



ANNEX - SECOND PARTY OPINION

NYK LINE

NYK TRANSITION BOND (#2)

Prepared by: DNV Business Assurance Japan K.K.

Location: Kobe, Japan

Date: 22 June 2023

Ref. Nr.: PRJN-570226-2023-ANX-JPN-1

This opinion is prepared based on the NYK Green/Transition Bond Framework & Transition Bond Second Party Opinion (hereinafter, "Master SPO") (Ref. Nr.: PRJN-258246-2021-AST-JPN-1 *July 1, 2021), which was assessed against to the NYK Green/Transition Bond Framework (hereinafter, "Framework")

*For more information on the ANNEX - Second Party Opinion, see following DNV website

<https://www.dnv.jp/news/page-227965> Release of a new evaluation service (Master SPO+ANNEX).

Executive Summary

DNV Business Assurance Japan K.K. (hereinafter, "DNV") confirmed that the NYK Transition Bond (#2) issued by Nippon Yusen Kabushiki Kaisha, also known as NYK Line (hereinafter, "NYK"), meets the various principles and guidelines requirements for such bond issuance and is planned to be issued and managed through appropriate internal processes based on the Framework^{*1}, which has been assessed its eligibility^{*2}.

Table-1 shows an outline of the NYK Transition Bond (#2) and ANNEX - Second Party Opinion. The additional items to be assessed in the ANNEX - Second Party Opinion are Element-1 (Use of Proceeds) and Element-4 (Reporting) which are under the bonds with specific use of proceeds (response to the four elements). The conformity of the other elements to the criteria has already been assessed its eligibility in accordance with the Framework.

Table-1 NYK Transition Bond (#2) ANNEX - Second Party Opinion

Target finance	NYK Transition Bond (#2)	
Target organization	NYK Line	
Target framework	NYK Green/Transition Bond Framework	
Targeted external review	NYK Green/Transition Bond Framework & Transition Bond Second Party Opinion Ref. Nr.: PRJN-258246-2021-AST-JPN-1 Issued on July 1, 2021.	
Target criteria	Criteria for Climate Transition Finance	
	<ul style="list-style-type: none"> - Climate Transition Finance Handbook (ICMA, 2020) - Basic Guidelines on Climate Transition Finance (FSA, METI, and MoE, 2021). 	
	Criteria for the use of proceeds bond	
	<ul style="list-style-type: none"> - Green Bond Principles (ICMA, 2021) - Green Bond Guidelines (MoE, 2022)^{*3} 	
Climate Transition Finance (response to the four disclosure elements)	Disclosure element-1 (Transition strategy and governance)	- Confirmed and updated reliance on the Framework ^{*4}
	Disclosure element-2 (Environmental materiality)	- Confirmed reliance on Framework
	Disclosure element-3 (Science-based strategy)	- Confirmed reliance on Framework
	Disclosure element-4 (Implementation transparency)	- Confirmed and updated reliance on Framework ^{*4}
Bonds with specific use of proceeds	Element-1 (Use of proceeds)	- Confirmed reliance on the Framework. Additional assessment was implemented as follows:
	Element-2	- LNG-fuelled and LPG-fuelled vessels - Confirmed reliance on Framework

(response to the four elements)	(Process for project evaluation and selection)	
	Element-3 (Management of proceeds)	- Confirmed reliance on Framework
	Element-4 (Reporting)	- Confirmed reliance on Framework. Additional assessment was implemented as follows. - Status of fund allocation: allocated, unallocated and refinanced amounts - Environmental benefits: CO ₂ emission reduction rate, SO _x emission reduction rate, NO _x emission reduction rate

*1: NYK Green/Transition Bond Framework

*2: NYK Green/Transition Bond Framework & Transition Bond Second Party Opinion

*3: Through a revised version was released after the framework assessment, it was confirmed that the said assessment covered the key elements

*4: NYK has launched the NYK Group ESG Story 2022 following the previous framework assessment. It enhances the transparency of the transition strategy further in terms of Disclosure Element-1 (Transition Strategy and Governance) and Disclosure Element-4 (Implementation transparency) of the four Climate Transition Finance disclosure elements. See Figures -1 and -2 for further details.

Disclosure element-1 (Transition strategy and governance); the transition target for 2050 was revised upward from 50% reduction in GHG to net zero.

Disclosure element-4 (Implementation transparency); it was disclosed that the total investment for 2022-2050 is JPY 4.8 trillion, of which JPY 2.1 trillion will be used for investment in zero-emission vessels.

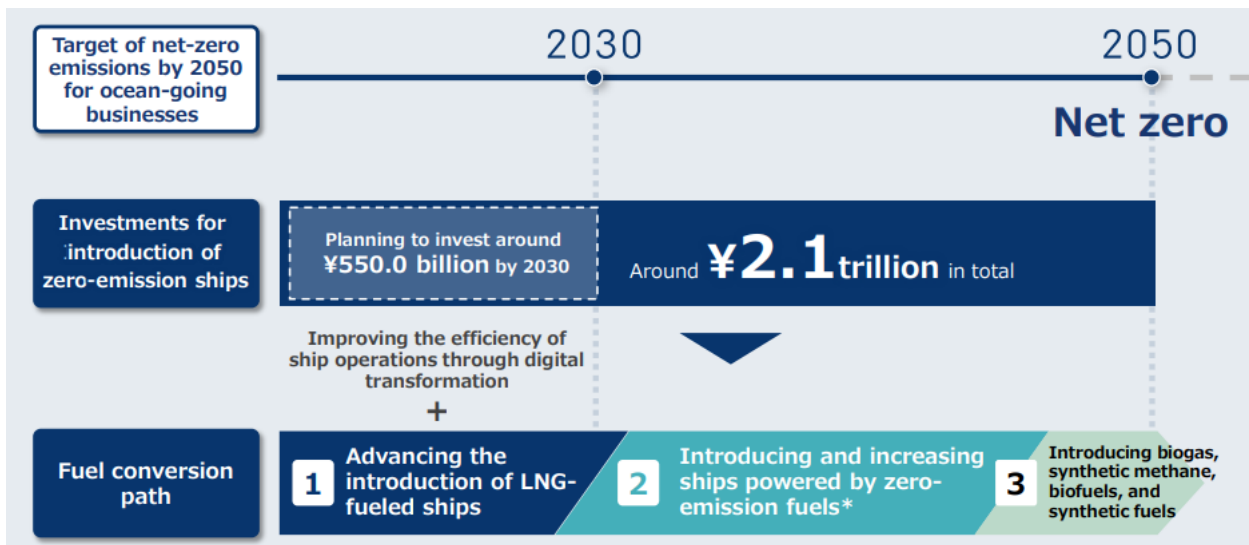


Figure-1 Roadmap towards achieving net zero emissions, figures in JPY
(Source: NYK Group ESG Story 2022)

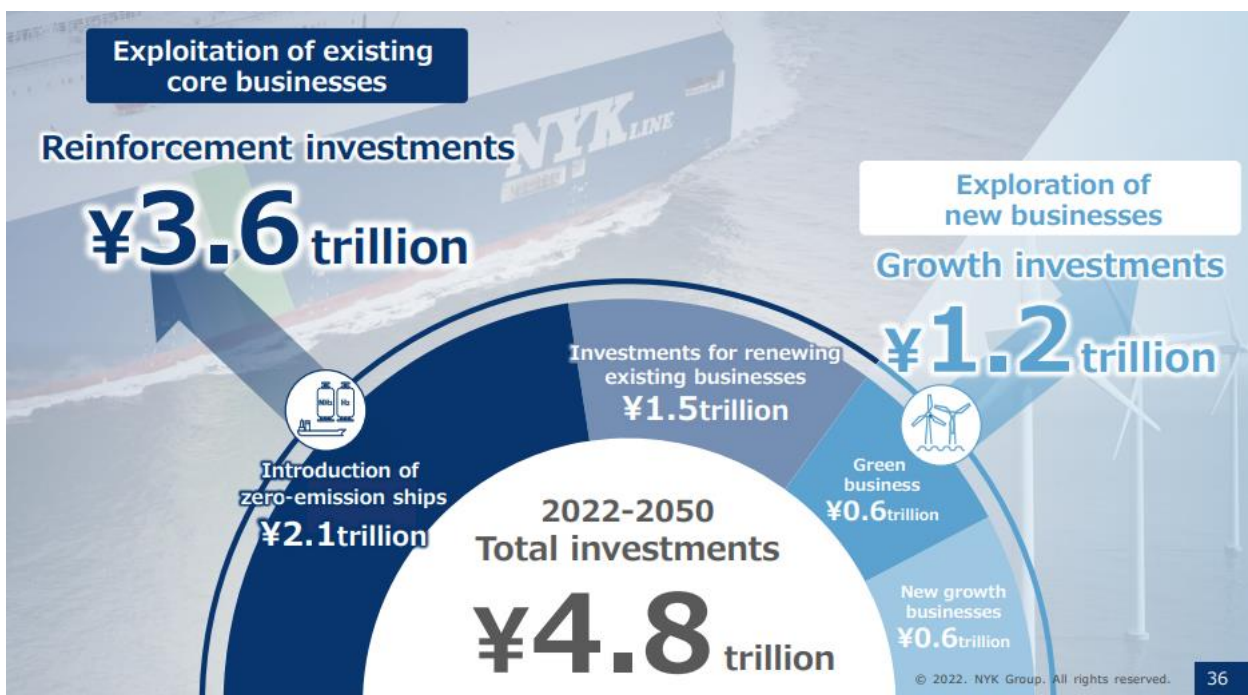


Figure-2 Total investment 2022-2050, figures in JPY
(Source: NYK Group ESG Story 2022)

As an external reviewer, DNV assessed the NYK Transition Bond (#2) in terms of the use of proceeds and reporting eligibility, based on an evaluation of the framework and other relevant documents provided by NYK. DNV also confirmed that there were no changes to the other items, i.e., Issuer's climate transition strategy and governance, Business model environmental materiality, Climate transition strategy to be science-based including targets and pathways, Implementation transparency of CTFH, Process for project evaluation and selection and Management of proceeds of GBP (in accordance with the Framework).

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Revision history

Date of issue	Remarks
22 June 2023	Prepared and issued as NYK Transition Bond (#2) ANNEX - Second Party Opinion

Disclaimer

Our assessment relies on the premise that the data and information provided by Issuer to us as part of our review procedures have been provided in good faith. Because of the selected nature (sampling) and other inherent limitation of both procedures and systems of internal control, there remains the unavoidable risk that errors or irregularities, possibly significant, may not have been detected. Limited depth of evidence gathering including inquiry and analytical procedures and limited sampling at lower levels in the organization were applied as per scope of work. DNV expressly disclaims any liability or co-responsibility for any decision a person or an entity may make based on this Statement.

Statement of Competence and Independence

DNV applies its own management standards and compliance policies for quality control, in accordance with ISO/IEC 17021:2011 - Conformity Assessment Requirements for bodies providing audit and certification of management systems, and accordingly maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. We have complied with the DNV Code of Conduct¹ during the assessment and maintain independence where required by relevant ethical requirements. This engagement work was carried out by an independent team of sustainability assurance professionals. DNV was not involved in the preparation of statements or data included in the Framework except for this Statement. DNV maintains complete impartiality toward stakeholders interviewed during the assessment process.

¹ DNV Code of Conduct is available from DNV website (www.DNV.com)



I. Scope and Objectives

DNV has been commissioned by NYK to conduct a pre-issuance assessment of the Transition Bonds to evaluate whether NYK meets the criteria for bonds with specified use of proceeds as defined in the CTFH/CTFBG and GBP/GBGLs and to provide ANNEX - Second Party Opinion regarding the eligibility of the Transition Bond.

As an independent external reviewer, DNV declares that it has no factual or perceived conflict of interest in providing ANNEX - Second Party Opinion for NYK.

Furthermore, this report does not provide any assurances regarding the financial performance, value of any investments, or the long-term environmental benefits of any Transition Bonds issued under this Framework.

(1) Scope of review *

The review assessed the following elements and confirmed their alignment with four core elements in GBP.

- | | |
|---|---|
| <input checked="" type="checkbox"/> Use of proceeds | <input type="checkbox"/> Process for Project Evaluation and Selection |
| <input type="checkbox"/> Management of proceeds | <input checked="" type="checkbox"/> Reporting |

- *1 The scope of the review is to be applied as a part of the evaluation of the transition finance with use of proceeds.
- *2 DNV has already reviewed the four disclosure elements of CTFH/CTFBG, "Process for Project Evaluation and Selection" of GBP/GBGLs, and "Management of Proceeds" and has delivered our opinion below. DNV has also confirmed through our assessment with NYK that no additional assessment was required since NYK launched NYK Group ESG Story 2022 which discloses 2050 targets and investment plans hence ensuring further transparency.

"NYK Green/Transition Bond Framework & Transition Bond Second Party Opinion "

Ref. Nr.: PRJN-258246-2021-AST-JPN Issued July 1, 2021

(2) Role(s) of review provider

- | | |
|---|--|
| <input checked="" type="checkbox"/> Second Party Opinion | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification | <input type="checkbox"/> Ratings |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

(3) Standards/guidelines to be applied

No.	Standards/guidelines	Scheme owner
1.	Climate Transition Finance Handbook (CTFH) ^{*1}	International Capital Market Association (ICMA), 2020
2.	Basic Guidelines on Climate Transition Finance (CTFBG) ^{*1}	Financial Services Agency, Ministry of Economy, Trade and Industry, Ministry of the Environment, 2021
3.	Green Bond Principles (GBP) ^{*2}	International Capital Market Association (ICMA), 2021
4.	Green Bond Guidelines (GBGLs) ^{*2}	Ministry of the Environment, 2022

*1 The concept of climate transition focuses principally on the credibility of an issuer’s climate change-related commitments and practices (quoted from CTFH and CTFBG).

*2 It confirms compliance with the four core elements (use of proceeds, process for project evaluation and selection, management of proceeds, and reporting) that must be met when implemented as a bond/loan that meets the four elements (Issuer’s climate transition strategy and governance, Business model environmental materiality, Climate transition strategy to be science-based including targets and pathways, Implementation transparency) of transition and has a specific use of proceeds (quoted from CTFBG).

II. Responsibilities of NYK and DNV

NYK has provided the information and data used by DNV in this review. DNV’s ANNEX - Second Party Opinion represents an independent opinion and is intended to inform NYK and its stakeholders as to whether the NYK Transition Bond (#2) meets the established criteria, based on the information provided to us. In our work we have relied on the information and facts presented to us by NYK. DNV is not responsible for any aspect of the nominated projects and assets referred to in this opinion and assumes no responsibility for any inaccuracies in any facts, findings, opinions or conclusions. Thus, DNV shall not be held liable if any of the information or data provided by NYK and used as a basis for this assessment was not accurate or complete.



III. Basis of DNV's Opinion

To provide a more flexible ANNEX - Second Party Opinion for the issuer, NYK, DNV identified the key assessment targets and carried out assessments in accordance with its procedures.

DNV, as an independent external reviewer, provides ANNEX - Second Party Opinion according to the protocol.

Our Protocol includes a set of suitable criteria that can be used to underpin DNV's opinion. The overarching principle behind the Climate Transition Finance with a use of proceeds bond as the basis for the opinion are as follows:

"provide an investment opportunity with transparent sustainability credentials"

"enable capital-raising and investment for new and existing projects with environmental benefits"

As per our Protocol, the criteria against which the NYK Transition Bond (#2) has been grouped into (1) four common elements of CTFH and CTFBG (disclosure elements) and (2) four common elements of GBP and GBGLs, as shown on the following page.

The additional assessment for this ANNEX - Second Party Opinion covers element 1 and element 4 of (2).

Part of (1) and (2) has already been assessed for eligibility. Detailed results of the eligibility assessment for such parts of (1) and (2) can be found in the "NYK Green/Transition Bond Framework & Transition Bond Second Party Opinion" (Ref. Nr.: PRJN-258246-2021-AST-JPN July 1, 2021).

With regard to (1), DNV confirmed that NYK's Climate Transition efforts have been updated in the NYK Group ESG Story 2022, with the following additions and changes to the 2050 target and investment plan to ensure transparency in further transition efforts. DNV also confirmed that there are no major changes to disclosure elements -2 and 3.

Element 1. Issuer's climate transition strategy and governance:

- Revised the 2050 target upwards from 50% reduction in GHG emission to net zero.
- Expanded the fuel conversion timeline from car fleet to all types of vessels.

Element 4. Implementation transparency:

- Disclosed a total investment of JPY 4.8 trillion for the period 2022-2050.
- Of the above, JPY 2.1 trillion will be invested in zero-emission vessels.

(1) Four common elements of CTFH/ CTFBG (disclosure elements)

Principle One: Issuer's climate transition strategy and governance

The financing purpose should be for enabling an issuer's climate change strategy.

Principle Two: Business model environmental materiality

The planned climate transition trajectory should be relevant to the environmentally-material parts of the issuer's business model.

Principle Three: Transition is science-based including targets and pathway

Issuer's climate strategy should reference science-based targets and transition pathways.

Principle Four: Implementation transparency

Market communication in connection with the offer of a financing instrument which has the aim of funding the issuer's climate transition strategy should also provide transparency of the underlying investment program.

(2) Four elements of GBP/GBGLs

Principle One: Use of proceeds **Subject to additional assessment of ANNEX – Second Party Opinion*

The Use of Proceeds criteria are guided by the requirement that an issuer of a transition finance with specific use of proceeds must use the funds raised to bond eligible activities. The eligible activities should produce clear environmental benefits.

Principle Two: Proceeds for Project Evaluation and Selection

The Project Evaluation and Selection criteria are guided by the requirements that an issuer of a transition finance should outline the process it follows when determining eligibility of an investment using the proceeds from transition finance, and outline any impact objectives it will consider.

Principle Three: Management of Proceeds

The Management of Proceeds criteria are guided by the requirements that a transition finance should be tracked within the issuing organization, that separate portfolios should be created when necessary and that a declaration of how unallocated funds will be handled should be made.

Principle Four: Reporting **Subject to additional assessment of ANNEX - Second Party Opinion*

The Reporting criteria are guided by the recommendation that at least Sustainability Reporting to the bond investors should be made of the use of bond proceeds and that quantitative and/or qualitative performance indicators should be used, where feasible.



IV. Work Undertaken

Our work constituted a comprehensive review of the available information, based on the understanding that this information was provided to us by the issuer in good faith. We have not performed an audit or other tests to check the veracity of the information provided to us.

The work undertaken to form our opinion included:

i. Pre-funding assessment (ANNEX - Second Party Opinion)

- Assessment of additional documentary evidence provided by NYK on the NYK Transition Bond and supplemented assessment by a comprehensive desktop research. These checks refer to current assessment best practices and standards methodologies;
- Discussions with NYK, and review of relevant documentation;
- Documentation of findings against each element of the criteria to be additionally assessed.

ii. Post-funding assessment (periodic review) (not included in this report*)**

- Interviews with fundraiser managers and review of relevant documentation.
- Site surveys and inspections (if required).
- Documentation of post-issuance assessment results.



V. Findings and DNV's Opinion

DNV's findings and opinion are as described below.

Please see Schedule-1 and Schedule-2 for details.

GBP•GBGLs-1. Use of Proceeds

NYK has defined the criteria applied to eligible projects as transition projects which meet NYK Transition Strategy and related handbook, principle, and guidelines (CTF-H and CTF-BG).

The proceeds of the NYK Transition Bond (#2) will be used for the following three projects (01, 02 and 03). Please see Schedule-1 for details.

All three projects are eligible projects that are aligned with the NYK Green/Transition Bond Framework and the NYK Group ESG Story 2022 launched subsequently in 2022, as well as environmental targets set by IMO and the Ministry of Land, Infrastructure, Transport and Tourism.

The maximum amount of proceeds of the NYK Transition Bond (#2) is expected to total JPY 20 billion. DNV confirmed at the time of this assessment that the proceeds will be used for new investments and partly as refinancing. The actual allocation results will be reported on an annual basis in accordance with GBP/GBGLs-4.Reporting.

Project-01, 02: Partial funding for the construction of two LNG-fuelled car carriers

- The LNG-fuelled carrier is an essential transition project for the implementation of the Transition Strategy set out in the NYK Group ESG Story 2022.
- Construction of the first vessel, Car Carrier Vessel Project 1, has started in September 2022 and is expected to be completed in October 2025, while construction of the second vessel, Car Carrier Vessel Project 2, has started in April 2021 and is expected to be completed in August 2023.
- According to the fuel conversion path developed by NYK, the first step is to reduce CO₂ emissions by promoting the introduction of LNG-fuelled vessels as described below, with the aim of achieving zero emissions in the future by introducing and increasing zero-emission fuel vessels. Measures to avoid lock-in can include improvement of operational efficiency, energy-saving technologies, increased use of bio and synthetic fuels, and utilization of carbon offsets.
- As possible environmental benefits, CO₂, SO_x and NO_x reduction rates, compared to those by heavy oil-fuelled vessels of similar size, have been calculated. See Table-2 for details.



Figure-3 Project-02 LNG-fuelled car carrier vessel (image)

Table-2 Summary of Project-01, 02 LNG-fuelled car carrier vessels

Project Name:	Car Carrier Vessel Project 1	Car Carrier Vessel Project 2
Estimated allocation:	Approx. JPY 18 billion for construction of two carriers	
Total length:	Approx. 199.99 m	Approx. 199.99 m
Mould width:	Approx. 38.00 m	Approx. 38.00 m
Maximum number of loadable cars:	Approx. 7,000 units	Approx. 7,000 units
Gross tonnage:	Approx. 77,900 tonnes	Approx. 72,800 tonnes
Scheduled completion:	Around the 3rd quarter of 2025	Around the 2nd quarter of 2023
Estimated environmental benefits: (Compared to those by heavy oil-fuelled vessels of similar size)	CO₂ Reduction rate: 26.1% SOx reduction rate: 97.6% NOx reduction rate: no change	CO₂ Reduction rate: 28.8% SOx reduction rate: 99.2% NOx reduction rate: 76.3%

Project 03: Part of the funding for the construction of an LPG-fuelled VLGC (Very Large Gas Carrier)

- The LPG-fuelled carrier is a transition project that is consistent with the Transition Strategy set out in the NYK Group ESG Story 2022.
- Construction which started in February 2021 has completed in January 2023 and the vessel is currently in service.
- This carrier is expected to significantly reduce environmental impact by using LPG as fuel, instead of heavy oil, which contributes to the reduction of greenhouse gas emissions. In addition, the LPG carried as cargo is an alternative to existing energy sources and emits less CO₂ than crude oil, coal, etc., and thus plays an important role in terms of supplying low-carbon fuels to society. Measures to avoid lock-in can include improvement of operational efficiency, energy-saving technologies, increased use of bio and synthetic fuels, and utilization of carbon offsets.
- As possible environmental benefits, CO₂ and SO_x reduction rates, compared to those by heavy oil-fuelled vessels of similar size, have been calculated. See Table-3 for details.



Photo-1 Project 03 LPG-fuelled VLGC

Table-3 Project 03 LPG-fuelled VLGC

Project Name:	LANTANA PLANET
Estimated allocation:	Around JPY 2 billion
Total length:	Approx. 230.00 m
Mould width:	37.20 m
Depth (type):	21.90 m
Summer full draft (type):	11.60 m
Loading capacity:	Approx. 86,500 m ³ (including 2,500 m ³ deck tank capacity)
Date of completion of construction:	Jan 2023 (in service)
Estimated environmental benefits: (Compared with fuel oil-fuelled vessels of similar size)	CO₂ reduction rate: 12.6% SOx reduction rate: 96.2% NOx reduction rate: no change

GBP•GBGLs-4. Reporting

DNV confirms that NYK will report (annual reporting) on the Transition Bond (#2) until the proceeds are fully allocated, and disclose information on the status of the allocation, the projects to which the proceeds have been allocated or the environmental benefits on the issuer’s website.

DNV confirmed that, even after allocation have been completed, NYK plans to report any changes in Transition Strategy or pathways, or any major changes in the allocation plan or project implementation status, in a timely manner in NYK’s reporting.

<Allocation status>

- Allocated amount
- Balance of unallocated amount
- Approximate amount of the proceeds allocated for refinancing

<Environmental benefits> * Any or all of the following will be disclosed

Project		Reporting item
01	Offshore Wind Power	<ul style="list-style-type: none"> • Introduction record (number of vessels) and specifications of SEP and CTV • Location, cardinal numbers and capacity (kW) of introduced offshore wind power generation
02	Green Terminal	<ul style="list-style-type: none"> • Cardinal numbers and capacity (kW) of introduced wind power generation • Capacity of Solar PVs (kW)
03	Ammonia fuelled vessel	<ul style="list-style-type: none"> • Numbers and main specifications of ammonia fuelled vessels
04	Hydrogen fuelled cell vessel	<ul style="list-style-type: none"> • Numbers and main specifications of Hydrogen fuelled cell vessels
05	LNG fuelled vessel	<ul style="list-style-type: none"> • Number and main specifications of LNG fuelled vessels • GHG emissions (mt/vessel/year) • GHG • CO₂ • SO_x • NO_x emission reduction amount or ratio compared to the case of using HFO (heavy fuel oil)
06	LNG fuel supply vessel	<ul style="list-style-type: none"> • Number and main specifications of LNG fuel supply vessels • GHG emissions (mt/vessel/year) • GHG • CO₂ • SO_x • NO_x emission reduction amount or ratio compared to the case of using HFO (heavy fuel oil)
07	LPG fuelled vessel	<ul style="list-style-type: none"> • Number of LPG fuelled vessels • Main specifications • GHG emissions (mt/vessel/year) • GHG • CO₂ • SO_x • emission reduction amount or ratio compared to the case of using HFO (heavy fuel oil)
08	Operation efficiency & optimization	<ul style="list-style-type: none"> • GHG / CO₂ / SO_x / NO_x emission reductions or ratios before and after the introduction of equipment and systems compared to standard operations

Use of Proceeds reporting:

- | | |
|--|--|
| <input type="checkbox"/> Project-by-project | <input checked="" type="checkbox"/> On a project portfolio basis |
| <input type="checkbox"/> Linkage to individual bond(s) | <input type="checkbox"/> Other (<i>please specify</i>): |

Information reported:

- | | |
|---|--|
| <input checked="" type="checkbox"/> Allocated amounts | <input type="checkbox"/> TB refinanced share of total investment |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

Frequency:

- | | |
|---|--------------------------------------|
| <input checked="" type="checkbox"/> Annual | <input type="checkbox"/> Semi-annual |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

Impact reporting (Environmental Impact):

- | | |
|--|--|
| <input type="checkbox"/> Project-by-project | <input checked="" type="checkbox"/> On a project portfolio basis |
| <input type="checkbox"/> Linkage to individual bond(s) | <input type="checkbox"/> Other (<i>please specify</i>): |

Frequency:

- | | |
|---|--------------------------------------|
| <input checked="" type="checkbox"/> Annual | <input type="checkbox"/> Semi-annual |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

Information reported (expected or ex-post):

- | | |
|---|---|
| <input checked="" type="checkbox"/> GHG Emissions / Savings | <input type="checkbox"/> Energy savings |
| <input checked="" type="checkbox"/> Other ESG indicators (<i>please specify</i>): | SOx, NOx emission reductions |

Means of Disclosure:

- | | |
|--|--|
| <input type="checkbox"/> Information published in financial report (Integrated Report) | <input type="checkbox"/> Information published in sustainability report |
| <input type="checkbox"/> Information published in ad hoc documents | <input checked="" type="checkbox"/> Other (please specify): on NYK website |
| <input type="checkbox"/> Reporting reviewed (if yes, please specify which parts of the reporting are subject to external review) | |

VI. Assessment Conclusion

On the basis of the information provided by NYK and the work undertaken, it is DNV's opinion that the NYK Transition Bond (#2) meets the criteria established in the Protocol, and that is aligned with the following stated definition or purpose of the bonds that specify the use of proceeds within the CTFH/CTFBG and GBP/GBGLs:

"provide an investment opportunity with transparent sustainability credentials"

"enable capital-raising and investment for new and existing projects with environmental benefits"

DNV Business Assurance Japan K.K.

22 June 2023



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About DNV

Driven by our purpose of safeguarding life, property and the environment, DNV enables organisations to advance the safety and sustainability of their business. Combining leading technical and operational expertise, risk methodology and in-depth industry knowledge, we empower our customers' decisions and actions with trust and confidence. We continuously invest in research and collaborative innovation to provide customers and society with operational and technological foresight.

With our origins stretching back to 1864, our reach today is global. Operating in more than 100 countries, our 16,000 professionals are dedicated to helping customers make the world safer, smarter and greener.

Disclaimer

Responsibilities of the Management of the Issuer and the Second-Party Opinion Providers, DNV: The management of Issuer has provided the information and data used by DNV during the delivery of this review. Our statement represents an independent opinion and is intended to inform the Issuer management and other interested stakeholders in the Bond as to whether the established criteria have been met, based on the information provided to us. In our work we have relied on the information and the facts presented to us by the Issuer. DNV is not responsible for any aspect of the nominated assets referred to in this opinion and cannot be held liable if estimates, findings, opinions, or conclusions are incorrect. Thus, DNV shall not be held liable if any of the information or data provided by the Issuer's management and used as a basis for this assessment were not correct or complete

Schedule-1 NYK Transition Bond (#2) Eligible Projects

Category ^{*1}	Project ^{*1}	Project Overview	Expected Environmental Benefits													
LNG fuelled vessel	Expenditure on LNG-fuelled vessels (incl. capital investment, research and development, business development and operations, working capital)	Partial funding for the construction of two LNG-fuelled car carriers		<table border="1"> <tr> <td>Project Name:</td> <td>Car Carrier Vessel Project 1</td> <td>Car Carrier Vessel Project 2</td> </tr> <tr> <td>CO₂ reduction rate:</td> <td>26.1%</td> <td>28.8%</td> </tr> <tr> <td>SO_x reduction rate:</td> <td>97.6%</td> <td>99.2%</td> </tr> <tr> <td>NO_x reduction rate:</td> <td>No change</td> <td>76.3%</td> </tr> </table>	Project Name:	Car Carrier Vessel Project 1	Car Carrier Vessel Project 2	CO ₂ reduction rate:	26.1%	28.8%	SO _x reduction rate:	97.6%	99.2%	NO _x reduction rate:	No change	76.3%
		Project Name:	Car Carrier Vessel Project 1		Car Carrier Vessel Project 2											
		CO ₂ reduction rate:	26.1%		28.8%											
		SO _x reduction rate:	97.6%		99.2%											
		NO _x reduction rate:	No change		76.3%											
		Project Name:	Car Carrier Vessel Project 1		Car Carrier Vessel Project 2											
		Total length:	Approx. 199.99 m		Approx. 199.99 m											
Mould width:	38.00 m	38.00 m														
Maximum number of loadable cars:	Approx. 7,000 units	Approx. 7,000 units														
Gross tonnage:	Approx. 77,900 tonnes	Approx. 72,800 tonnes														
Scheduled completion:	Around 3rd quarter of 2025	Around 2nd quarter of 2023														
LPG fuelled vessel	Expenditure on LPG-fuelled vessels (incl. capital investment, research and development, business development and operations, working capital)	Partial funding for the construction of LPG-fuelled VLGCs		<table border="1"> <tr> <td>Project Name:</td> <td>LANTANA PLANET</td> </tr> <tr> <td>CO₂ reduction rate:</td> <td>12.6%</td> </tr> <tr> <td>SO_x reduction rate:</td> <td>96.2%</td> </tr> <tr> <td>NO_x reduction rate:</td> <td>No change</td> </tr> </table>	Project Name:	LANTANA PLANET	CO ₂ reduction rate:	12.6%	SO _x reduction rate:	96.2%	NO _x reduction rate:	No change				
		Project Name:	LANTANA PLANET													
		CO ₂ reduction rate:	12.6%													
		SO _x reduction rate:	96.2%													
		NO _x reduction rate:	No change													
		Project Name:	LANTANA PLANET													
		Total length:	Approx. 230.00 m													
		Mould width:	37.20 m													
Depth (type):	21.90 m															
Summer full draft (type):	11.60 m															
Loading capacity:	Approx. 86,500 m ³ (Including 2,500 m ³ deck tank capacity)															
Scheduled completion:	Jan 2023 (in service)															

*1: Excerpted from the NYK Green/Transition Bond Framework.



Schedule-2 Green Bond Eligibility Assessment Procedure

The following checklist (GBP-1 ~ GBP-4) are DNV's Assessment Procedure created for NYK's Green Bond Eligibility Assessment based on the requirements of GBP and GBGLs. "Document review" in the work undertaken includes internal documents of issuer and is provided by NYK as evidence of eligibility judgment for DNV.

Note that in Schedule-2, the term GBP is used practically, while it means hereby the standards and requirements referred in the fundraising for the green and transition projects in the transition bonds which specify the use of funds on base of CTFH and CTFBG.

GBP-1 Use of Proceeds

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
1a	Type of bonds	Types of transition bonds are classified into one of the following types defined by GBP. <ul style="list-style-type: none"> · (Standard) Transition Bond · Transition Revenue Bond · Transition Project Bond · Other 	Documents reviewed -Framework Interviews with stakeholders	Through the evaluation work, DNV confirmed that NYK Transition Bond (#2) falls into the following category: (Standard) Transition Bond
1b	Green/transition on project categories	The key to a green/transition bond is that the proceeds will be used for transition projects, which should be properly stated in the legal documents relating to the security.	Documents reviewed -Framework -NYK green/ transition project document Interviews with stakeholders	DNV confirmed that the NYK Transition Bond (#2) aims to fund LNG fuelled and LPG-fuelled vessels within a wide range of green/transition projects focused on NYK Group's environmental goals, as described in the Framework. DNV confirmed specifically that all transition projects listed in Schedule-1 were evaluated as conforming to the Transition Strategy, and the proceeds through the transition bonds are planned to be allocated to LNG fuelled and LPG fuelled vessels.

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings																							
				<p>Through the assessment, DNV concludes that the Transition project will provide tangible and genuinely environmental benefits. Of the NYK project categories listed below, those to which the current funding is allocated are highlighted in yellow.</p> <table border="1" data-bbox="1406 608 2105 1091"> <thead> <tr> <th colspan="2">Project classification</th> <th>Category</th> </tr> </thead> <tbody> <tr> <td>01</td> <td>Offshore Wind Power</td> <td rowspan="2">Renewable energy</td> </tr> <tr> <td>02</td> <td>Green Terminal</td> </tr> <tr> <td>03</td> <td>Ammonia fuelled vessel</td> <td rowspan="2">Fuel switching, Technological innovation, Clean transport</td> </tr> <tr> <td>04</td> <td>Hydrogen fuelled cell vessel</td> </tr> <tr> <td>05</td> <td>LNG fuelled vessel</td> <td rowspan="2">Fuel switching, Technological innovation, Clean transport</td> </tr> <tr> <td>06</td> <td>LNG fuel supply vessel</td> </tr> <tr> <td>07</td> <td>LPG fuelled vessel</td> <td rowspan="2">Clean transport, Energy conservation</td> </tr> <tr> <td>08</td> <td>Operation efficiency & optimization</td> </tr> </tbody> </table>	Project classification		Category	01	Offshore Wind Power	Renewable energy	02	Green Terminal	03	Ammonia fuelled vessel	Fuel switching, Technological innovation, Clean transport	04	Hydrogen fuelled cell vessel	05	LNG fuelled vessel	Fuel switching, Technological innovation, Clean transport	06	LNG fuel supply vessel	07	LPG fuelled vessel	Clean transport, Energy conservation	08	Operation efficiency & optimization
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1c	Environmental benefits	All green/transition projects to which the funds are used should have clear environmental benefits, and the effects of which should be assessed by the issuer and, where possible, quantitatively demonstrated.	<p>Documents reviewed</p> <ul style="list-style-type: none"> -Framework -NYK green/ transition project document <p>Interviews with stakeholders</p>	<p>DNV confirmed that NYK's transition projects have environmental benefits, including CO₂ emission reduction rates, through the projects listed under 1b and contribute to the targets under the NYK Group Transition Strategy. DNV also confirmed that the environmental benefits are to quantitatively assessed by CO₂ emission reduction rates and reported annually</p>																							



Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
1d	Refinancing share	If all or part of the proceeds are used or may be used for refinancing, the issuer will indicate the estimated ratio of the initial investment to the refinancing and, where appropriate, it is recommended to clarify which investment or project portfolio is subject to refinancing.	<p>Documents reviewed</p> <ul style="list-style-type: none"> -Framework -NYK green/ transition project document <p>Interviews with stakeholders</p>	DNV confirmed that NYK plans to use the funds raised for both newly financing and refinancing the nominated projects, i.e., LNG-fuelled, and LPG-fuelled vessels. DNV confirmed that through the annual reports NYK intends to disclose the estimated amount (or percentage) of the funds that was allocated for refinancing.



GBP-2 Process for Project Selection and Evaluation

Ref.	Criterion	Requirements	Work Undertaken	DNV Findings
2a	Project selection process	Green/Transition Bond issuers should outline the process by which they have determined the eligibility of projects for which Green/Transition Bond proceeds are to be used. This should include (but not be limited to) The process by which the issuer determines that an eligible project falls within the business category of an eligible Green/Transition project. Creation of criteria for eligibility of projects for which green/transition bond funding will be used Environmental sustainability goals	Documents reviewed -Framework -NYK Green/Transition Bond Selection and Assessment Procedure Interviews with stakeholders	DNV confirmed that the Framework sets out the process by which NYK determines the eligibility of a project to use Transition Bond procurement funds, and that it has assessed the eligibility of this bond in accordance with the Framework.
2b	Issuer's environmental and social governance framework	In addition to criteria and certifications, the information published by issuers regarding the green/transition bond process also considers the quality of performance of the issuer's framework and environmental sustainability.	Documents reviewed -Framework -NYK Green/Transition Bond Selection and Evaluation Assessment Procedure Interviews with stakeholders	DNV confirmed that the transition projects implemented by NYK are in line with NYK's management and environmental policies and consistent with the Transition Strategy, targets and pathways. DNV confirmed through the review of documents including the Framework and interviews with relevant stakeholders that NYK is working on the conservation of the surrounding environment through the relevant departments in the management and implementation of the project, and that it has implemented or plans to implement regular monitoring in the PDCA cycle.

GBP-3 Management of Proceeds

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
3a	Tracking procedure - 1	The net proceeds from green/transition bonds should be managed in sub-accounts, incorporated into a sub-portfolio, or otherwise tracked by other appropriate means. It should also be evidenced by the issuer in a formal internal process related to the issuer's investment and financing operations for the green/transition project.	Documents reviewed -Framework -Accounting management regulations, accounting management systems Interviews with stakeholders	The net proceeds from transition bonds are incorporated into a common account of NYK, and the status of allocation is traceable on a project basis through internal systems and documents. DNV has verified the actual systems in use and the relevant documents, etc., and confirmed that the management of funds procurement can be proven on this basis.
3b	Tracking procedure - 2	During the redemption period of the green/transition bonds, the balance of the proceeds being tracked should be adjusted at regular intervals to match the amount allocated to eligible projects undertaken during that period.	Documents reviewed -Framework -Accounting control documents Interviews with stakeholders	DNV confirmed that NYK regularly (at least once a year) reviewed the balance of the transition finance using the accounting systems / documents described in 3a during the period from issuance to redemption of transition bond.
3c	Temporary holdings	If no investment or payment has yet been made for a nominated green/transition project, the issuer should also inform the investor of the possible temporary investment method for the balance of unallocated funds.	Documents reviewed -Framework -Accounting control documents Interviews with stakeholders	Through the verification of NYK's internal systems and documents and workflows DNV confirmed that the balance of unallocated funds was recognized sequentially. DNV confirmed through the Framework and the assessment that the balance of unallocated funds was managed in cash or cash equivalents. DNV also confirmed that the balance of unallocated funds will be disclosed through the reporting of the status of allocation.

GBP-4 Reporting

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings																		
4a	Periodical Reporting	In addition to the ad-hoc investment reporting for fund utilization and refinance, the issuer will provide at least once a year the list of projects funded by the green/transition bond in consideration of the following: -Confidentiality and competitive considerations -Outline of each project, expected sustainable environmental and social benefits	Documents reviewed -Framework -NYK Green/Transition project documents	DNV confirmed that NYK will carry out reporting of transition bonds annually until the proceeds are fully allocated and so by will disclose the status of the allocation of funds and the environmental benefits. DNV confirmed that NYK will disclose environmental benefits by some or all of the items in the table below, within the limits of confidentiality and as long as they are reasonably practicable. <Allocation status> Allocated amount Balance of unallocated amount Approximate amount of the proceeds allocated for refinancing <Environmental benefits> *See table below																		
		<p style="text-align: center;">Table Green/Transition project environmental benefits (recipients of this funding allocation highlighted in yellow)</p> <table border="1"> <thead> <tr> <th>No.</th> <th colspan="2">Project Classification</th> <th>Record of Equipment introduction (Capacity, cardinal number, number of vessels)</th> <th>GHG, CO₂ Emission Reductions</th> <th>SOx, NOx Emission Reductions</th> </tr> </thead> <tbody> <tr> <td>01</td> <td>Offshore Wind Power</td> <td>Self-elevating work platform (SEP), Crew transport vessels (CTVs)</td> <td>✓*1*2</td> <td>-</td> <td>-</td> </tr> <tr> <td>02</td> <td>Green Terminal</td> <td>New establishment and expansion of Green Terminal</td> <td>✓*2</td> <td>-</td> <td>-</td> </tr> </tbody> </table>					No.	Project Classification		Record of Equipment introduction (Capacity, cardinal number, number of vessels)	GHG, CO ₂ Emission Reductions	SOx, NOx Emission Reductions	01	Offshore Wind Power	Self-elevating work platform (SEP), Crew transport vessels (CTVs)	✓*1*2	-	-	02	Green Terminal	New establishment and expansion of Green Terminal	✓*2
No.	Project Classification		Record of Equipment introduction (Capacity, cardinal number, number of vessels)	GHG, CO ₂ Emission Reductions	SOx, NOx Emission Reductions																	
01	Offshore Wind Power	Self-elevating work platform (SEP), Crew transport vessels (CTVs)	✓*1*2	-	-																	
02	Green Terminal	New establishment and expansion of Green Terminal	✓*2	-	-																	

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings			
		03	Ammonia fuelled vessel	Ammonia-based liquefied ammonia carrier and tugboat	✓*3	-	-
		04	Hydrogen fuelled cell vessel	Introduction of ships equipped with high-power hydrogen fuelled cells	✓*3	-	-
		05	LNG fuelled vessel	LNG fuelled vessels *excluding existing fossil fuelled transportation	✓*3	✓*4	✓*5
		06	LNG fuel supply vessel	LNG bunkering vessel	✓*3	✓*4	✓*5
		07	LPG fuelled vessel	LPG fuelled vessel	✓*3	✓*4	✓*5
		08	Operation efficiency & optimization	Software development, etc. that supports operational efficiency and optimization	-	✓*6	✓*5
<p>* 1: Introduction record (number of vessels) and specifications of SEP vessels and CTV</p> <p>* 2: Number of units and power generation capacity (MW) of the offshore wind power generation, onshore wind power generation and solar power generation introduced</p> <p>* 3: Number and main specifications of vessels built according to the project classification</p> <p>* 4: GHG / CO2 emission reduction amount or ratio compared to the case of using heavy oil as fuel (Including planned values)</p> <p>* 5: SOx and NOx emission reduction amount or ratios compared to the case of using heavy oil as fuel (Excluding NOx for LPG fuelled vessel)</p> <p>* 6: GHG / CO2 / SOx / NOx emission reduction amount or ratios before and after the introduction of equipment and systems compared to standard operations</p>							