

THE NYK GROUP ESG STORY BOOK



Bringing value to life.



WELCOME TO OUR STORY

The Basic Philosophy of the NYK Group Mission Statement

Bringing value to life.

Delivering products when and where they are needed truly realizes their value.

With resources and technologies unevenly distributed throughout today's global society, maritime shipping and logistics will remain indispensable even though cargoes may change.

Our duty is to deliver resources, grain, automobiles, and an array of other products, intermediate products, and general consumer goods inexpensively, reliably, and safely.

The many successes as well as the failures we have experienced and the network of personal contacts we have developed will drive our ambitious new initiatives in fields beyond transportation.

Worldwide, we will enrich and bring comfort to daily life and continue supporting society and industry.

Going forward, we will deliver products and services when and where they are needed.

We will become even more essential to society.



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At each site, we will pursue the range of possibilities that emerge when ESG yardsticks are incorporated, achieve improvements, and deliver them to society as new value.

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Remaining a Corporate Group That Meets Society's Needs

In 2020, NYK celebrated the 135th anniversary of its foundation. Moreover, 2020 marked 150 years since Mitsubishi Group founder Yataro Iwasaki established the maritime shipping business that became NYK's forerunner. Present-day society has come to trust and rely upon the NYK Group thanks to the strong support it has received over many years from customers and various other stakeholders as well as to a series of coolheaded decisions and bold initiatives taken in response to social changes by our predecessors and the current generation of managers.

Meanwhile, as stated in our integrated report, *NYK Report 2020*, the large amount of fossil fuel that ships and the logistics industry use puts them at a disadvantage from the viewpoints of climate change and environmental preservation. I have a sense of crisis stemming from the realization that if we cannot set out a clear road map for addressing environmental issues, the continuation of our businesses will become challenging. On the other hand,

the establishment of a road map that exemplifies our unique strengths and earns stakeholder understanding and empathy is sure to drive strategies of overwhelming differentiation.

Can we continue corporate activities and enjoy our current prosperity? As uncertainty increases and forecasts become difficult to make, will we be able to remain essential in a sustainable society? I am certain that we can find the key to answering these questions somewhere in the Group. With this in mind, our management team must make full-fledged efforts to use ESG yardsticks in pursuit of the untapped value that is currently scattered throughout the Group, improve this value, and give it concrete form. In these efforts, we must look closely at fields that until now common sense would have deemed unsuitable for the establishment of businesses.

At this juncture, the Group needs to place environmental, social, and governance (ESG) factors at the center of business management. Adopting broad perspectives, each officer and employee should reexamine existing mindsets, practices, and organizational formats and rigorously pursue radical self-reform.

In other words, I am convinced that precisely those companies able to set out growth strategies sincerely addressing society's expectations with respect to climate change and other well-known issues are the ones that will survive.

Accordingly, we have formulated a target corporate profile, held numerous discussions, and established the NYK Group ESG Story. The story adds ESG yardsticks to the imperative of economic efficiency that has underpinned our standards of behavior until now. I believe that if all Group employees consistently act based on a shared awareness of these ESG yardsticks, so that this approach becomes second nature, they will be able to say with pride that the NYK Group meets society's expectations. Leading from the front, I will make an all-out effort to realize ESG management. Reflecting its basic philosophy of "Bringing value to life," the NYK Group will continue to fulfill the expectations of society.

February 2021

Hitoshi Nagasawa

President, Representative Director,
President and Chief Executive Officer

Existing Business Foundations

135 years

From its foundation 135 years ago to the present day, the NYK Group has underpinned society and industry by providing transportation that matches the needs of society and customers.

609 bases

As a comprehensive global logistics enterprise that is becoming the preferred choice of clients worldwide, we have established a global logistics network comprising more than 600 logistics bases in over 40 countries and regions.

15 cities

We have built an air cargo transportation network that has Japan as a hub and which interlinks 15 cities in North America, Europe, and Asia.

777 ships

(as of September 30, 2020)

The NYK Group operates containerships, dry bulkers, wood-chip carriers, pure car and truck carriers, tankers, LNG (liquefied natural gas) carriers, and many other types of ships, supporting the progress of society and industry night and day.

35,000 people

The NYK Group has approximately 35,000 employees. If the non-Japanese crew members of the Group's fleet are included, this number rises to roughly 52,000 employees. Employees with diverse backgrounds and expertise work at sites in regions worldwide.

37 sites

The Car Transportation Division provides high-value-added services in both marine and land transportation.

Addressing Social Issues through Our Businesses to Create New Value

Sustainable Solution Provider



PART 01

New Value Creation to Realize the NYK Group of Tomorrow

PART 02

Bolstering of Human Resources and Organizations to Advance New Value Creation

PART 03

Strengthening of the Management Base to Support ESG Management

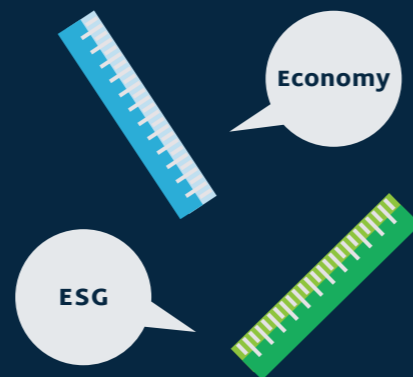


Using ESG Factors to Redefine Product Transportation and Service Provision

The NYK Group will integrate ESG factors with management strategies. We will advance ESG management that simultaneously enables corporate, environmental, and social sustainability. Doing so requires making decisions not only based on traditional economic yardsticks that measure corporate value enhancement in terms of economic efficiency and business scale

but also in line with ESG yardsticks that measure contributions to the resolution of social and environmental issues.

Although our ambition of becoming a corporate group that ceaselessly takes on new challenges in pursuit of a medium- to long-term vision is a very lofty goal, we will once again initiate in-house reform with a view to realizing ESG management.



By advancing ESG management, we will

- Remain the preferred choice of clients and partners,
- Earn the support of diverse stakeholders who share our belief in the need to address ESG issues, and
- Become a sustainable corporate group that leverages ESG management to pursue differentiation and formulate growth strategies.

Using both economic and ESG yardsticks in day-to-day business activities will enable us to invest management resources (talent, assets, investments, and data) with a focus on economic and ESG requirements and thereby become a Sustainable Solution Provider (a company also offering solutions to social and environmental issues) that delivers value to

diverse stakeholders. Unless it becomes such an entity, the NYK Group will find survival difficult. To build a sustainable environment and society for the future, we will spearhead initiatives in the logistics and maritime shipping industries and garner the understanding and cooperation of customers and partners so that we can become sustainable together.

The Goals of ESG Management



The Goals of ESG Management

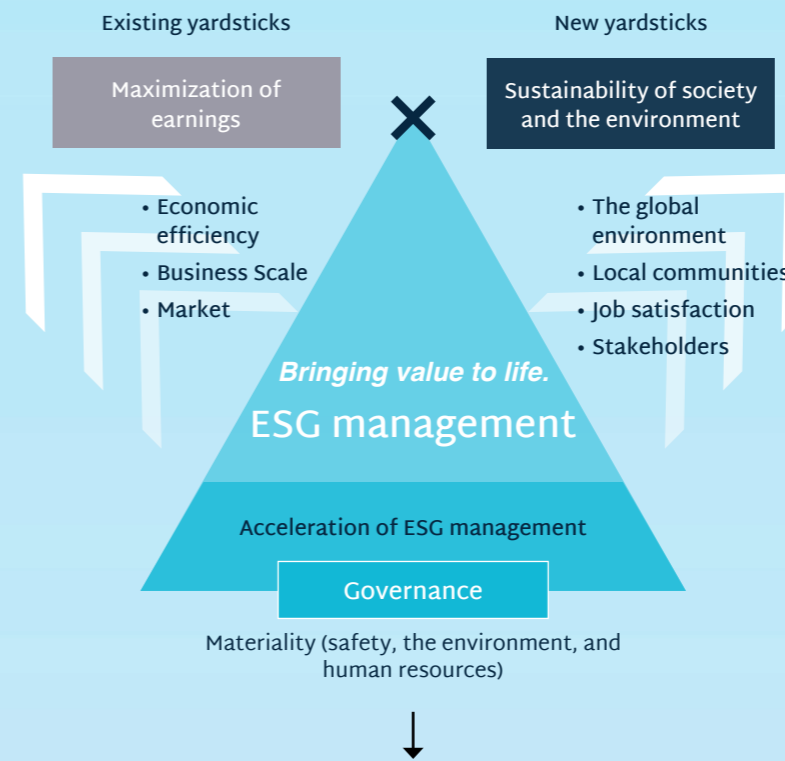
In the medium-term management plan, “Staying Ahead 2022 with Digitalization and Green,” announced in March 2018, the NYK Group clearly stated its intention to integrate ESG principles with management strategies. The plan outlines how the Group will realize new value creation by merging the maximization of earnings with the pursuit of social and environmental sustainability. For many years, we have actively taken steps to meet our corporate social responsibility. Since the announcement of the current plan, however, we have held numerous multifaceted discussions on ways of achieving ESG management. The conclusion

reached was that the Group provides a public service and must become a Sustainable Solution Provider that remains essential to society and industry.

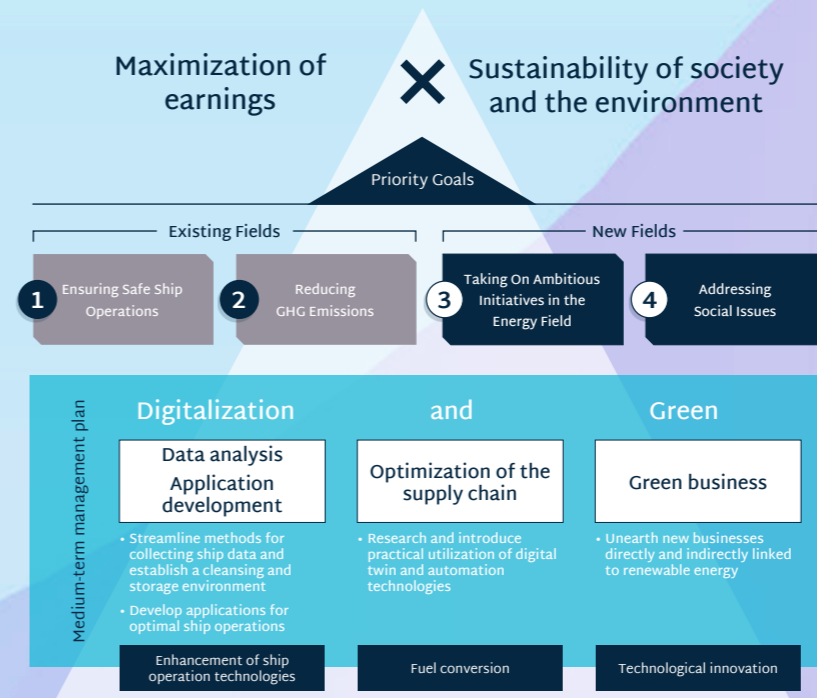
With the aforementioned matter settled, what should a Sustainable Solution Provider do? To begin with, in considering daily business activities, each Group employee must use existing yardsticks for measuring economic efficiency and business scale together with ESG yardsticks. With the assistance of these two types of yardsticks, each employee should think about how they can address social and environmental issues through their work. By reexamining their jobs in

this light, employees will spot the seeds of value creation throughout the Group. If rigorous analysis based on ESG yardsticks reveals seeds that will help us remain essential to society, we will focus management resources—namely, talent, assets, investments, and data—on them over the long term, even if some seeds do not contribute to short-term business performance. These efforts will enhance corporate value by differentiating the Group’s existing businesses, creating new business fields, improving branding, and increasing employees’ job satisfaction and pride.

What will the NYK Group’s ESG management look like?



Example: Value the NYK Group will create going forward
— Four business themes reevaluated using new yardsticks—



ESG yardsticks remind us that, rather than being constrained by short-term thinking, we must consider operations from a long-term viewpoint. For example, we have to take into account whether our activities are sufficiently environment-friendly, whether we are contributing enough to local communities, whether employees have job satisfaction, and whether we are meeting the expectations of many different stakeholders. ESG yardsticks are a way of heightening our sensitivity to social and environmental issues. The ESG management that we aspire to involves adding ESG yardsticks—in other words, an emphasis on a sustainable society and environment—to yardsticks focused on earnings maximization while providing robust support to both aspects of our activities through governance, the base for business activities. The current NYK Group ESG Story presents merely a sample of the initiatives that the Group will pursue through ESG management. As a result of lively debate that includes all of the Group’s divisions, employee ranks, and operating regions, ESG management will grow to encompass a wider range of initiatives. By carefully nurturing each initiative and acquiring the understanding and empathy of numerous stakeholders for doing so, ESG management will effectively become the Group’s growth strategy going forward.

PART
01

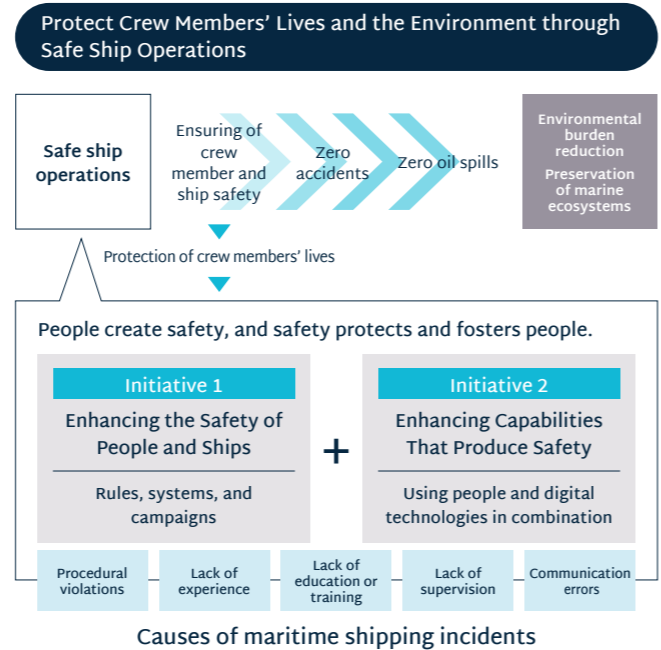
New Value Creation to Realize the NYK Group of Tomorrow

This section focuses on how we will advance New Value Creation to Realize the NYK Group of Tomorrow, one of the goals of ESG management. Surveying existing and new business fields, the section highlights measures aimed at Ensuring Safe Ship Operations, Reducing GHG Emissions, Taking On Ambitious Initiatives in the Energy Field, and Addressing Social Issues.



1-1. Ensuring Safe Ship Operations

Safe ship operations are integral to the NYK Group's business continuity. As well as protecting the safety of crew members and ships and contributing to cargo safety and the provision of reliable services, safe ship operations are an indispensable part of environmental preservation aimed at "giving back to the oceans" and leaving unspoiled oceans as a legacy for future generations. Serious maritime accidents endanger human lives and risk damaging the important cargoes entrusted to shipping companies by customers. Also, oil spills resulting from accidents have an immeasurable negative impact on the environment. The realization of safe ship operations is thus a mission that we must always fulfill, and the fact that we have made safety our first priority in tackling initiatives to date is a source of pride.



Heightening the Safety of People and Ships

Safety Advancement Structure

Learning lessons from a worldwide increase in the frequency of maritime accidents in the 1980s, we became one of the first shipping companies to create a Companywide organization for safety management with the establishment of the Safety Promotion Committee in 1992. Since then, we have made safety management a core component of business management by building a safety governance system in which the president and chief executive officer chairs this committee. The aforementioned measures predated the establishment of shipping companies' safety management responsibilities through the enforcement of the International Safety Management (ISM) Code as part of a convention in 1998, reflecting a corporate culture that views ensuring safety as a management responsibility.

Advancement Structure



*1 NYK-Maritime Education Committee

Our Unique NAV9000 Quality Assurance Standards

Established in 1998, our NAV9000 system keeps a vigilant eye on not only NYK-owned vessels but also our fleet of chartered vessels. The system heightens the safety levels of chartered vessels through the facilitation of dialogue with shipowners, who are our business partners. We have fostered a mutual understanding of the importance of safety management and environmental preservation by having our personnel visit ships and the offices of shipowners to hold face-to-face discussions

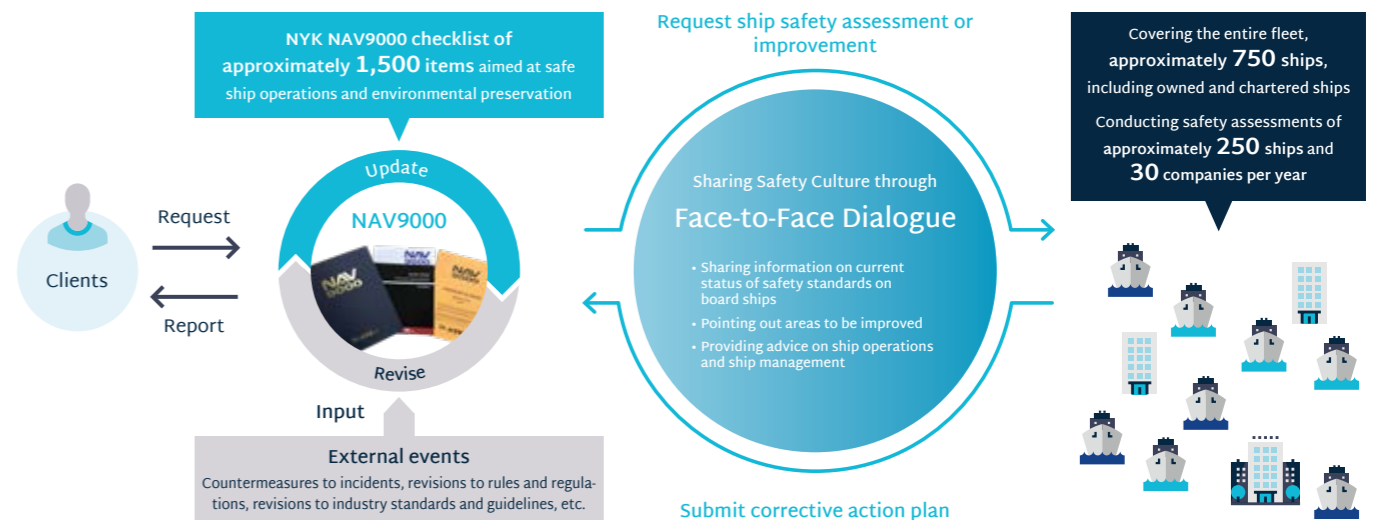
with crew members and company managers in which information is exchanged on safety, the requirements of customers, the latest industry standards, and the experience we have accumulated. The NAV9000 system enables us to take highly effective joint measures that go beyond compliance requirements and to grow with society.

Fostering Personnel and Developing a Safety Culture

In accomplishing safe ship operations, the fostering of talented personnel is important. Our long-standing conviction that safety begins with personnel development can be traced back to Mitsubishi Mercantile Marine School (currently Tokyo University of Marine Science and Technology), established by Yataro Iwasaki, the founding father of NYK, as part of his efforts to modernize Japan. In 2007, we established the NYK-TDG Maritime Academy (NTMA) in the Philippines, which has enabled us to reliably secure and foster exceptional crew members. Also, through the operation of an independent training center and cadet training ships, we have established an effective development system that enables trainees of all nationalities to acquire the expertise and knowledge we have accumulated in relation to safe ship operations.

Further, we were prompted to recognize anew the weightiness of our social responsibility by an oil spill, which occurred on July 2, 1997, when one of our tankers, Diamond Grace, came into contact with the Naka-no-Se shoal in Tokyo Bay and leaked 1,550 kiloliters of crude oil. Based on lessons learned from this oil pollution accident, we conduct an annual safety promotion campaign. To ensure that these lessons are not forgotten, we develop our safety culture constantly. For example, we encourage two-way communication by having crew members and onshore personnel take an e-learning course based on a video that recreates the accident.

NAV9000



Enhancing Capabilities That Produce Safety

Full Utilization of Digital Technologies to Enhance Sustainability

The NYK Group realizes high-quality fleet development by assigning naval architects and mechanical engineers with hands-on expertise in shipbuilding to continually develop and maintain NYK ship specification standards by making use of the lessons learned from accidents and malfunctions that have occurred within our fleet. Also, in recent years we have been setting our sights on the future and staying ahead of competitors by developing technologies that dramatically increase safety through the combination of new digital technologies with existing technologies for high-quality shipbuilding. This tireless pursuit of ship operations with ever-higher levels of safety is the very essence of the Group's differentiation. By making further use of digital technologies to maintain and provide safe, high-quality logistics services, we will increase our sustainability as well as that of customers.

Prevention and Early Detection through the Onshore Monitoring of Ships

Introduced in 2008, our ship performance monitoring system, which we refer to as the Ship Information Management System (SIMS), enables us to collect big data on ships. This data covers position and speed, wind direction and strength, the operational status of engines (temperature, pressure, and flow rate), and acceleration rate, which is obtained from

vibration sensors. Drawing on their abundant experience of ship operations, our expert navigation officers and engineers are uniquely qualified to use the aforementioned data for analysis and diagnosis that enable the early detection of the precursors of malfunctions, breakdowns, and serious accidents.

In Manila in August 2020, we established the Remote Diagnostic Center (RDC), which efficiently conducts intensive, centralized monitoring of the operational status of the engines of ships equipped with SIMS. At the center, experts thoroughly analyze the results produced by an AI-enabled engine plant anomaly detection system and then communicate highly precise information to ships equipped with SIMS. In other words, we have built an "Expert in the Loop" system whereby AI and experts efficiently cycle through a process of detection, assessment, notification, and feedback. Moreover, we are conducting R&D on an anomaly detection system that will introduce edge computing to ships and utilize advanced AI technologies to conduct data analysis and diagnosis for the prevention of accidents. The RDC will also be able to function as an operations center for manned autonomous ships once it has accumulated sufficient knowledge on status monitoring, accident prevention, and preventive maintenance and once a communications environment that allows for the real-time acquisition of navigation and ship-handling data has been established.

Elevation of Safety Levels with Respect to Human Elements

Since it began operating in December 2018, the NiBiKi digital platform for managing duties on board ships has digitalized the checking of various work procedures in compliance with safety management manuals, work permissions, safety checks, and incident and failure reports. On board ships, safety checks, work permission applications, approvals, reports, and records are entered into iPad tablet computers and stored in an onshore server in real time. Moreover, combining such data with SIMS data enables analysis of accident causes that takes into account human elements—something that has been difficult until now. As well as reducing the workloads of crew members and company managers, digitalization will enable us to convert human behavior patterns into big data and thereby raise safety levels.

Research on Technologies for Manned Autonomous Ships

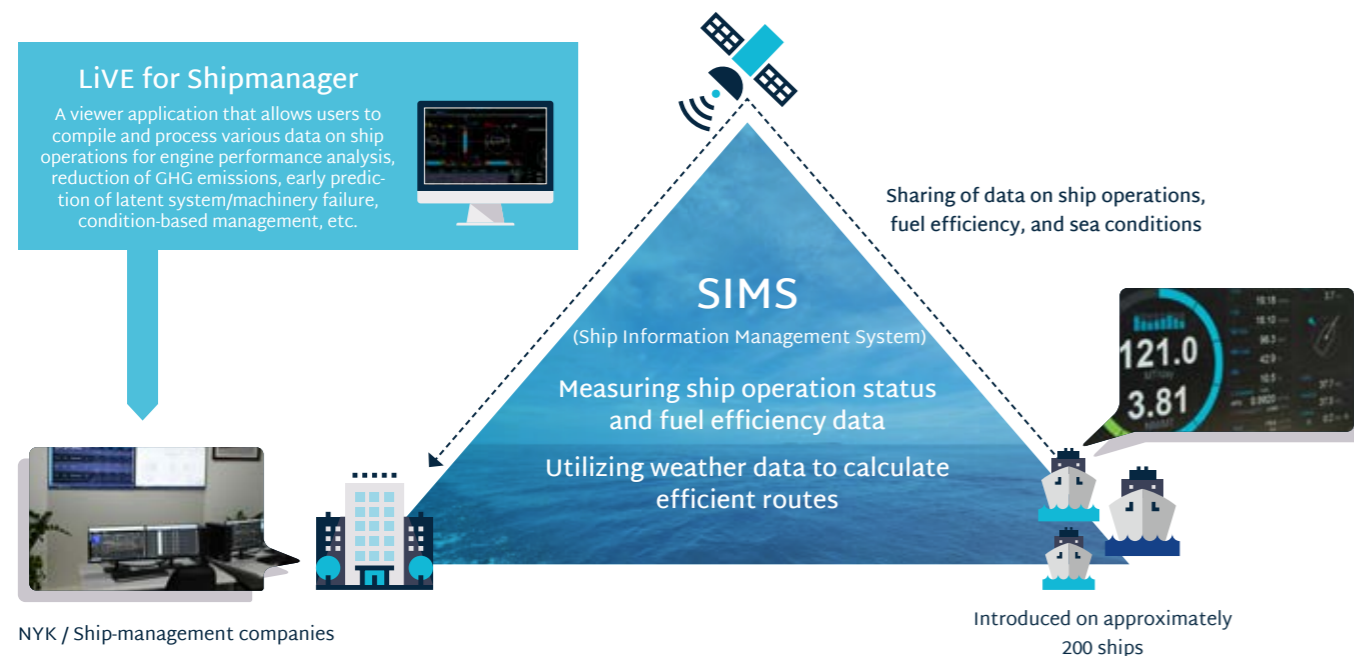
The development of technologies for manned autonomous ships will lower accident rates and lighten the workloads of crew members, increasing the efficiency and safety of ship operations. These technologies promise to reduce collisions by introducing automatic collision avoidance functions to ship-handling systems to assist navigators and crew members. Manned autonomous ships will also increase the efficiency of ship operations and preempt engine accidents by receiving onshore feedback pertaining to ship monitoring, situation diagnosis,

and results. Other benefits include the avoidance of groundings through remote, onshore operation of ships in emergencies. Already, tests have confirmed the effectiveness of the aforementioned technologies for collision avoidance.

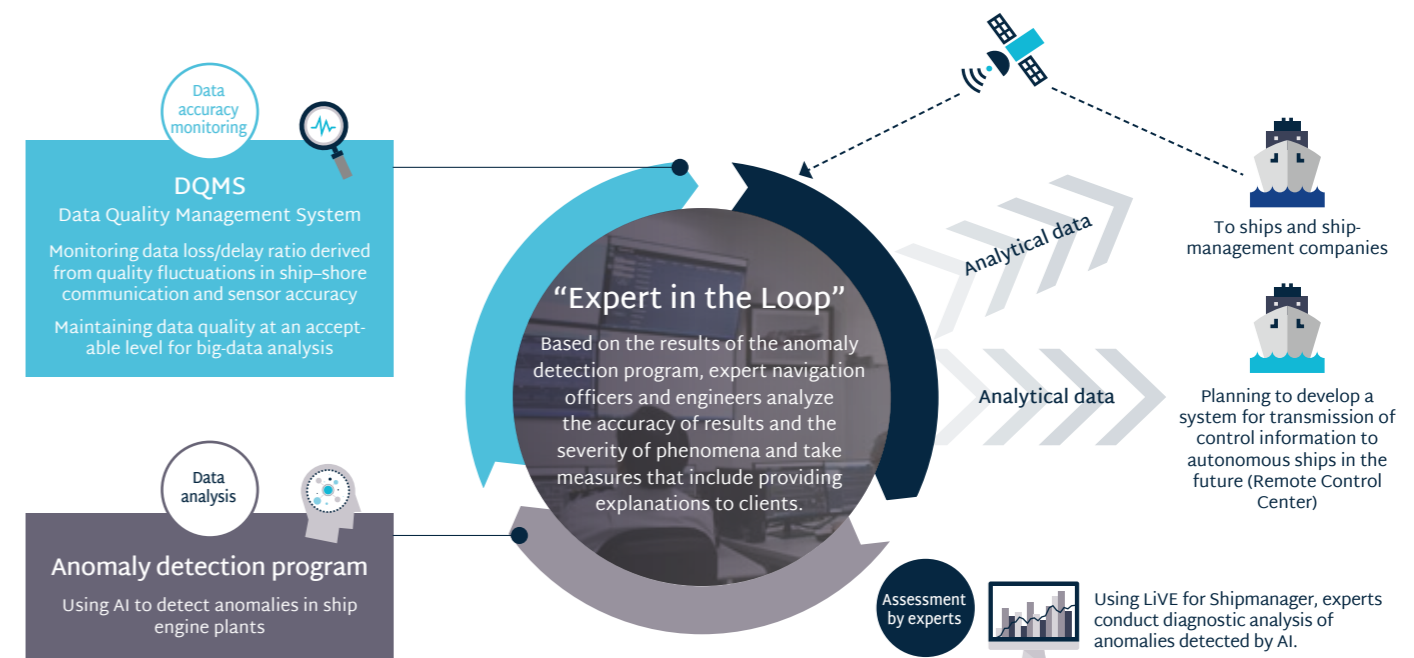
Through the use of our in-house developed, full-mission-type ship-handling simulator, we have collected a huge amount of data for more than 30 years on human ship-handling behavior during collisions and near collisions, and that data is being used in the development of an algorithm for a collision-avoidance system. The conceptual design of the collision-avoidance planning and execution system has acquired Nippon Kaiji Kyokai (ClassNK) certification.

In addition, in 2016 we began conducting research on manned autonomous ship technologies with nautical instrument manufacturers in Japan with a view to realizing autonomy level 3 (AL3), a classification of manned autonomous ships proposed by Lloyd's Register of Shipping of the United Kingdom. Since then, we have conducted research with numerous maritime companies, classification societies, and universities in Japan and overseas. In 2020, we were chosen as one of the participants in the MEGURI 2040 Crewless Maritime Autonomous Surface Ship Trial Project, which is being conducted by the Nippon Foundation. In partnership with more than 27 domestic companies, we aim to conduct successful proving tests of unmanned autonomous ships on Japan's coastal routes.

SIMS (Ship Information Management System)



Remote Diagnostic Center (Manila, Philippines)



1-2. Reducing GHG Emissions to Provide an Environment-Friendly Transportation Mode

The reduction of greenhouse gas (GHG) emissions is an environmental task we must tackle right now. Unless this issue is addressed, continuing business activities will be difficult. Therefore, the simultaneous realization of GHG emission reductions and business strategies is essential. In addition to our self-help efforts to reach GHG emission reduction targets, we want to help solve issues by working with customers who face similar issues and with partners who have shown understanding of our GHG emission reduction activities.

To promote the aforementioned activities, we have built a framework for climate change response management. We employ a wide variety of methods and systems to advance in-house measures focused on the climate change issue. For example, the Board of Directors supervises GHG emission reduction activities, while the Risk Management Committee identifies climate change-related risks and monitors the progress of countermeasures. Other initiatives under the framework include our introduction of internal carbon pricing and the further promotion of green finance—a field where we have been playing a progressive role.

Further, based on an awareness of the disclosure methods of the Task Force on Climate-related Financial Disclosures (TCFD) and with a view to responding to changes that may arise from future scenarios, such as the effects of climate change on businesses, we have introduced a new management method that involves making observations of key fixed points, which act as benchmarks that show how trends and scenarios are emerging. At present, we have introduced the management method to energy-related divisions, and we are considering its introduction to other sales divisions.

Through scenario analysis that utilizes the aforementioned management method, we will identify possible risks and opportunities and use our findings in the consideration of business strategies.

Management Decision-Making for GHG Emission Reduction

Monitoring by the Board of Directors

Ensuring rigorous risk management

- Identifying climate change risks
- Monitoring the progress of measures



Utilizing ESG indicators in investment and funding activities

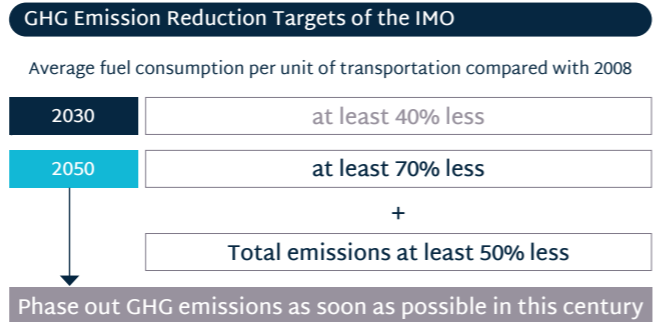
- Introducing internal carbon pricing
- Sustainability-linked finance



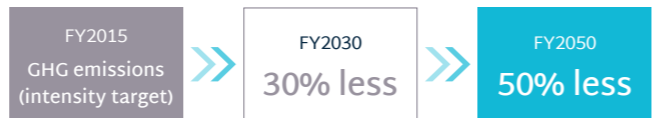
Monitoring and disclosure based on TCFD

- Governance: Structure and examination methods
- Strategies: Short-term, medium-term, and long-term corporate management
- Risk management: Methods of identifying, evaluating, and reducing risks
- Indicators and goals: Evaluation indicators for risks and opportunities and progress toward goal attainment

The GHG emission reduction targets (base year: 2008) of the International Maritime Organization (IMO) and the GHG emissions intensity reduction targets (base year: fiscal 2015) of the NYK Group are as shown below.



The NYK Group's GHG Emissions Intensity Reduction Targets (Science Based Targets certification acquired)

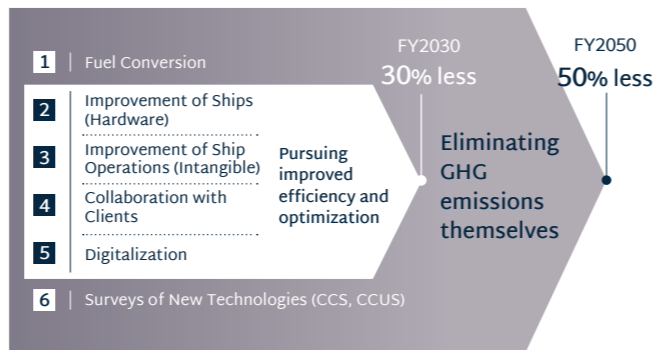


Breaking down the target of a 30% reduction by fiscal 2030, improvements in intangible aspects of ship operations are expected to bring the largest GHG emission reduction benefits by enabling a contraction of approximately 18%. In addition, we expect to achieve reductions of roughly 11% through tangible improvements in ships and around 1% through fuel conversion. As for the target of a 50% reduction by fiscal 2050, the introduction of zero-emission ships will be essential, and we are setting our sights on the adoption of new technologies to this end.

Six Concrete Measures Aimed at Providing an Environment-Friendly Transportation Mode

We aim to achieve a 50% reduction by fiscal 2050 through the pursuit of improved efficiency and optimization as a supplement to direct efforts focused on GHG emission reduction.

Process for Achieving GHG Emission Reduction Targets



1 Fuel Conversion

Aiming to reduce GHG emissions, we will advance the changeover to LNG-fueled ships. Also, looking further ahead, we are actively conducting R&D on ships fueled by ammonia and hydrogen. Moreover, as the handling of fuels such as ammonia and hydrogen differs from that of heavy oil, we will train personnel to ensure safe ship operations.

2 Improvement of Ships (Hardware)

Based on the Vessel Technology and Innovation Road Map and elemental technologies proposed for NYK SUPER ECO SHIP 2050, which was announced in 2018, we are proceeding with R&D focused on improving fuel efficiency and the future realization of zero-emission ships. This R&D calls for collaborations that bring together the NYK Group's knowledge and the technological capabilities of diverse partners, including shipbuilders, ship equipment manufacturers, and classification societies. Currently, we are taking part in a variety of open innovation initiatives, some of which include industry peers. Also, given that R&D and the renewal of ships through the incorporation of new technologies require a certain amount of time, we will periodically replace existing ships with ships that have improved propulsive performance, thereby reducing GHG emissions.

Open innovation initiatives in which we participate

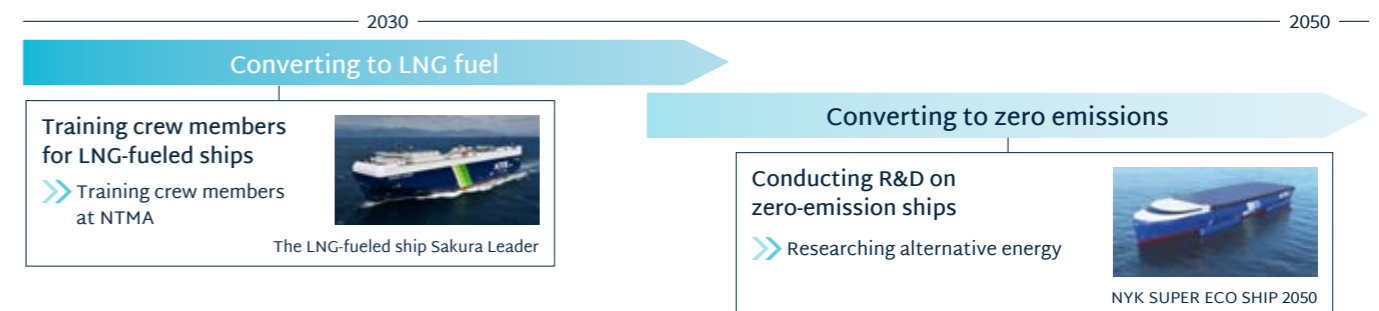
- The Maersk Mc-Kinney Moller Center for Zero Carbon Shipping
- Getting to Zero Coalition
- International Shipping GHG Zero Emissions Project, etc.

3 Improvement of Ship Operations (Intangible)

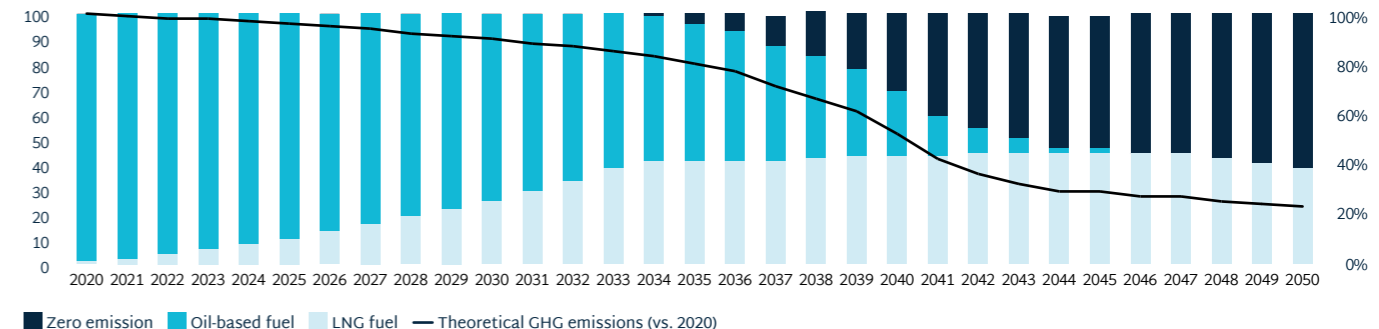
In reducing GHG emissions, efforts to improve ship operations (intangible) are indispensable. We will accordingly advance existing fuel consumption reduction activities even further.



Aiming to Introduce Zero-Emission Ships Early



Example: Outline of long-distance car carrier portfolio if zero-emission ships are viable by 2034



IBIS TWO Plus—Driving Fuel Consumption Reduction Activities

In fiscal 2019, ended March 31, 2020, we changed the name of our organization tasked with leading fuel conservation activities from IBIS-TWO to IBIS TWO Plus and broadened the scope of the organization's activities. As well as fuel conservation activities—which have long been the organization's primary focus—IBIS TWO Plus is responsible for raising the level of duty performance through the sharing of information on (tangible and intangible) operations-related duties (a new initiative), operator education, and the passing on of skills. Furthermore, in fiscal 2020 the organization transferred from a management system centered on senior managers to a more frontline-driven management system in which a wider range of junior managers from sales and technical divisions participate in activities and themed discussions.

4 Collaboration with Clients

Without the cooperation of our customers and other stakeholders, we cannot improve ship operations or lower our environmental burden. Adopting a medium- to long-term viewpoint, we will share social issues with customers and other stakeholders and address their problems by working with them to carry out multifaceted environmental improvement activities.

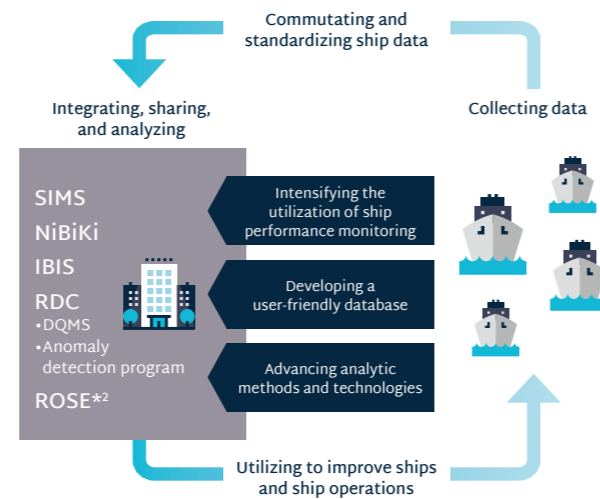
Examples of our solutions

1. Proposing improvements to the efficiency of navigation and cargo-handling plans
2. Purchasing and utilizing carbon credits in accordance with customer requests
3. Implementing sustainability marketing

5 Digitalization

The utilization of data is critical in the furtherance of efforts to improve the tangible and intangible aspects of operations. To utilize data, it must be collected in formats that are analyzable. Accordingly, we will

establish infrastructure that effectively collects data on ship operations and other related data and which commutates and standardizes various types of data so that it is readily usable. In addition, we will upgrade data analysis methods and technologies and disseminate them. In such initiatives, we will actively incorporate outstanding technologies and knowledge from outside the Group. Moreover, we have set our sights on the utilization of data for standardization and the provision of assistance in the development of expertise and innovations related to GHG emission reduction not only internally but also in the industry as a whole.

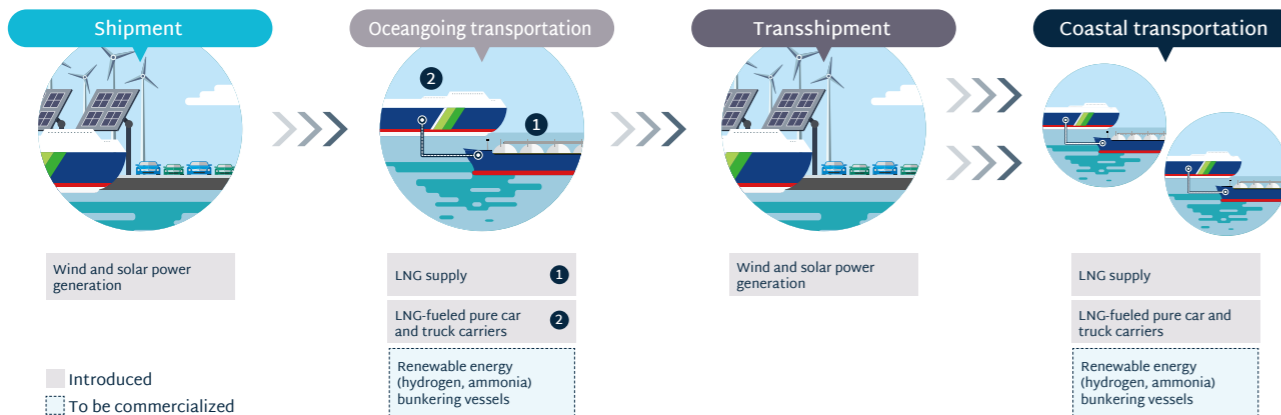


*2 Report of ship's movement and environment

6 Surveys of New Technologies (CCS, CCUS)

With a view to further reducing GHG emissions, we are conducting surveys on the utilization of new technologies. These technologies include CO₂ capture and storage (CCS) technology, which enables the onboard collection of the CO₂ emitted by ships and its storage at ports or under the seabed, and CO₂ capture, utilization, and storage (CCUS) technology, which recycles stored CO₂ to produce methane.

Our Zero-Emission Value Chain in the Transportation of Finished Vehicles



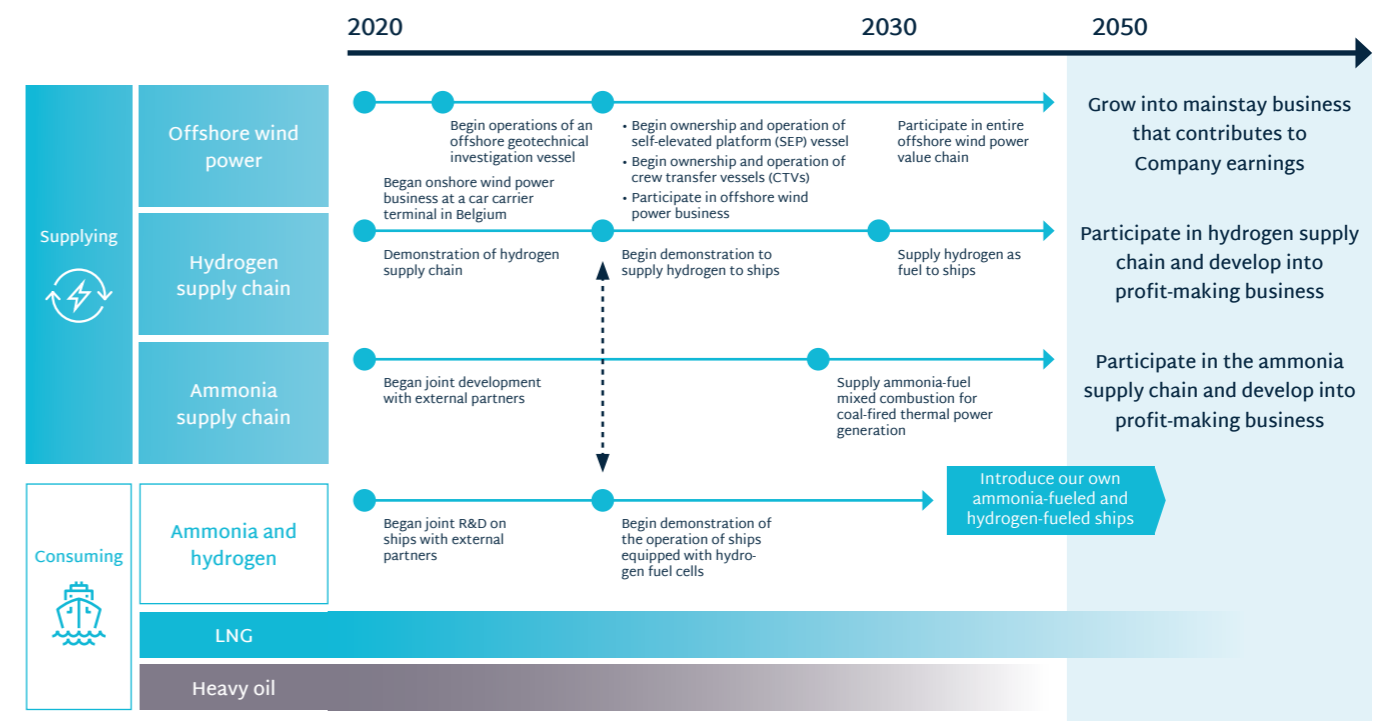
1-3. Taking On Ambitious New Businesses in the Energy Field

To live well, energy is essential. In meeting the need for clean energy capable of supporting day-to-day life and economic activities, the further introduction of renewable energy is a promising option.

By leveraging expertise and technological competence accumulated over many years and its global network, the NYK Group is tackling ambitious projects in the renewable energy field with the aim of creating a new core business. Another promising way of providing an alternative to fossil fuels and helping reduce GHG emissions is to build a global hydrogen supply chain. With this in mind, we will participate in R&D on the transportation of hydrogen and ammonia and move forward with the development of value chains for new energy.

Such ambitious initiatives in the energy field call for proactive long-term investment. Also, if we are to continue enhancing corporate value, the creation of a new business model is a pressing issue. For this reason, we will apply a start-up approach to our technology development and demonstration projects for the development of business. Based on thorough and sufficient internal discussions, we will provide support to these initiatives, which will require significant investment in R&D and other areas. Plans entail investing several tens of billions of yen over the next decade, and our aim is for such initiatives to generate annual ordinary income of several billion yen by fiscal 2030.

Our Business Development Timeline in the Energy Field



Offshore Wind Power

The development of offshore wind power in Japan's coastal waters is about to get underway in earnest. Unlike Europe, where offshore wind power is well developed, Japan has only just established related laws and consequently does not have a wealth of technical knowledge or a long track record in the offshore wind power field, which means that the country needs to begin by establishing a supply chain. In this situation, the NYK Group's advantages are technological capabilities fostered for many years through the maritime shipping business, knowledge of Japan's regulations and the legal system, expertise developed in the offshore business, and the local track records and networks of the Group companies engaged in the tugboat business nationwide. By consolidating our Japan-rooted know-how and collaborating with European partners, we will contribute to offshore wind power-related businesses in a very large number of fields. The Group's existing businesses are highly compatible with offshore wind power-related businesses. These existing operations include marine consulting for offshore wind power, offshore geotechnical investigations, the transportation of construction materials, a self-elevated platform (SEP) vessel used for construction work, and crew transfer vessels (CTVs) used when operations begin. Accordingly, we will take maximum advantage of our strengths in relation to offshore operations and ships to drive the development of offshore wind power in Japan.

Furthermore, we will use the business models established through the aforementioned initiatives as the basis for the proactive development of offshore wind power businesses overseas.

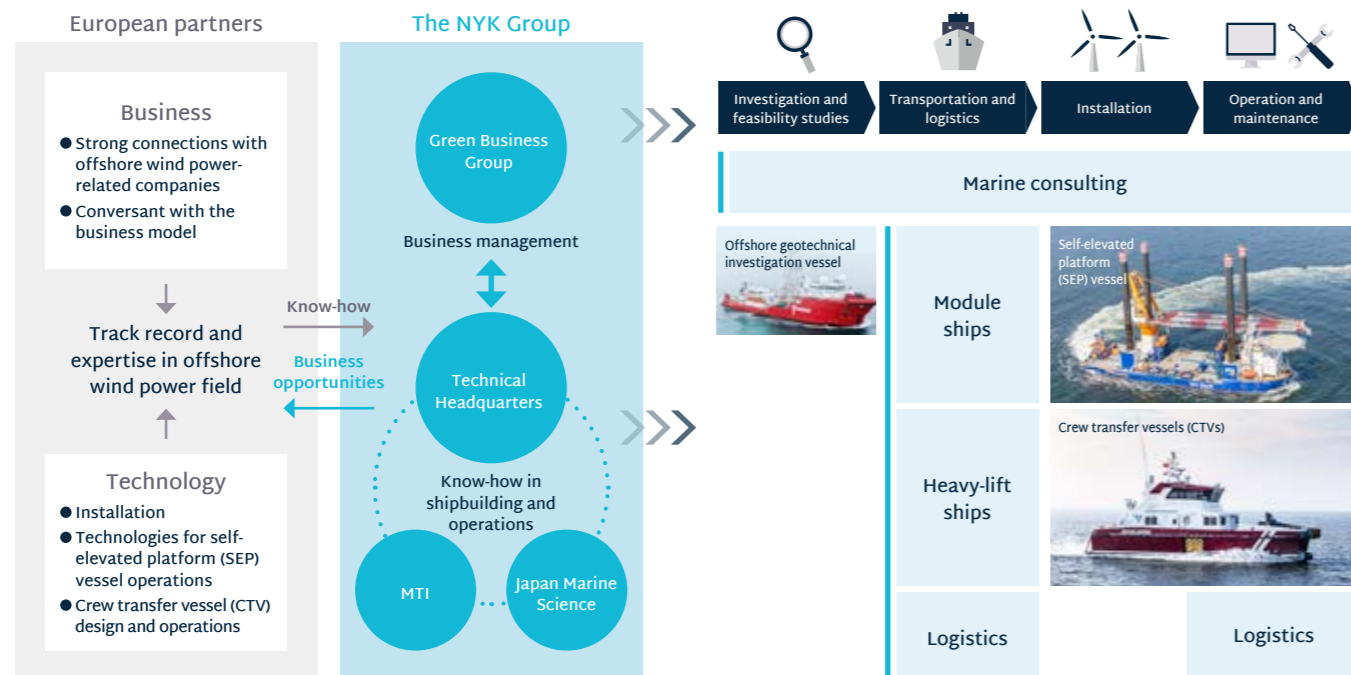
Ammonia Fuel and Hydrogen Fuel

The future use of hydrogen not only as an energy resource but also in industry and power generation is expected to help achieve a carbon-free society. As a network for reliably supplying hydrogen to cater to these types of demand is yet to be built, R&D is proceeding in a range of fields that includes marine transportation. The transportation of hydrogen has already begun in proving tests in which the Group is a participant. We will have a major role to play in initiatives to construct a hydrogen energy chain in the near future.

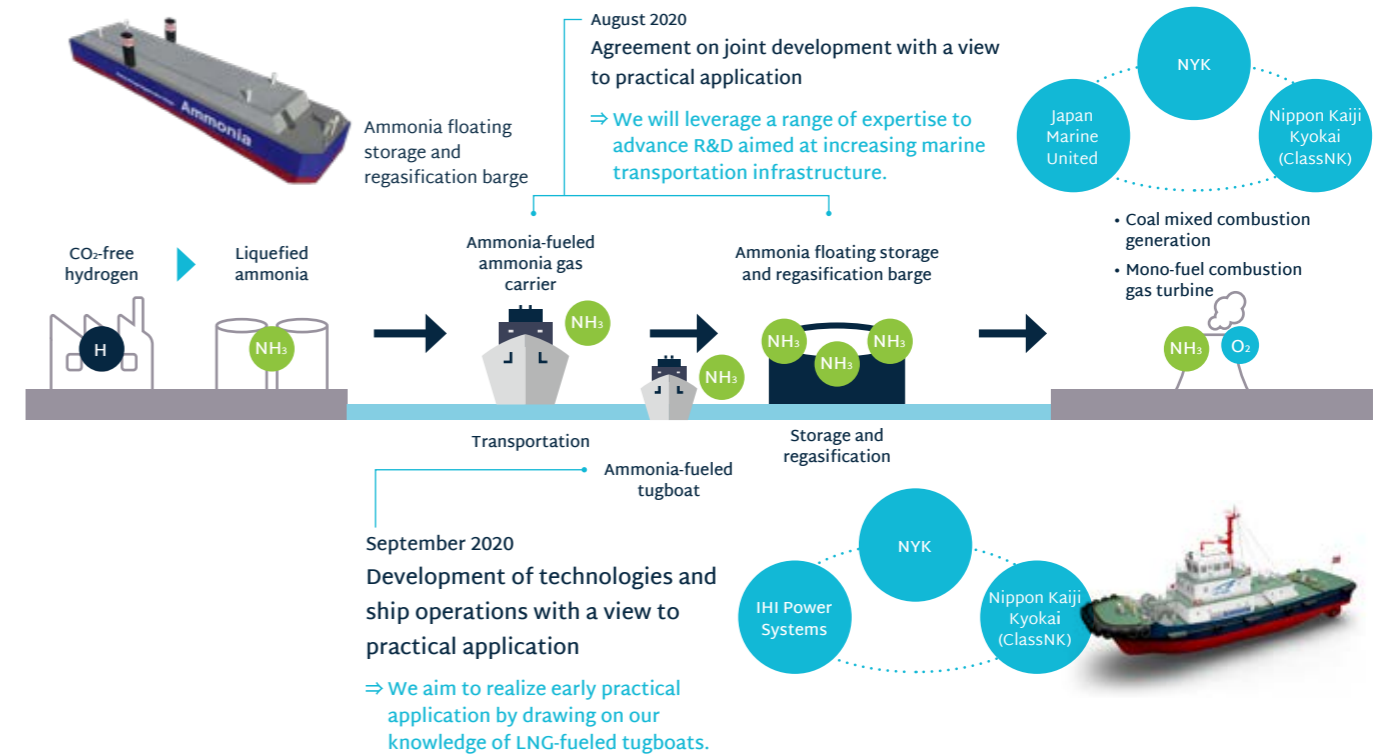
Further, examination of the use of hydrogen and ammonia as ship fuels has begun. For the time being, the utilization of LNG is likely to be a "bridge" solution in efforts to convert our approximately 750 ships into a low-carbon fleet.

Going forward, however, R&D focused on decarbonization will be critical. As an initial step toward realizing ammonia-fueled ships, we have joined forces with external partners and begun research on the commercialization of an ammonia-fueled ammonia gas carrier (AFAGC), which will use ammonia as its main fuel; an ammonia floating storage and regasification barge (A-FSRB); and a tugboat, which will also use ammonia as its primary fuel. In another joint initiative with external partners, we have launched a demonstration project aimed at commercializing ships equipped with hydrogen fuel cells. This is the first project in Japan to be tasked with demonstrating ship operations that involve ships equipped with hydrogen fuel cells and the provision of hydrogen fuel supplies. In addition to the projects mentioned here, we will continue actively pursuing an array of other initiatives related to hydrogen and ammonia with partners in Japan and overseas.

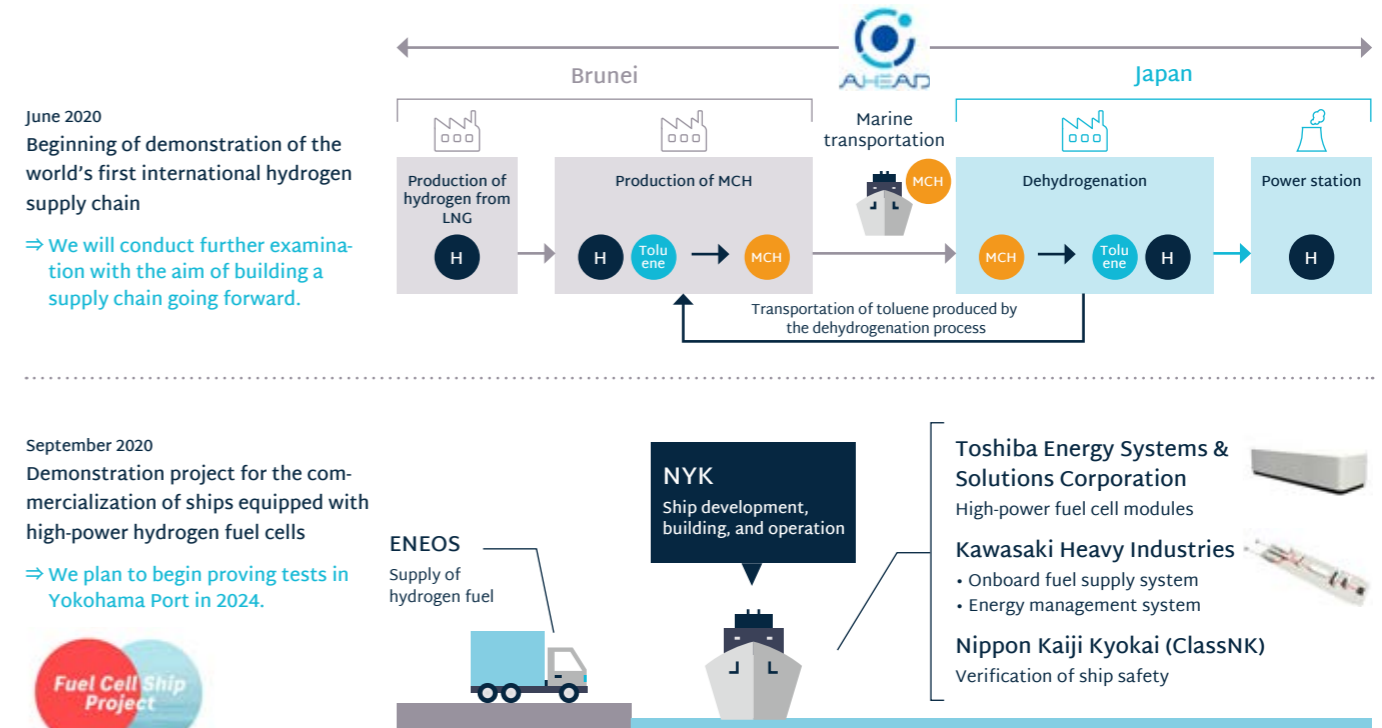
Contributing to the Development of Japan's Offshore Wind Power



Initiatives for the Commercialization of Ammonia Fuel



Initiatives for the Commercialization of Hydrogen Fuel



1-4. Tackling Social Issue-Driven Activities

As a corporate group that conducts business activities against the backdrop of a natural environment comprising the oceans, land, and air, it stands to reason that we should tackle environmental preservation and develop our global businesses in ways that address social issues. Moreover, by taking up social issues that are as yet unresolved and contributing to their resolution through our business activities or considering how to establish commercial operations that address these issues, we will enhance our sustainability. With this in mind, as a company we will enthusiastically support employees' bold initiatives to solve environmental and social issues.

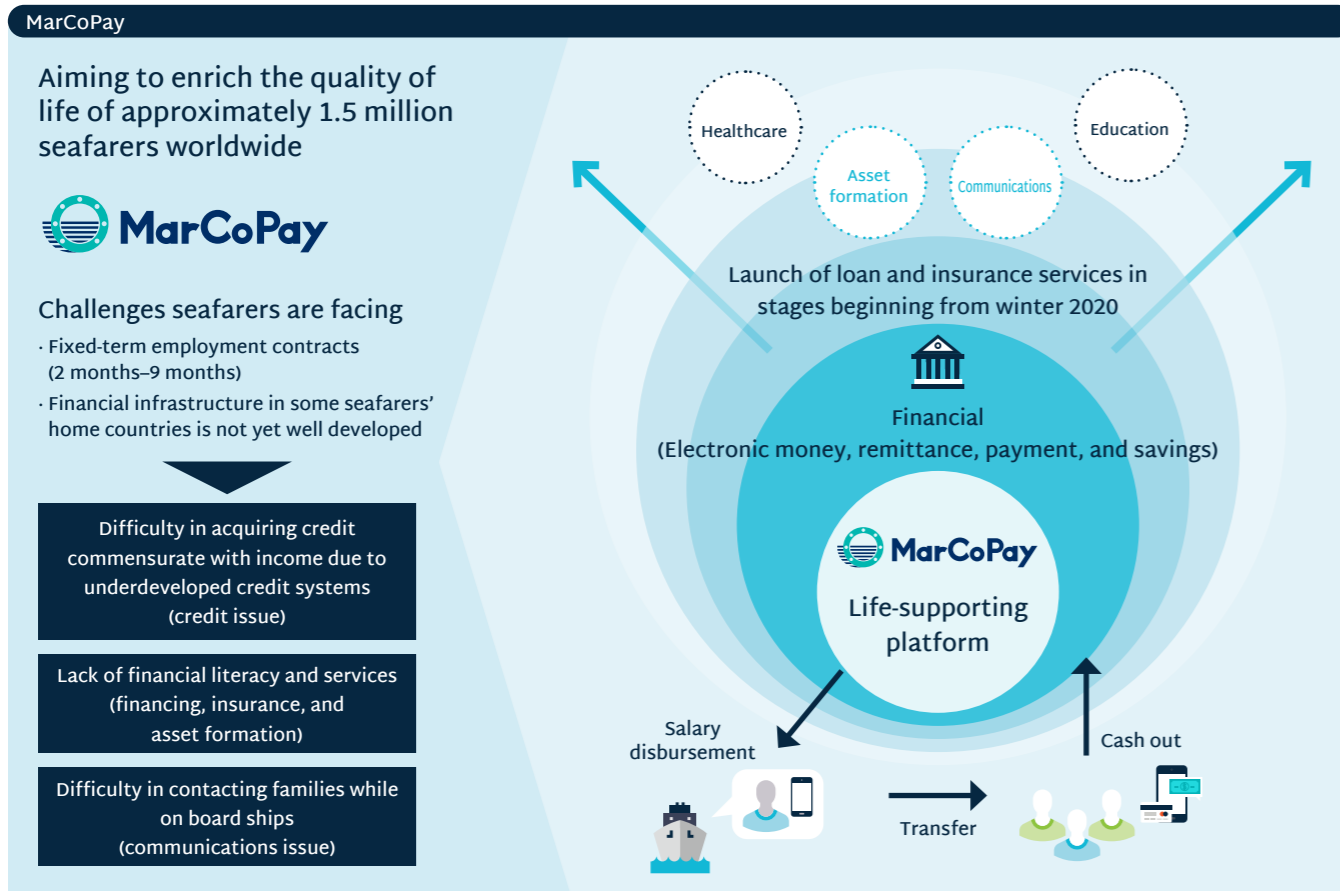
MarCoPay – Life-Supporting Platform for Seafarers

Nearly 20,000 seafarers from many different countries work aboard the NYK Group's ships. Worldwide, some 1.5 million seafarers make ship operations possible. Differing from general employees, many non-Japanese seafarers are employed for fixed terms that match each period of work aboard ships. Also, despite having high incomes, seafarers sometimes face difficulties in accessing financial services, such as

loans, insurance, and savings for asset formation, because credit systems and financial services are still developing in some seafarers' home countries. What is more, seafarers can work at sea for uninterrupted periods of more than six months, making it difficult for them to respond immediately to needs related to family finances. Even getting in touch with family members can be challenging.

MarCoPay addresses issues faced by seafarers and the maritime shipping industry not only by providing services that solve such work-related issues as remittances and cash and savings management but also by offering a platform that supports the lives of seafarers through the provision of services suited to their particular stages of life. As well as alleviating economic anxiety among non-Japanese seafarers and their families and thereby permitting crew members to do their jobs with peace of mind, MarCoPay will contribute to the development of regional economies through the creation of an environment that gives seafarers access to financial and nonfinancial services with their earnings or potential earnings. Partnering with financial, medical, and educational institutions and communications providers, we will develop a digital platform that is accessible via a smartphone app.

Through the MarCoPay platform, we have been steadily rolling out



financing and insurance services since the winter of 2020. Moreover, the NYK Group will launch services for crew members both inside and outside the Group, thereby helping solve crew member-related issues that exist throughout the maritime shipping industry.

Collection of Microplastics

Being a corporate group whose business activities are dependent upon oceans obliges us to take measures that “give back to the oceans.”

Over time, discarded plastic that flows into oceans is broken down by the action of waves, wind, and sunlight into pieces of less than 5 millimeters in diameter, which are called “microplastics” and are difficult to collect due to their minuteness. Moreover, there is concern over the effect of microplastics on ecosystems. Every year, 8 million tons of microplastics flows into oceans, with the volume of microplastics predicted to surpass the volume of fish in 2050. Given that the ocean pollution caused by microplastics has yet to be adequately surveyed, we are cooperating with initiatives aimed at establishing the actual situation as a first step toward solving the problem.

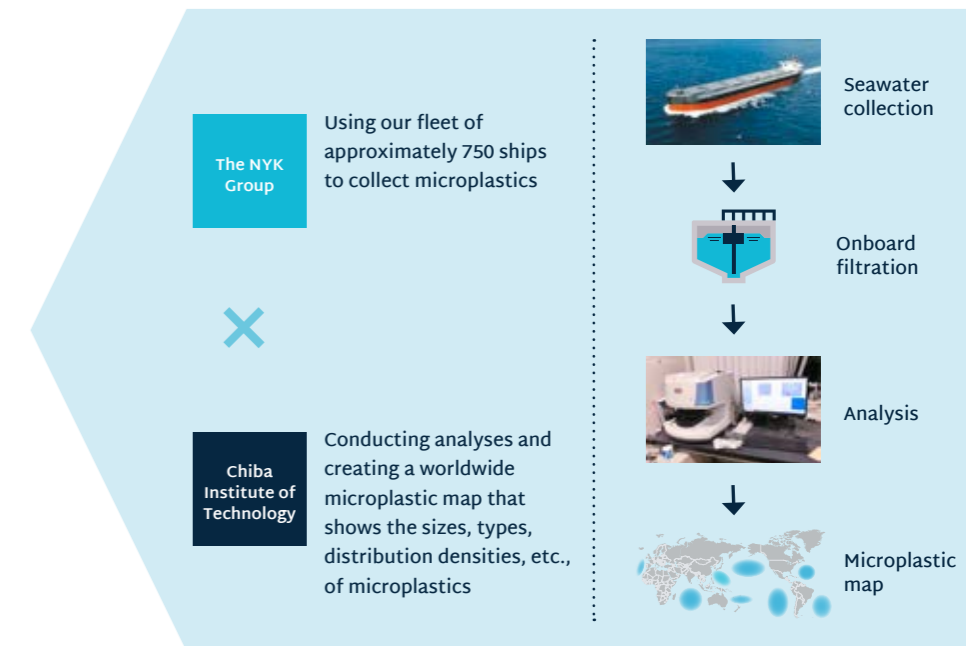
In March 2020, we concluded a memorandum of understanding with Chiba Institute of Technology, which is surveying and researching ocean

microplastics. To survey microplastic pollution in various ocean areas, our ships use special nets, supplied by Associate Professor Yutaka Kameda of Chiba Institute of Technology, to filter seawater and collect microplastics from it during voyages. We then provide these samples to the associate professor for analysis.

Discovery of Social Issues and the Seeds of New Businesses

Our world faces many different environmental and social issues. By taking a bird's-eye view, picking up these issues, and examining where and exploring how we can utilize our businesses or expertise for the creation of new businesses, we will produce innovations and the seeds of commercial businesses, thereby heightening our corporate value. Further, even if the establishment of commercial businesses is a distant prospect for some initiatives, the in-house process of proposing countermeasures to society and gathering together personnel with various skills to discuss the issues will promote employee growth. Through the provision of support to such employee efforts Groupwide, we will carefully nurture small seeds.

Collecting Microplastics to Map and Highlight the Issue of Ocean Plastic Pollution



PART
02

Bolstering of Human Resources and Organizations to Advance New Value Creation

In advancing ESG management and transforming ourselves into a Sustainable Solution Provider that addresses social issues, we are placing the greatest emphasis on personnel and organizations. This section takes a closer look at specific initiatives that are enabling our personnel and organizations to create new value.



2-1. Fostering Skills and Attributes

At present, the maritime shipping and logistics industries are experiencing the kind of global transformation that only happens once every few decades. This revolution is being driven by expectations with respect to ESG management, the strengthening of environmental restrictions and the need to comply with them, the emergence of a huge IT industry, the structural reform of shippers, and business analysis based on big data. In this time of transformation, we need personnel who can develop solutions to social issues, demonstrate sensitivity to the diverse opinions of coworkers, and forge ahead with innovations.

The NYK Group has more than 35,000 employees in Japan and overseas. At the core of our workforce, we will foster personnel who combine the three skills and attributes shown in the chart below. In addition to these skills and attributes in order to sustain value creation as a Sustainable Solution Provider that meets society's expectations, our human resource development measures must focus on Fostering Personnel Who Can Provide Powerful Leadership for Transformation and focus on Fostering Personnel Who Have the Frontline Capabilities to Support Transformation. With this in mind, we have established an in-house training program, the NYK Digital Academy, and we are continuing to advance measures for Training Navigation Officers and Engineers In-House.

Three Essential Skills and Attributes



Fostering Personnel Who Can Provide Powerful Leadership for Transformation

NYK Digital Academy

The NYK Digital Academy program has two components: a basic course and practicing. The instructors are employees who have experience of developing businesses in Japan and overseas and who are currently

university lecturers. Also, well-known university professors and academics from outside the Group are invited to contribute to the program.

Basic course

Examples of the Group's new logistics and maritime shipping businesses are used to teach the basic qualities that business managers require.

- Basic knowledge in relation to financial and non-financial information
- Methods of applying statistical analysis and other types of mathematical science to enhance income and expenditure and work quality
- Surviving in an era of volatility, uncertainty, complexity, and ambiguity by realizing the teamwork-based provision of services that create new value for customers and by using design thinking as a method for the preparation of stories that heighten motivation, etc.

Practicing

Based on themes that they have chosen, trainees conduct interviews with and surveys of stakeholders inside and outside the Group with the aim of reforming in-house operations or creating new markets. To conclude practicing, trainees submit ambitious proposals to the president and chief executive officer and other members of the senior management team.

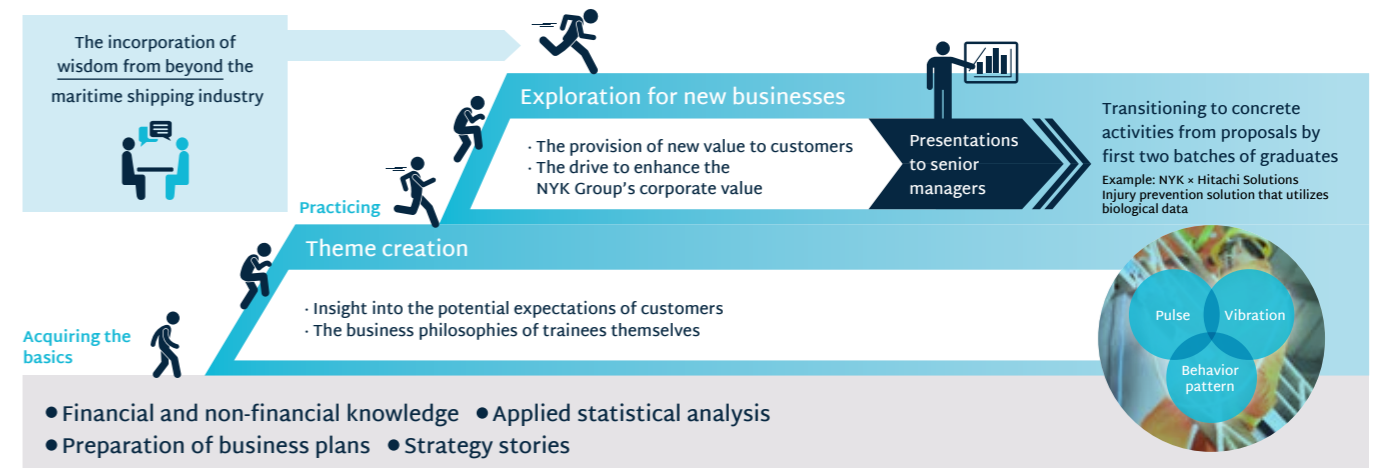
In addition, by facilitating experiential learning of the use of basic programming language for statistical analysis and machine learning, this component of the program equips employees with the skills to respond to the accelerated pace of change in the business environment going forward and to capture business opportunities.

Track record

Trainee numbers	1st batch: 6 (second half of fiscal 2019) 2nd batch: 9 (first half of fiscal 2020) 3rd batch: 12 (second half of fiscal 2020)
Target employees	Junior managers through to mid-ranking personnel Job types (onshore office personnel, technical personnel, and offshore personnel) Diversity of gender and departmental affiliation ensured

NYK Digital Academy

Developing business leaders with entrepreneurial mindsets and skills who can create new value and open up markets



Training Navigation Officers and Engineers In-House Continuously

The NYK Group has been engaged in the training of navigation officers and engineers internally since 2006. We hire graduates of non-maritime four-year universities and non-maritime technical colleges and over two years provide lectures and practice that enable trainees to acquire the licenses required to become certified navigation officers and engineers. In this way, we foster future candidates for the positions of captain and chief engineer. By having trainees work onshore and offshore with Japanese and non-Japanese maritime academy graduates, we give trainees new perspectives on contributing to the safety and improvement of ship operations.

Cumulative number of personnel hired through our in-house training program: 125 (as of April 2020)



Akihiro Mori, the first graduate of a general university* to become a captain through our in-house training program
* A university that is not classified as a maritime educational institution under the new system of education established in Japan after World War II

Fostering Personnel Who Have the Frontline Skills to Support Transformation

Personnel with robust frontline skills are buttresses providing indispensable support for transformation. Such qualities both generate ideas for and encourage transformation. Accordingly, we are taking the following measures to develop personnel who have outstanding frontline skills.

NYK-TDG Maritime Academy

For ship operations, the NYK Group must secure and develop highly capable crew members with the qualities it requires. To this end, in 2007 we augmented our ability to secure and develop Filipino crew members—who account for roughly 70% of those working on board our ships—through the establishment of the NYK-TDG Maritime Academy (NTMA) in the Philippines, the first such institution to be established in the country by a Japanese shipping company.

The NTMA helps the Group secure and develop personnel with an advanced level of safety awareness and strong loyalty. To date, the academy has already produced more than 1,100 graduates. Most of the graduates now serve in the Group's fleet, and some of them have become senior officers. The NTMA encourages the enrollment of those from backgrounds that make advancement to university a challenge by recruiting new students from around the Philippines, providing dormitory accommodation for all students, and offering scholarships. Further, through the use of an original curriculum and onboard training to maintain NTMA graduates' 100% pass rate for the Philippines' national examination for certification as a navigation officer or engineer and through our provision of a route to stable employment, we will help enrich as much as possible the daily lives of our valuable partners in the Philippines.



NTMA graduates

NYK Business College and NYK Maritime College

We are expanding and improving the curricula of the NYK Business College (NBC) and NYK Maritime College (NMC) training programs, which increase the overall skills of the Group's employees. Every year, the NBC conducts more than 60 different training courses, while the NMC conducts nearly 100. In fiscal 2019, ended March 31, 2020, in excess of 2,000 Group employees participated in NBC courses, and approximately 6,000 took NMC courses.

The NBC offers a wide selection of learning opportunities, including rank-based training that aims to broaden the horizons of future leaders as well as strengthen and develop their leadership and management skills, training focused on fostering various business skills, and e-learning courses used extensively by Group employees in Japan and overseas.

Meanwhile, the NMC develops crew members working in the Group's fleet by offering uniform courses that transcend nationalities. The college caters comprehensively to the learning needs of crew members through specialized courses focused on the knowledge and skills needed for specific ship types as well as courses for acquiring or renewing qualifications and for reaching certain levels of proficiency.

	NYK Business College	NYK Maritime College
Aim	Enhancing overall capabilities as businesspeople	Acquiring advanced skills for the respective duties of navigation officers and engineers
Details	<ul style="list-style-type: none"> ● Stratified training and training on more than 60 general business skills (finance, etc.) ● Participation of more than 7,000 employees in e-learning in Japan and overseas each year 	<ul style="list-style-type: none"> ● Learning the knowledge and skills needed for each position—from 3rd officer and 3rd engineer to captain and chief engineer—through the use of on-the-job training, advanced simulators, and e-learning ● Approximately 6,000 participants in fiscal 2019

Strategic Development of Junior and Mid-Ranking Employees

We will offer even more opportunities for growth to motivated, capable employees while they are in junior or mid-ranking positions by seconding them to strategic positions in Group companies or joint ventures and purposely allowing such employees to forge their skills through hard work in tough environments.

2-2. Becoming an Even More Diverse and Inclusive Organization

The awareness that the diverse personnel who work in our many different businesses and frontline operations have of the latest innovations and trends in and beyond their particular fields underpins our ability to meet the needs of all kinds of stakeholders, find and cultivate the seeds of new businesses, and address social issues. Moreover, such awareness is the key to our continued growth as a Sustainable Solution Provider in fields spanning numerous countries and regions. Mindful of this, we will establish conditions that give the members of our already diverse workforce equal opportunities and which enable each individual to make maximum use of their talents.

The NYK Group's Diversity

Engaged in businesses around the world, the NYK Group has about 35,000 employees, of whom nearly 80% work outside Japan. Embodying the Group's basic philosophy of "Bringing value to life," diverse personnel work in many types of operations in regions worldwide, and multinational crews support frontline operations by working in the Group's fleet 24 hours a day, 365 days a year.

Fair Evaluation, Compensation, and Promotion of Diverse Personnel

In 2007, we set out Integrity, Innovation, and Intensity as the values and the key components of the mindset needed to achieve the NYK Group's basic philosophy. Taking the initial letter of each of these words, we refer to the values as the "3I's." Viewing their dissemination as a significant means of cultivating solidarity Groupwide, we share them with local employees hired overseas. Going forward, further empowering such local employees and accurately reflecting their diverse viewpoints and values in the Group's execution of operations and management decision-making will become increasingly important. To this end, we will seek a more-active involvement in management decisions from senior managers hired overseas, and we will evaluate them as candidates for the headquarters management team.

Moreover, the empowerment of women has progressed further overseas than in Japan. In the NYK Group, women accounted for 37% of employees, 25% of managers, and 6% of executives as of March 31, 2020. In each category, the percentage of women is trending upward. However, these percentages are still not high enough. By continuing to offer appropriate compensation and promotion, we will enable talented personnel to exercise their capabilities fully regardless of gender. As a result, we will become an even more diverse organization.

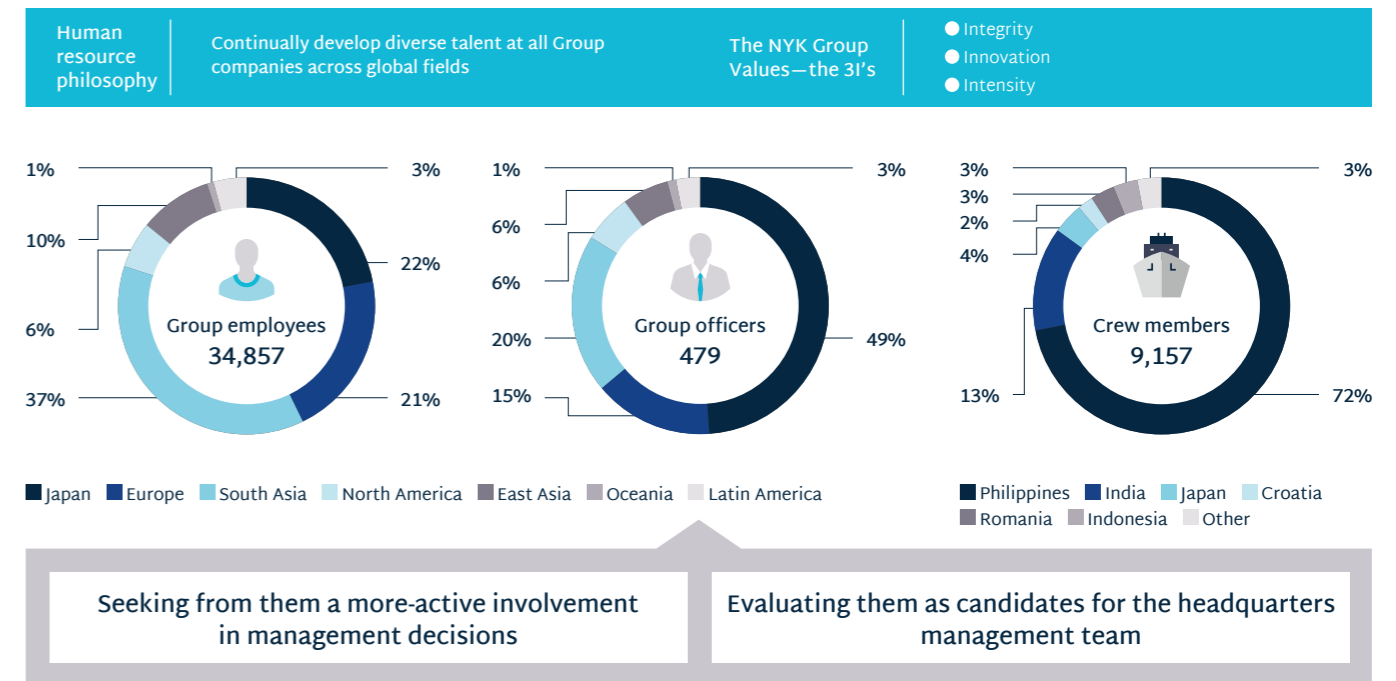
Flexible Programs Providing a Wide Range of Growth Opportunities

We will promote the establishment of environments and the cultivation of workplace atmospheres in which diverse personnel can play important roles. We will become a highly diverse organization by providing appropriate compensation and promotion and supporting the empowerment and career development of all types of employees, including female, elderly, non-Japanese, and personnel with disabilities. We are implementing a variety of measures designed to help diverse personnel continue making important contributions to our operations in the course of different life events.

In 2008, we established a spouse transfer leave program so that spouse transfers would not force employees to give up their jobs and careers. For some time after the establishment of the program, it was only used by female employees. Since 2018, however, male employees have also been benefiting from the program. The NYK Group has developed many other programs that help employees balance work and various other non-work commitments. For example, we have programs for parental and family care leave—which surpass legal requirements—flextime, shortened working hours, and working from home.

Meanwhile, we are raising in-house awareness of progressive approaches to work through the holding of Iku-boss seminars, aimed at changing the attitudes of managers with subordinates whose availability is limited due to childcare or family care responsibilities, and through the introduction of the Iku-papa Plus program, which actively encourages

Building an Organization That Fully Leverages the Diversity among Our Approximately 35,000 Employees



male employees to take short-term paternity leave. At the same time, we will continue reducing working hours through increased work efficiency, based on the belief that remedying the problem of long working hours—an issue throughout society—will contribute to the empowerment of women in the workplace and help employees with limited time realize their capabilities. Thanks to the cumulative effect of the aforementioned initiatives, the percentage of female managers has risen from around 10% a dozen or so years ago to more than 17% as of fiscal 2019, approximately the same percentage as that of women among long-term employees. Other benefits of our initiatives include parity in the average periods of employment between men and women as well as a rate for return to work following parental and family care leave and a subsequent retention rate that are both close to 100%.

In October 2020, we partially revised our human resource system so that employees who take career breaks due to childbirth, childcare, family care, or poor health receive fair evaluations upon returning to work and, as a consequence, do not suffer any disadvantage from hiatuses. Also, we will consider taking positive action for employees who, as a result of having been on leave, are concerned about lacking sufficient experience in working “under the gun.” More specifically, we will consider offering such employees training and other opportunities that motivated individuals can use to achieve self-growth.

2-3. Reforming the Human Resource System and Work-styles

Specific initiatives for reforming our human resource system and Work-styles are as follows.

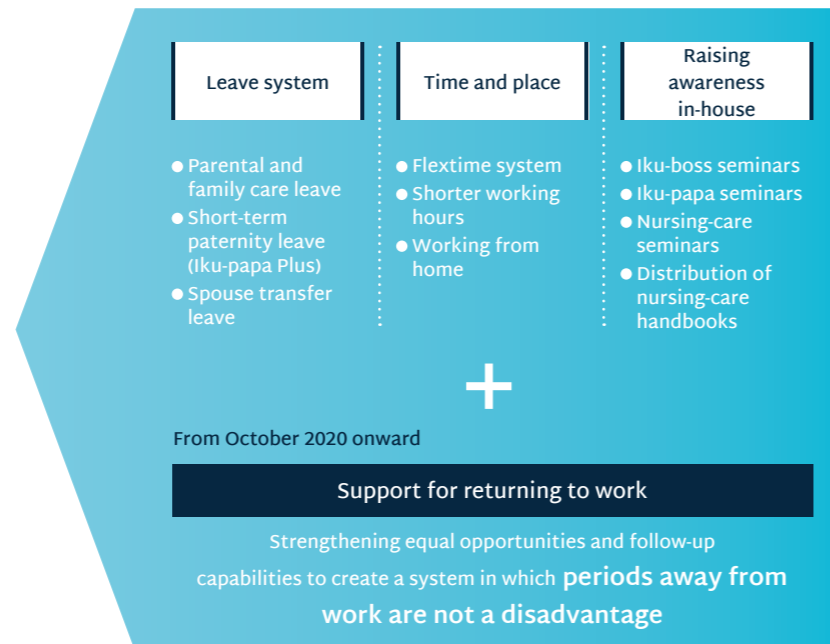
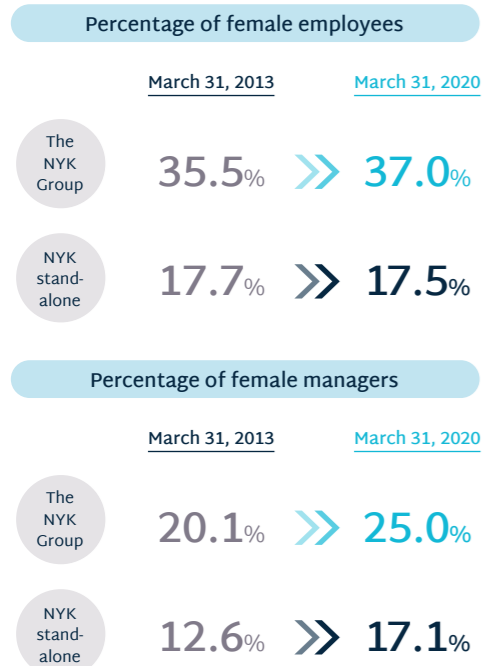
Management of Objectives

For the Company to transform itself into a Sustainable Solution Provider and win out against competitors in an increasingly tough business environment, the objectives of each employee’s work must align with Companywide goals and the objectives of in-house organizations.

The Company will strengthen such cohesion between individuals and their organizations by introducing an objective-tree framework, in which NYK’s Companywide objectives become work objectives by cascading down linked chains from groups to teams and then on to individuals. The objective-tree framework will realize a proactive approach to work whereby each employee understands the objectives of the organizations above them, sets personal objectives with a view to helping the Company grow and addressing social and environmental issues, and assumes responsibility for achieving personal objectives.

A Variety of Programs and Support Measures Designed for Life Events

Empowering women



Evaluation of Personnel

The NYK Group’s evaluation of personnel is built on growth. To realize continuous personnel development, motivating employees is essential. In evaluating personnel, we look at the individuality of employees and, with reference to the expectations for particular positions, analyze and clarify areas where employees are performing well and areas where growth is needed and then provide employees with feedback on the findings. By stimulating the appetite for growth of each employee and enabling them to work with a sense of job satisfaction, the Group will also grow. In October 2020, the Group revised its human resource system to make the personnel evaluation system even fairer and more transparent.

Active Hiring of the Specialists We Need

While using the management of objectives and the evaluation of personnel to develop generalists—who are our core personnel—we will externally recruit specialists in Japan and overseas to work in business fields and management positions that are rapidly becoming more advanced and

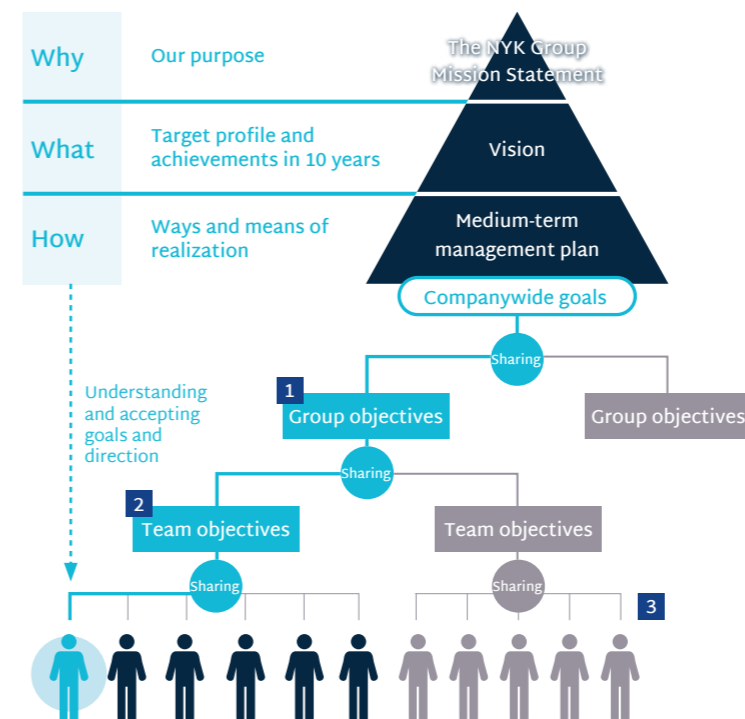
specialized. To ensure that we respond to changes in business conditions in a flexible, timely manner, we must establish an environment where recruited specialists can fully exercise their abilities and cooperate with generalists so that the skills of both employee types complement each other. Also, we will focus on realizing a system for appropriately managing all of the Group’s human resources.

Work-Style Reform

The NYK Group is advancing work-style reform in conjunction with initiatives being taken through the human resource system. To enhance work-life balance, we will continue taking such measures as the utilization of IT to increase work efficiency and the promotion of shorter working hours and the taking of leave. Also, based on the experience we have garnered from the introduction of telecommuting as a way of preventing COVID-19 infection, we will advance reforms that incorporate new portable work-styles and new approaches to career development. Moreover, we will proactively tackle social issues by using these measures to improve the work-life balance of individuals, support female empowerment and child-rearing, and enable the combination of work and family care.

Objective Tree (NYK Head Office)

Ensuring each employee works based on an understanding of the Company’s ambitious goals, thereby leveraging the combined capabilities of the entire organization and accelerating transformation into a Sustainable Solution Provider



The objective tree comprises the following three objectives.

1 Group Objective

This is the high-level goal of the NYK headquarters group. The group’s medium- to long-term direction and target profile are reflected in specific objectives for the fiscal year, which are presented to and shared with the members of the group.

2 Team Objective

This is the strategic, team-level goal that is more rooted in actual operations. The Group Objective is embedded in each team’s activities and shared within each team for use as a guide in the actual work of individual team members.

3 Personal Objective

This is the concrete goal that shows how an employee will contribute to the objective of their organization. Ambitious goals that benefit and create added value for organizations are encouraged.

PART
03

Strengthening of the
Management Base to Support
ESG Management

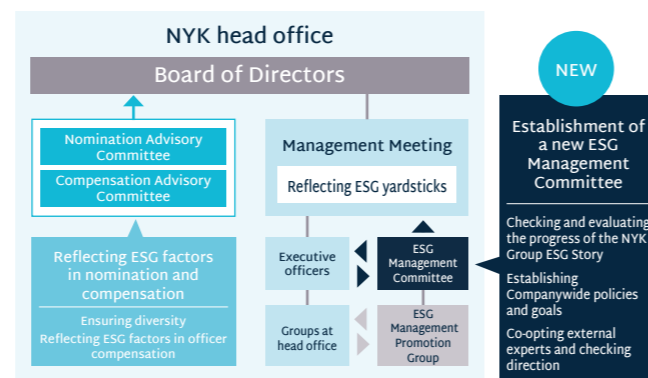
We will build a system for the advancement of ESG management that actively reflects feedback from diverse stakeholders in long-term business management. In this way, we will increase the soundness, transparency, and efficiency of our business management even further. Also, the NYK Group will extend and enhance its global corporate governance system to increase its effectiveness and ability to cohesively reflect diverse values.



3-1. Establishing Support Systems for ESG Management

To move ESG management forward, we need to correctly understand environmental and social issues (the “E” and “S” in “ESG”), monitor whether appropriate decisions have been made to address these issues as well as whether related specific measures are progressing, and have deeper discussions when deciding how to heighten the effectiveness of such measures. To these ends, we have established a new ESG Management Committee that includes external experts and which reflects the opinions of external stakeholders. While confirming the overall direction of the Group’s ESG management, the new committee will check and evaluate the progress of the NYK Group ESG Story, establish policies and goals, and report on progress quarterly to the Management Meeting and the Board of Directors. In addition, we will develop our governance structure to accelerate ESG management.

Steady Implementation of ESG Management through the Establishment of a New Committee



Toward the development of governance that accelerates ESG management

- Maintain and enhance the expertise of members of the Board of Directors
- Deliberate ESG issues at meetings of the Board of Directors
- Incorporate ESG evaluation into officer compensation
- Reflect ESG perspectives in the risk management system

3-2. Ensuring Sound Governance Groupwide

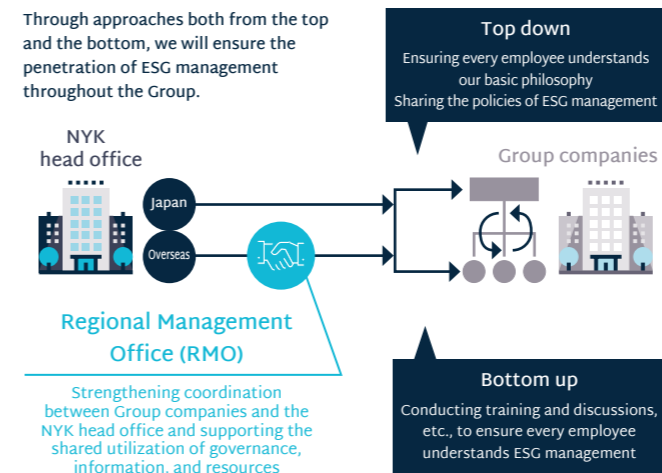
As a global corporate entity, the NYK Group comprises companies of various sizes in Japan and overseas engaged in a range of business lines. We will enhance corporate value by sharing the NYK Group Mission Statement and the goals of ESG management with these Group companies and by conducting responsible business activities in accordance with social norms and high ethical standards.

Extension and Enhancement of Global Governance

We have built a global governance system through the establishment of regional management offices (RMOs) at our bases in the Americas, Europe, East Asia, and South Asia. Each of these offices has a regional governance officer, whose subordinates include legal affairs managers and internal auditors. Based on the resulting governance network, RMOs lead efforts to maintain good communication both between the

Ensuring Sound Governance Groupwide

Through approaches both from the top and the bottom, we will ensure the penetration of ESG management throughout the Group.



Reconfirmation of the Importance of Human Rights

The NYK Business Credo
4. Compliance with Laws and Ordinances, Respect for Human Rights (Excerpt)

We recognize our role in society and act in a manner that is fair and just by **complying with national laws and ordinances and international norms**. We believe that corporate activities should adhere to social mores, **respect human rights, honor local customs and practices, and address the concerns and interests of stakeholders**.

- Respect for Human Rights, Prohibition of Discrimination
- Prohibition of Harassment
- Respect for Cultures of Countries and Regions
- Prohibition of Forced Labor or Child Labor
- Establishment and Operation of Fair Personnel Treatment System

Nippon Yusen Kabushiki Kaisha Code of Conduct Chapter 4 Respect for Human Rights and Diversity of Cultures (excerpts)

NYK head office and bases and among bases, share best practices, and promptly resolve various types of issues.

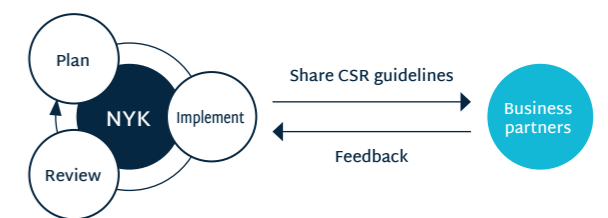
Initiatives to Raise Awareness of Governance among Group Employees

In realizing sound ESG management and governance Groupwide, raising the level of understanding and awareness among Group employees is indispensable. For this reason, we are conducting training, discussions, and other events and activities aimed at furthering understanding of ESG issues among Group employees in Japan and overseas.

3-3. Reconfirming Human Rights Compliance

With roughly 35,000 employees working in Japan and overseas, we are a corporate group with very diverse human resources. To leverage this diversity further, the NYK Group must ensure all employees respect differences in each other’s values and cultures and appreciate the importance of human rights. Furthermore, with respect to global human rights issues, we will establish a system for identifying and addressing issues not only in-house but also in relation to business partners and entire supply chains.

Supply chain management



Heightening awareness of human rights

- Human rights due diligence activities
- Human resource fact-finding surveys
- Establishment of an employee help desk
- E-learning



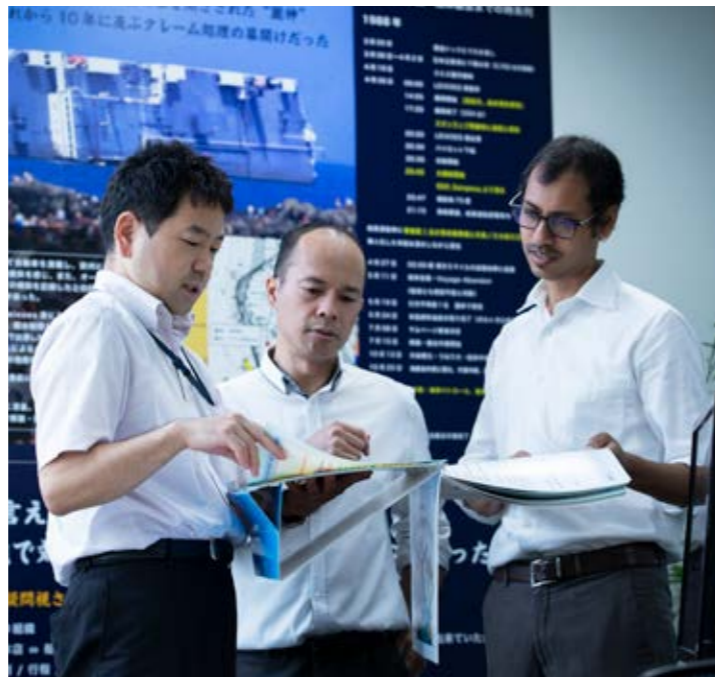
Stakeholder Engagement Program, organized by Caux Round Table (CRT) Japan ©2020 Caux Round Table Japan

EVOLVING



An Evolving ESG Story

The NYK Group ESG Story is a growth strategy that we will update annually. This first installment of the story focuses on the initiatives of NYK. Going forward, however, we will greatly widen the scope of the story to encompass the initiatives of Group companies in Japan and overseas. Further, with the aim of achieving our growth strategy, we will establish and disclose quantitative targets. Placing ESG factors at the heart of business management and working in partnership with all of our stakeholders, we will forge ahead with efforts to address the tasks and advance the initiatives set out in the NYK Group ESG Story.



Afterword

In November 2019, our president and chief executive officer's passionate belief in ESG management led to the launch of a project for the preparation of the NYK Group ESG Story. The aim was to create an important guide for the NYK Group's business management going forward.

What exactly is "ESG management"? It is a management approach that views the aspects of businesses covered by non-financial (ESG) information as offering scope for further growth in corporate value. This approach to business management is becoming widely accepted in the areas of investor relations and corporate social responsibility.

In formulating the story, we relied on disclosure guidelines commonly used in the aforementioned areas. Also, we extensively checked and discussed what we were achieving and what we wanted to achieve with respect to moving closer to our target profile. Moreover, finding ways to give stakeholders a sense of the president's strong commitment to ESG management presented many challenges.

In Antoine de Saint-Exupéry's *The Little Prince*, the fox tells the prince: "It is only with the heart that one can see rightly; what is essential is invisible to the eye." Thus, we must all use our hearts—our awareness, in other words—and ESG yardsticks to make visible the value that is buried in non-financial information. With the aim of communicating this important message, we set about formulating the NYK Group ESG Story.

As the president explained in his message, the story sets out the NYK Group's purpose and differentiation strategy in the coming era. Perhaps it may be felt that the story lacks concreteness. However, please understand that, at the outset, what is important is that we have consciously chosen and outlined a story based on many discussions with employees and other stakeholders, a shared sense of the Group's mission, and a commitment to incorporating the philosophy of ESG management as a strategy for the Group. We would like to take this opportunity to express our sincere gratitude to everyone involved for their tireless efforts throughout the project.

If you want to build a ship, don't drum up people to collect wood and don't assign them tasks and work, but rather teach them to long for the endless immensity of the sea.

In closing, we would like to ask all employees and other stakeholders for their continued support.

ESG Management Promotion Group



▶ The NYK Group ESG Story in Relation to the Sustainable Development Goals (SDGs)

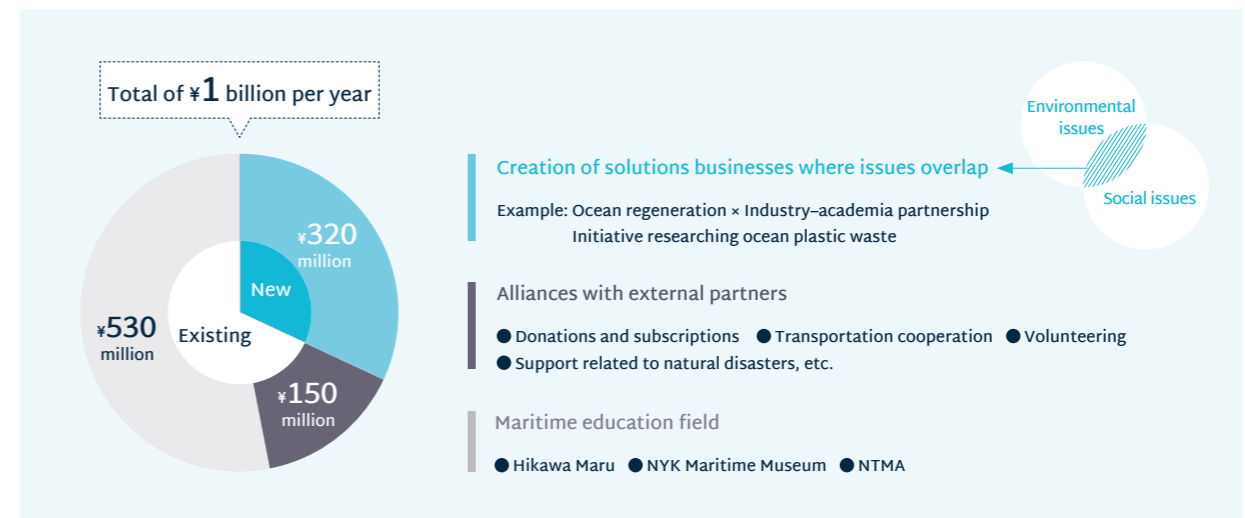
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PART 1	Safe ship operations		●	●				●						●				
	GHG emission reduction												●					●
	New businesses						●	●	●					●	●			●
	Social issues	●	●	●	●				●	●	●				●			●
PART 2	Fostering of skills and attributes							●										
	Highly diverse organization				●			●										
	Human resource system							●										
PART 3	ESG management																	●
	Sound governance Groupwide							●										
	Human rights										●		●					●
Medium-term management plan and related goals				●			●	●	●				●					●

TOPICS

Launching of the NYK Group Sustainability Initiative

We have established and allotted an annual budget of ¥1 billion to the NYK Group Sustainability Initiative with a view to tackling a range of social issues in ways that enhance corporate value—and thereby adhering to the overall thrust of the key NYK Group management strategies that call for the proactive advancement of ESG and the positioning of it at the center of business management. The NYK Group will continue "giving back to the oceans, earth, and people."

Return on Earth





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