The company consolidated 10 shares into one share on October 1, 2017.

Directors, Audit and Supervisory Board Members, and Corporate Officers

(Current as of June 20, 2018, number of shares held* as of April 30, 2018)

* The company consolidated 10 shares into one share on October 1, 2017.

Yasumi Kudo
Chairman, Representative Director
Chairman Corporate Officer
Number of shares held: 16,816
Attendance at Board of Directors’ meetings: 15/15
1975 joined the Company
1998 General Manager of Semi-Liner Group
2002 Corporate Officer
2004 Managing Director and Corporate Officer
2006 Representative Director,
Senior Managing Corporate Officer
2008 Representative Director,
Executive Vice-president Corporate Officer
2009 President, Representative Director,
President Corporate Officer
2015 Chairman, Representative Director,
Chairman Corporate Officer

Tadaaki Naito
President, Representative Director
President Corporate Officer
Number of shares held: 12,713
Attendance at Board of Directors’ meetings: 15/15
1979 joined the Company
2004 General Manager of Petroleum Group
2005 Corporate Officer
2007 Managing Corporate Officer
2008 Director, Managing Corporate Officer
2009 Representative Director
Senior Managing Corporate Officer
2013 Representative Director,
Executive Vice-president Corporate Officer
2015 President, Representative Director,
President Corporate Officer

Hitoshi Nagasawa
Representative Director,
Executive Vice-president Corporate Officer
Chairman of Tramp Shipping Strategy Committee
Oversees the Energy Division and Dry Bulk Division
Number of shares held: 11,147
Attendance at Board of Directors’ meetings: 14/15
1980 joined the Company
2004 General Manager of LNG Group
2007 Corporate Officer
2009 Managing Corporate Officer
2011 Director, Managing Corporate Officer
2013 Representative Director,
Senior Managing Corporate Officer
2018 Representative Director,
Executive Vice-president Corporate Officer

Koichi Chikaraishi
Representative Director
Senior Managing Corporate Officer
Customer Relations Officer
Oversees Automotive Transportation
Headquarters
Number of shares held: 9,169
Attendance at Board of Directors’ meetings: 15/15
1978 joined the Company
2006 Representative Director,
2002 Corporate Officer
1998 General Manager of Petroleum Group
2003 General Manager of Petroleum Product and
LPG Group
2005 Corporate Officer
2009 Corporate Officer
2012 Director, Managing Corporate Officer
2013 Representative Director,
Senior Managing Corporate Officer

Yoshiyuki Yoshida
Director, Senior Managing Corporate Officer
Chief Compliance Officer
Chief Executive of General Affairs Headquarters
Number of shares held: 8,555
Attendance at Board of Directors’ meetings: 15/15
1981 joined the Company
2005 General Manager of Tramp Co-ordination Group
2011 Corporate Officer
2015 Director, Managing Corporate Officer
2018 Director, Senior Managing Corporate Officer

Eiichi Takahashi
Director, Senior Managing Corporate Officer
Chief Financial Officer
Chief Executive of Management
Planning Headquarters
Number of shares held: 4,773
Attendance at Board of Directors’ meetings: 15/15
1982 joined the Company
2010 General Manager of Accounting Group
2012 Corporate Officer
2016 Director, Managing Corporate Officer
2018 Director, Senior Managing Corporate Officer

Audit and Supervisory Board Members

Yoko Wasaki
Number of shares held: 7,072
Attendance at Board of Directors’ meetings: 14/15
1978 joined the Company
2015 Audit and Supervisory Board Member (full-time)

Hiroshi Hiramatsu
Number of shares held: 7,449
Attendance at Board of Directors’ meetings: 12/12
1978 joined the Company
2017 Audit and Supervisory Board Member (full-time)

Reason for Selection
To advise and contribute to the execution of business.

Senior Managing Corporate Officer
Hidetoshi Maruyama

Managing Corporate Officers
Hitoshi Oshika
Tomoyuki Koyama
Akira Kono
Hiroki Harada
Noriko Miyamoto
Takaya Soja
Koichi Urugami

Corporate Officers
Svein Steimler
Kobune Goto
Shohei Yamamoto
Yutaka Higurashi
Tomoo Kitayama
Nobuhiro Kashima
Toru Kaniyama
Hemant Pathania
Masashi Suda
Shinya Hitomi
Taizo Yoshida
Akihiro Yoshida
Kotaro Seki
Lee Cheek Poh

* Attendance by Hiroko Kuniya at meetings of the Board of Directors is indicated from June 21, 2017, the date she assumed her position.
Outside Directors and Outside Audit and Supervisory Board Members

Yukio Okamoto
Independent Outside Director
Number of shares held: 11,864
Attendance at Board of Directors’ meetings: 15/15
1968 Joined Japan’s Ministry of Foreign Affairs
1991 Resigned from the ministry
1991 President of Okamoto Associates, Inc. (current position)
1996 Special Adviser to the prime minister
1998 Resigned from the position
2001 Special Adviser to the cabinet secretariat
2003 Resigned from the position; Special Adviser to the prime minister
2004 Resigned from the position
2008 Outside Director of NYK
2017 Chief Outside Director of NYK (part-time)

Reason for Selection
To advise regarding management and contribute to the appropriate oversight of the execution of business, mainly from the perspective of an expert knowledgeable about international affairs.

Yoshihiro Katayama
Independent Outside Director
Number of shares held: 1,774
Attendance at Board of Directors’ meetings: 15/15
1974 Joined Japan’s Ministry of Home Affairs
1998 Resigned from the ministry
1999 Governor of Tottori Prefecture
2007 Completed term as governor; Professor of Keio University
2010 Minister for Internal Affairs and Communications
2011 Resigned from the ministry
2016 Outside Director of NYK (part-time)
2017 Retired from position as Professor at Keio University
2017 Professor at the Graduate School of Public Management, Waseda University (current position)

Reason for Selection
To advise on management and contribute to the appropriate oversight of the execution of business, mainly from the perspective of a person having abundant experience in government, politics, and academia.

Hiroko Kuniya
Independent Outside Director
Number of shares held: 1,108
Attendance at Board of Directors’ meetings: 12/12
1981 Announcer and writer for English-language broadcasts of NHK General TV’s “Seven O’clock News”, Researcher of “NHK Special” (NHK = Nippon Hoso Kyokai (Japan Broadcasting Corporation))
1987 Newscaster of NHK satellite broadcasting’s “World News”
1993 Newscaster of NHK General TV’s “Today’s Close-Up”
2016 Trustee of Tokyo University of the Arts (part-time; current position)
2017 Outside Director of NYK (part-time)

Reason for Selection
To advise on management and contribute to the appropriate oversight of the execution of business, mainly from the perspective of a woman having a broad range of knowledge about international affairs, society, etc.

Toshio Mita
Independent Outside Audit and Supervisory Board Member
Number of shares held: 4,352
Attendance at Board of Directors’ meetings: 14/15
1969 Joined Chubu Electric Power Co., Inc.
2003 Director and General Manager of the Tokyo office of the company
2005 Director and Managing Executive Officer, General Manager of Customer Service Division of the company
2006 President and Director of the company
2007 President and Director (Executive Officer) of the company
2010 Chairman of the company
2015 Honorary Advisor to the company (current position)
2016 Outside Audit and Supervisory Board Member of NYK (part-time)

Reason for Selection
To contribute to appropriate oversight, mainly from the perspective of a person having a broad range of knowledge cultivated through abundant experience in corporate management, etc.

Hirohide Yamaguchi
Independent Outside Audit and Supervisory Board Member
Number of shares held: 980
Attendance at Board of Directors’ meetings: 13/15
1974 Joined Bank of Japan
2006 Executive Director of Bank of Japan
2008 Deputy Governor of Bank of Japan
2013 Retired from the bank
2013 Chairman of the Advisory Board of Nikko Research Center, Inc. (current position)
2016 Outside Audit and Supervisory Board Member of NYK (part-time)

Reason for Selection
To contribute to appropriate oversight, mainly from the perspective of an expert having knowledge cultivated through abundant experience in finance and economics.

Independence Criteria for Recommendation of Candidates for Outside Directors and Outside Audit and Supervisory Board Members

1. NYK appoints individuals who have extensive experience as corporate managers or who have advanced insight regarding international affairs and social and economic trends and seeks to ensure appropriate decision-making and transparency through diverse perspectives and to strengthen oversight functions.
2. NYK gives consideration to impartiality and appoints individuals for whom there is no concern over potential conflicts of interest with general shareholders.

Transaction Relationships, Conflicts of Interest

The NYK Group had no conflicts of interest with the three outside directors and the two outside audit and supervisory board members.

* Attendance by Hiroko Kuniya at meetings of the Board of Directors is indicated from June 21, 2017, the date she assumed her position.
### Expertise and Experience of Directors (current as of June 20, 2018)

<table>
<thead>
<tr>
<th>Name</th>
<th>Age</th>
<th>Number of Years As Director</th>
<th>Expertise and Experience</th>
</tr>
</thead>
</table>

* Worked as a diplomat in the United States, Europe, and the Middle East
Messages from Independent Outside Directors

We asked our independent outside directors to speak about improving the corporate value of the NYK in the medium- to long-term and evaluating the effectiveness of the Board of Directors.

Although it goes without saying, the management policies of the Company are decided based on the ideas and knowledge obtained by management at NYK, but the significance of outside directors is that they can expand the experience and judgment that the decisions are based upon.

I strive to expand the base that management uses to perform decision-making, including long-term economic trends inside and outside Japan, forecasts on the international geopolitical situation, and long-term predictions for technology, in order to contribute to all the fields that cover the corporate value of the Company. More specifically, I express my opinions on the basic policy, governance, and human resource policies of the Company at various meetings and social gatherings, in addition to the Board of Directors’ meetings. I feel that management follows up on these many proposals, or at least seriously considers them.

The Board of Directors’ meetings are lively, and I believe that outside directors are receiving adequate explanations and materials and are participating in a meaningful manner. I see the remarkable speed of changes occurring in management environments around the world. How the Board of Directors handles these changes is of critical importance. With this feeling of tension in the background, I believe that feedback, etc. on what is said at the Board of Directors’ meeting is certainly leading things in a positive direction.

This is my third year since being appointed an outside director. At first, I was not entirely certain about things, such as whether the points brought up at the Board of Directors’ meetings and the debate that followed were being adequately conveyed inside the Company. However, looking back on this past year, having corporate officers other than directors attending the Board of Directors’ meetings has enabled me to have increased opportunities to exchange opinions, and this has furthered my understanding.

For many years, I was involved in managing large organizations at central government and prefectural government, where I accumulated experience mobilizing organization members. I believe that the knowledge and know-how I learned there can be utilized in many situations, such as corporate governance, sharing the mission of the organization, raising employee morale, and cultivating a sense of determination. I try to honestly convey my opinions and other things I have noticed with such an external point of view.

For example, I remember feeling that something was a bit wrong with “safe and dependable monohakobi (transport)” being included in the Basic Philosophy of the NYK Group Mission Statement, since the fields of business that the Company operates in are changing and the business environment is fluid. After I pointed this out, thorough investigation was conducted inside the Company, and at the Board of Directors’ meeting on March 29 it was decided that the Basic Philosophy should be revised. I hope that I can continue to contribute to the value creation of the Group based on this new Basic Philosophy.

For many years I have been covering the issue of the importance of diversity, especially increasing the participation of women in management positions. Through studies on invisible barriers that exists inside organizations and learning about concrete initiatives of promoting women participation taken by leading corporations, I believe I can contribute to improving the corporate value of the Company. During my first year as outside director, I have repeatedly spoken that promoting diversity is important for raising the competitiveness of the Company. I have questioned “Why can’t the ratio of female management be improved?” and stated that “Diverse organizations are better equipped to innovate” and “Having diverse human resources in charge of decision making is important from the perspective of risk management”. I believe that has enhanced the awareness that promoting diversity is important to the members of the board.

Furthermore, with the expansion in ESG (Environment, Social and Governance) investment, a movement toward evaluating a company’s invisible value in addition to balance sheets is accelerating. One gauge of this is efforts to implement the Sustainable Development Goals (SDGs). SDGs are medium- to long-term goals targeted for the year 2030, I have tried to raise awareness so that the business of the Company can continue to be sustainable, contribute to society, and stay in line with global environment movements. I cannot say that there is thorough understanding of SDGs in the Company. I hope that I can continue to contribute to deepening discussions and promoting understanding in the Company so that environmental, societal, and economic issues are seen in a comprehensive manner and connected with the core business of the Company.
Corporate Governance

NYK’s Corporate Governance Organization Chart (As of June 20, 2018)

Board of Directors and Operational Execution System

With the need to promptly and appropriately respond to the dramatically changing business environment, we require further enhancement of decision-making and supervision provided by our Board of Directors. In order to further deepen substantial discussions with the diversity and expertise of the Board of Directors ensured, we have appointed 9 directors, with three of those being outside directors that meet the independence criteria. This is based on the idea that it is appropriate for our Board of Directors to comprise an adequate number of internal directors that are well versed in the business of the Group, which is mainly global shipping and logistics operations, and a certain number of independent outside directors that have a high level of specialized knowledge to contribute to corporate management and further enhance the supervision function of the Board of Directors.

Not only do we give preliminary explanations on proposals to independent outside directors, but we also share sufficient information and opinions at informal gatherings to ensure that we can have substantial discussions about proposals at the meetings of the Board of Directors and secure the time required for deliberation.

Furthermore, the Company has adopted a Committee of Corporate Officers. The Committee of Corporate Officers comprises 28 members, including those that are also on the Board of Directors, and executes operations under the supervision and resolutions of the Board of Directors, such as performing quick decision-making within the scope of delegated authority and prior discussions on resolutions made by the Board of Directors, etc.

History of Enhancing Governance

(1) Introduced Committee of Corporate Officers
(2) Further enhanced management transparency
(3) Formulated corporate governance code

Breakdown of Directors and Audit and Supervisory Board Members in 2018

2002 (24 members) 2008 (16 members) 2016 (12 members) 2017 (11 members) 2018 (9 members)

(2) Further enhanced management transparency
(3) Formulated corporate governance code
(1) Introduced Committee of Corporate Officers to strengthen operational execution system


WEB


WEB

Transition of Board of Directors Members

Director

Audit and Supervisory Board

Board of Directors

Independent Auditors (Accounting auditors)

NYK's Corporate Governance Organization Chart (As of June 20, 2018)

NYK Report 2018

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Establishment of the Nomination Advisory Committee and the Compensation Advisory Committee

In order to further enhance corporate governance and ensure the transparency of the Board of Directors functions, the Company has established a Nomination Advisory Committee and Compensation Advisory Committee comprising a majority of outside directors. Based on consultations with the president, these committees discuss important items and give advice regarding the appointment/dismissal and compensation of directors and corporate officers, as well as consult with the Board of Directors about relevant proposals.

When meetings of these committees are held, the president consults with the chairman and each outside director individually to improve the functionality of the committees by ensuring the adequate exchange of opinions, etc.

Remuneration for Directors and Corporate Officers

Introduction of a performance-based stock remuneration plan

Purpose

The Company adopted a performance-based stock remuneration plan for directors and corporate officers that conduct business operations. The purpose of this plan is to raise the willingness to contribute to the sustainable and medium- to long-term growth of the Company and share the interests of shareholders. The plan spans three consecutive fiscal years (fiscal years 2016 to 2018), and if extended will continue for an additional three consecutive fiscal years thereafter.

Calculation method

Granting the Company stock after the final fiscal year according to the achievement of performance targets

Points

• Points are assigned based on an assessment and evaluation conducted each fiscal year
• The number of points assigned is calculated according to a prescribed formula (evaluation standards include consolidated revenues, consolidated operating profit, consolidated recurring profit, consolidated net profit, EBITDA, ROE)

Total Amount of Directors’ Remuneration (Fiscal 2017)

<table>
<thead>
<tr>
<th>Category</th>
<th>Number of persons remunerated</th>
<th>Fixed remuneration amount (Millions of yen)</th>
<th>Performance-based remuneration amount (Millions of yen)</th>
<th>Total yearly amount (Millions of yen)</th>
</tr>
</thead>
</table>

1. The amount of remuneration paid to directors includes the amount paid to two directors who retired during fiscal 2017
2. The amount of remuneration paid to audit and supervisory board members includes the amount paid to one audit and supervisory board member who retired during fiscal 2017
3. The monthly remuneration of directors is paid according to their position within the limit of total monthly remuneration decided upon by the resolution at the General Meeting of Shareholders. Bonuses for directors are not paid every year as they are proposed at the General Meeting of Shareholders upon consideration of performance, etc., but are paid according to position within the limit of bonus remuneration decided by the resolution at the General Meeting of Shareholders
4. For the seven consecutive terms from fiscal 2011 to the current term, no bonus payments have been made to directors
5. The stock remuneration amount is the provision for stock payment during this fiscal year based on the performance-based stock remuneration plan introduced by resolution at the 129th General Meeting of Shareholders and the amount to pay to directors who have retired
Corporate Governance

Training for Directors, Audit and Supervisory Board Members, and Corporate Officers

In order to achieve the medium- to long-term vision of the Group and improve sustainable corporate value, we provide opportunities for inside and outside directors, audit and supervisory board members, and corporate officers to participate in in-house training and external courses to maintain the effectiveness of the Board of Directors, deepen understanding of legal compliance such as fair trade, and improve governance functions.

We provide practical training, including timely lectures on the latest trends, as well as education for gaining knowledge on themes such as the Companies Act, internal control, risk management, compliance, crisis management, business analysis, and financial strategy. The status of this training is also reported to the Board of Directors to verify its effect.

Training Menu
- Duties and responsibilities of directors (based on the Companies Act)
- Internal control/compliance
- Media correspondence, etc.

Process for Conducting Non-Anonymous Self-Evaluation Surveys

In order to improve the effectiveness of the meeting of the Board of Directors, since fiscal 2015 we have been conducting non-anonymous self-evaluation surveys regarding the effectiveness of the previous fiscal year’s Board of Directors meetings to discuss directions to take and problems of the Board of Directors and enhance governance. Based on the results of these surveys, we implemented the below measures to improve effectiveness.

Concrete Measures Implemented
(1) Reviewing discussion criteria, including the provision of items for reporting
(2) Delegating authority to the Committee of Corporate Officers
(3) Investigating how to conduct effective discussion at the Board of Directors meetings
(4) Giving preliminary explanations on important projects to outside directors
(5) Sharing information and exchanging opinions at informal gatherings of directors, audit and supervisory board members, and corporate officers

In fiscal 2017, we appointed and cooperated with a specialist outside agency to ensure greater fairness and objectivity in our effectiveness evaluation process.

Process for Conducting Non-Anonymous Self-Evaluation Surveys

Policy for Holding Strategic Shareholdings

The Board of Directors is given periodic reports on the results of verification of the purpose and significance of strategic shareholdings. We have been engaged in verifying the purpose and significance of strategic shareholdings since fiscal 2008. As of this time, the Company has sold more than 50% (acquisition price ratio) of the shares held for strategic purposes compared to fiscal 2008. Current strategic shareholding consists of the stock of important customers related to long-term contracts, etc., which contribute to the stability of the Group’s performance and has been judged to be appropriate as a measure to maintain and strengthen relationships with those customers, etc.

In addition, when exercising voting rights for strategic shareholdings, the Company decides to vote for or against proposals after confirming whether it will result in damage to the value of the relevant company, as well as whether it will contribute to improvement of the Group’s corporate value, and the degree of such contribution.

We plan to actively promote the selling of strategic shares and verify the objective and significance of those shareholdings in order to ensure effective utilization of assets and improve capital efficiency.

Auditing System

NYK is a company with a Board of Directors and an Audit and Supervisory Board. The Audit and Supervisory Board comprises 4 members including two outside members, of which at least one has suitable knowledge of finance and accounting. The members meet the Code of Audit and Supervisory Board Member Auditing Standards defined by the Audit and Supervisory Board, attend important meetings such as Board of Directors meetings, and conduct hearings with directors and corporate officers, among others, regarding their execution of duties, etc. to perform auditing from an independent and objective perspective.

Furthermore, audit and supervisory board members hold a monthly board meeting to share auditing results and other information, have meetings with the Internal Audit Chamber on a regular basis, and convene meetings with the independent auditor (accounting auditors), thereby strengthening communication between all three audit-related groups. We have also established the Audit and Supervisory Board Office, consisting of 3 full-time staff members, which supports audit and supervisory board members in the effective execution of their auditing duties.

Members of the Audit and Supervisory Board and Board Meeting Attendance

<table>
<thead>
<tr>
<th>Name</th>
<th>Attendance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Internal</td>
<td></td>
</tr>
<tr>
<td>Yoko Wasaki</td>
<td>16/16</td>
</tr>
<tr>
<td>Hiroshi Hiramatsu</td>
<td>11/11</td>
</tr>
<tr>
<td>Outside</td>
<td></td>
</tr>
<tr>
<td>Toshio Mita</td>
<td>16/16</td>
</tr>
<tr>
<td>Hirohide Yamaguchi</td>
<td>16/16</td>
</tr>
</tbody>
</table>

* Attendance by Hiroshi Hiramatsu at meetings of audit and supervisory board members is indicated from June 21, 2017, the date he assumed his position.
The Internal Audit Chamber conducts internal audits of the Company and Japanese group companies based on internal audit rules approved by the Board of Directors. Internal audits for overseas group companies are performed by internal auditors that belong to four overseas offices (Americas, Europe, Southeast Asia, and East Asia) based on the policies and guidance of the Internal Audit Chamber.

**Internal Audits Conducted in Fiscal 2017**

| Japan: 32 companies | Overseas: 54 offices |

**Independent Audits (Accounting Audits)**

The certified public accountants who audit the Company’s consolidated and non-consolidated financial statements are Toshiyuki Ono, Yuji Takei, and Tomoya Noda, all of whom are with the accounting firm Deloitte Touche Tohmatsu LLC and have been auditing the Company’s accounts for less than seven consecutive years. These accountants are assisted by 20 certified public accountants and 35 others. Audits are undertaken in accordance with standards generally accepted as fair and appropriate.

Furthermore, we generally appoint accounting firms that belong to the same network (Deloitte Touche Tohmatsu Limited.) as our certified public accountants for major overseas consolidated subsidiaries that receive a financial statement audit and internal control audit.

**Independent Auditor Remuneration**

<table>
<thead>
<tr>
<th>Classification</th>
<th>Fiscal 2016</th>
<th>Fiscal 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Remuneration paid for audit certification activities (Millions of yen)</td>
<td>Remuneration paid for non-audit activities (Millions of yen)</td>
</tr>
<tr>
<td>The Company</td>
<td>145</td>
<td>4</td>
</tr>
<tr>
<td>Consolidated Subsidiaries</td>
<td>144</td>
<td>0</td>
</tr>
<tr>
<td>Total</td>
<td>289</td>
<td>4</td>
</tr>
</tbody>
</table>

**Internal Control System**

We have established an Internal Control Committee chaired by the president to complement the Board of Directors. This committee checks the status of internal control from the perspective of methods for achieving the four goals of financial report reliability, legal compliance, work effectiveness/efficiency, and conservation of assets, and implements corrective measures to ensure that the relevant department strives to perform appropriate and effective internal control operations when a problem is found.

Furthermore, we annually review and redefine the basic policy for the provision of an internal control system at Board of Directors’ meetings.

**Enhancing Group Governance to Aim for Further Increased Corporate Value**

Eiichi Takahashi  
Director, Senior Managing Corporate Officer  
Chief Executive of Management Planning Headquarters

With the expansion of ESG investing, there has been a movement to enhance corporate governance to create medium- to long-term value. In order to increase the corporate value of the entire Group, we have established systems for improving capital efficiency and building universal group governance. In regard to group governance, we are promoting the development and integration of group company standards from the perspective of the three elements of appointment/dismissal, remuneration, and auditing. For Japanese group companies, we promote transparency and unification of the process for appointing/dismissing directors and deciding remuneration of each director. We also dispatch one auditor of each company from a dedicated department of the Company to maintain a system for supervising the operational execution of directors and ensure that the judgment criteria for this supervision is homogenous. We also aim to establish and strengthen our governance system of overseas group companies through three regional group management companies.

Fiscal 2017 saw a major change, which was Yusen Logistics Co. Ltd. becoming a fully owned subsidiary. The Group has group companies involved in various lines of business. I hope that we can maintain an environment for achieving further growth at each company, strengthening communication and collaboration between group companies, and pursuing the creation of synergy. It is necessary for us to organize the roles of each company and establish a group structure that has a more efficient and robust foundation. I therefore hope that we can work together with the various group companies to increase the corporate value of the entire group.
Compliance Initiatives

The Company has established the Compliance Committee, which convenes twice yearly to discuss and decide items regarding major policies and the maintenance of a system for promoting and enhancing compliance.

Also, we have set September as the NYK Group’s compliance-strengthening month and conduct comprehensive compliance checkup activities during this period as an opportunity for staff members to review their own behavior and work processes.

Furthermore, we make efficient use of the helplines established in Japan and overseas in accordance with local circumstances. The Yusen Chat Room system, one of the help lines in Japan, is composed of six personnel, including an outside lawyer, who receive whistleblower reports and provide consultation on a wide range of compliance-related matters. The system covers the Company and approximately 60 group companies.

The NYK Group’s Compliance System

<table>
<thead>
<tr>
<th>Compliance Committee (Chairperson: President)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chief Compliance Officer</td>
</tr>
<tr>
<td>Deputy Chief Compliance Officer</td>
</tr>
<tr>
<td>Legal &amp; Fair Trade Promotion Group</td>
</tr>
<tr>
<td>General managers of departments, offices, or branches (Ethics Leaders)</td>
</tr>
<tr>
<td>Headquarters officers and staff, etc.</td>
</tr>
<tr>
<td>Group company officers and staff, etc. (Overseas)</td>
</tr>
<tr>
<td>Yusen Chat Room</td>
</tr>
<tr>
<td>5 employees (3 men, 2 women)</td>
</tr>
<tr>
<td>Outside help desk</td>
</tr>
</tbody>
</table>

* Staff members including employees, secondees from other companies, and temporary staff

Training for Enhanced Compliance

The Group strives to improve awareness regarding compliance, antitrust laws, and the prohibition of bribery, among others, through group training and e-learning.

<table>
<thead>
<tr>
<th>Training Program in Fiscal 2017</th>
<th>Number of sessions</th>
<th>Number of participants</th>
</tr>
</thead>
<tbody>
<tr>
<td>Training on compliance*1</td>
<td>9</td>
<td>270</td>
</tr>
<tr>
<td>Training on antitrust law and the prohibition of bribery, etc. *2</td>
<td>377</td>
<td>6,415</td>
</tr>
<tr>
<td>e-learning (Japanese/English/Chinese)</td>
<td>1</td>
<td>7,737</td>
</tr>
</tbody>
</table>

*1 Since Fiscal 2002, we have held 367 training sessions, and a total of 10,007 people have participated (Since fiscal 2016, we have data only on participants in training programs held at the headquarters).
*2 Conducted 10 times in Japan and once a year for each overseas region, for group companies both inside and outside Japan (33 countries and 127 companies).

Complying with Antitrust Laws

In the shipping industry, which is subject to the principle of the freedom of shipping (free navigation in international waters and innocent passage in territorial waters), anyone is free to enter or leave the market, which means that it is easy for competition to intensify. In order to reduce the negative aspects caused by this, such as interruptions to the stable shipping network and loss of competitiveness in the shipping/industry of emerging countries, the industry has historically been exempted from the scope of antitrust laws under certain conditions.

With these legal protections diminishing in recent times, it has become common for shipping companies to cooperate through vessel sharing agreements and slot exchanges in order to fulfill our responsibility as infrastructure, maintain and improve diverse navigation networks, and manage the frequencies of port stops, and the industry naturally involves many opportunities for making contact with competitor companies.

Since September 2012, the Group has been subject to investigation by overseas authorities for allegedly violating antitrust laws regarding the shipping of automobiles and other cargoes. The Company and some overseas group companies are also subject to a class action damage compensation suit in the U.S. and other regions.

We offer all of our stakeholders a sincere apology for all the concerns that we have caused.

We previously implemented various measures such as a declaration by the president regarding thorough compliance with antitrust law, the building and operation of a control network spanning the entire Group inside Japan and overseas, internal awareness building and education through training and manuals on antitrust law, and rules on contact with other companies in the same industry, but we need to sincerely accept the fact that this situation occurred and promote the building and operation of a new system for ensuring compliance with antitrust law in order to raise the awareness of each employee and corporate officer within the Group.

Measures for Preventing Reoccurrence (Continued from 2013)

• Holding meetings of the Executive Committee/Overseeing Thorough Antitrust and Anti-bribery Law Compliance (twice a year)

This committee is chaired by the president, and meetings are attended by corporate officers, general managers of departments, outside directors, outside auditors and supervisory board members, and outside lawyers (held in September (attended by 111 members) and March (attended by 107 members) in fiscal 2017)

• Formulating guidelines and conducting risk assessments of all the operational departments including group companies in Japan and overseas

• Reviewing new investment projects by in-house lawyers, etc.

• Obtaining written oaths regarding antitrust laws and competition law compliance

• Adopting an application system for each officer and employee at the headquarters to participate in industry gatherings
Thorough Prohibition of Bribery

In January 2014, we further developed our basic policy and guidelines on the prohibition of bribery and rigorously informed the group employees and officers in Japan and overseas about them, in response to the Unfair Competition Prevention Act (crime of bribing foreign public officials) in Japan, the Foreign Corrupt Practices Act in the U.S., and the Bribery Act 2010 in the U.K.

Furthermore, in April 2016 we established a due diligence system for preventing the bribery of overseas public officials, and when we are considering new businesses in high risk countries, our legal department conducts a screening of candidate partners and dealers to ensure that there are no problems regarding bribery, as well as providing advice and checks for including anti-bribery conditions when creating agreements.

Legal Consultation System
When considering new investment and the launch of new businesses, our legal department implements risk management via screening and due diligence in order to conduct checks regarding antitrust laws, bribery, and economic sanctions.

Taxation Compliance

Based on the recognition that we have a social responsibility to fairly and appropriately pay taxes, we strive to improve taxation compliance. In recent years, tax evasion that takes advantage of the differences between the corporate business activities and national tax regulations and international taxation rules has come to be seen as a problem. International taxation frameworks such as the OECD’s Base Erosion and Profit Shifting (BEPS) project are essential for securing the transparency of taxation, and we are promoting implementation.

Risk Management System

The business and performance of the Group is subject to the influence of technological innovations, natural disasters, social factors such as safety and security, environmental regulations, and the economic and political situation in countries over the world. We quantitatively and qualitatively evaluate risks by having the various business divisions that are the most well-versed in the nature of the business to perform comprehensive self-assessments that include risk appetite and tolerance, based on a risk management policy and risk management rules.

Enterprise risk management (ERM)

Departments are in charge of risk management for business risks. Management departments and internal committees for each risk category monitor the status of risk management across the organization to perform a risk evaluation for the entire company. An inspection of the Internal Audit Chamber is also performed in order to manage risks more appropriately.

Meetings of the Risk Management Committee are held twice a year to enable chief executives of each department to report on the status of managing critical risks that can affect our company management to all board member including outside directors, and evaluate the status of management. The committee also investigates improvement related to group-wide risk management methods and new countermeasures. In fiscal 2017, we implemented a new approach for the top-down addition of group-wide risks to the group business environment in addition to the risks identified by each department.

Risk Map

Critical risks that can significantly affect group-wide business management include operational risks such as major accidents involving vessels or aircraft; country risk; natural disasters and other external factors; and compliance risk such as antitrust law violations.