

Shogo Terajima

Executive Officer

Resume

Joined the Company in 1992. After working mainly in the liner trade, automotive business division, and logistics business, he became an executive officer in 2022. He oversees the Liner, Logistics, and Harbour groups.



Mie Sugano

Executive Officer

Resume

Joined the Company in 1993. After working mainly in the liner trade and automotive business divisions, she became an executive officer in 2022. She oversees the Automotive Business Management, Car Carrier, and Automotive Quality Control groups.



Special Feature

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Roundtable Discussion among Members of the Medium-Term Management Plan Formulation and Preparation Committee

Young executive officers played a central role in formulating the medium-term management plan announced in March 2023. These officers began considering the NYK Group's target state as members of the Sustainable Growth Task Force, established in April 2021. One year later, the task force was reorganized into the Medium-Term Management Plan Formulation and Preparation Committee, comprising nine executive officers. Following a series of discussions, the committee established a medium-term management plan. Four committee members shared their thoughts on the formulation of the plan.

Review of the Plan Formulation and Preparation Committee's Activities

Q. What thoughts did you have in advancing the discussions?

Banno The committee members were all very passionate about their work, and I recall that the discussions were heated throughout our activities. As the participants were thoroughly familiar with frontline operations, we had some disagreements about frontline priorities. As a result, however, we created a medium-term management plan with unprecedented detail—something I am proud of. I think that beginning our discussions based on the NYK Group's 2050 target state and the outlook for the external environment enabled us to create a cohesive plan without any major differences arising among the members. I do not believe that NYK has

Takuji Banno

Managing Executive Officer
Chief Executive of Liner & Logistics
Headquarters

Resume

Joined the Company in 1990. After working in a wide range of business divisions, including the liner trade, he became an executive officer in 2021. He was appointed managing executive officer and chief executive of the Liner & Logistics Headquarters in 2023.

Yuji Nishijima

Executive Officer

Resume

Joined the Company in 1990. After working mainly in liner trade and energy divisions, he became an executive officer in 2021. He oversees the Energy Co-ordination, Tanker, and Fuel groups.

ever prepared a plan so driven by frontline operations.

Nishijima Since the Energy Division, to which I belong, conducts business at both ends of the energy transition from fossil fuels to renewable energy, I was focused on ensuring a balance between existing and new businesses. Specifically, when considering future growth strategies, new businesses tend to be emphasized. So, I made a conscious effort to stress the importance of existing businesses in the future of the NYK Group. In addition, as I was responsible for digital transformation-related matters within the committee, I had opportunities for further exchanges of opinions with those in charge of the Group's digital transformation. A major benefit of these discussions for me was the reconfirmation that, also from the viewpoint of digital transformation, "ambidextrous management" is definitely the right strategy to pursue.

Sugano When I considered that the plan could send an important message to those inside and outside the Company, I realized the difficulty of choosing words for what to say and how to say it. If we were too

conscious of external audiences and only used bland expressions, we would not be able to clearly convey our message to those outside the Company, let alone those within it. On the other hand, if we were too focused on spreading a message Companywide, we could end up with a message that left those outside the Company behind. Also, I really wanted to make sure that the contents would not be half-hearted and that they would be relatable for young Group employees, who will, after all, be the leaders of the next generation.

Terajima I am responsible for the Liner & Logistics business, which includes many Group companies, such as Ocean Network Express Pte. Ltd. (ONE) and Yusen Logistics Co., Ltd. (YLK). Previous plans tended to focus on the priorities of the parent company. However, I believe this is the first plan to have considered so thoroughly the business management of the NYK Group. Through our discussions, we made sure that the plan's contents would be meaningful for Group company employees in Japan and overseas. I believe the plan will become a unifying force that brings the Group together.

Banno There was a good reason for stating the Mission, Vision, and Value before elaborating on the NYK Group's 2050 target state. In the process of advancing and instilling ESG management, we discovered firsthand how important it is for all Group employees to be firmly focused on the same goals. If goals are clear, employees will keep to the same course, no matter what business environment or management challenges they face. Once they understand goals, employees become extremely strong drivers of initiatives. We plan to hold several briefings during fiscal 2023 to promote further understanding of the plan. As well as explaining the thinking behind the plan, we will actively engage in dialogue with participants to make fiscal 2023 a period when we add the finishing touches to the plan. We will work steadily so that employees come to see the Company's goals as their own.

“ Main Points of the Plan According to Committee Members ”

Q. Which points of the plan would you particularly like to emphasize?

Nishijima The key word is “co-creation.” Not only the NYK Group but also its customers are taking on the challenge of decarbonization. These issues must be solved throughout entire value chains, including transportation. Fossil fuels remain important resources for energy security. The word “co-creation” expresses our determination to develop and grow together with society and industry by cooperating even further with our customers and business partners to tackle decarbonization and various other social issues.



Sugano The automotive business, which I am in charge of, has a long history of developing logistics networks in close collaboration with automakers, our customers. The automotive industry is stepping up the pace of the transition to electric vehicles and the realization of a mobility society. Even more than predicting how society will change, however, I want to stay close to our customers and continue being the same kind of trusted presence in the future as we have hitherto been. This desire is common to all of our businesses. I believe the feature

of the plan we should clearly communicate both internally and externally is summed up by the word “co-creation.”

Terajima We have set management targets for 2030. However, some financial and non-financial targets are rather difficult for employees and frontline personnel to agree with, even though they may understand them. For example, the parent company and Group companies often agree on general points but disagree on specifics with respect to GHG emissions reduction targets. This type of disagreement can also happen between the Company and external stakeholders in relation to such matters as capital policy. I believe we need to fully utilize this plan and make more effort to further the understanding of internal and external stakeholders so that we can gain their support.

Banno In the shipping business, which is easily affected by market fluctuations, the NYK Group has faced many situations in the past where it has had to adopt not only aggressive strategies but also defensive ones. This has also occurred in the dry bulk business. Some may argue that there are still concerns about the growth potential of maritime shipping compared with that of other industries. However, the dramatic improvement in our financial base over the past two to three years has given us a variety of options for future growth. As Ms. Sugano said, this plan shows young employees, who will lead the next generation, a path to the Group’s sustained growth. As for external stakeholders, in addition to the message that we will remain close to our customers and evolve together, we have included a persuasive explanation of our high-profile capital policy. Although capital markets’ evaluation of the plan immediately after its release differed from our expectations, I feel that dialogues held since then have increased understanding and appreciation of the plan. We are developing confidence in the direction of our strategies set forth in the plan.

Q. What is the future policy for the high-profile issue of GHG emissions reductions?



Banno In October 2022, we launched a specialized division dedicated to the introduction of specific measures aimed at achieving net-zero emissions by 2050. The implementation of such measures is not reflected in the current plan’s target figures for the reduction of ship GHG emissions. We will lead the industry by proactively implementing measures that will be feasible in the period leading up to zero-emission ships’ expected entry into service. At the same time, we will announce ambitious targets in the second half of fiscal 2023 for the early achievement of even more substantial GHG emissions reductions. That said, technology is evolving at an increasing speed, and decarbonization could be greatly accelerated by technologies that would be unthinkable today. While doing our utmost to achieve the targets set, we will review them as necessary in light of technological advances and changes in the business environment, thereby decarbonizing in a flexible and agile manner.

Sugano Our former president, Hitoshi Nagasawa, acted as an avid proponent of ESG management by repeatedly stressing the importance of decarbonization for the growth of the NYK Group. I believe that the understanding of ESG management has increased markedly among frontline employees. In 2021, the Automotive

Business Headquarters began rolling out the “Sail GREEN” brand ahead of other business divisions. Since then, the division has been working with customers and business partners to establish a deeper, common understanding of decarbonization investments. The main point is that decarbonization is not a cost but an investment in the future. We will continue carefully explaining this to stakeholders while communicating more about the Group’s ambitious stance.

Nishijima I too believe that the advancement of decarbonization will become a source of the NYK Group’s competitiveness. For this reason, I think we should invest in decarbonization ahead of time. The plan calls for a reduction of 30.0% or more in the Scope 1 GHG emissions of oceangoing ships by 2030 compared with those of fiscal 2021, which I see as the highest target level that can be realized through current proven technologies. On the other hand, given the 1.5°C scenario and the goal of achieving net-zero emissions by 2050, it is also true that further measures are needed. Therefore, in view of future technological innovations, we must set goals that are even more ambitious rather than just thinking within the limits of what is possible with current technologies.



Terajima At the same time as seeking innovative technologies, we need to align all Group companies. Even if communication in daily business operations is not a problem, there are differences in levels of awareness regarding decarbonization among the employees of domestic and overseas

Group companies. For example, approximately 90% of YLK’s 25,000 employees are spread around the world. Some of these employees have a very high awareness of decarbonization, especially in Europe. To establish a consistent level of awareness, not only on-site initiatives but also messages from senior management will be very important.

Message to NYK Group Employees Worldwide

Q. What message would you like to send to NYK Group employees?

Sugano Having a bird’s-eye view of the entire NYK Group is not easy for employees, as they tend to be fully occupied with their tasks at hand. Nonetheless, I would like as many employees as possible to become the drivers of initiatives aimed at realizing our vision. When looking at the medium-term management plan, employees may feel that some parts are distant from them. With this in mind, I first consider how my current initiatives will lead to the growth of the entire Group. Then, I clearly explain to employees the thinking behind current initiatives and encourage them to view the medium-term management plan as their own responsibility.

Terajima To convey our message to the entire NYK Group, which has more than 35,000 employees, I think that concise, easy-to-understand expressions are best. “Bringing value to life,” which has long been important to us and has now been redefined as our Mission, is a clear and readily understandable idea. As a group with a social mission, “Bringing value to life” is a phrase of paramount importance. I want our employees to take pride in the fact that they

are doing work that supports society while simultaneously implementing environmental initiatives and various other measures. I will be satisfied if this plan encourages employees to think about how they want to develop themselves and what actions they should take to realize our Mission.



Nishijima I feel that the plan comprehensively covers all business categories, the NYK Group’s overall business, and our vision for the future. We formulated the plan’s contents based on frontline conditions and practices, so there should be no divergence between the story presented by the plan and the goals of frontline operations. Today’s discussion has reminded me that we must first make efforts to communicate the story in an easy-to-understand manner so that each employee recognizes that their work forms part of the story.

Banno “We go beyond the scope of a comprehensive global logistics enterprise.” This is another key phrase that I would like as many employees as possible to be familiar with. The phrase expresses our hope that all NYK Group employees will go beyond their own boundaries while valuing what we have built to date. In realizing our target state for 2050 of the Group where employees provide value to society while working with vitality, I would like the Group to make a concerted effort to gradually broaden its horizons and take the next step forward. I really look forward to seeing the NYK Group evolve even further under the leadership of the younger generation.