

# The NYK Group Continues to Grow While Supporting the Overcoming of Challenges in Society and Industry Based on Its Basic Philosophy of “Bringing value to life.”

## Highlights of the NYK Group's History

1885 –

Born of the merger of Mitsubishi Mail Steamship Company and Kyodo Unyu Kaisha, NYK resultantly expanded its business from the seas of Asia to the oceans of the world under a “nibiki” flag featuring two thick red lines on a white background to symbolize the union of the two companies from which NYK arose.



1945 –

During World War II, NYK tragically lost its two key assets—ships and crew members. Following the war and throughout a period of high economic growth, the Company embarked on the development and leveraging of the specialized carrier business to support Japan's economic growth.



Akagi Maru II with the Japanese flag flying as the ship enters New York Harbor

1985 –

The yen appreciation stemming from the Plaza Accord in 1985 had a major impact on the cost structure of shipping companies. We responded by shifting to a multinational mix of our seafaring workforce and beginning a structural transformation, to become a comprehensive global logistics enterprise centered on our maritime shipping industry.



Consumer goods and equipment

1968

Japan's first fully container ship, Hakone Maru II, launched  
Started the North America west coast container shipping service



Automobiles

1970

Group's first Pure car carrier, Jintsu Maru, launched



Bulk

1964

World's first wood-chip carrier, Kure Maru, launched



Energy

1959

Group's first crude oil tanker, Tamba Maru, launched

1962

World's first large LPG carrier, Bridgestone Maru, launched

1983

LNG shipments from Indonesia to Japan began

1960

Group's first iron ore dry bulk, Tobata Maru, launched

1993

Japan's first double-hull tanker, Takamine Maru, launched

▶ The History of NYK Group

🌐 <https://www.nyk.com/english/profile/history/>



## 2010 –

In addition to expanding into new business fields, such as the shuttle tanker and offshore businesses, we continue to take on the challenge of new fields that go beyond the conventional framework of a comprehensive global logistics enterprise, such as introducing ships powered by LNG fuel to decouple the Company's environmental impact and entering the green business field.



### 2016

14,000 TEU container ship, NYK Blue Jay, launched

### 2017

Ocean Network Express Pte. Ltd. (ONE) established

### 2003

- Invested in finished vehicle logistics terminal in Dalian
- Commenced inland transportation service of finished vehicles in China, Australia, Southeast Asia, etc.

### 2013

NYK Bulk & Projects Carriers Ltd. formed



### 1996

LNG shipments from Qatar to Japan commenced

### 2010

Became first Japanese company to enter shuttle tanker business by acquiring a stake in Knutsen Offshore Tankers AS

### 2019

Participated in the 3D geophysical survey business

## Corporate Culture of the NYK Group

### ☑ Our Basic Philosophy of “Bringing value to life.”

#### **Bringing value to life.**

The NYK Group's basic philosophy, “Bringing value to life,” expresses the purpose and reason for the Group's existence—i.e., the value the Group brings to all living things and the environment while realizing prosperous lives and daily fulfillment for people around the world.

Value in items is created when they are with the people who need them and are in the necessary places. In the future, the Group will play a central role in contributing to a sustainable society and environment, in addition to delivering the essential items and services to the people that need them and to the desired places.

Based on this basic philosophy, the Group is working every day toward its goal of co-creating sustainable value with all of its stakeholders while flexibly adapting its business models to changes in this current era and in society.

### ☑ Spreading of Our Basic Philosophy: “Bringing value to life.”

The NYK Group traces its origins back to the maritime shipping industry started by Yataro Iwasaki, the founder of the Mitsubishi Group. He believed that the shipping industry would not only expand our business but also benefit society as a whole.

All employees are convinced that the Group's operations form a social infrastructure and a business that support industry. In 2020, with the COVID-19 pandemic continuing unabated, the Group will fulfill its mission to “keep the logistics lifeline open” so that people can live comfortably and with peace of mind.

Formulated in 2018, our basic philosophy inherits the mission and spirit that have been passed down through the generations since the Company's founding. This philosophy has permeated throughout the Group and down to its roots as words that express the true ambitions of all our employees.

**“If we launch a ship, the benefits will be widespread, and the resulting prosperity will be felt by many.”**

Yataro Iwasaki  
Mitsubishi Group Founder  
Source: *Iwasaki Yataro Den (Volume 2)*  
(Photo : Mitsubishi Archives)





1985 — 2020

Initiatives in Energy Value Chain

**2019**  
Decided to participate in 3D geophysical survey business  
Participated in highest upstream operations in energy value chain

**2015**  
Commenced "Kirari Dojo" (Creative Solutions Workshops) as program to develop innovation leaders

**2016**  
Established start-up Symphony Creative Solutions Pte. Ltd.  
Developed and provided next-generation solutions for marine shipping and logistics fields

**2014**  
More Than Shipping 2018  
Creative Solutions

**2013**  
• First Filipino LNG-vessel captain and chief engineer  
• Expanded NYK-Fil Training Center  
Opened training facility operated by NYK-Fil Maritime E-Training, Inc. next to NTMA. Installed the latest equipment for training on advanced technologies

**2015**  
• Started NYK Mirai Project  
Project to attract young people to maritime affairs and seafaring  
• Commenced POPEYE Project to promote health management of onshore employees  
• Launched OLIVE project regarding workstyle reforms for onshore personnel

**2020**  
• Opened Daikoku C-3 Car Terminal in Yokohama Port  
Aims to be a terminal friendly to the environment and people  
• Finished vehicle logistics terminal in Belgium  
Started wind power generation business  
Plan to install 11 wind power plants

Initiatives in Comprehensive Logistics Business

**2018**  
• Announced NYK SUPER ECO SHIP 2050 as a concept ship  
• Issued green bonds, a first for the oceangoing shipping industry



**2018**  
Introduced NiBiKi, a ship management platform

**2017**  
Jointly developed J-Marine NeCST, a navigation support tool

**2018**  
Staying Ahead 2022 with Digitalization and Green  
Integrated ESG management strategies  
Modified basic philosophy and selected six goals for contributing to the SDGs through business activities

**2016**  
• Started POPEYES Project to promote health management of seafarers  
• Hikawa Maru designated an important cultural property by Japan (first designation for a ship)

**2017**  
• 10th anniversary of NYK-TDG Maritime Academy  
Graduated around 900 exceptional seafarers over 10 years  
• First female ship captain  
• Started M-OLIVE project concerning workstyle reforms for seafarers



**2020**  
First ship captain cultivated via in-house training

Initiatives in Personnel Training, Safe Shipping Operations, and Social Contributions

**2019**  
• Formed Japan Marine Science Inc. from merger of three technology subsidiaries  
• Established MarCoPay Inc. as provider of cashless systems  
Created digital currency platform for crews on ships  
• Formed NYK Digital Academy



**2020**  
• Developed KiSEKI, an accident analysis system  
• Established the Remote Diagnostic Center

**2020**  
Formulating the NYK Group ESG Story, a long-term strategy for addressing ESG issues

Management Vision

Digitalization and Green Initiatives

# Data on the NYK Group's Sustainability

The NYK Group formulates management strategies and measures while considering long-term risks and opportunities and monitoring changes in the external environment, with the aim of maximizing revenues and sustaining growth. On these pages, we present a variety of data on sustainability from five perspectives, including earnings growth, capital efficiency, and shareholder value, while referring to the Ministry of Economy, Trade and Industry's Guidance for Integrated Corporate Disclosure and Company-Investor Dialogues for Collaborative Value Creation.

PEST Analysis	Major Opportunities and Risks	Management Strategies to Enhance Corporate Value	Indicators for Measuring Progress on Strategies
<p><b>Politics</b></p> <ul style="list-style-type: none"> <li>Geopolitical risks affecting global political affairs</li> <li>Rise of trade protectionism</li> </ul> <p><b>Economy</b></p> <ul style="list-style-type: none"> <li>Changes in international and regional economic conditions</li> <li>Increasing investible funds due to excess liquidity</li> </ul> <p><b>Social</b></p> <ul style="list-style-type: none"> <li>Growing populations in emerging and developing countries</li> <li>Widening income disparity and the North-South divide</li> <li>Climate change and ocean conservation problems</li> <li>Shift to a low-carbon and decarbonized society</li> <li>Workstyle reforms in Japan</li> </ul> <p><b>Technology</b></p> <ul style="list-style-type: none"> <li>Advancements in AI and digital technologies</li> <li>Spreading of 3D printers and changes in supply chains</li> <li>Blockchain platforms</li> </ul>	<p><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>Rising demand for maritime shipping</li> <li>Growing demand for alternative long-distance shipping services</li> <li>Demand for high-quality shipping services</li> <li>Growing calls for safety and environmental measures</li> <li>Appearance of alternative supply areas</li> <li>Need to restore supply chains</li> <li>Stricter evaluations of vessel quality and ship management</li> <li>Increasing need for digital technology development</li> </ul> <p><b>Risks</b></p> <ul style="list-style-type: none"> <li>Decreased demand for maritime shipping</li> <li>Rising market volatility</li> <li>Foreign exchange and bunker oil price fluctuations</li> <li>Declining competitiveness due to technological obsolescence</li> <li>Blockades of shipping routes</li> <li>Oversupply from excess tonnage</li> <li>Increasing likelihood of maritime accidents</li> <li>Mobility or loss of key personnel</li> </ul>	<p>Medium-Term Management Plan</p> <p><b>The Group's Material Issues</b></p> <p><a href="https://www.nyk.com/english/csr/materiality/materialissue.html">https://www.nyk.com/english/csr/materiality/materialissue.html</a></p>	<p>Indicators for Measuring Progress on Strategies</p> <ul style="list-style-type: none"> <li>Sustained earnings growth ..... ①</li> <li>Increase in asset and capital efficiency ..... ②</li> <li>Ongoing improvement in shareholder value ..... ③</li> <li>Creation of social and environmental value ..... ④</li> <li>Improvement in human resource capabilities ..... ⑤</li> </ul>

Size of Fleet (number of vessels / deadweight tonnage)\* ① ④

(End of fiscal 2019)

**784** vessels /  
**67,468k** DWT

\* The number of vessels includes LNG carriers and cruise ship that are owned by joint venture companies. DWT includes the tonnage of other companies' share of co-owned ships.

Number of Green Financing Deals ② ④

(Fiscal 2019)

**4** deals

Logistics Business Locations ① ④

(End of fiscal 2019)

**609** locations /  
**46** countries

Recurring Profit of Businesses with Stable Freight Rates ① ④

(Fiscal 2019)

**¥72.0** billion

ROE (that of last year shown in parentheses) ② ③

(Fiscal 2019)

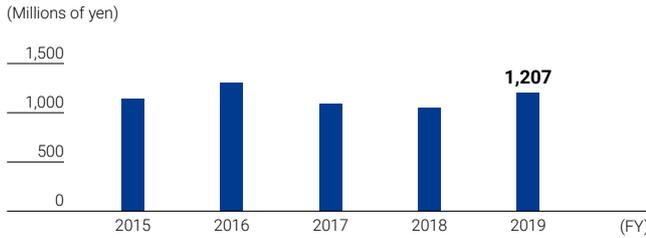
**6.6** %  
(-8.6%)

EPS (that of last year shown in parentheses) ③

(Fiscal 2019)

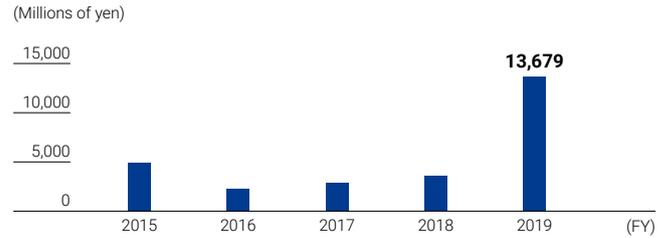
**¥184**  
(-¥263)

**R&D Expenses** ① ④



The NYK Group actively develops technology to enhance the safe operation of ships and to protect the environment.

**Environmental Protection Costs** ① ④



The NYK Group seeks to recognize the costs associated with its efforts to protect the environment.

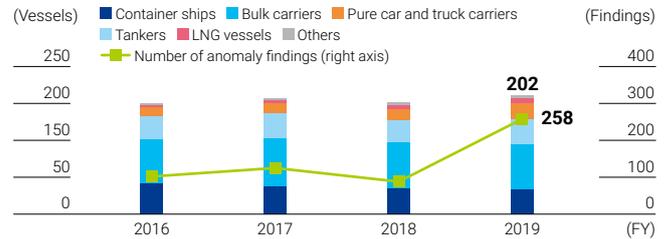
\* In fiscal 2019, costs were considerably higher than in a typical fiscal year due to compliance with SOx regulations (installation of scrubbers). (PDF) Further details are provided on page 82 of the full report.

**Trends in Downtime** ① ④



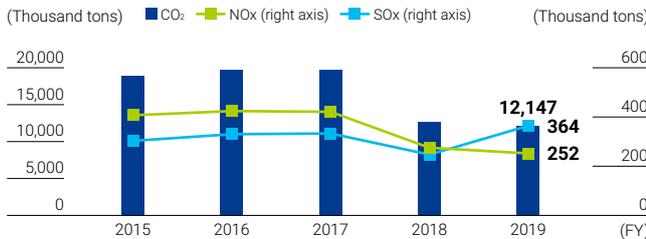
The NYK Group uses the downtime which operations of our vessels are stopped due to accidents and troubles as a measure of the achievement of safe operations.

**Number of SIMS-Equipped Vessels and Number of Anomaly Findings** ① ④



NYK is promoting analysis of engine plant data collected by SIMS with the aim of quickly detecting of anomalies that may lead to serious engine trouble.

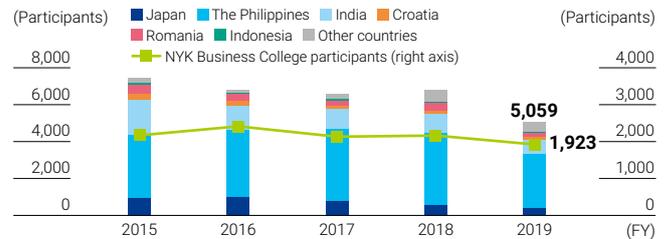
**CO<sub>2</sub>, NO<sub>x</sub>, SO<sub>x</sub> Emissions** ④



GHG emission volumes of vessels and aircraft are monitored and measured to reduce emissions.

\* From fiscal 2018, figures do not include container ships due to the integration of liner business with NYK, MOL and K-Line to new joint venture ONE. (PDF) Further details are provided on page 80 of the full report.

**Number of NYK Business College Participants / Number of NYK Maritime College Seafarer Participants (by Nationality)** ⑤



The NYK Business College for office workers and the NYK Maritime College for seafarers have extensive training systems to enhance the overall abilities of Group employees.

\* The number of NYK Business College participants includes Group employees.

**Number of Participants in Compliance, Antitrust Law, and Prevention of Bribery Training** ⑤



Group employees receive training to improve their understanding of corporate governance.

\* The number of participants for compliance training comprises individuals at headquarters and of domestic Group companies.

\* The number of participants decreased from fiscal 2018 due to the integration of the liner trade businesses of NYK, MOL, and "K" Line.

**ESG DATA BOOK 2019**

In March 2020, the NYK Group published its ESG DATA BOOK 2019 (in Japanese), which features detailed ESG-related performance data. This report contains more ESG-related data for the purpose of supplementing information disclosure.



[https://www.nyk.com/ir/pdf/2019\\_nykreport\\_12.pdf](https://www.nyk.com/ir/pdf/2019_nykreport_12.pdf)

# Supporting the Challenges of Society and Industry with a Solid Track Record and Technology

The NYK Group supports society and industry in a myriad of ways. The Group boasts one of the world's largest fleets of ships and an extensive marine transportation network, in addition to a land and air transportation service network, terminal operations, and a broad range of marine businesses derived from the maritime shipping industry. At the root of all this is our reputation, and the confidence it brings, passed down through the generations for more than 135 years, as well as our proven technological capabilities that we have deployed in good faith.

While further refining the trust and technological capabilities of the Group, we will contribute to the realization of a sustainable society while eyeing the future.

## Global Logistics

Delivering a full range of transportation services globally using one of the world's largest service networks.

Daily essentials, foods, electronics, auto parts, semiconductor parts

### ONE\*1 Fleet Size

**1,571k** TEUs\*2

(as of March 31, 2020)  
(Source: ONE's fiscal 2019 results briefing materials)

\*1 Jointly established through the integration of NYK's liner trade business with those of MOL and "K" Line

\*2 Fleet capacity by number of 20-foot container equivalents



### NCA\* Network's Main Bases

**15** cities around the world

(as of March 31, 2020)

\* Nippon Cargo Airlines Co., Ltd.



### Number of Warehouses

**345** locations

(as of March 31, 2020)



## Car Transportation Division

Built a transportation network with pure car and truck carriers around the world while providing inland transport, terminal operation, and PDI services.

Passenger cars, trucks, construction machinery, railcars

### Car Transport Fleet

**103** vessels

(as of January 1, 2020)



### Number of Automobile Logistics Business Sites

**37** locations

(as of April 30, 2020)

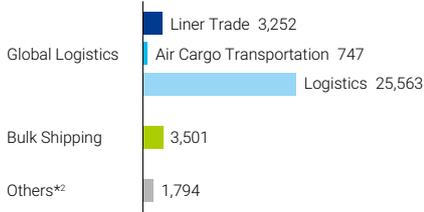


✓ **Creation of Work Environments for Diverse Personnel**

The NYK Group employs approximately 35,000 people of diverse backgrounds. We make a concerted effort to upgrade work environments so that each and every employee can utilize their abilities to the fullest on the global playing field while collaborating together.

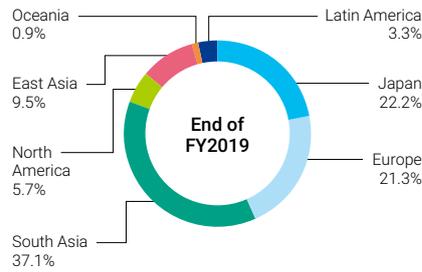
**Employees by Segment\*1**

(People)



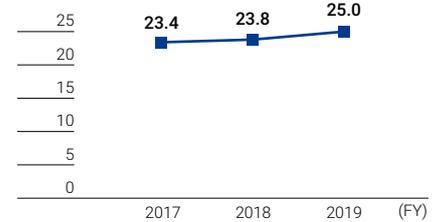
\*1 As of March 31, 2020 \*2 Includes corporate divisions

**Percentage of Employees by Region (Consolidated)**



**Ratio of Women Managers (Consolidated)**

(%)



**Dry Bulk Division**

Safe and stable transport services for iron ore, coal and other natural resources from around the world.

Iron ore, coal, wood chips, grains

■ Bulk Carrier Fleet

**173** vessels

(as of January 1, 2020)



**No. 2**  
in world

■ Number of Medium- to Long-Term Contracts\*

**UP 15%**

P.53

(Compared with March 31, 2018)

\* Calculated based on the number of contracts as of March 31, 2018, net number of expired contracts subtracted from newly contracted projects (including non-delivered vessels). Figures refer to the number of CVC and COA contracts of more than two years (consolidated basis).



**Energy Division**

Covering the entire energy value chain with optimized and safe transport services.

Crude oil, oil products, chemicals, LNG, LPG, offshore business, green business

■ LNG Capacity Share

**6.1%**

(as of March 31, 2020)



■ Tanker Fleet

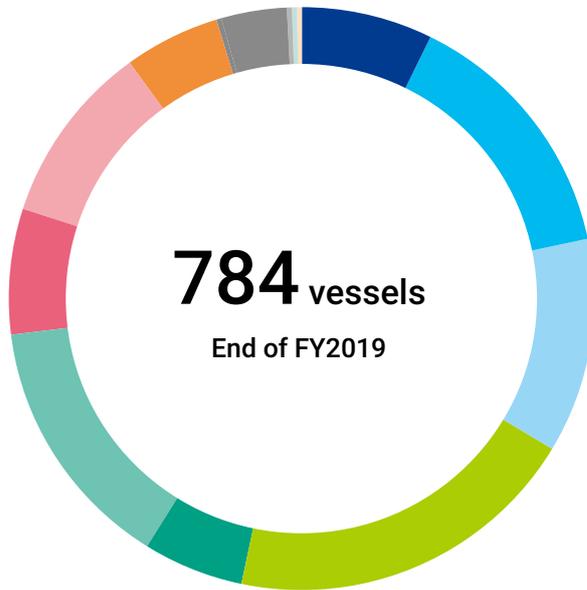
**79** vessels

(as of January 1, 2020)



# Our Business Foundation Supports the Challenges of Society and Industry

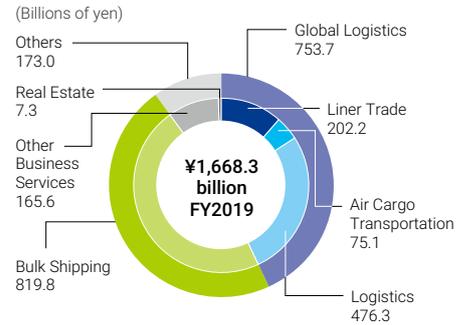
NYK Group's Fleet\*1



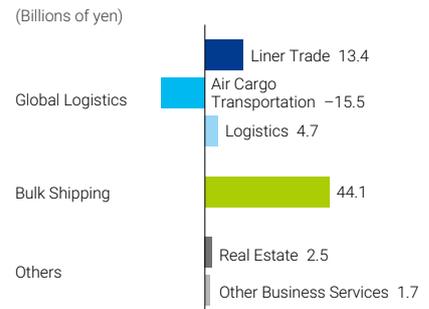
\*1 Comprises co-owned ships and includes LNG carriers and cruise ship that are owned by joint venture companies

Container ships	58	Multi-purpose carriers	41
Capesize bulkers	114	Other	1
Panamax bulkers	92	Cruise ship	1
Handysize bulkers	155	Shuttle tankers	28
Wood chip carriers	43	FPSO	3
Pure car and truck carriers	111	FSO	2
Tankers	56	Drillship	1
LNG carriers	78		

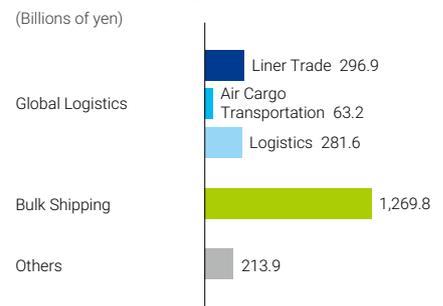
Revenues by Segment\*2



Recurring Profit and Loss by Segment\*2



Total Assets by Segment\*2



\*2 Prior to eliminations (fiscal 2019)  
Based on the segments of the Company's financial reports



# Topics The NYK Group's Initiatives in Response to COVID-19

## ☑ Response to the COVID-19 Pandemic

The NYK Group is making every effort to maintain stable business operations with a mission to "keep the logistics lifeline open" and fulfill its social missions of supporting global logistics and lifelines.

Please go to the special website we have set up below for more details.

[https://www.nyk.com/english/news/2020/covidinfo\\_20200619\\_01.html](https://www.nyk.com/english/news/2020/covidinfo_20200619_01.html)



## ☑ Issues and Measures Related to Crew Changes

The global spread of COVID-19 has led to restrictions on the movement of people in countries around the world, causing problems with crew changes on ships. Crews on cargo ships are usually changed after working for three to six months straight on a ship, but the pandemic has forced crews to work for longer periods on ships. This has led to a variety of situations, such as crew waiting at home to board a ship, crew unable to travel to other countries to board ships, and crew stuck waiting in foreign countries after disembarking because international passenger flights have been suspended. For now, we have been changing crews with the cooperation of our customers and related parties, enabling crew from the Philippines and other nations to disembark in their home countries, away from their normal shipping routes. However, we believe it will take more time to fix the problem of changing crews, which emerged in mid-March.

Changing crews on a regular basis is necessary to maintain mental and physical health, as well as crew employment, and disruptions to this cycle can have a significant impact on international seaborne trade. This problem cannot be solved by the NYK Group alone, and as essential workers, ship crews need to be able to board and disembark from their ships and move between countries with ease. To find a better solution, we are collaborating with external organizations such as the



Meeting on a ships

Japanese Shipowners' Association and the International Maritime Organization (IMO).

## ☑ New Workstyles during COVID-19

During the COVID-19 pandemic, NYK is sparing no effort to fulfill its mission as infrastructure that supports society on a daily basis, placing the highest priority on the safety of Group employees, including ship crews, and taking every step to prevent the spread of COVID-19 in business activities.

The NYK Group's businesses cover a broad spectrum, including offices, ships, logistics centers in various areas, as well as marine container and aviation terminals. We are focusing efforts on creating safe work places through the use of IT and promoting the establishment of digital infrastructure. We also view this situation as a good opportunity to improve work efficiency and aim to enhance productivity.

### Examples

At our offices, we are changing workstyles to allow employees to work from home with IT tools, shifting to online tools for recruiting college graduates, announcing financial results, and disseminating maritime educational information in support of children through social media.

In automobile logistics services, we are reviewing work processes and moving toward contact-less models to counter COVID-19, while also examining and implementing labor-



saving measures for cargo loading and pre-delivery inspection (PDI) work in finished vehicle terminals and logistics centers.

Disinfecting the cockpit  
(Nippon Cargo Airlines Co., Ltd. (NCA))