

Summary of questions and answers from the briefing on the NYK Group ESG Story

<ESG Story>

Q1. What is your idea about setting numerical goals in the ESG Story? What is the concrete positioning of the ESG Story and its impact?

A1. The content of the ESG Story we announced may not be totally new, but it is the expression of our strong determination to strive together as a group under a new system. Going forward, the ESG Management Committee's executive officer-level members from each headquarters (HQ) will take initiatives in setting goals for respective HQs. For example, if it is car carriers, there will be discussions as to at what point of time carriers' fuel will be switched, how many carriers will be affected, and how much CO2 emissions can be reduced by doing so. If it is an administrative division, they will have detailed discussions, such as whether to switch the lighting power sources at offices and other facilities to renewable energy, and then set forth detailed goals. By driving forward these measures, we believe we will gradually move closer to our final goal of becoming carbon neutral. The setting of goals will begin at the ESG Management Committee meetings set to start from April. In the first three months, the respective HQs will carry out discussions and independently formulate concrete action plans. We plan to announce the progress in the integrated report after one year. Accumulation of these will be the most significant KPI management for us to advance ESG activities.

Q2. Please tell us your thoughts and policies regarding disclosure of the level of understanding and sharing of the ESG Story among group employees?

A2. We will discuss how to measure the level of understanding and sharing of the story. This activity will make progress when each of the group employees has high awareness, and our underlying idea is that nothing will happen if the awareness does not increase. We hope to measure what is happening and verify it each time.

<Safe operation>

Q3. Given the recent grounding accident by another company in the same industry, the necessity for operation management of the entire supply chain, including chartered-in vessels, has increased. What are your initiatives and policy for the future?

A3. The case in question was an accident by a peer company, but we do not think that such an

incident could never happen to us. We also believe that it is unacceptable to think it has nothing to do with us because the incident involved a chartered-in vessel. We would like to proceed by carrying out proper discussions, including those involving costs, with the shipowners not only for our own vessels but also for chartered-in vessels.

In the first place, in 1998 we formulated safety operation standards called NAV9000 for safety management of chartered-in vessels, and we apply them not only to our own ships but hand them to and share them with owners of chartered-in vessels as guidelines for ship operation. In actual operation also, employees of our group companies visit shipping companies and shipowners to confirm the level of application of NAV9000 and its effectiveness in actual operation, and we have been continuing with this activity for more than 20 years. Further, seafarers assigned to the Sales HQ along with sales representatives repeatedly visit ships and companies for each project and have dialogue to coordinate the attitude levels regarding each other's safety.

We will further brush up these guidelines by including environmental requirements and continue with the down-to-earth activities.

<Environment >

Q4. Regarding fossil fuel transportation

What is your idea of transportation of cargo with high CO2 emissions such as coal?

A4. As a logistics company, we do not have the discretion over refusing cargo transportation requested by a customer. However, we would like to propose and offer better modes of transportation. We understand that society needs electricity, and electric power companies are advancing their initiatives towards achieving carbon neutral status. It is clear that transportation of coal, etc. will decline in the future, but it would be difficult to cancel all existing coal-fired thermal power plants right away and switch everything to renewable energy. Therefore, in the process of the gradual decline, our approach as of now is to propose transportation modes with as little environmental impact as possible by, for example, switching to vessels using LNG as fuel. This approach, however, may change based on future discussions.

Q5. Shouldering of environment-related costs

What is your view of the mechanism to shoulder the increase in fuel costs and investments?

A5. Shouldering costs is a difficult issue. Still, nothing would happen if we are just waiting for a conclusion. Going forward, we plan to switch car carriers to LNG fuel, but tonnage value will rise by about 20%. We think building these ships after gaining the consensus of customers would only impede and delay our progress, so we would like to move forward to begin with. Then, there are costs we can shoulder by devising ways, and portions that require the understanding of the customers.

Further, it is also necessary to have people around the world shoulder the cost broadly as it goes beyond the issues between a company and its customers. To this end also, we need to make utmost efforts. For realizing zero emissions, there may be some matters we cannot achieve right away, but it is a proposition we ultimately have to solve, so we need to make progress for that sake.

Q6. When will HQ set forth CO2 reduction goals, and when do you set the amount of necessary investment in the businesses contributing to profit?

A6. We start from the phase of acting, and we will start discussions on what we will do this year. This activity lasts for a long period of time, and we will be able to set forth concrete goals by accumulating a certain track record and with the future coming into sight.

Setting goals by HQ would not be easy given the large number of group companies in Japan and abroad. First, we will instill the concept of ESG management, get each employee to have firm awareness of the issues at each workplace or office, and then set forth goals. Consequently, we should be able to set major goals. We will, however, push those forward without wasting too much time.

<Governance>

Q7. What is the relationship between ESG and the remuneration for directors?
What kind of non-financial information will be linked to the remuneration for directors? Could it be GHG emissions or safe operation? What are the concepts and the discussions at the current stage?

A7. We have finished discussions to incorporate ESG factors in the remuneration for directors. Concrete benchmarks may include (environmental) ratings by a third party and KPIs of our performance.

We have started discussions involving outside directors for future revision of the system design of remuneration for directors. In response to the announcement of the ESG Story, a cycle in which concrete activities start from April onwards and progress is recorded will be reported in the integrated report next year, and once completed we plan to finalize concrete measures by taking into account its result.