Tower, 5-1, Otemachi 1-Chome, Chiyoda-ku, Tokyo 100-8108, Japan
Established	April 1, 1950
Principal lines of business	International marine transportation services and related businesses

Capital	¥10,300,000,000
Stock market listings	Tokyo (First Section)
Number of employees	226
Fleet	125 vessels, 10,800,000 DWT (including vessels owned by NS United Tanker Pte. Ltd.)

Revenues by business segment (consolidated)



Revenues (consolidated)



NS United Kaiun Group Our Core Businesses

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

While actively addressing environmental concerns, NS United Kaiun Group has promoted 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, as well as oil refineries 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.



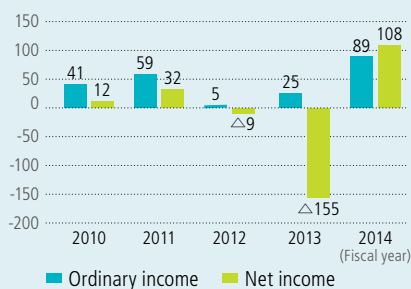
Near sea service

Vessels, which range from 5,000 to 13,000 dwt in size, provide transport services throughout China and 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 65 years of transport services on the Japan-China route.



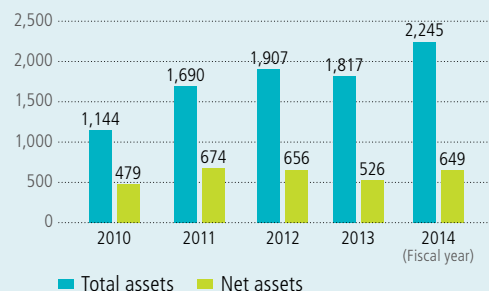
Ordinary income and net income (consolidated)

(Unit: ¥100 million)



Total assets and net assets (consolidated)

(Unit: ¥100 million)



NS United Kaiun Group's Approach to CSR

●● NS United Kaiun Group's Approach to CSR

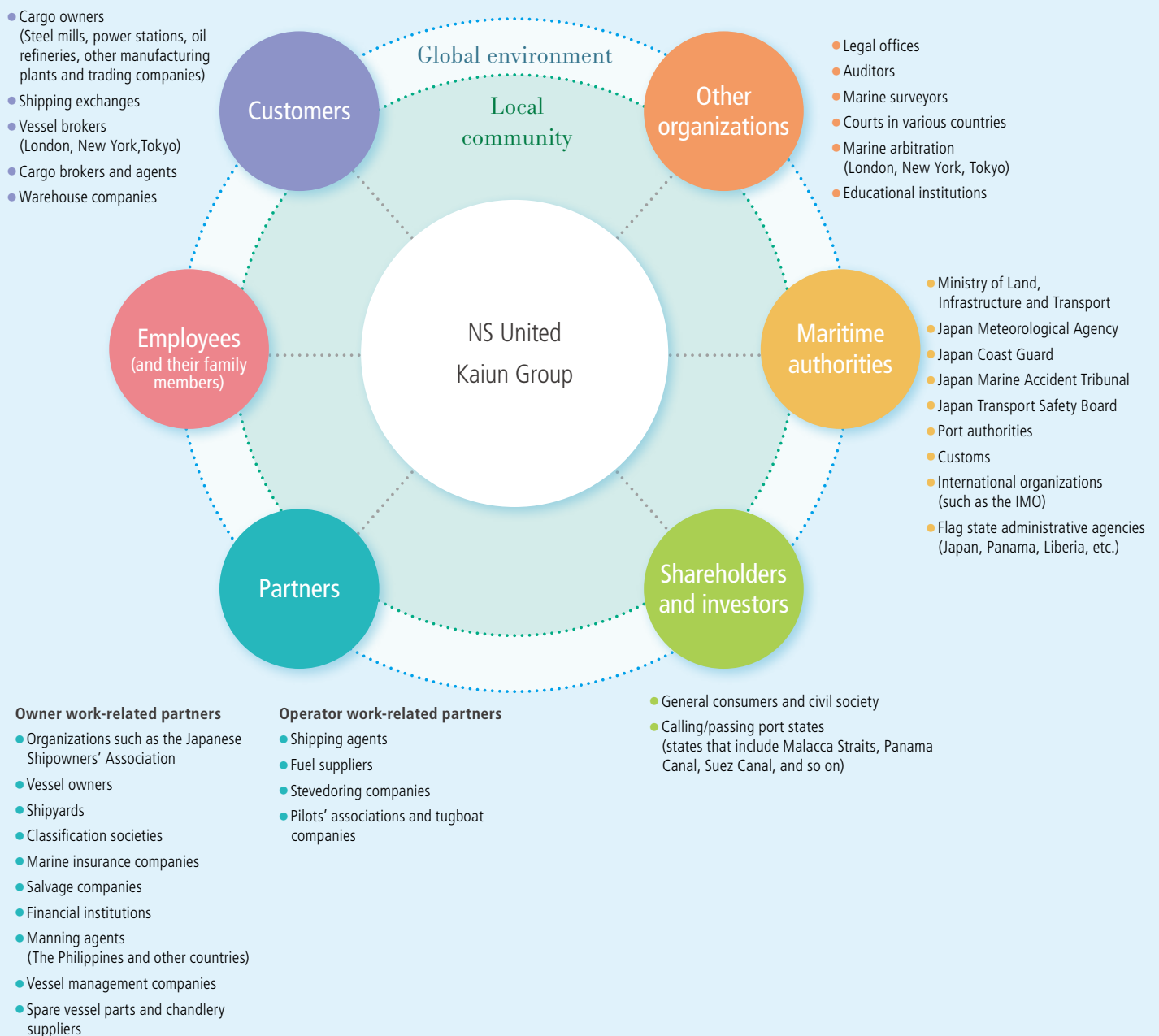
1. Corporate Social Responsibility is demonstrated by the way how a company responds to the wishes and expectations of society.
2. In general, society expects a company to contribute through its core business (in the case of NS United Kaiun, international maritime transportation services supporting international 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.



With Our Customers and Suppliers

● 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 Business Co., Ltd., Shinwa Agency Co., Ltd., Shinwa Chartering Corp., and International Marine Consulting Co., Ltd., has established an environment management system and has gained ISO14001:2004 certification in maritime transportation services. Our company 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.



▲ Registered certificate of our safety management system



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

● 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.



▲ Loading vehicles

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 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

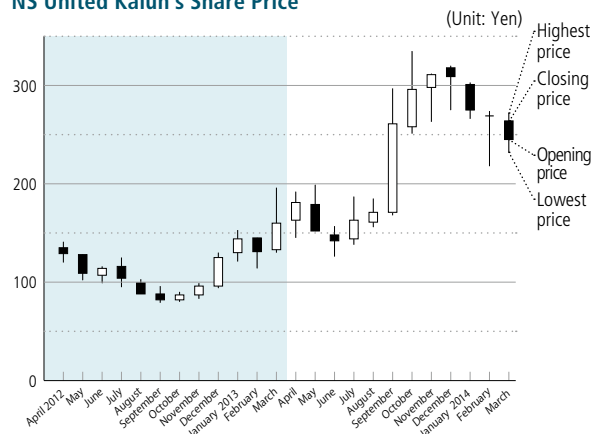
NS United Kaiun works to provide information to domestic and overseas institutional investors. As far as possible, the company holds individual briefings with securities analysts upon request, answering questions and explaining the status of operations. In accordance with a policy established by the Investor Relations Committee, at least one executive and one from the committee secretariat participate in these briefings. We held 22 individual briefings during FY2014 (year ending March 31, 2014).

• 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.

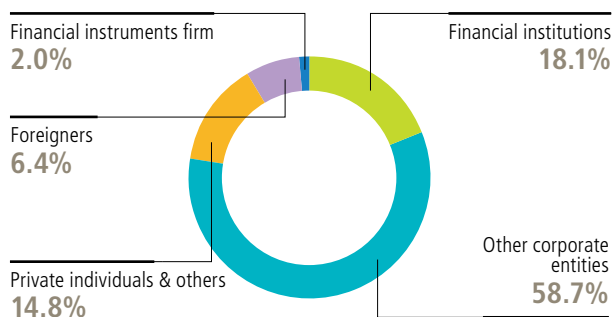
Our basic policy regarding annual dividends to call for a payout ratio of "approximately 20% on a consolidated basis".

NS United Kaiun's Share Price

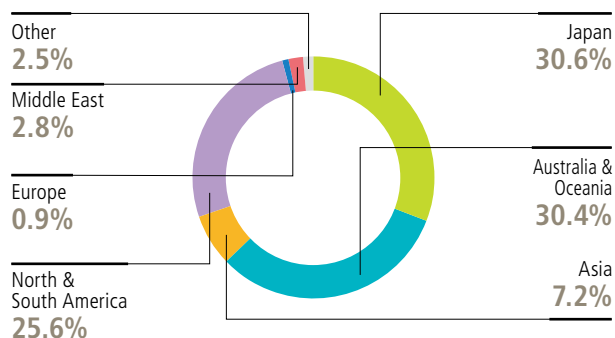


Note: the candlestick is shown in white when the closing price ends up higher than the opening price, and black when the closing price ends up lower.

Distribution of share by type of shareholders (as of March 31, 2014)



Sales breakdown by areas (consolidated) (Fiscal year ended March 2014)



With Our Employees

● 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 capabilities and aptitude 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 an assessment of 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), 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 five 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 provided also included health guidance for preventing metabolic syndrome and other lifestyle-related diseases, preventative education on infection, mental health checkups, and seminars on mental health.

Mandatory pre-embarkation health checkups are provided for crew members upon boarding, and they are also given guidance on periodic health checks while on board, 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 for self-improvement. Since April 2012, NS United Kaiun has been encouraging employees to take more paid leave on important dates, such as birthdays and anniversaries. 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 cultural groups that engage in cultural activities (including sports). In April 2008, the company also introduced lump-sum child-rearing support payments.

● 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.

Initiatives for Society

• Supporting recovery from disaster

NS United Kaiun has defined a policy for continuously supporting recovery efforts from disasters in domestic and overseas locations by appointing judges to provide support on a case-by-case basis according to each case's relevancy with our main concern, international maritime shipping services and a relationship with the location. During FY2014, we collected 30,000 USD from group companies, executives, and officers and donated to those affected by Philippine typhoon.

• 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 & Sumitomo Metal Arts Foundation, NS United Kaiun contributes to Japan's cultural development by cosponsoring musical programs at Kioi Hall.



▲ Performance 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 at the 9th Donated Calendar Bazaar held December 20 to 22, 2013 in Kagoshima Prefecture. NS United Kaiun participated as part of its social contribution program, donating 84 calendars and datebooks to the organizer, Kagoshima Green Foundation.

The NS United Kaiun Group has been taking part in this bazaar every year since 2006. The proceeds are all donated to the "Green Foundation" and used for support of forest improvement, afforestation promotion, and other such movements.



▲ Treating nursery trees supported with money raised at the Bazaar

• 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 FY2014.

3. Our Efforts to Promote Compliance

NS United Kaiun has established standards of conduct that articulate the practical implications of our group 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 all executives and employees comply 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. Various initiatives were implemented this month: the president sent a message on compliance to all executives and employees; we established our new NS United Kaiun Group Corporate Philosophy on October 1, 2013 based on previous corporate philosophy and reorganized corporate values that have been shared among group companies in the course of business operations; we posted the Group Corporate Philosophy in the office, distributed the Group Corporate Philosophy to the overseas offices and ships owned by the company, and raised awareness of the policy.

4. Internal Controls

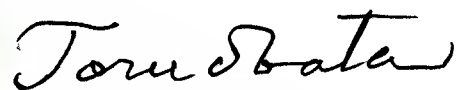
In accordance with Japan's Company Law and its Enforcement Ordinance, the Board of Directors has established a basic internal controls policy, while also working to ensure the reliability of financial reports in accordance with the provisions of the Financial Instruments and Exchange Act. In April 2012, NS United Kaiun Internal Controls Committee ensured better internal control of the company by formulating annual plans and managing progress.

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

●●● 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

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

Since February 1 of this year, the Ship Management Service, which subcontracted to NS United Marine Corp, was assumed by NS United Kaiun to achieve direct control by the Safety Management Group and Ship Management Group. NS United Kaiun built the Safety Management System based on the International Safety Management Code by the International Maritime Organization (IMO). The Safety Management System is also qualified under the international quality management standard ISO 9001:2008.

• 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.

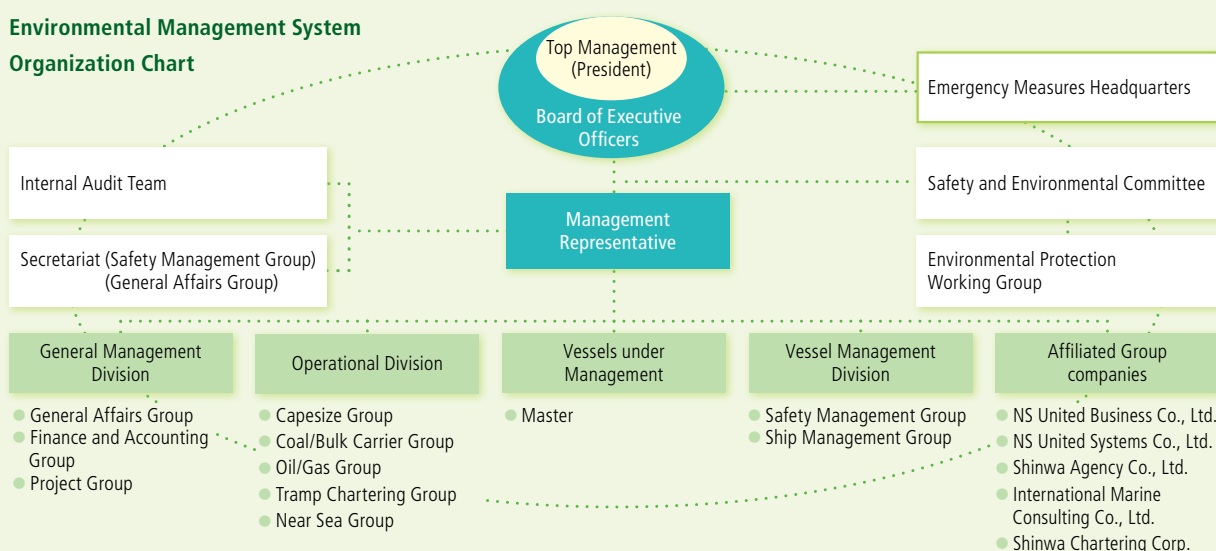
• Establishing a crisis management system

In accordance with our regulations regarding the handling of casualties 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

We provide training sessions, including seminars and on-the job training (OJT) to all crew on our management vessels. For young Japanese officers, we established a "concentrated upgrade scheme" to develop officers in the short term. To enhance the employment and training of non-Japanese crew, we continually send our staff to the Philippines and Vietnam.

Environmental Management System Organization Chart





Verification of FY2014 Implementation Plan (Environmental Management Programs) and FY2015 Implementation Plan

Five-Year Long-Term Objectives (FY2011 Formulation) **Achieve a 20% reduction in CO₂ emissions per ton/mile**

PLAN ⇒		DO ⇒	CHECK / ACT ⇒	
Environmental Policies	Environmental Objectives	Target for FY2014	Content of Activities	
		2014 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 Provide in-company training making use of group meetings	Implemented training in April 2013 for new employees Provided appropriate education at group meetings
		Train internal environmental auditors (at least one)	Foster internal auditors within the environment secretariat	Two employees participated in training provided by an external party.
		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	Provided pre-boarding seminars to a total of 181 crew (119 sessions) throughout the year.
		Implement onboard education of crew (once a year for each vessel)	Implement onboard education of crew	Implemented onboard education and training of crew (once a year)
		Holding Shipboard Safety and Health Committee meetings (once a month)	Disseminate environment conservation matters by Shipboard Safety and Health Committee	Held Shipboard Safety and Health Committee meetings on monthly basis at all ships owned or managed by the company
Promotion of Safe Operation (pollution prevention)	Preservation of the Marine Environment	Zero oil spills from vessels (without regard to amount)	Promote safe navigation (prevent contamination)	Had two minor oil spill cases on a management vessel and long-term time charter vessel
			Perform safe cargo handling on oil tankers	
			Implement safe bunkering and oil transfers Carry out maintenance work for potential oil leaks outside of vessels securely	
			Prevent oil leaks from the deck when at anchor and berthing	
Natural Resource Saving and Reduction of Waste	Conservation of Natural Resources	Maintain 20% or more reduction in fuel oil consumption per ton/mile unit load over FY2001	Implement effective operation by onshore organization	Achieved 24.51% reduction in fuel oil consumption per ton/mile unit load over FY2001
			Implement effective onboard navigation	
			Adding chemicals to boost combustion efficiency and reducing fuel oil consumption	
		Reduction in consumption of paper per employee	Reduction through converting reference documents to electronic data Reduction by saving paper	Promoted reducing paper use by using posters. Paper consumption: 2014: total 2,332,000 sheets 9,332 sheets/person (250 persons/FY2014 average) 2013: total 2,304,000 sheets 9,465 sheets/person (243 persons/FY2013 average) Results: reduced 133 sheets per person (1.4%) over previous year
			Promoting paperless operations by introducing onboard vessel-management software	
Conserve electricity	Made energy-saving efforts to cope with low power distribution, turning off unused lights, computers, and equipment and eliminating unnecessary lighting. Saved energy through Cool-Biz (casual summer office clothes) and other initiatives during summer.	Used bulletin boards to promote electricity conservation. (July 2013) Set room temperature at 28°C in summer (July through September). Promote wearing "Super Cool Biz" casual wears.		
Conservation of Air Quality (contamination prevention)	Reduction of Harmful Air Pollutants	Maintain 20% or more 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.	24.51% reduction in NOx emission per ton/mile unit load over FY2001
		Maintain 20% or more reduction in CO ₂ emission per ton/mile unit load over FY2001	Implement effective operation and navigation Note: Even with the latest models, it is impossible to reduce CO ₂ emission as long as fossil fuels are being used. Therefore, reductions are derived only from more efficient navigation.	24.47% reduction in CO ₂ emission per ton/mile unit load over FY2001
		Reduce 20% CO ₂ emission (average: 2013-2020) per transported unit over FY1991 (to be in line with the Japanese Shipowners' Association's Commitment to a Low Carbon Society)	Implement effective operation and navigation Note: Even with the latest models, it is impossible to reduce CO ₂ emission as long as fossil fuels are being used. Therefore, reductions are derived only from more efficient navigation.	21.75% reduction in CO ₂ emission per transportation unit load over FY1991
		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	Implemented a program for vessels calling at the port (5 vessels: four vessels for the Coal Group and one vessel for the Tramp Chartering Group)

unit load (average) versus FY2001 figures by FY2016

 :Achieved
  :Partly achieved
  :Need review

	PLAN ⇒	DO ⇒	
Achieved	Target for FY2015	Content of Activities	Term
	Implement in-house education (at least three times a year)	Designate a training program for new employees	Full year
		Provide in-company training making 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 Kaiun implements the educational training to "Top4" (captain, chief engineer, C/O, and 1/E) and Japanese crew To those other than the above, manning companies implement 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
		Familiarization with Emergency Response	October - November
	Implementation of Ballast Water Exchange	Execution of Ballast Water Exchange in rigid compliance with port state regulations	Full year
	Maintain 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	Made energy-saving efforts to cope with low power distribution, turning off unused lights, computers, and equipment and eliminating unnecessary lighting. Saved energy through Cool-Biz (casual summer office clothes) and other initiatives during summer.	Full year
	Maintain 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
	Maintain 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
	Reduce 20% CO2 emission (average: 2013-2020) per transported unit over FY1991 (to be in line with the Japanese Shipowners' Association's Commitment to a Low Carbon Society)	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

Ensuring Safe Navigation

● ECDIS training initiatives

A new requirement for vessels to equip ECDIS* was adopted at the International Maritime Organization (IMO) in July 2012. Training and qualification for operation is also required for all bridge watch personnel. The training can be classified into two grades: (1) general training (called "Generic Training") and (2) training for specific devices on board (called "Type Specific" and provided by manufacturers). NS United Kaiun is vigorously working on effective and smooth crew qualifications to cover all types of ECDIS on our management vessels and catch up with the requirements in a timely manner. Especially in the Philippines, a major crew supply country, we have facilitated a special training facility and promote in-house trainers at NS United Marine Philippine, Inc. (NSUMP) in collaboration with Tokyo Keiki Inc. Nippon Kaiji Kyokai (Class NK)—the first in the Japanese shipping industry to approve Type Specific training. The course also effectively provides quality training not only to Filipino crew members but also Vietnamese crew members on a daily basis.

▼ Training session



Lecturer: Training Manager MR. SALVADOR I. GARAY II



◀ ECDIS EC-8500

Note*: The Electronic Chart Display and Information System (ECDIS) is a navigational aid which allows the simultaneous display of multiple pieces of information, such as Electronic Navigational Charts (ENCs), GPS position, and planned course line on a CRT. The system is also equipped with alerts, such as deviation from planned course and approaching shallow water.

● Near-Miss Report System

A Near-Miss Report System has been established and put into practice for accident prevention. We pursue safe operation by studying preventive measures for each vessel report.

● Accident Zero Achievement Committee • Shipboard Safety and Health Committee

NS United Kaiun holds a Accident Zero Achievement Committee 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. Shipboard Safety and Health Committee meetings are held monthly on each management vessel. Shipboard activity concerned with safety, health, and environmental protection are discussed among crew members to raise awareness.



▲ Safety committee activities onboard

● Vessel Inspections

Vessel Inspections are one of our management activities that ensure safe operation of our management vessels. Annual safety inspections are carried out to confirm conformity to our own safety standards. Semi-annual SI visits are carried out to confirm the condition of the vessel, for maintenance planning, and for crew education. And internal audit is carried out annually to confirm compliance with our Safety Management System, Environmental Management System, and Ship Security Plan. In addition to the above inspections for management vessels, charter vessel inspections are carried out periodically to maintain the NS United Kaiun safety standards in cooperation with owners and their ship managers.

● Quality Ship Management

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.

We believe that highly reliable service that satisfies customer needs can be offered through direct ship management in developing our own safety management system. With this in mind, we strive to accomplish safe operation while preventing crew casualties, environmental disruption (especially to the marine environment), and loss of property.

• Safety Campaigns

The NS United Kaiun Group conducts a campaign designed to raise safety awareness.

NS United Kaiun defined the campaign period (November through February) to exchange opinions with crew members. The executives/superintendents team (including President Toru Obata, who is concurrently Chairman of the Safety and Environmental Committee) visited vessels to facilitate communication between company and management vessels. To further strengthen safe operation, we are once again aware of the importance of safe navigation, which we consider to be the foundation of NS United Kaiun. Our united efforts with shore staff and crew are a core part of the company's safe navigation. During the safety campaign, shore staff confirm how we can maintain safe navigation with teamwork between crew and shore staff by exchanging opinions on the subject of reducing human error, careless mistakes that may cause accidents, neglectfulness, overconfidence, and lack of communication.

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 campaign goods
- (4) 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 Group 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 exercises

In the event of a marine accident, 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 control structure and its functions.

Last fiscal year, the exercise was carried out on November 16, 2012 assuming a collision accident with an oil spill and crew casualties in the area approaching Tokyo Bay.

We are planning to conduct the exercise in the 3rd quarter of fiscal 2014. Onboard drills and trainings are also conducted in accordance with the Safety Management System.

These activities are carried out so that we are ready to act in the case of actual casualties that can occur by accident.



▲ Fire-fighting Drill



▲ Rescue boat drill

Reducing Environmental Impact

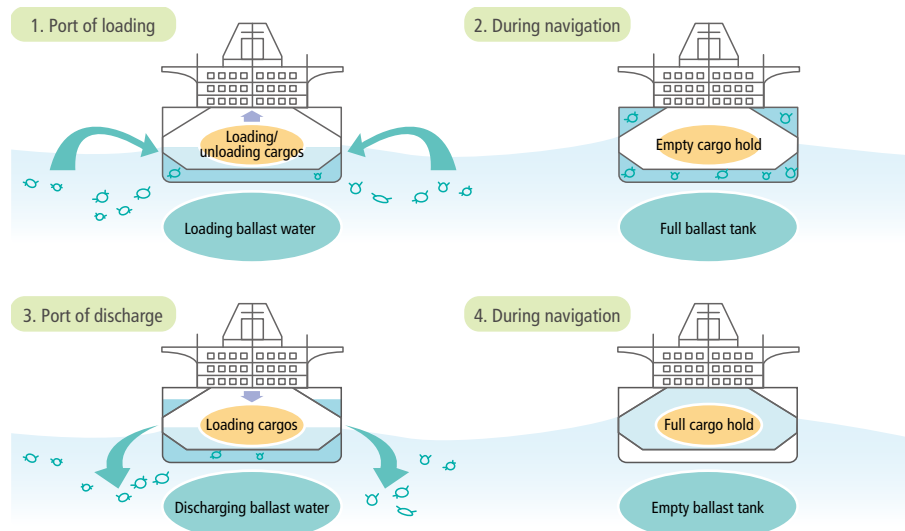
● Responding Ballast Water Management Convention (BWM)

In February 2004, the IMO adopted the International Convention for the Control and Management of Ships' Ballast Water and Sediments (also known as the Ballast Water Management Convention (BWM)), aiming to prevent ocean environment, ecosystem, and human health damage caused by harmful aquatic life (e.g. algae and shellfish) or pathogenic organisms (e.g. *Vibrio cholerae*) contained in the ballast water in the vessel. The ballast water is loaded in the vessel and discharged at the destination. To enact the BWM, at least 30 and 35% merchant shipping tonnage is required. Currently, thirty eight countries ratified and their vessels account for 30.38% of the entire number of vessels, meaning

that the Convention satisfies most of the conditions and now entered the final stage.

Once the treaty is enacted, all vessels regardless of age (including those to be constructed in the future) will be under the control of the treaty and will be required to use a ballast water processor to remove, sterilize, and destroy aquatic life and pathogenic organisms contained in the ballast water.

Starting from 2013, NS United Kaiun started to install ballast water processors onto newly-constructed vessels. We will install the processors to existing vessels in the future to make contributions to ocean environment conservation.



▲ Source: Materials released by the Ministry of Land, Infrastructure, Transport and Tourism "Travel of aquatic life through ballast water" (February 16, 2004)

● 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.
- Slow steaming 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



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

• Constructing energy-saving newly-built vessels

A new vessel "KIBOU" (coal ash carrier) built on June 7, 2013 and owned by Shinwa Naiko Kaiun Kaisha, Ltd., is equipped with a variety of energy conservation equipment and devices. These facilities and devices are approved by MLIT (the Ministry of Land, Infrastructure, Transport and Tourism) as energy-saving facilities.

The hull of the vessel was also constructed in consideration of safety and environmental friendliness by adapting a hold structure that ensures damage stability.

The following shows the main particulars of the vessel and its energy-conservation equipment and devices:

Main particulars of the vessel and energy-conservation equipment and devices (KIBOU):

▼ Major items:

Total length	105.30 m
Width	17.50 m
Depth	8.55 m
Maximum draft line	5.40 m
Gross tonnage	4,614 ton
Deadweight Tonnage	4,499 mt
Hold Capacity	5,147 m ³
Main Engine	Diesel 5LMC
Output	3,250KW

▼ Energy conservation facility and devices

- ① Shaft Generator
- ② Energy Conservation Stator: Radial fins attached forward of the propeller for rectification
- ③ Adjustable Pitch Propeller
- ④ Propeller Boss Cap Fin: Fin attached to propeller Boss aft of the propeller for rectification
- ⑤ Central Plate Cooler: Heat exchanger for the main engine cooling water



▲ New vessel "KIBOU" owned by Shinwa Naiko Kaiun Kaisha, Ltd.

• 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.

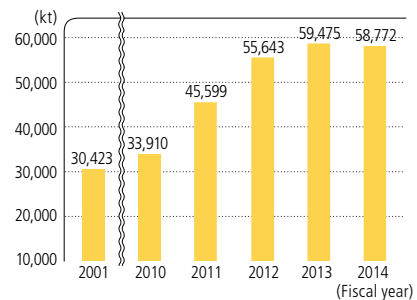
• Prevention of Ozone Depletion

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.

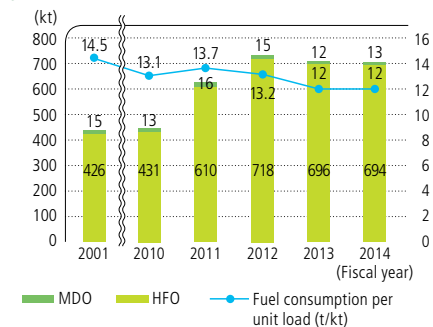
For our new vessels, we have adopted freezing and cooling machinery that use a freon substitute, and fire extinguishing systems that use CO₂ or high-expansion-foam.

New installation of freon or halon fire-extinguishing systems has been prohibited; however, using existing equipment is allowed.

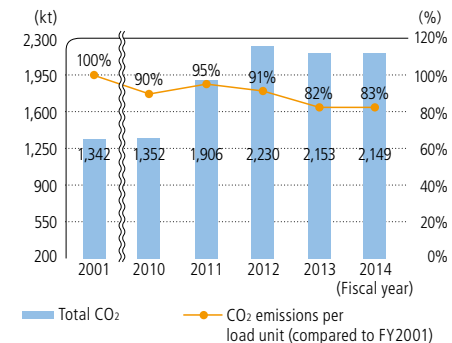
Traded Cargo Volume



Fuel Consumption



CO₂ Emission Volume



Reducing Environmental Impact

● Preventing air pollution caused by vessels

As introduced on the previous page, the International Maritime Organization (IMO) defined the MARPOL Annex VI: Regulations for the prevention of air pollution from ships. The requirements for emissions of air-pollution substances are expected to be stricter in the future. The following explains our actions in order to comply with the stricter regulations.

Stricter regulations for SOx (sulfur oxides)

Starting from January 2015, SOx emissions control will be tightened for an ocean area where limited emissions are allowed (Europe: the North Sea and Baltic Sea; North America: The coastal area of the US and Canada) and the sulfur content in the fuel oil will be limited from current 1.0% or less to 0.1% or less.

After 2020 or 2025, it is thought that SOx emissions regulations will be further tightened in all ocean areas and sulfur content in the fuel oil will be limited from 3.5% or less to 0.5% or less. The specific start time will be determined by deliberation of the IMO in 2018. We will closely watch the future trend.

Other than using lower sulfur fuel oil, marine machinery manufacturers develop devices that clean exhaust gas from engines to remove SOx or diesel engines run by natural gas. NS United Marines will learn more in order to make the best choice from new technologies.

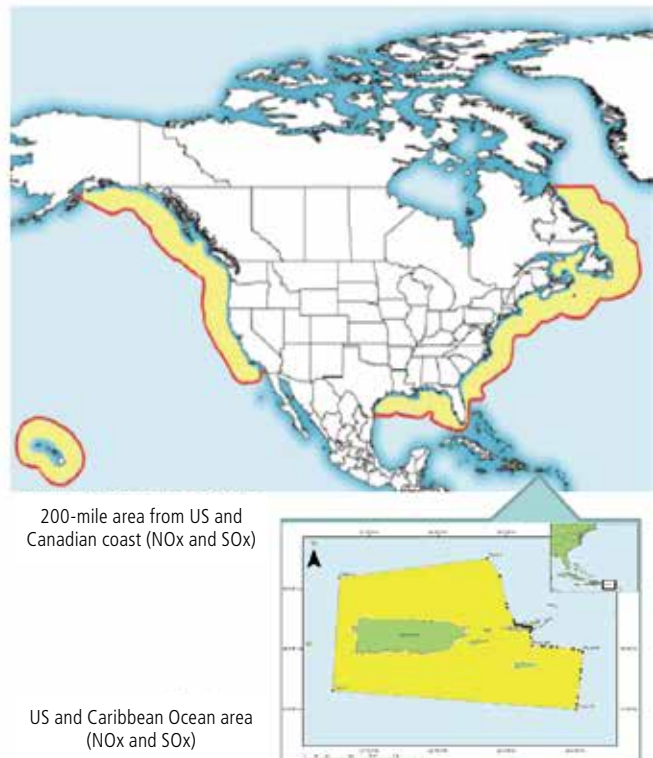
Stricter regulations for NOx (nitrogen oxides)

For new vessels to be constructed after January 2016, it is necessary to reduce NOx emissions by 80% compared to those constructed between 2000 and 2010, if the vessels navigate the NOx emission control area along the North American coastlines (US and Canada). To satisfy the requirements, vessels need to mount device to reduce NOx emissions. Therefore, we will keep a close eye on development trends of the device when considering the specifications of vessels to be constructed in the future.

Area with limited emission



Source: Japanese Shipowners' Association



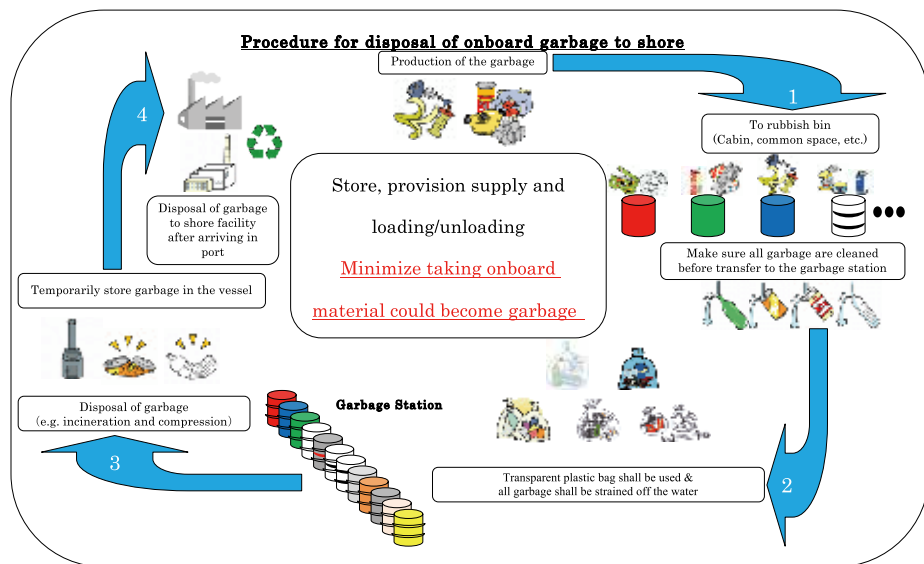
• Proper Disposal of Onboard Garbage

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

MARPOL Annex V has been revised and entered into force from 1st January 2013. According to the revised MARPOL Annex V, all the garbage generated onboard are prohibited ocean disposal (with the exception of food waste, cargo residue, and the like). Therefore, all the vessels are urged to bring their garbage to a port and dispose of it onshore. Accordingly, we revised procedure of Garbage Management Plan and started a new system. The Plan has been approved voluntarily by Class and the current garbage management system onboard adopts a stricter garbage storing system (12 types) so that the garbage can meet garbage sorting and recycling requests at various ports.

In addition, NS United Marine strive to formulate a storage system for onboard garbage by providing can crushers and garbage compressors, promoting garbage incineration, as well as minimizing items to load on the vessels (e.g. reducing the use of disposable paper caps and chopsticks, as well as unnecessary packaging materials).

The company is monitoring the disposal process through reports from each vessel to ensure proper execution of the Garbage Management Plan.



Source : 3R(Recycle, Reuse, Reduce) policy form, Ministry of Economy, Trade and Industry Website: <http://www.meti.go.jp/policy/recycle/main/data/Eust/index.html>

INTERVIEW

• Onboard Garbage Management

Chief officer: Hideyuki Miyauchi



Glorious times have passed quickly through a series of ceremonies for M/S NSU NEWSTAR—delivery and departure for the maiden voyage. Since this time, I have been buried in making maintenance schedules. The processing of garbage onboard is done when the vessel is in rough weather or in rain—times when I can't continue scheduled maintenance work.

Even after the establishment of the Garbage Management Plan, crew awareness is yet to be raised. Repeated crew education in meetings and practices are required to adjust crew member awareness to the new requirements. I hope to raise crew awareness so that all crew understand that "one person's fault is the fault of the whole team" instead of just blaming and forcing responsibility onto an incompetent crew member.

There are many factors that interfere with the realization of goal, including garbage-accepting facilities ashore (still, many ports cannot accept some kinds of garbage), crew education during pre-boarding seminars, insufficient storage space onboard, and reviewing the capacity of incineration. Still, garbage management is gradually improving.

Note: M/S NSU NEWSTAR (January 14, 2014)



▲ Left is the author

Environmental Education

● Seamen's Environmental Education

NS United Kaiun has organized and implemented onboard education and training through On-the-Job Training (OJT) in addition to classroom training for crew members ashore. The plan includes items related to environmental protection and is implemented during pre-boarding seminars to improve crew awareness.

We provide pre-boarding seminars to Japanese crewmembers and the "top four" (namely, the captain, chief engineer, chief officer, and first engineer at NS United Kaiun Kaisha). For the crew other than those listed above, overseas manning companies provide seminars on our behalf. The items in the seminar last year include "Revision of the Garbage Management Plan", "Operation of the Ship Energy Efficiency Management Plan (SEEMP)", "New requirements by the Maritime Labour Convention (MLC)" and "Overview of Past Accidents and Countermeasures". These seminars help take crewmember skills and awareness to the next level.

● Upgrading of Crew

There have been a variety of seminars aiming to boost the performance level of crew. To further increase professional knowledge, there is a seminar (called the "Technical Seminar") specially designed for captains, officers, and engineers on vacation. The seminar is provided two times a year with themes dedicated to officers and engineers, focusing on onboard tasks. The seminar, which had been provided only in the Philippines, also began in Vietnam last year.



▲ At the Technical Seminar in the Philippines. Captain serves as a lecturer.

● Glossary

Ballast water P18, P21

Ballast water is water used as a weight to stabilize the posture of vessels at sea. The vessels sink when loading cargo and float when unloading cargo. However, excess float may break down the balance of the vessel, so the vessels typically load ballast water into dedicated ballast tanks when unloading cargo in order to prevent excess float, and discharge the ballast water when loading cargos to ensure that adequate draft (depth of the ship in the water) is maintained.

Chlorofluorocarbons (CFCs) P22

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.

Dioxins P22

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.

Greenhouse gas P21

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 Convention for the Prevention from Ships, 1973, as Modified by the 1978 and 1997 Protocols (MARPOL Convention) .. P3, P24

The convention stipulates initiatives for preventing contamination through oil, water, and waste.

International Maritime Organization (IMO) P8, P16, P19, P21, P23

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.

ISO 14001 P9, P26

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 P9, P16, P26

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.

MLC P25

Maritime Labour Convention 2006, enacted on August 20, 2012
The Convention specifies basic employment conditions for crews, such as labor and rest hours, accommodations, food and catering, health protection, medical care, and so on.

Ozone Depletion P22

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.

Slow steaming P21

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.

SOx (sulfur oxides), NOx (nitrogen oxides) P17, P18, P23

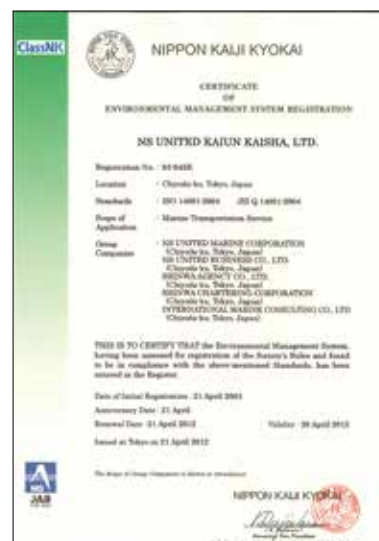
Exhaust gas from engines and boilers used in vessels contains SOx (sulfur oxides) and NOx (nitrogen oxides) generated in the course of combustion. The NOx and SOx react with water vapor or oxygen in the air to become nitric acid and sulfuric acid repeatedly. These substances return to the earth in a form of acid precipitate after being caught by rain drops. The acid precipitate often causes severe environment damage such as damage to forests or killing lake or river organisms.

Work-life balance P11

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.

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 counter-measures 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)
June	2012	CSR Report 2012 published.
June	2013	CSR Report 2013 published.
October	2013	Established Group Corporate Philosophy



▲ ISO14001: 2004 Approval Registration Certificate

Note: For period after 2000



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



NS United Kaiun Kaisha, Ltd.

CSR Committee Secretariat, General Affairs Group

Otemachi 1st Square West Tower, 5-1, Otemachi 1-Chome, Chiyoda-ku, Tokyo 100-8108, Japan

TEL : +81-3-6895-6404 FAX : +81-3-6388-2366

E-mail:LEGAL@nsuship.co.jp



Thank you for your reading NS United Kaiun Group's CSR Report 2014.
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 FY2014 Implementation Plan and FY2015 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.