



SECOND PARTY OPINION

NYK LINE GREEN/TRANSITION BOND FRAMEWORK & TRANSITION BOND

Prepared by: DNV Business Assurance Japan Co., Ltd.

Location: Kobe, Japan

Date: July 1, 2021

Ref. Nr.: PRJN-258246-2021-AST-JPN

This report was prepared in the "Climate Transition Finance Model Project in FY2021 (Investigation of ideal way of Transition Finance)" which is a commissioned project by the Ministry of Economy, Trade and Industry.

Executive Summary

Nippon Yusen Kabushikikaisha, also known as NYK Line (hereinafter, NYK) is one of the world's leading shipping companies, founded in 1885. Currently, the NYK Group runs the general freight transportation business, which consists of the liner trade business, air cargo transportation business, and logistics business, as well as the bulk shipping business, real estate business, and other businesses.

NYK Group set and issued the "NYK Group ESG Story" in February 2021 to promote ESG management that enables both maximization of earnings and environmental and social sustainability concurrently. NYK Group ESG Story sets out important issues (materiality), priority goals (action plans) including the environment, and also sets out initiatives related to contributions to the SDGs.

NYK Group would position the climate transition strategy that NYK Group intends to achieve greenhouse gas emission reduction targets of International Maritime Organization (IMO), which is an international organization in the shipping industry, and the Ministry of Land, Infrastructure, Transport and Tourism's (Maritime roadmap), etc., and NYK Group's certified SBT, as well. NYK Group intends to raise green/transition bond for these activities as an opportunity to disseminate the NYK Group's environmental efforts to its stakeholders.

NYK Group has established the NYK Green/transition Bond Framework (hereinafter, Framework) in order to carry out this green/transition bond in a manner that conforms to the internationally recognized framework (handbook, principles, guidelines, etc.).

DNV Business Assurance Japan Co., Ltd. (hereinafter, DNV), as an external reviewer, evaluated the eligibility of the framework and the NYK Transition Bond (hereinafter, Transition Bond).

Specifically, DNV provided the eligibility evaluation for frameworks and transition bonds against the following handbook, principle and guidelines which are widely recognized:

- **Climate Transition Finance Handbook**
(International Capital Markets Association, 2021 hereafter, CTFH)
- **Basic guidelines on Climate Transition Finance**
(Financial Services Agency, Ministry of Economy, Trade and Industry, Ministry of the Environment, 2021 hereafter, CTFBG)
- **Green Bond Principles**
(International Capital Markets Association, 2021 hereafter, GBP)
- **Green Bond Guidelines**
(Ministry of the Environment, 2020 hereafter, GBGLs)

The executive summary of the eligibility evaluation results for the four core common elements defined by CTFH, CTFBG, GBP and GBGLs, as follows.

CTF-1. Issuer's Climate Transition Strategy and Governance:

The transition strategy of the issuer NYK Group is consistent with the environmental goals set by IMO and the Ministry of Land, Infrastructure, Transport and Tourism, etc. and is based on the transition pathway clarified by SBTi. In addition, as governance and disclosure related to execution of the finance, an internal system and an information disclosure process based on TCFD * has been established. Furthermore, the contribution to the SDGs, which will be described later, is also taken into consideration. These are disclosed within the framework and satisfy the disclosure elements of CTF-1.

* TCFD: Task Force on Climate-related Financial Information Disclosure

CTF-2. Business model environmental materiality:

The planned transition strategies and transition pathway are associated with the NYK Group's priority goals and materiality. These are disclosed within the framework and satisfy the disclosure elements of CTF-2.

CTF-3. Climate transition strategy to be science-based including targets and pathways:

NYK's transition strategy is defined by science-based targets and pathways. Specifically, NYK applies the targets set by IMO, Ministry of Land, Infrastructure, Transport and Tourism, SBT, etc. as described in CTF-1, in addition to the long-term goals, the short- and medium-term goals, the process to achieve the goals, and the positive environmental impact of the target project are the criteria for evaluation. It is qualified and quantified along with the baseline for the evaluation. These are disclosed through the framework or second party opinion and satisfy the disclosure elements of CTF-3.

CTF-4. Implementation transparency:

NYK has established an internal management system and process for determining basic investment plans for executing transition strategies. For future overall and individual investment plans, it was confirmed that the investment required to execute the transition strategy will be executed based on the internal management system and process in consideration of CTF-1 to CTF-3. Details of the investment plan will be disclosed as required by CTF-4 when utilizing the upcoming green/transition bond. These are disclosed through the Framework etc., or this Second Party Opinion and satisfy the disclosure elements of CTF-4.

GBP-1. Use of Proceeds:

NYK defines the eligibility criteria for the use of proceeds as green/transition projects that meet the requirements of transition strategies and related frameworks. Specifically, it refers to project, to directly and indirectly contribute to and support the fuel conversion and technology innovation of ships and vessels, and projects related to the energy efficiency of equipment related to the ships and vessels operation and renewable energy. The proceeds will be used for capital investment, R&D, business development/operating, working capital, or multiple of these projects as new financing and refinancing of new or existing expenditures. These projects have been evaluated that they will have clear environmental impact on the transition strategy, and are expected to contribute to the SDGs. These processes are in compliance with GBP-1.

GBP-2. Process for Project Evaluation and Selection:

NYK ensures that the Green/transition projects meet the GBP-1 eligibility criteria and do not conflict with the pre-defined exclusion criteria in the framework. Specifically, the Environment group and the Finance group evaluate and select projects based on a comprehensive analysis of finance, technology, and market environment, and the final decision is made by the executive officer in charge of finance. These processes are in compliance with GBP-2.

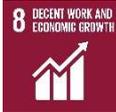
GBP-3. Management of Proceeds:

The finance group manages the proceeds for each project using the internal system and forms. The proceeds will be allocated within 2 years from bond issuance. In addition, the unallocated amounts of the proceeds are managed in cash or cash equivalents until the allocation.

GBP-4. Reporting:

NYK plans to report on the status of proceeds allocation and environmental impacts through NYK Group website until the full amount of the proceeds is allocated. This includes the allocated amount, unallocated amount (new/refinancing), allocated project outline, greenhouse gas emission reduction amount or ratio (%) and other qualified indicators and quantified value of environmental impacts for each project category. For ongoing projects, progress and expected environmental impacts will be reported. Any major changes in transition strategies, pathways, allocation plans or performance will also be reported in a timely or reporting manner.

Table-1 NYK Green/transition Bond Nominated Projects

Project Classification ^{*1}		Category ^{*2*3}	Project Overview & Target Activities		Contribution to SDGs
01	Offshore Wind Power ^{*1}	- Renewable Energy	- Self Elevating Platform(SEP) - Crew Transport Vessel (CTV)	Target activities: -Capital investment -R&D funding -Business development -Business operating -Working capital, etc	    
02	Green Terminal ^{*1}		- New construction and expansion of the Green Terminal		
03	Ammonia fueled vessel ^{*1}	- Fuel Conversion - Technology Innovation	- Ammonia-fueled liquefied ammonia carrier and tugboat		
04	Hydrogen fueled vessel ^{*1}	- Clean Transportation	- Introduction of ships equipped with high-power hydrogen fueled cells		
05	LNG fueled vessel	- Fuel Conversion	- LNG fueled vessel		
06	LNG fuel supply vessel	- Technology Innovation	- LNG bunkering vessel		
07	LPG fueled vessel	- Clean Transportation	- LPG fueled vessel		
08	Operation efficiency & optimization	- Clean transportation, - energy efficiency	- Technology development that contributes to operational efficiency and optimization		

* 1 Project 01 to 04 have been evaluated as green project.

* 2 Projects that have been confirmed to be eligible as green projects can be incorporated into green bond, and in addition, they are admitted by CTFBG to be incorporated as part of transition bond.

* 3 Projects that are currently categorized as transition projects can be regarded as green projects due to the application and application of future technological innovations (e.g., application of green fuel, achievement of performance that meets CO₂ emission standards as a green project, etc.)

DNV confirmed that the framework meets the criteria required by the relevant handbook, principles and guidelines and is eligible by evaluation based on related documents and information provided by NYK including the framework. DNV also confirmed that Transition Bond is expected to be properly planned and implemented in accordance with this framework.

CONTENTS

Executive Summary	2
I Introduction	8
II Scope and Objectives	15
III Responsibilities of NYK and DNV	16
IV Basis of DNV's opinion	17
V Work Undertaken	18
VI Findings and DNV's opinion	19
VII Assessment Conclusion	30
Schedule-1 NYK Green/Transition Bond Nominated Project	32
Schedule-2 Climate Transition Finance Eligibility Assessment Protocol	33
Climate Transition Finance Handbook Alignment	33
Schedule-3 Green Bond Eligibility Assessment Protocol	36
GBP-1 Use of Proceeds	36
GBP-2 Process for Project Evaluation and Selection	38
GBP-3 Management of Proceeds	39
GBP-4 Reporting	40
Schedule-4 Basic Guidelines on Climate Transition Finance Eligibility checklist	42
CTF-1 Fundraiser's Climate Transition Strategy and Governance	42
CTF-2 Business Model Environmental Materiality	49
CTF-3 Climate Transition Strategy to be Science-based Including Targets and Pathways	51
CTF-4 Implementation Transparency	55
Schedule-5 Green Bond Guidelines Eligibility Assessment	60
GBGLs-1 Use of proceeds	60
GBGLs-2 Process for Project Evaluation and Selection	63
GBGLs-3 Management of proceeds	66
GBGLs-4 Reporting	69
Reference GBGLs-5 External Review	72
Reference document list	75

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 Introduction

i. About the issuer

Nippon Yusen Kabushikikaisha, also known as NYK Line (hereinafter, NYK) is one of the world's leading shipping companies, founded in 1885. Currently, the NYK Group runs the general freight transportation business, which consists of the liner trade business, air cargo transportation business, and logistics business, as well as the bulk shipping business, real estate business, and other businesses.

ii. NYK's Environmental Initiatives

The NYK Group established the "NYK Group ESG Story" in February 2021 to promote ESG management that enables both maximization of earnings and social / environmental sustainability concurrently. NYK publishes its ESG activities on its website. The NYK Group ESG Story sets out environmental important issues (materiality), priority goals (action plans), of the NYK Group, and also sets out initiatives related to contributions to the SDGs.

In addition, in order to steadily carry out ESG management, NYK is now working on both the internal system and implementation aspects, such as new ESG Management Committee establishment

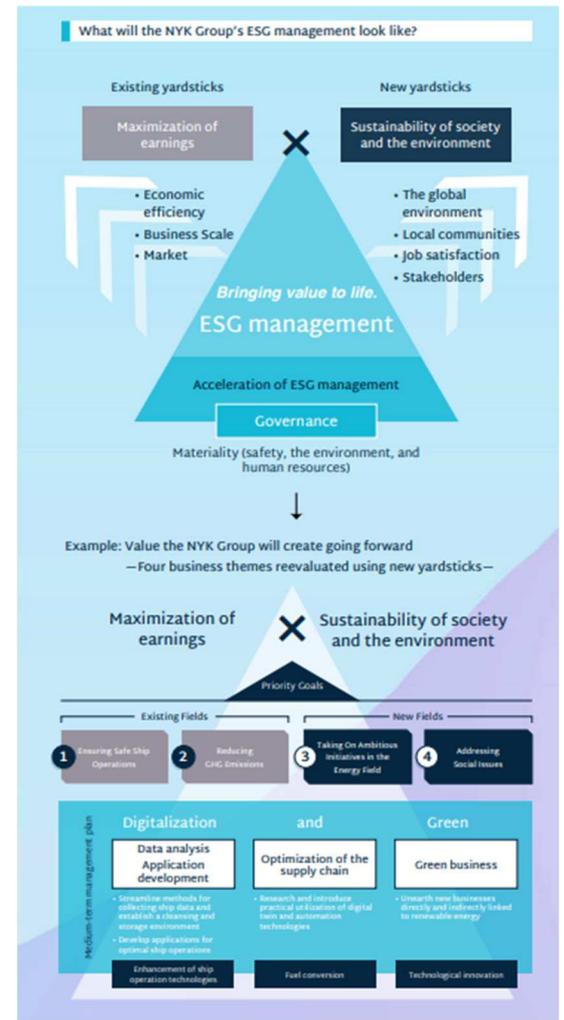


Figure 1 NYK Group ESG management

NYK Group ESG story : <https://www.nyk.com/english/esg/esg-story/>

NYK Report 2020 : https://www.nyk.com/english/ir/pdf/2020_nykreport_all_print.pdf

ESG management : <https://www.nyk.com/english/esg/>



Figure-2 ESG Management Committee of NYK Group

iii. About the Framework

To progress environmental initiatives, NYK Group implements Green/Transition bond as funds raising which promote activities aimed at achieving the environmental goals of the international Maritime Organization (IMO), an international organization in the shipping industry, and the Ministry of Land, Infrastructure, Transport and Tourism, etc.^{*1}, and NYK Group positions these kind of funds raising as an opportunity to inform NYK Group initiative to stakeholders. NYK Group has established the NYK Green/Transition Bond Framework (hereinafter, Framework) to implement it in a manner that meets the internationally established framework.

This framework will be available for the NYK Group's future green/transition bond implementation. The framework that the NYK Group specifically referred to when formulating this framework is described in Section II (3) below.

*1: "Initial IMO GHG Strategy" and "Roadmap to Zero Emission from International Shipping" prepared by JSTRA, MLIT (Ministry of Land, Infrastructure, Transport and Tourism), and other maritime organizations.

iv. Issuer’s Contribution to the SDGs

Figure-3 shows the overall image of NYK Group’s efforts toward SDGs.

Table-2 shows the major SDGs related to this Green/transition Bond.

NYK Group is working to resolve the issues of the 6 out of 17 targets in order to contribute to the achievement of SDGs through its business activities. This Green/transition Bond is directly and indirectly contributing to energy, industry and technology innovation, and climate change.



Figure-3 NYK Group’s efforts for SDGs (Medium-term management plan, March 2018)

Table-2 Relationship between ESG approaches and SDGs
(SDGs that correspond to priority themes and activities related to Green/transition Bond)

Main Themes	Main activities	SDGs
Green Business	<ul style="list-style-type: none"> Offshore wind power and tidal power LNG fuel supply business 	
Innovation	<ul style="list-style-type: none"> The concept ship NYK SUPER ECO SHIP 2050 (NYK SES 2050) 	
Safe operation and reduction of Environmental burden	<ul style="list-style-type: none"> Employment of IoT, big data and AI, and other digital technologies Adherence to environmental regulations and reductions in CO₂ emissions 	
Conversion to next-generation fuels	<ul style="list-style-type: none"> Low carbonization of marine fuels Decarbonization 	

v. Issuer’s Transition strategy for decarbonization

(1) Strategies by sector (industry) at the international/national /regional level

Figure-4 shows the outlines of IMO’s GHG emission reduction targets and their pathway. IMO focuses on measures for emission reduction, by design and technology (reduction of fuel consumption), improvement of operation efficiency technological innovation and fuel conversion (introduction of low-carbon/zero-carbon fuel) and various technologies.

Also, IMO has set a target of 40% reduction in average fuel consumption per unit transportation in 2030 as an index corresponding to the short- and medium-term target, and has set a target of at least 70% reduction by 2050 as an index equivalent to the long-term target (both baselines are 2008).

In March 2020, NYK has collaborated with the Ministry of Land, Infrastructure, Transport and Tourism, as well as the shipping, shipbuilding, and marine maritime industries, research institutes, and public institutions to create a “Roadmap to Zero Emission from International Shipping” (Sponsored by Japan Ship Technology Research Association).^{*1} This roadmap shows Japan’s efforts (international treaty formulation, technological development) in a manner consistent with the goals of the IMO.

NYK Group has set GHG emission reduction targets, including fuel conversion, as a low-carbon and decarbonization strategy for its core businesses, based on international and national policies, such as IMO and MLIT (Ministry of Land, Infrastructure, Transport and Tourism).

Ministry of Land, Infrastructure, Transport and Tourism (maritime) 、 Roadmap to Zero Emission from International Shipping :

https://www.mlit.go.jp/maritime/GHG_roadmap.html
<https://www.mlit.go.jp/common/001354314.pdf>

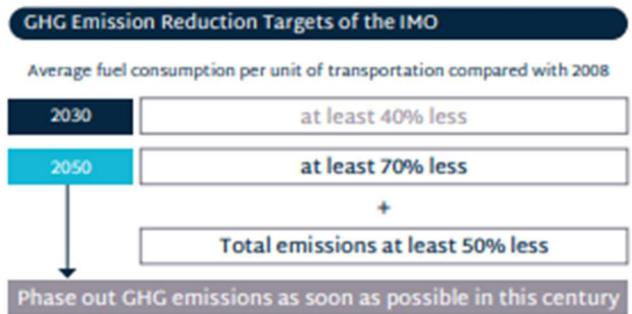
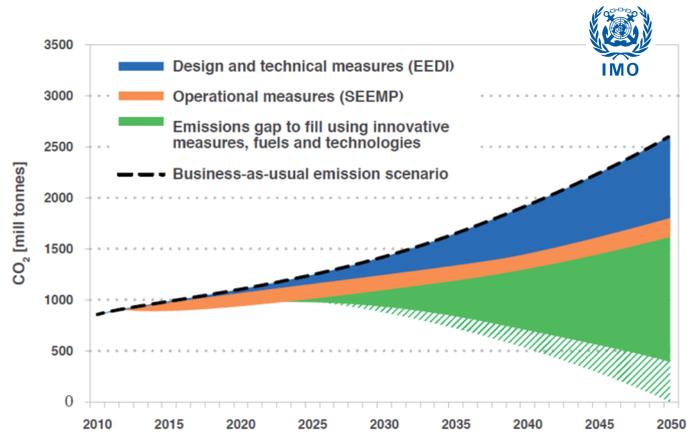
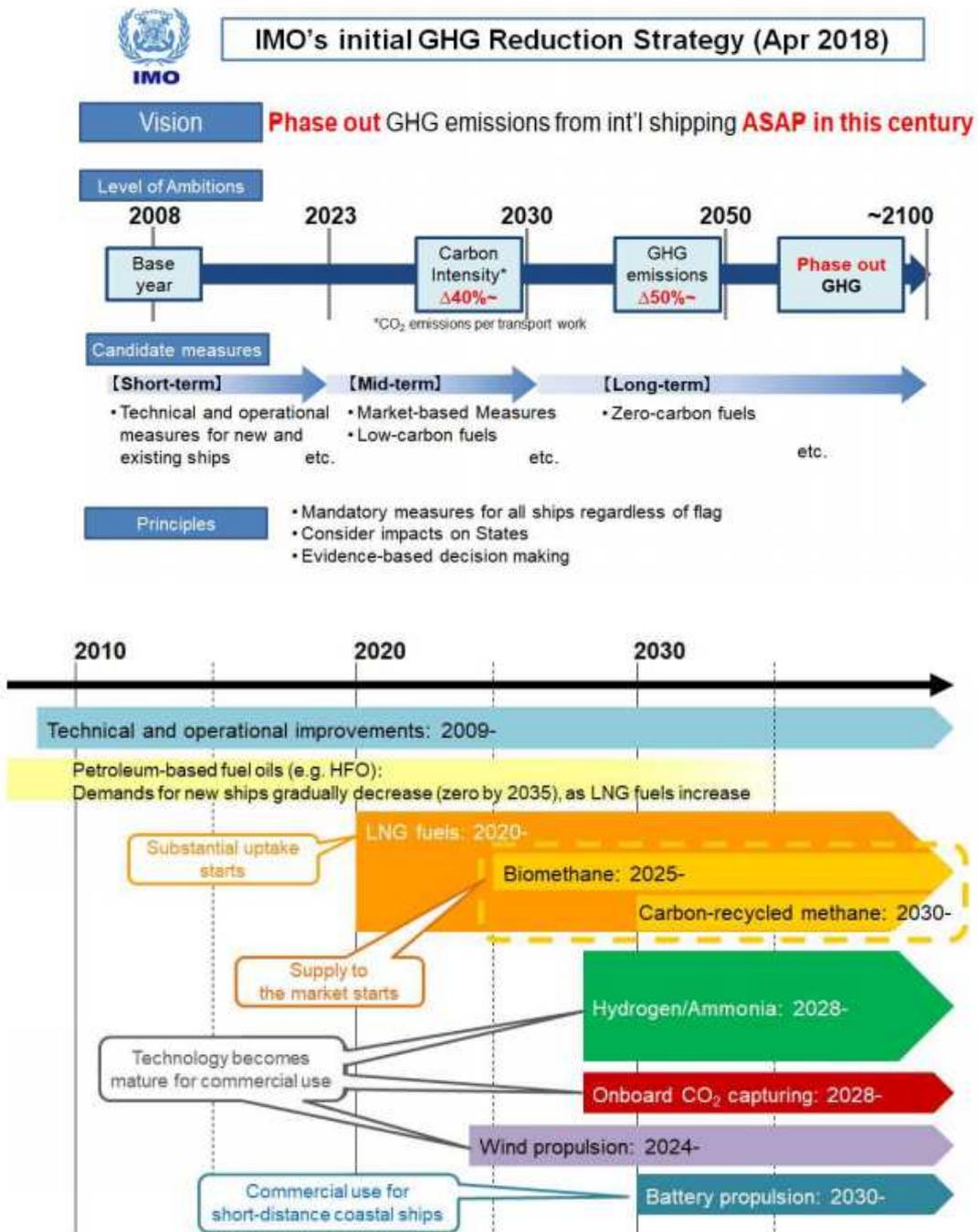


Figure-4 IMO International Maritime Organization The GHG emission reduction targets and pathway
 *Above : IMO website, Below : NYK



*1 Reference Figure: Roadmap to Zero Emission from International Shipping from MLIT website

https://www.mlit.go.jp/maritime/GHG_roadmap.html

<https://www.mlit.go.jp/common/001354314.pdf>

above: Overview of IMO Strategy

below: Timeline for the Introduction of Alternative Fuels and Technologies Used in Emission Pathways

(2) Strategies of the Issuer

The NYK Group positions the activities to contribute to the above-mentioned IMO and the MLIT GHG emission reduction target, and the activities aimed at achieving the NYK Group's certified SBTi as its transition strategies.

Figure-5 shows GHG emission intensity reduction target of NYK Group (SBTi certified).

NYK Group uses GHG emissions in 2015 as the baseline (baseline of year and emission) and set a 30% reduction target by 2030 and a 50% reduction target by 2050. Since it is different from the baseline (2008) set by IMO and MLIT, the notation of the reduction percentage is different. Despite the fact, the NYK Group's GHG emission reduction target is well above the targets of IMO and the MLIT.

Figure-6 shows the process of achieving GHG emission reduction targets of NYK Group.

In the process of achieving the GHG emission reduction targets, NYK plans to achieve the target by promoting efficiency and optimization through fuel conversion, improvement of ships (hardware), improvement of operation (software), etc.

The NYK Group is also taking on the challenge of the energy field as a new business in order to realize the process of achieving the goals set by SBT.

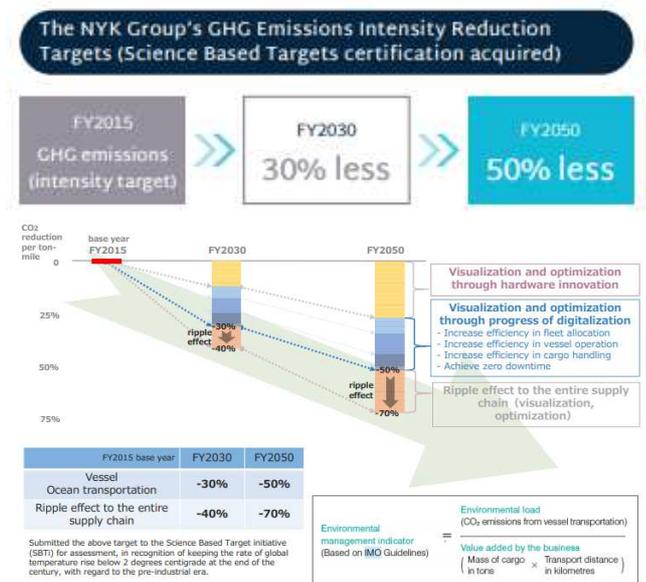


Figure-5 GHG emissions intensity reduction of NYK Group (SBT certified)



Figure-6 Process for achieving GHG emission reduction targets of NYK Group

Figure-7 shows the Business Development Timeline in the Energy Field of NYK Group.

As an initiative to the energy sector, the NYK Group promotes the structuring of a new energy value chain through a renewable energy business (offshore wind power generation) which contributes to the GHG emission reduction, through R&D and demonstrations for building a supply chain of hydrogen and ammonia, etc.

The overall strategy and details of these efforts are disclosed in “The NYK Group ESG Story”.

NYK Group ESG Story : <https://www.nyk.com/english/esg/esg-story/>

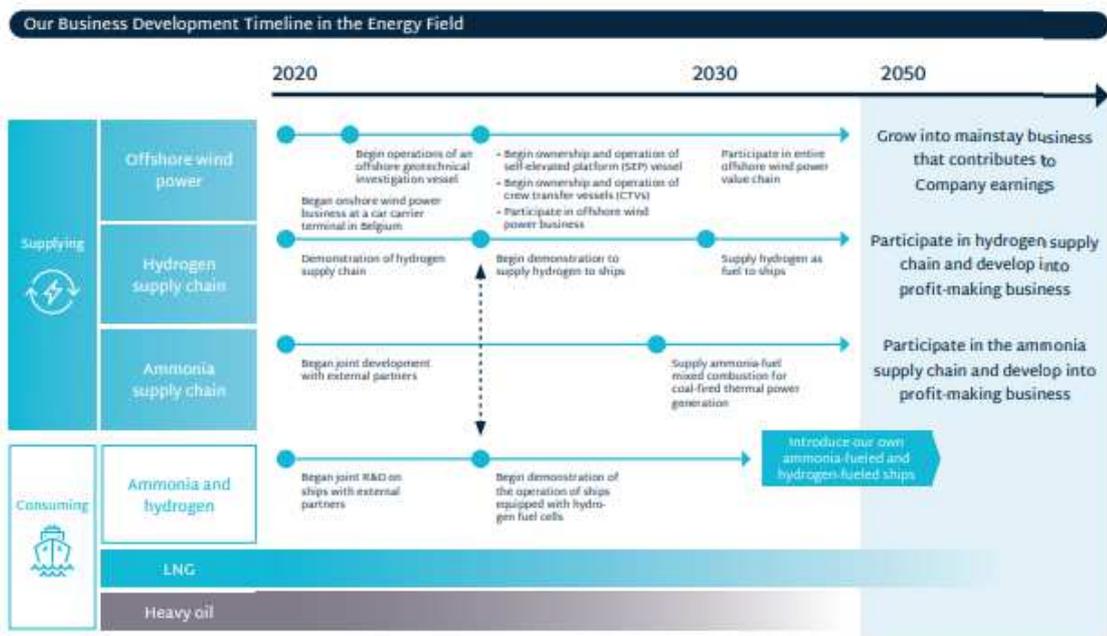


Figure-7 Business Development Timeline in the Energy Field of NYK Group

(As an example, zero emission value chain image in the transportation of vehicles is also shown.)

The NYK Group ESG Story : <https://www.nyk.com/english/esg/esg-story/>

II Scope and Objectives

DNV will conduct a pre-issue eligibility assessment of the NYK Green / Transition Bond Framework and Transition Bond. The objective of DNV's assessment is to implement an assessment to confirm that the Bond meets the identified criteria of the standards CTFH, CTFBG, GBP and GBGLs described below and applicable CBS related technical standards and other relevant criteria or guidelines (refer to the following), and to provide the issuer with independent second-party opinion on the eligibility of the NYK Green/Transition Bond Framework and Transition Bond (BOND)*.

*This report (Second Party Opinion) was prepared by the "Climate Transition Finance Model Project in FY2021 (Investigation of Transition Finance" which are adopted the project of Ministry of Economy, Trade and Industry.

DNV Business Assurance, as an independent external reviewer, has identified no real or perceived conflict of interest associated with the delivery of this second-party opinion for NYK

In this report, no assurance is provided regarding the financial performance of the BOND, the value of any investments in the BOND, or the long-term environmental benefits of the transaction.

(1) Scope of review

The review assessed the following elements and confirmed their alignment with the gist of GBP:

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

(2) Role(s) of review provider

- | | |
|---|--|
| <input checked="" type="checkbox"/> Consultancy (incl. 2 nd opinion) | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification | <input type="checkbox"/> Rating |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

(3) Standards/guidelines to be applied

No.	Standards/guidelines	Scheme owner	Applied level*1*2
1.	Climate Transition Finance Handbook (CTFH)	International Capital Market Association (ICMA), 2021	Apply
2.	Basic Guidelines on Climate Transition Finance (CTFBG)	Financial Services Agency, Ministry of Economy, Trade and Industry, Ministry of the Environment, 2021	Apply
3.	The Green Bond Principles (GBP2021)	International Capital Market Association (ICMA), 2021	Apply
4.	Green Bond Guidelines (GBGLs2020)	Ministry of Environment, 2020	Apply
5.	Climate Bonds Standard version 3.0 (CBSv3.0) (Sector criteria)	Climate Bond Initiative, 2019	Refer (applicable technical standards)
6.	Green and Social Bonds: A High-Level Mapping to the Sustainable Development Goals	International Capital Market Association (ICMA), 2020	Refer
7.	Handbook Harmonized Framework for Impact Reporting	International Capital Market Association (ICMA), 2021	Refer

* 1: Apply: Eligibility for all four core common elements to each handbook, principle and guideline was evaluated

* 2 : Refer: all or part of the related content was considered based on the green project and execution plan

III Responsibilities of NYK and DNV

NYK has provided the information and data used by DNV during the delivery of this review. DNV's statement represents an independent opinion and is intended to inform NYK 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 NYK. DNV is not responsible for any aspect of the nominated projects and 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 NYK's management and used as a basis for this assessment were not correct or complete.

IV Basis of DNV's opinion

To provide as much flexibility for the issuer, NYK as possible, we have adapted our green/transition bond assessment methodologies, which incorporates the requirements of the CTFH, CTFBG, GBP and GBGLs, to create a NYK Green/Transition Bond Eligibility Assessment Protocol (henceforth referred to as "Protocol"). (Refer to Schedule-2) The Protocol is applicable to CTFH, CTFBG, GBP and GBGLs based green/transition bond.

Our Protocol includes a set of suitable criteria that can be used to underpin DNV's opinion. The overarching principle and guidelines behind the criteria are that a green/transition bond should "enable capital-raising and investment for new and existing projects with environmental benefits".

As per our Protocol, the criteria against which the green/transition bond has been reviewed are grouped into four common elements, represented by CTFH, CTFBG and GBP, and GBGLs:

(1) Four elements of CTFH and CTFB (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 and GBGLs ("green" can be converted "transition" here)

- **Principle One: Use of Proceeds.** The Use of Proceeds criteria are guided by the requirement that an issuer of a green bond must use the funds raised to bond eligible activities. The eligible activities should produce clear environmental benefits.
- **Principle Two: Process for Project Evaluation and Selection.** The Project Evaluation and Selection criteria are guided by the requirements that an issuer of a green bond should outline the process it follows when determining eligibility of an investment using green bond proceeds, 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 green bond 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.** 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.

V 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:

Green Bond pre-issue assessment

(Green/Transition Bond Framework and Transition Bond)

- Creation of the issuer-specific Protocol, adapted to the purpose of the BOND, as described above and in Schedule-2 to this Assessment.
- Assessment of documentary evidence provided by the issuer on the BOND and supplemented assessment by a high-level desktop research. These checks refer to current assessment best practices and standards methodology;
- Discussions with the issuer, and review of relevant documentation;
- Documentation of findings against each element of the criteria.

VI Findings and DNV's opinion

DNV's findings and opinion are as below.

(1)-(4) are the findings and opinions of DNV against the four common disclosure elements of the CTFH and CTFBG, and (5)-(8) are the findings and opinions of DNV against the four common elements of GBP and GBGLs.

(1) Issuer's climate transition strategy and governance

DNV confirmed that the framework is consistent with the NYK Group's transition strategy and that the methods for achieving the transition target are consistent with efforts below the 2°C goal. This transition strategy is well above the environmental targets set by the IMO and the MLIT, etc. It is also based on the transition pathway clarified by the SBTi. (Fig.-4~Fig.-7)

DNV also confirmed that NYK's transition execution plan is reliable, ambitious and achievable. Specifically, as governance and disclosure related to execution, an internal system has been established and an information disclosure process based on TCFD * has been established. (Fig.-1~Fig.-2)

In addition, the contribution to the SDGs, which will be described later, is also taken into consideration. These are disclosed in the framework and satisfy the disclosure elements of CTF-1 (Fig.-3, Table-2).

(2) Business model environmental materiality

DNV has confirmed that the business activities planning climate transition are the core businesses of the NYK Group, providing environmental and social achievements and contributions, and support the driving force of the commercial business.

NYK Group's planned transition strategies and transition pathways are associated with the NYK Group's priority goals and materiality, and contribute to significant environmental impacts from a qualitative and quantitative perspective. These are based on scenario analysis using TCFD.

These are disclosed within the framework etc. and satisfy the disclosure elements of CTF-2.

(3) Transition is science-based including targets and pathway

DNV confirmed that NYK Group's transition strategy was quantified and, in an absolute sense, built around a identified SBT model for sustainable CO₂ emission reductions. The transition pathway shown to reduce GHG emission is below the 2°C goal.

Specifically, NYK's transition strategy is defined by evidence-based goals and pathways. Specifically, as described in CTF-1, in addition to the long-term goals, the short- and medium-term goals, the process of achieving the goals, and the environmental improvement effect of the target project are indexed and quantified together with the



baseline that serves as the evaluation criteria based on the IMO, Ministry of Land, Infrastructure, Transport and Tourism, SBT, etc.

These are disclosed through the framework etc. or second party opinion and satisfy the disclosure elements of CTF-3.

(4) Implementation transparency

DNV confirmed that the investment and deployment plans related to the NYK Group's transition strategy include consensus building on investments made so far and future investments and expenditures. DNV also reviewed the framework and NYK Group ESG stories and confirmed that the execution was transparent and that the NYK Group explained and agreed on the relevance of the execution.

Specifically, NYK has established an internal management system and process for determining basic investment plans for executing transition strategies, and it was confirmed that the investment plans are executed through this internal management system and process. Details of the investment plan will be disclosed as required by CTF-4 when using the upcoming green/transition finance. These are disclosed through the framework etc. or second party opinion and satisfy the disclosure elements of CTF-4.

(5) Use of Proceeds

NYK defines the criteria applied to eligible projects (green/transition project) which meet transition strategy and relevant handbook, principle and guidelines, etc.

Specifically, it refers to projects to directly and indirectly execute and support the fuel conversion and technological innovation of ships, and projects related to energy saving of equipment related to ship operation and renewable energy.

DNV confirmed that NYK will allocate the net proceeds from Green/Transition Bond, excluding expenses, as new investment and refinancing for capital investment, operating expenses, and R&D related expenses for Green/transition eligible projects that meet the investment plan for executing the NYK Group’s transition strategy.

These are typical business transformation and qualified project categories such as CTFH, CTFBG, GBP and GBGLs. These projects have been evaluated as having a clear environmental improvement effect on the transition strategy, and are expected to contribute to the SDGs. These processes are in compliance with GBP-1.

「Renewable energy business」^{*1}

「Fuel Conversion」^{*2}

「Energy Saving Business」^{*1}

「Technology Innovation」^{*2}

「Clean Transportation」^{*1}

「Development and provision of products and services in new fields」^{*2}

* 1 Typical green eligible project classifications illustrated by GBP and GBGLs. etc. Projects that are currently confirmed eligibility as green projects can be incorporated into green finance and are also permissible in the CTFBG to be incorporated as part of transition finance.

* 2 A typical transition project that meets the transition strategy of the issuer in CTFBG and is exemplified as a business transformation that contributes to the realization of the Paris Agreement. Projects that are currently classified as transition-eligible projects may become green projects due to the application of future technological innovations (e.g., application of green fuel, achievement of performance that meets GHG emission criteria as a green project, etc.) New sector products and service development and supply are relevant to the projects listed in table-3 entirely.

Nominated projects included in the Green/transition Bond Framework are classified into the eight green/transition projects shown in Tables 01 to 08 below, and the proceeds will be used for capital investment, R&D funds, business development funds, business operating funds, working capital, etc. Next page and Schedule-2 show the overview of the Green/transition project.

Next page and Schedule-2 show the overview of the Green/Transition project.

Table-3 NYK Green/transition Bond Nominated Project

Project		Category ^{*1*2}	Project Overview & Target Activities	
01	Offshore Wind Power ^{*1}	- Renewable Energy	- Self Elevating Platform(SEP) - Crew Transport Vessel (CTV)	Target Activities : - Capital investment - R&D - Business development - Business operation - Working capital etc.
02	Green Terminal ^{*1}		- New construction and expansion of the Green Terminal	
03	Ammonia fueled vessel ^{*1}	- Fuel Conversion Technology Innovation	- Ammonia-fueled liquefied ammonia carrier and tugboat	
04	Hydrogen fueled vessel ^{*1}	- Clean Transportation	- Introduction of ships equipped with high-power hydrogen fueled cells	
05	LNG fueled vessel	- Fuel Conversion	- LNG fueled vessel	
06	LNG fuel supply vessel	- Technology Innovation	- LNG bunkering vessel	
07	LPG fueled vessel	- Clean Transportation	- LPG fueled vessel	
08	Operation efficiency & optimization	- Clean transportation, - energy efficiency	- Technology development that contributes to operational efficiency and optimization	

Use of proceeds categories as per GBP:

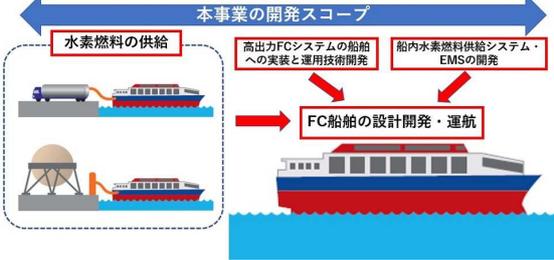
- | | |
|---|---|
| <input checked="" type="checkbox"/> Renewable energy | <input checked="" type="checkbox"/> Energy efficiency |
| <input type="checkbox"/> Pollution prevention and control | <input type="checkbox"/> Sustainable management of living natural resources |
| <input type="checkbox"/> Terrestrial and aquatic biodiversity conservation | <input checked="" type="checkbox"/> Clean transportation |
| <input type="checkbox"/> Sustainable water management | <input type="checkbox"/> Climate change adaptation |
| <input type="checkbox"/> Eco-efficient products, production technologies and processes | <input type="checkbox"/> Green buildings with regional, national or internationally recognized standards and certifications |
| <input checked="" type="checkbox"/> Other (<i>please specify</i>) ; A project based on the issuer's transition strategy (transition project) | |
| <input checked="" type="checkbox"/> It is undecided at the time of bond issuance, but is expected to be line with the GBP classification or other eligible areas not listed in the GBP at this time. ; A project based on the issuer's transition strategy (transition project) | |

Table-4 Green/transition Bond Representative Project Example (1/3)

No.	Project (Category)	Green/transition nominated projects (Example)	
01	Offshore wind (Dedicated support ship)		<p>Self Elevating Platform (SEP) (Assets and projects that are essential for installing offshore wind power generation equipment. Used as dedicated equipment)</p>
			<p>Crew Transfer Vessel (CTV) (Assets and projects that are essential for installing offshore wind power generation equipment. Used as dedicated equipment)</p>
02	Green Terminal	 <p>Example of installation of wind power generation and solar panel to the terminal</p>	<p>New establishment and expansion of Green terminal (Wind power generation, solar panel installation, LED introduction, etc.)</p>

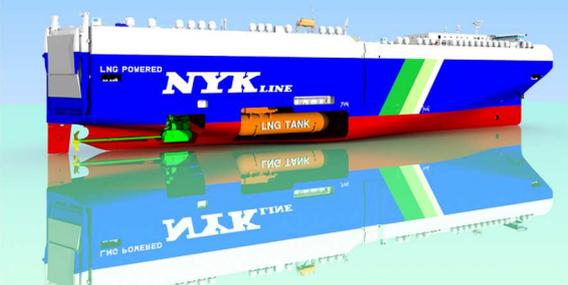
(These are typical project examples, and does not show the direct application of the images and figures to be posted to the project)

Table-4 Green/transition Bond Representative Project Example (2/3)

No.	Project (Category)	Green/transition nominated projects (Example)	
03	Ammonia fueled vessel	 <p>AFAGC* Appearance image</p>  <p>Ammonia fueled tugboat Appearance image</p>	<p>Ammonia fueled vessel Example: Ammonia-based liquefied gas carrier (R&D) and tugboat (research and design of ship hulls and fuel supply system, verification of operating methods, etc. Conducted through joint research with other companies) * AFAGC: Ammonia Fuel Ammonia Gas Carrier</p>
04	Hydrogen fueled cell vessel	 <p>本事業の開発スコープ</p> <p>水素燃料の供給</p> <p>高出力FCシステムの船舶への実装と運用技術開発</p> <p>船内水素燃料供給システム・EMSの開発</p> <p>FC船舶の設計開発・運航</p>	<p>Hydrogen fueled cell vessel Example: Demonstration project for practical use of a ship equipped with a high-power fuel cell (hydrogen FC vessel)</p> <p>Outline of the demonstration project</p> <ol style="list-style-type: none"> 1. Implementation of high-power FC for ships and development of operation technology 2. Development of onboard hydrogen fuel supply system / equipment, development of energy management system (EMS) combining FC and storage battery 3. Development of hydrogen fuel supply system 4. Ship application, design and development

(These are typical project examples, and does not show the direct application of the images and figures to be posted to the project)

Table-4 Green/transition Bond Representative Project Example (3/3)

No.	Project (Category)	Green/transition nominated projects (Example)	
05	LNG fueled vessel	 <p>LNG fueled car carrier (image)</p>	<p><Vessel Particulars> Gross tonnage: 73,500 tons Fuel: LNG Length overall: about 199.95m Breadth: about. 38.00m Total car capacity: 7,000 units</p> <p><Environmental impact> Compared to conventional vessels of the same size, it is designed to significantly reduce CO₂.</p>
06	LNG fuel supply vessel	 <p>LNG fuel supply ship (Ship-to-Ship method) (image)</p>	<p>Example: Ship-to-Ship (A method in which an LNG fuel supply vessel is attached (sideways) to an LNG fueled vessel moored at a quay / pier or an anchored LNG fueled vessel to supply LNG fuel)</p>
07	LPG fueled vessel	 <p>LPG fueled VLGC (image) VLGC: Very Large Gas Carrier</p>	<p><Outline of Vessel> Gross tonnage: 50,000 tons Fuel: LPG Length overall: about 230.00m Breadth: about 37.20m Tank capacity: 84,000m³</p> <p><Environmental impact> Compared to conventional vessels of the same size, it is designed to significantly reduce CO₂.</p>
08	Operation efficiency & optimization	 <p>NYK SUPER ECO SHIP 2050 Operation efficiency & optimization (image)</p>	<p>Operation efficiency & optimization Contribution to GHG emission reduction by improving ships (hardware) and operations (software). Technical collaboration with NYK Group, shipbuilding companies, marine equipment manufacturers, ship class associations, and various other partners based on the concept ship NYK SUPER ECO SHIP 2050.</p>

(These are typical project examples, and does not show the direct application of the images and figures to be posted to the project)

(6) Process for Project Evaluation and Selection

NYK confirms that the Green/transition project meets the GBP-1 eligible criteria and does not conflict with the pre-defined exclusion criteria in the framework. Specifically, the Environment Group and the Finance Group evaluate and select projects based on a comprehensive analysis of finance, technology, and market environment, and the final decision is made by the executive officer in charge of finance.

Evaluation and selection:

- | | |
|--|---|
| <input checked="" type="checkbox"/> Conforms to the issuer's achievement of environmental contribution goals | <input checked="" type="checkbox"/> Documented process to determine that projects fit within defined categories |
| <input checked="" type="checkbox"/> The project is eligible for use of proceeds by green bond and transparency is ensured. | <input checked="" type="checkbox"/> Documented process to identify and manage potential ESG risks associated with the project |
| <input checked="" type="checkbox"/> The project is evaluated and selected based on the published standard summary | <input type="checkbox"/> Other (<i>please specify</i>): |

Information on Responsibilities and Accountability:

- | | |
|--|---|
| <input checked="" type="checkbox"/> Evaluation / Selection criteria subject to external advice or verification | <input checked="" type="checkbox"/> In-house assessment |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

(7) Management of Proceeds

The proceeds will be credited to the NYK Group's account, and then the Finance Group will manage the allocation for each project using the following internal system and internal control process.

- The Finance Group registers and manages in a predetermined internal system based on the report of the allocation status to eligible projects from the business division. Allocation status is identified for each eligible project.
- As an internal control process, the Finance Group organizes the allocation status annually and reports it to the Chief Financial Officer (CFO) for approval.

This internal system and internal control process can track and confirm over the redemption period, and the funds raised will be managed appropriately.

The proceeds will be allocated within two years of issuance. In addition, the amount of proceeds will be managed in cash or cash equivalents in the same amount as the unallocated funds until the allocation.

Tracking of proceeds:

- Some or all of the proceeds by green bonds that are planned to be allocated are systematically distinguished or tracked by the issuer.
- Disclosure of intended types of temporary investment instruments for unallocated proceeds
- Other (*please specify*):

Additional disclosure:

- | | |
|--|---|
| <input type="checkbox"/> Allocations to future investments only | <input checked="" type="checkbox"/> Allocations to both existing and future investments |
| <input checked="" type="checkbox"/> Allocation to individual disbursements | <input type="checkbox"/> Allocation to a portfolio of disbursements |
| <input type="checkbox"/> Disclosure of portfolio balance of unallocated proceeds | <input checked="" type="checkbox"/> Other (<i>please specify</i>): The amount of existing investment and new investment and loan of the business subject to green bond allocation will be disclosed in the annual report. |

(8) Reporting

NYK plans to report on the status of allocation and environmental improvement effects (impact) on the NYK Group website until the full amount of the proceeds is allocated. The report includes the allocated amount, unallocated amount (finance/refinance), project outline, GHG emission reduction amount or ratio (%) for each project category. Also, it will include relevant indicators and quantified environmental improvement effects for each project category. For ongoing projects, progress and expected environmental improvement effects will be included. In addition, if there is a significant change in the transition strategy or pathway, allocation plan or project implementation status (e.g., interruption of the project that started allocation, significant postponement on a yearly basis, sale or retirement, etc.), NYK will report it in a timely manner or in its report.

<Allocation status>

- Allocated amount
- Balance of unallocated amount and its management
- Approximate amount (or share) of the proceeds being used for refinancing

<Environmental Impact > * Any or all of the followings 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 fueled vessel	<ul style="list-style-type: none"> • Numbers and main specifications of ammonia fueled vessels
04	Hydrogen fueled cell vessel	<ul style="list-style-type: none"> • Numbers and main specifications of Hydrogen fueled cell vessels
05	LNG fueled vessel	<ul style="list-style-type: none"> • Number and main specifications of LNG fueled 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 fueled vessel	<ul style="list-style-type: none"> • Number of LPG fueled 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:

- Project-by-project
- Linkage to individual bond(s)

- On a project portfolio basis
- Other (*please specify*):

Information reported:

- Allocated amounts
- Other (*please specify*):

- GB refinanced share of total investment

Frequency:

- Annual
- Other (*please specify*):

- Semi-annual

Impact reporting (Environmental Impact):

- Project-by-project
- Linkage to individual bond(s)

- On a project portfolio basis
- On a project portfolio basis

Frequency:

- Annual
- Other (*please specify*):

- Semi-annual

Information reported (expected or ex-post):

- GHG Emissions / Savings
- Other ESG indicators (*please specify*):

- Energy Savings

Means of Disclosure

- Information published in financial report (NYK Integrated Report)
- Information published in ad hoc documents
- Reporting reviewed (if yes, please specify which parts of the reporting are subject to external review)

- Information published in sustainability report
- Other (*please specify*): NYK Report or web site

VII Assessment Conclusion

On the basis of the information provided by NYK and the work undertaken, it is DNV's opinion that the NYK Green/Transition Bond Framework and Transition Bond issued by NYK meets the criteria established in the Protocol and that it is aligned with the stated definition or purpose of green/transition bond within the CTFH, CTFBG, GBP and GBGLs, which is to "enable capital-raising and investment for new and existing projects with environmental benefits".

DNV Business Assurance Japan K.K.

1st Jul. 2021



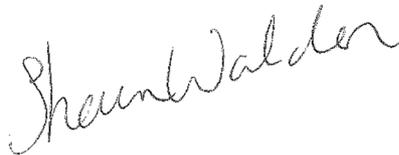
Mark Robinson

Manager, Sustainability Services
DNV Business Assurance, Australia



Jan-Henrik Hübner

Technical Expert
Global Head of Shipping Advisory
DNV Maritime, Germany



Shaun Walden

Principal Consultant
DNV Business Assurance, UK



Naoki Maeda

Managing Director
DNV Business Assurance Japan K.K.



Masato Kanedome

Project Leader
DNV Business Assurance Japan K.K.



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.

Schedule-1 NYK Green/Transition Bond Nominated Project

The green projects listed in the table are green/transition bond candidates that have been evaluated for eligibility at the time of pre-issue eligibility assessment (as of June 2021). In the future, if additional green/transition projects are included in the finances issued under the NYK Green/transition Bond Framework, eligibility will be evaluated in advance by the issuer, and if necessary, DNV will evaluate them in a timely manner.

Project		Category ^{*2*3}	Project Overview & Target Activities	
01	Offshore Wind ^{*1} Power	- Renewable Energy	- Self Elevating Platform(SEP) - Crew Transfer Vessel (CTV)	Dedicated facility required to install offshore wind power generation.
02	Green Terminal ^{*1}		- New establishment and expansion of Green Terminal	A project that contributes to reducing CO ₂ emissions by introducing renewable energy equipment and energy-saving equipment into the terminal for completed vehicle
03	Ammonia fueled vessel ^{*1}	- Fuel Conversion - Technology Innovation - Clean Transportation	- Ammonia-based liquefied ammonia carrier and tugboat	A project that contributes to the realization of an international shipping roadmap aiming for GHG zero emissions using ammonia and hydrogen fuel as energy sources in the future.
04	Hydrogen fueled cell vessel ^{*1}		- Introduction of ships equipped with high-power hydrogen fueled cells	
05	LNG fueled vessel	- Fuel Conversion - Technology Innovation - Clean Transportation	- LNG fueled vessel	Efforts for fuel conversion phase (introduction of low-carbon fuel) shown in the roadmap from international shipping. Includes projects related to ship fuel conversion (LNG, LPG) and fuel supply vessels that support it.
06	LNG fuel supply vessel		- LNG bunkering vessel	
07	LPG fueled vessel		- LPG fueled vessel	
08	Operation efficiency & optimization	- Clean transportation - Energy efficiency	- Development of ship construction technology (lightening & stability, propulsion efficiency, alternative fuel equipment) that contributes to high operational efficiency & optimization, digital solution development, etc.	

*1 Project categories 01 to 04 are projects that have been confirmed to be eligible as green project

*2 Projects that have been confirmed to be eligible as green projects can be incorporated into green bonds in the future, and CTFBG allows them to be incorporated as a part of transition bonds.

*3 Projects that are currently classified as transition projects may become green projects due to the application of future technological innovations (e.g., application of green fuel, achievement of performance that meets CO₂ emission standards as a green project, etc.).

Schedule-2 Climate Transition Finance Eligibility Assessment Protocol

The checklists (1-4) below are DNV evaluation procedures created for NYK Transition Bond Eligibility Evaluation based on the disclosure requirements of CTFH and CTFBG.

The "confirmed documents" in the evaluation work include public or private documents (materials inside the issuer), etc., and are provided by NYK as evidence of eligibility judgment for DNV.

Climate Transition Finance Handbook Alignment

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
1	Issuer's Climate Transition Strategy and Governance	The financing purpose should be for enabling an issuer's climate change strategy. A 'transition' label applied to a debt financing instrument should serve to communicate the implementation of an issuer's corporate strategy to transform the business model in a way which effectively addresses climate-related risks and contributes to alignment with the goals of the Paris Agreement.	Confirmed documents -Framework -NYK Group ESG Story -NYK Green/transition Project Documents -IMO, Ministry of Land, Infrastructure, Transport and Tourism, NYK Group SBT related materials Interviews with stakeholders	NYK has established a framework and has implemented various plans and initiatives for the NYK Group's broad range of environmental strategies to manage and enhance the organization's environmental sustainability and related performance. DNV reviewed and confirmed on the basis of the NYK Group's quantified scientific evidence that these correspond well below the 2°C target of the Paris Agreement. The NYK Group's transition strategy incorporates the environmental targets of the IMO and the Ministry of Land, Infrastructure, Transport and Tourism and the targets certified by the SBT, and defines the efforts and review plans required to continuously realize emission reductions in the future. DNV has confirmed that the framework and implementation plan are well aligned with the NYK Group's transition strategy. DNV has confirmed that implementation plans based on transition strategies are reliable, ambitious and achievable.
2	Business model environmental materiality	The planned climate transition trajectory should be relevant to the environmentally-material parts of the issuer's business	Confirmed documents -Framework -NYK Group ESG Story	DNV evaluated whether major activities related to NYK Group's business activities correspond to NYK Group's transition

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
		<p>model, taking into account potential future scenarios which may impact on current determinations concerning materiality.</p>	<p>-NYK Green/transition Project Documents -IMO, Ministry of Land, Infrastructure, Transport and Tourism, NYK Group SBT related materials</p> <p>Interviews with stakeholders</p>	<p>strategy, which was evaluated as contributing to the environment.</p> <p>The NYK Group's main activity is to focus on reducing CO₂ emissions from ships, mitigating it's impact on climate change.</p> <p>The NYK Group's CO₂ emission reduction plan is set and quantified in an absolute sense that it must be an optimal solution that exceeds the goals of the shipping industry set by IMO and the Ministry of Land, Infrastructure, Transport and Tourism, and the possibility of further improvement.</p> <p>DNV has confirmed that NYK Group's transition plan is an activity of NYK Group's core business, which contributes to the environment and supports commercial driving force. The NYK Group's planned transition strategies and transition routes are associated with the NYK Group's priority goals and materials, and will contribute to significant environmental impacts from a qualitative and quantitative perspective.</p>

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
3	Climate transition strategy to be science-based including targets and pathways	<p>Issuer's climate strategy should reference science-based targets and transition pathways. The planned transition trajectory should:</p> <ul style="list-style-type: none"> • be quantitatively measurable (based on a measurement methodology which is consistent over time); • be aligned with, benchmarked or otherwise referenced to recognized, science-based trajectories where such trajectories exist; • be publicly disclosed (ideally in mainstream financing filings), include interim milestones, and; <p>be supported by independent assurance or verification.</p>	<p>Confirmed documents</p> <ul style="list-style-type: none"> -Framework -NYK Group ESG Story -NYK Green/transition Project Documents -IMO, Ministry of Land, Infrastructure, Transport and Tourism, NYK Group SBT related materials <p>Interviews with stakeholders</p>	<p>The NYK Group has established a scientifically-based "well below the 2°C target" transition plan and a transition trajectory that is consistent with the IMO, Ministry of Land, Infrastructure, Transport and Tourism and SBT targets.</p> <p>The plan is to maintain realistic achievements and pathways for reducing CO₂ emissions in the absolute sense, and absolute CO₂ emissions to maintain at defined levels in the future.</p> <p>DNV confirmed that NYK Group's transition strategy is quantified and, in an absolute sense, is built around the short- and medium-term and long-term goals set out in the identified SBT model for sustainable CO₂ emission reduction. The transition trajectory shown to reduce CO₂ emission is below the 2°C target. These are open to the public through the framework and NYK Group ESG stories.</p>
4	Implementation transparency	<p>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 to the extent practicable, of the underlying investment program including capital and operational expenditure.</p>	<p>Confirmed documents</p> <ul style="list-style-type: none"> -Framework -NYK Group ESG Story -NYK Green/transition Project Documents -IMO, Ministry of Land, Infrastructure, Transport and Tourism, NYK Group SBT related materials <p>Interviews with stakeholders</p>	<p>DNV confirmed that the investment and deployment plans related to the NYK Group's transition strategy include consensus building on the investments made so far and future investments and expenditures. It was confirmed that the overall investment plan (investment amount) has a plan to be implemented along the timeline.</p> <p>DNV also reviewed the framework and NYK Group ESG stories and confirmed that the execution was transparent and that the NYK Group explained and agreed on the relevance of the execution.</p>

Schedule-3 Green Bond Eligibility Assessment Protocol

The checklist below (GBP-1 to GBP-4) is a DNV evaluation procedure created for the NYK Green/transition Bond Eligibility Assessment based on the requirements of GBP and GBGLs. "Confirmation of related documents" in the evaluation work includes documents inside the issuer and is provided by NYK as evidence of eligibility judgment for DNV.

In Schedule-3, it is referred to as GBP according to the practice, but this is the standard to be referred to in the case of financing that specifies the use of funds such as green projects and transition projects in transition bond that specifies the use of funds based on CTFH and CTFBG, including both green and transition contexts.

GBP-1 Use of Proceeds

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
1a	Types of funds	<p>The types of green bonds are classified into one of the following types defined by GBP.</p> <ul style="list-style-type: none"> · (Standard) Green/transition Bond · Green/transition Revenue Finance · Green/transition Project Finance · Other 	<p>Confirmed documents</p> <ul style="list-style-type: none"> -Framework -NYK Green/transition Project Documents <p>Interviews with stakeholders</p>	<p>Through the evaluation work, DNV confirmed that NYK Green/transition Bonds fall into the following categories.</p> <ul style="list-style-type: none"> · (Standard) Green/transition Bond
1b	Green/transition Project Classification	<p>The key to a green/transition bond is that the proceeds will be used for a green project, which should be properly stated in the legal documents relating to the security.</p>	<p>Confirmed documents</p> <ul style="list-style-type: none"> -Framework -NYK Green/transition Project Documents <p>Interviews with stakeholders</p>	<p>DNV confirms that NYK Green/transition Bond aims to fund a wide range of Green/transition projects focused on the NYK Group's environmental goals, as described in Framework and Schedule-1.</p> <p>Specifically, all Green/transition Candidate projects listed in Schedule-1 are evaluated as conforming to the Transition Strategy, and the proceeds through the Green/transition Bond are planned to be transferred to one or more Green/transition Candidate Projects.</p>

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings																							
				<p>Through the assessment, DNV concludes that the Green/transition Candidate Projects will bring concrete and actual environmental benefits.</p> <table border="1"> <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 fueled vessel</td> <td rowspan="2">Fuel conversion, technology innovation, Clean transportation</td> </tr> <tr> <td>04</td> <td>Hydrogen fueled cell vessel</td> </tr> <tr> <td>05</td> <td>LNG fueled vessel</td> <td rowspan="3">Fuel conversion, technology innovation, Clean transportation</td> </tr> <tr> <td>06</td> <td>LNG fuel supply vessel</td> </tr> <tr> <td>07</td> <td>LPG fueled vessel</td> </tr> <tr> <td>08</td> <td>Operation efficiency & optimization</td> <td>Clean transportation Energy efficiency</td> </tr> </tbody> </table>	Project classification		Category	01	Offshore wind power	Renewable energy	02	Green Terminal	03	Ammonia fueled vessel	Fuel conversion, technology innovation, Clean transportation	04	Hydrogen fueled cell vessel	05	LNG fueled vessel	Fuel conversion, technology innovation, Clean transportation	06	LNG fuel supply vessel	07	LPG fueled vessel	08	Operation efficiency & optimization	Clean transportation Energy efficiency
Project classification		Category																									
01	Offshore wind power	Renewable energy																									
02	Green Terminal																										
03	Ammonia fueled vessel	Fuel conversion, technology innovation, Clean transportation																									
04	Hydrogen fueled cell vessel																										
05	LNG fueled vessel	Fuel conversion, technology innovation, Clean transportation																									
06	LNG fuel supply vessel																										
07	LPG fueled vessel																										
08	Operation efficiency & optimization	Clean transportation Energy efficiency																									
1c	Environmental benefits	All green projects to which the funds are used should have clear environmental benefits, the effects of which should be assessed by the issuer and, where possible, quantitatively demonstrated.	<p>Confirmed documents -Framework -NYK Green/transition Project Documents</p> <p>Interviews with stakeholders</p>	The Green/transition Project will contribute to the goals based on the NYK Group's transition strategy, and will have environmental benefits such as CO ₂ emission reduction through low carbonization through the projects in the project classification and category shown in 1b. It was confirmed that the environmental improvement effect will be quantitatively evaluated as the amount of CO ₂ emission reduction and reported annually.																							
1d	Refinancing rate	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, if necessary. Therefore, it is recommended to clarify which investment or project portfolio is subject to refinancing.	<p>Confirmed documents -Framework -NYK Green/transition Project Documents</p> <p>Interviews with stakeholders</p>	The issuer plans to use all proceeds for new investment, refinancing, or both for eligible candidate projects included in Schedule-1, not decided prior to issuance. Through the annual report, they confirmed that they plan to clarify the estimated amount (or ratio) of the proceeds which was allocated to refinancing.																							

GBP-2 Process for Project Evaluation and Selection

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
2a	Project selection process	<p>Green bond issuers should provide an overview of the process of qualifying projects for which green bond funding will be used. This includes (but is not limited to):</p> <ul style="list-style-type: none"> • The process by which the issuer determines that the project in question is included in the business category of a qualified green project. • Creation of criteria for eligibility of projects for which green bond funding will be used • Environmental sustainability goals 	<p>Confirmed documents</p> <ul style="list-style-type: none"> -Framework -NYK Green/transition Bond Selection / Evaluation Procedure <p>Interviews with stakeholders</p>	<p>DNV confirmed that the issuer has a process of determining the eligibility of the projects for which the Green/transition Bond funding and that the outline is specified in the framework.</p>
2b	Issuer's Environmental and Social Governance Framework	<p>In addition to criteria and certifications, the information published by issuers regarding the green bond process also considers the quality of performance of the issuer's framework and environmental sustainability.</p>	<p>Confirmed documents</p> <ul style="list-style-type: none"> -Framework -NYK Green/transition Bond Selection / Evaluation Procedure <p>Interviews with stakeholders</p>	<p>DNV has confirmed that the green/transition projects carried out by the issuer are consistent with their management and environmental policies and with the transition strategies, goals and routes. DNV confirmed through the documents and interviews with related parties that NYK is working on the conservation of the surrounding environment in each related group when NYK operates and implements the project, and also regularly monitors or plans to carry out monitoring in the PDCA cycle.</p>

GBP-3 Management of Proceeds

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
3a	Tracking procedure-1	The net proceeds from of Green bonds should be managed in sub-accounts, included in sub-portfolio, or otherwise tracked. It should also be certified by the issuer in a formal internal process related to the issuer's investment and financing operations for the Green Project.	Confirmed documents -Framework -Accounting management rules, accounting management system Interviews with stakeholders	The proceeds from the funds raised by the Green/transition Bond are incorporated into the common account of the issuer, and the status of fund allocation on a project-by-project basis can be tracked using the in-house system, forms, etc. DNV confirmed the system actually used and related documents, etc., and confirmed that the management status of the proceeds was proved based on them.
3b	Tracking procedure-2	During the green bond redemption period, the balance of funds raised that is being tracked should be adjusted at regular intervals to match the amount allocated to eligible projects undertaken during that period.	Confirmed documents -Framework -Accounting management document Interviews with stakeholders	DNV confirmed that the issuer plans to periodically (annually) review the balance of green/transition bonds using the in-house system / forms described in 3a during the period from issuance to redemption of green bonds.
3c	Temporary holding	If no investment or payment has been made in a qualified green project, the issuer should also inform the investor of the possible temporary investment method for the balance of unallocated proceeds.	Confirmed documents -Framework -Accounting management document Interviews with stakeholders	Through the confirmation process based on the issuer's in-house system / form and related business flow, it was confirmed that the balance of unallocated money is recognized sequentially. DNV confirmed through the framework and assessment that the balance of unallocated funds is managed in cash or cash equivalents. It was confirmed that the balance of unallocated money will be revealed through the reporting of the fund allocation status.

GBP-4 Reporting

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
4a	Periodical Reporting	<p>In addition to reporting on the use of proceeds and the temporary investment of unallocated proceeds, the issuer will consider each project at least once a year for projects to which the Green bond proceeds have been allocated, taking into account the following: A list of each project should be provided.</p> <ul style="list-style-type: none"> -Confidentiality and competitive considerations -Outline of each project, expected sustainable environmental and social effects 	<p>Confirmed documents</p> <ul style="list-style-type: none"> -Framework -NYK Green/transition Project Documents 	<p>DNV confirmed that the issuer will carry out an annual reporting of Green/transition Bonds until the proceeds are allocated and will disclose information on the status of allocation of funds, the projects to which the funds have been allocated and the effects of environmental improvement. It was confirmed that the environmental improvement effect will be disclosed in any or all of the following tables within the scope of confidentiality and as long as it is reasonably feasible.</p> <p><Fund allocation status></p> <ul style="list-style-type: none"> -Appropriate amount -Balance of unallocated money and management method -Approximate amount of the portion of the proceeds used for refinancing <p><Environmental improvement effect> * Refer to the table below</p>

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings																																																						
Table : Green/transition project Environmental improvement effect * Any or all will be disclosed																																																										
				<table border="1"> <thead> <tr> <th>No.</th> <th colspan="2">Project classification</th> <th>Record of Equipment introduced (Capacity, cardinal number, number of vessels)</th> <th>GHG, CO₂ Emission reduction amount</th> <th>Sox, NOx Emission reduction amount</th> </tr> </thead> <tbody> <tr> <td>01</td> <td>Offshore wind power</td> <td>Self Elevating Platform (SEP) Crew Transfer Vessel (CTV)</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> <tr> <td>03</td> <td>Ammonia fueled ship</td> <td>Ammonia-based liquefied ammonia carrier and tugboat</td> <td>✓*3</td> <td>—</td> <td>—</td> </tr> <tr> <td>04</td> <td>Hydrogen fueled cell vessel</td> <td>Introduction of ships equipped with high-power hydrogen fueled cells</td> <td>✓*3</td> <td>—</td> <td>—</td> </tr> <tr> <td>05</td> <td>LNG fueled vessel</td> <td>LNG fueled vessel *excluding fossil fueled transportation</td> <td>✓*3</td> <td>✓*4</td> <td>✓*5</td> </tr> <tr> <td>06</td> <td>LNG fuel supply vessel</td> <td>LNG bunkering vessel</td> <td>✓*3</td> <td>✓*4</td> <td>✓*5</td> </tr> <tr> <td>07</td> <td>LPG fueled vessel</td> <td>LPG fueled vessel</td> <td>✓*3</td> <td>✓*4</td> <td>✓*5</td> </tr> <tr> <td>08</td> <td>Operation efficiency & optimization</td> <td>Software development, etc. that supports operational efficiency and optimization</td> <td>—</td> <td>✓*6</td> <td>✓*5</td> </tr> </tbody> </table> <p>* 1: Introduction record (number of vessels) and specifications of SEP vessels and CTV * 2: Number of units and power generation capacity (MW) of the offshore wind power generation, onshore wind power generation and solar power generation introduced * 3: Number and main specifications of vessels built according to the project classification * 4: GHG / CO₂ emission reduction amount or ratio compared to the case of using heavy oil as fuel (Including planned values) * 5: SOx and NOx emission reduction amount or ratios compared to the case of using heavy oil as fuel (Excluding NOx for LPG fueled vessel) * 6: GHG / CO₂ / SOx / NOx emission reduction amount or ratios before and after the introduction of equipment and systems compared to standard operations</p>	No.	Project classification		Record of Equipment introduced (Capacity, cardinal number, number of vessels)	GHG, CO ₂ Emission reduction amount	Sox, NOx Emission reduction amount	01	Offshore wind power	Self Elevating Platform (SEP) Crew Transfer Vessel (CTV)	✓*1*2	—	—	02	Green Terminal	New establishment and expansion of Green Terminal	✓*2	—	—	03	Ammonia fueled ship	Ammonia-based liquefied ammonia carrier and tugboat	✓*3	—	—	04	Hydrogen fueled cell vessel	Introduction of ships equipped with high-power hydrogen fueled cells	✓*3	—	—	05	LNG fueled vessel	LNG fueled vessel *excluding fossil fueled transportation	✓*3	✓*4	✓*5	06	LNG fuel supply vessel	LNG bunkering vessel	✓*3	✓*4	✓*5	07	LPG fueled vessel	LPG fueled vessel	✓*3	✓*4	✓*5	08	Operation efficiency & optimization	Software development, etc. that supports operational efficiency and optimization	—	✓*6	✓*5
No.	Project classification		Record of Equipment introduced (Capacity, cardinal number, number of vessels)	GHG, CO ₂ Emission reduction amount	Sox, NOx Emission reduction amount																																																					
01	Offshore wind power	Self Elevating Platform (SEP) Crew Transfer Vessel (CTV)	✓*1*2	—	—																																																					
02	Green Terminal	New establishment and expansion of Green Terminal	✓*2	—	—																																																					
03	Ammonia fueled ship	Ammonia-based liquefied ammonia carrier and tugboat	✓*3	—	—																																																					
04	Hydrogen fueled cell vessel	Introduction of ships equipped with high-power hydrogen fueled cells	✓*3	—	—																																																					
05	LNG fueled vessel	LNG fueled vessel *excluding fossil fueled transportation	✓*3	✓*4	✓*5																																																					
06	LNG fuel supply vessel	LNG bunkering vessel	✓*3	✓*4	✓*5																																																					
07	LPG fueled vessel	LPG fueled vessel	✓*3	✓*4	✓*5																																																					
08	Operation efficiency & optimization	Software development, etc. that supports operational efficiency and optimization	—	✓*6	✓*5																																																					

Schedule-4 Basic Guidelines on Climate Transition Finance Eligibility checklist

The following checklist (from CTF-1 to CTF-4) are based on four “disclosure elements “which indicated in the “Basic Guidelines on Climate Transition Finance (CTF)” established by the Financial Services Agency, Ministry of Economy, Trade and Industry, and Ministry of the Environment in May 2021.

According to the CTF, “disclosure elements” are classified into the following three categories. Should: ⊙ recommend: ○ be considered/possible: △ These expressions are used in the following context.

- Items described with the word “should” are basic elements that financial instruments labeled as transition finance are expected to have.
- Items described with the word “recommended” are elements that financial instruments labeled as transition finance are optimally recommended to have under these Guidelines although instruments which do not have these items can also be labeled as “transition”.
- Items described with the word “be considered” or “possible” are elements that these Guidelines provides as examples and interpretations although it is not considered problematic even if financial instruments labeled as transition finance do not have them.

There is a supplementary explanation in the margin of each checklist for the annotations in the disclosure elements.

The number /01/. /02/~ /XX/ listed in the “Work Undertaken” are documents confirmed through the eligibility evaluation work. Details (document name) are shown in Appendix-1. In addition to the confirmed documents, the “Work Undertaken” includes the case where the information obtained through discussions and interviews with the issuer is used as evidence.

CTF-1 Fundraiser’s Climate Transition Strategy and Governance

Ref.	No.	disclosure elements	Requirement check	Work Undertaken	DNV Findings
⊙	1-a)	Financing through transition finance should aim to implement or incentivize the achievement of transition strategies ⁹ . Such strategies should incorporate a long-term target to align with the goals of the Paris Agreement, relevant interim targets on the trajectory towards the long-term goal, disclosure on the levers towards decarbonization, and fundraiser’s strategic planning.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Applicable	Confirmed documents: /01//02//03//14//15//18/ Discussions with issuer	NYK’s financing through transition bond is in line with the low-carbon / decarbonization strategy set by IMO and the Ministry of Land, infrastructure, Transport and Tourism. In addition, it is also motivated by the realization of transition strategies based on certified SBT. NYK's transition strategy is disclosed as follows. Short- to medium-term target: 30% reduction Long-term goal: 50% reduction (Both are transportation units compared to 2015, and these targets exceed the targets of IMO and

Ref.	No.	disclosure elements	Requirement check	Work Undertaken	DNV Findings
					the Ministry of Land, Infrastructure, Transport and Tourism when compared to 2008, which is the base year of IMO and the Ministry of Land, Infrastructure, Transport and Tourism.)
◎ (△)	1-b)	A transition strategy should serve to explicitly communicate the implementation of an issuer's strategy to transform the business model in a way which effectively addresses climate-related risks and contributes to achieving the goals of the Paris Agreement ¹⁰ . Transformation of a business model is not limited to initiatives as an extension of existing businesses but can also be transformation based on various other perspectives. It includes fuel conversion that achieves significant carbon and GHG reduction benefits, introduction of innovative technologies, improvement of / changes in manufacturing processes and products, and development and provision of products and services in new fields.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Applicable	Confirmed documents: /01//02//03//14//15//18/ Discussions with issuer	The NYK Transition Strategy consists of the shipping business, which is NYK's core business, and the renewable energy-related business, which is based on the development of technologies cultivated so far. As specific business transformation, it includes fuel conversion from existing heavy oil-fueled vessels to LNG, LPG or future ammonia- and hydrogen-fueled vessels, the introduction of innovative technologies such as operational efficiency and optimization, and the expansion into renewable energy-related businesses as a new business field.
○	1-c)	The implementation of a transition strategy assumes cases where it affects society and environment other than climate change, such as employment or stable provision of products and services, through transformation of a business model. In such cases, it is recommended that the fundraiser also takes into consideration the impact of business	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Applicable	Confirmed documents: /01//02//03//14//15//19/ Discussions with issuer	At this time, there are no additional significant environmental and social impacts on the implementation of NYK's transition strategy. However, in project implementation, consideration and countermeasures for environmental and social impacts based on laws and ordinances and company standards will be implemented under NYK's management.

Ref.	No.	disclosure elements	Requirement check	Work Undertaken	DNV Findings
		innovations to society and environment other than climate change.			
◎ (△)	1-d)	Climate change-related scenarios ¹¹ should be referenced in developing transition strategies. The pathway to transition should be planned for respective sector and regions of individual fundraiser, who may generally be placed in a different starting point and pathway to transition.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Applicable	Confirmed documents: /01//14//15//19/ Discussions with issuer	NYK's transition strategy is built on IMO, Ministry of Land, Infrastructure, Transport and Tourism, TCFD and certified SBT. NYK plans a transition pathway that exceeds the goals of the IMO, Ministry of Land, Infrastructure, Transport and Tourism, which should be referred to as the shipping industry (starting point is set 2008 by IMO and MLIT. NYK set 2015 the strategy and target value).
○	1-e)	Transition strategies and plans must be highly credible in terms of their effectiveness. Therefore, it is recommended that a transition strategy and plan are linked to management strategy and business plan, including medium-term management plans.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Applicable	Confirmed documents: /01//14//15//19/ Discussions with issuer	NYK puts ESG at the center of its management and formulates the NYK Group ESG Story. This NYK Group ESG Story is closely linked to NYK's transition strategies and plans. This means that NYK's transition strategies and plans are linked to NYK's ESG management, and are considered to have high reliability in terms of effectiveness.
△	1-f)	However, because such strategies and plans run for a long period of time, it is possible that the content may be modified or adjusted in the event of a major change in the assumed external environment and so on.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Applicable	Confirmed documents: /01//14//15/ Discussions with issuer	NYK obtained SBT certification in 2018 against its ongoing medium-long term environmental target. NYK would review SBT in 2023 due to SBT certification scheme, and recognized that the goals of IMO and the Ministry of Land, Infrastructure, Transport and Tourism may change in the medium to long term. NYK plans to make changes and amendments to its transition strategies and plans as necessary.

Ref.	No.	disclosure elements	Requirement check	Work Undertaken	DNV Findings
△	1-g)	In the initial phase of developing a transition strategy by the fundraiser, it is considered as an option for the fundraiser to indicate a plan for future implementation of items described with the words “recommended” and “be considered/ possible” in these Guidelines.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Applicable	* Confirmation through this assessment	It was confirmed that NYK's transition strategy is generally implemented for the “recommend” and “be considered/possible” items in this basic guideline.
◎	1-h)	In order to secure the effectiveness of the transition strategy, the fundraiser should establish an organizational structure ¹² for the board of directors and/or other such committee to oversee the activities addressing climate change and for management to play a role in assessing and managing such climate-related activities.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Applicable	Confirmed documents: /01//04//05/ Discussions with issuer	NYK has established a climate change response management system and created a new ESG management promotion committee and established a business execution system and a governance system for supervision and reporting.
△	1-i)	While a transition strategy shall be basically developed by a company in need of finance, it is possible for entities to utilize the strategy of companies that are wholly or partially responsible for the initiatives to establish or explain their own strategy, given that the finance supports GHG emissions reduction initiatives of not just a single company but its supply chain.	<input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> Not Applicable	Confirmed documents: /01//02//03/ Discussions with issuer	NYK itself built a transition strategy.

Ref.	No.	disclosure elements	Requirement check	Work Undertaken	DNV Findings
◎	1-j)	Transition strategies should be disclosed in advance in a company's integrated report, sustainability report, statutory documents and other materials for investors (including such disclosures on the website). This also applies to the other three elements.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Applicable	Confirmed documents: /01//02//03/ Discussions with issuer	NYK's transition strategy is disclosed to the general public or investors in the Integrated Report (NYK Report), NYK Group ESG Story (Booklet, presentation materials and web videos), in relation to the goals of IMO, Ministry of Land, Infrastructure, Transport and Tourism and Certified SBT.
△	1-k)	It is possible to disclose transition strategies and elements concerning the governance guaranteeing that the execution of transition strategies is in alignment with the reporting frameworks such as the Recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD; Final Report) ¹³ .	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Applicable	Confirmed documents: /01//14//15/ Discussions with issuer	NYK is proceeding with the disclosure of climate change-related information in line with TCFD recommendations. Specifically, the NYK report defines governance building and strategy / risk management. NYK's transition strategy is consistent with this TCFD effort.
○	1-l)	If the implementation of a transition strategy assumes impacts on society and environment other than climate change, it is recommended that the fundraiser explain the view underlying its approach ¹⁴ , etc. to address such impacts and disclose how the strategy on the whole contributes to achieving the Sustainable Development Goals (SDGs) so that the effects can be appropriately evaluated by the financier.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Applicable	Confirmed documents: /01//14//15/ Discussions with issuer	At this time, there are no additional significant environmental and social impacts on the implementation of NYK's transition strategy. However, in project implementation, consideration and countermeasures for environmental and social impacts based on laws and ordinances and company standards will be implemented under NYK's management. The framework clarifies how activities based on transition strategies are associated with the SDGs.
◎	1-m)	Considering the length of application and other factors, there may be instances when a	<input checked="" type="checkbox"/> Yes	Confirmed documents:	NYK obtained SBT certification in 2018 against its ongoing medium-long term environmental

Ref.	No.	disclosure elements	Requirement check	Work Undertaken	DNV Findings
		transition strategy and plan will need to be modified due to major changes in the external environment and relevant conditions that were assumed at a planning phase. In this case, the contents of the modification should be disclosed together with the underlying reason in a timely manner.	<input type="checkbox"/> No <input type="checkbox"/> Not Applicable	/01/ Discussions with issuer	target. NYK would review SBT in 2023 due to SBT certification scheme, and recognized that the goals of IMO and the Ministry of Land, Infrastructure, Transport and Tourism may change in the medium to long term. NYK plans to make changes and amendments to its transition strategies and plans as necessary. NYK plans to timely disclose any significant changes, along with the reasons for them.
○	1-n)	In terms of governance, it is recommended that disclosures include an organizational structure for overseeing the implementation of a transition strategy and for assessing and managing related initiatives. It is also recommended that disclosures include the specific roles of the constituent organizations and the management and the process by which the content of deliberations is reflected in management.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Applicable	Confirmed documents: /01//04//05//14//15/ Discussions with issuer	NYK has established a climate change response management system and created a new ESG management promotion committee and established a business execution system and a governance system for supervision and reporting. In these systems, the relationship between specific role of organization / manager and ESG management is organized
○	1-o)	In cases where the fundraiser determines the need for an objective assessment regarding the transition strategy, it is recommended that a review, assurance and verification by an external organization for its transition strategy.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Applicable	Confirmed documents: /01/ Discussions with issuer	NYK utilizes reviews from DNV, an external organization, for an objective assessment of its transition strategy.

Ref.	No.	disclosure elements	Requirement check	Work Undertaken	DNV Findings
△	1-p)	<p>It is recognized useful to obtain a review particularly concerning the following in connection with the transition strategy:</p> <ul style="list-style-type: none"> - Alignment of short-term, mid-term and long-term targets (for targets, refer to Element 3) with the overall scenario - Credibility of the fundraiser’s strategy to reach the targets - - Appropriateness of the management process and governance for the transition strategy 	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Applicable	<p>Confirmed documents: /01//02//03//04//05/ /14//15//18/ Discussions with issuer</p>	<p>DNV confirmed the following regarding a review of transition strategies:</p> <ul style="list-style-type: none"> - NYK’s transition strategy has a consistent scenario (concrete action plan) with short-term and medium-term goals (2030) and long-term goals (2050). - NYK’s transition strategy is positioned at the center of its ESG management, and has specific plans and goals and is reliable. - The transition strategy is properly managed and implemented through the Climate Change Response Management System and the ESG Promotion Committee.

9 Transition finance is available for not only entities with strategies and plans for reducing emissions associated with their corporate economic activities, but also entities that plan to take initiatives that enable others to implement transition strategies through their own products and services. In such cases of financial institutions, a financier should articulate how the underlying projects or activities themselves fit into the fundraiser’s strategy while, similarly, a subsidiary or an SPC to make use of its group’s or its sponsors’ strategy. However, doing so they should explain how their strategy will contribute to the strategy as a whole. In addition, it can be considered that parent company or the group who established the strategy would explain the transition elements as the main fundraiser.

10 The Paris Agreement sets out a goal to Holding the increase in the global average temperature to well below 2°C above pre-industrial levels and pursuing efforts to limit the temperature increase to 1.5°C above pre-industrial levels.

11 Climate-related scenarios are listed in the “Task Force on Climate-related Financial Disclosures (TCFD) Technical Supplement” and the document issued by the Ministry of the Environment: “Practical Guide for Scenario Analysis in line with TCFD Recommendations”. In addition, Principles for Responsible Investment (PRI) disclose a set of climate scenario tools.

12 Assumes matters provided for under “governance” in the TCFD Recommendations.

13 As for the approach to disclosure aligned with TCFD Recommendations, refer to “Guidance on Climate-related Financial Disclosures (TCFD Guidance) 2.0”, “Guidance for Utilizing Climate-related Information to Promote Green Investment (Green Investment Guidance)” (both published by the TCFD Consortium), and the document published by the Ministry of the Environment: “Practical Guide for Scenario Analysis in line with TCFD Recommendations”.

14 An example of the approach may be to identify, eliminate, reduce, and manage potential negative effects.

CTF-2 Business Model Environmental Materiality

Ref.	No.	disclosure elements	Requirement check	Work Undertaken	DNV Findings
◎	2-a)	Initiatives for achieving the transition strategy should be such that contribute to transforming core business activities that are environmentally material parts today and in the future. ¹⁵	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Applicable	Confirmed documents: /01//06/ Discussions with issuer	The NYK Transition Strategy consists of the shipping business, which is NYK's core business, and the renewable energy-related business, which is based on the development of technologies cultivated so far. As specific business transformation, it includes fuel conversion from existing heavy oil-fueled vessels to LNG, LPG or future ammonia- and hydrogen-fueled vessels, the introduction of innovative technologies such as operational efficiency and optimization, and the expansion into renewable energy-related businesses as a new business field.
○	2-b)	When identifying business activities that are environmentally material parts, it is recommended that the fundraiser consider multiple climate change-related scenarios that may possibly impact its judgment on the identification ¹⁶ .	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Applicable	Confirmed documents: /01//06//14//15/ Discussions with issuer	NYK is proceeding with the disclosure of climate change-related information in line with TCFD recommendations. Specifically, the NYK Report identifies the major risks and opportunities that climate change may have and the impact on the NYK Group. This transition strategy and efforts are consistent with this scenario.
△	2-c)	In terms of considering materiality, it is possible to apply existing guidance provided by an organization that creates standard criteria concerning sustainability reporting ¹⁷ .	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Applicable	Confirmed documents: /01//06//14//15/ Discussions with issuer	NYK considers the materiality of climate change efforts in its climate change-related disclosures in line with TCFD recommendations. In addition, the materiality of the NYK Group is defined by "safety," "environment," "human resources," and contributions to the SDGs are also organized.

Ref.	No.	disclosure elements	Requirement check	Work Undertaken	DNV Findings
◎	2-d)	The fundraiser should indicate that climate change is an environmentally material part of business activities ¹⁸ .	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Applicable	Confirmed documents: /01//06//14//15/ Discussions with issuer	The materiality "environment" defined by the NYK Group shows that global environmental issues (climate change) are important in the NYK Group's business activities. It also identifies specific risks and opportunities and sets CO ₂ reduction targets as medium- to long-term environmental targets.
○	2-e)	It is recommended that disclosures include the contents of climate change-related scenarios used in identifying business activities that are environmentally material parts along with the underlying reasons (e.g., regional and industrial characteristics) for selecting such scenarios.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Applicable	Confirmed documents: /01//06//14//15/ Discussions with issuer	NYK conducts scenario analysis of the shipping business through TCFD. Specifically, NYK refers to World Energy Outlook for future energy-related trends, and analyzes it on the premise of the IEA's main scenario and the achievement of the SDGs. A detailed explanation of these is disclosed in the NYK report.

15 They include activities that are environmentally material parts are considered to be business activities of the fundraiser that identifies climate change as part of its materiality.

16 Scenario analysis using multiple climate-related scenarios is similar to that required by the TCFD Recommendations, and it is considered useful to refer to relevant guidelines and such like for implementation methods. An example is the document issued by the Ministry of the Environment: "Practical Guide for Scenario Analysis in line with TCFD Recommendations".

17 "The SASB Materiality Map" issued by the Sustainability Accounting Standards Board serves as a guidance concerning materiality.

18 As for the approach to identifying environmentally material business activities, it is possible to use the materiality map and such like and outline the level of materiality of climate change for one's entity.

CTF-3 Climate Transition Strategy to be Science-based Including Targets and Pathways

Ref.	No.	disclosure elements	Requirement check	Work Undertaken	DNV Findings
◎	3-a)	The fundraiser should reference science-based targets in developing its transition strategies.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Applicable	Confirmed documents: /01//02//03//18/ Discussions with issuer	NYK is building a transition strategy based on scientifically-based goals which obtained SBT certification. It also refers to IEA's World Energy Outlook as a scenario.
◎	3-b)	This should include mid-term targets (short- to mid-term targets) in addition to long-term targets for 2050 and be quantitatively measurable based on a measurement methodology which is consistent over a long period of time.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Applicable	Confirmed documents: /01//02//03//14//15//18/ Discussions with issuer	NYK uses a consistent measurement method using the "GHG emission intensity" and quantitatively measurable indicators, and has included the 2030 target (30% reduction from 2015) as an intermediate target (short- to medium-term target) in addition to the long-term target for 2050 (50% reduction from 2018).
◎ (△)	3-c)	In addition, it is recommended that GHG reduction targets, which could be formulated either in intensity and absolute terms, should consider environmental materiality and cover Scopes 1 through 3 of GHG Protocol, the international standard on supply-chain emissions. It is recommended that targets covering Scope 3 be set using a practical calculation method when it could be subject to significant reduction in the fundraiser's business model ¹⁹ . It is also possible to disclose the avoided emissions as necessary.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Applicable	Confirmed documents: /01//02//03//07//18/ Discussions with issuer	NYK has adopted the "GHG emission intensity" and the reduction rate compared to 2015 as indicators of emission reduction targets. The absolute value compared to 2015 is also calculated. About 95% of NYK's target scopes are Scope1 and Scope2. Scope3 is about 5% and is not an important reduction target to be considered, so individual targets are not set. The calculation method for reduction has been established within the NYK Group.
◎	3-d)	Science-based targets are GHG reduction targets required for achieving the goals of the Paris	<input checked="" type="checkbox"/> Yes	Confirmed documents:	NYK's Transition Strategic Goals refer to:

Ref.	No.	disclosure elements	Requirement check	Work Undertaken	DNV Findings
(△)		<p>Agreement and should be set while taking into account differences in regional characteristics and industries. In so doing, it is possible to refer to the following trajectories.</p> <ul style="list-style-type: none"> - Scenarios widely recognized in the international community (Examples include the Sustainable Development Scenario (SDS) outlined by the International Energy Agency (IEA)²⁰) - Objectives verified under the Science Based Targets Initiative (SBTi) and such like - Nationally Determined Contributions (NDC) of countries aligned with the goals of the Paris Agreement, roadmaps by industry sector²¹, industries set out plans that are science-based achieving the Paris Agreement²² and so on. 	<input type="checkbox"/> No <input type="checkbox"/> Not Applicable	<p>/01//02//03//14//15/ /18/ Discussions with issuer</p>	<ul style="list-style-type: none"> - Internationally recognized scenario ⇒Goals that exceed IMO's GHG reduction strategy - Goals verified by Science Based Targets Initiative (SBTi) etc. ⇒Certified Goals in 2018 - GHG emission reduction targets in each country that are consistent with the goals of the Paris Agreement (Nationally Determined Contributions: ⇒Goals and initiatives consistent with the Zero Emissions Roadmap of International Shipping of Ministry of Land, Infrastructure, Transport and Tourism.
◎	3-e)	<p>Short- to mid-term targets (with a term of three to fifteen years) should be set by referencing the aforesaid trajectories or on the pathway toward the long-term targets planned as benchmarks²³.</p>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Applicable	<p>Confirmed documents: /01//02//03//14//15/ /18/ Discussions with issuer</p>	<p>NYK's short- and medium-term goals (2030) are set based on the asset introduction and technology development plans shown in the pathway towards the long-term goals of 2050. Specifically, it is consistent with the efforts of IMO and the Ministry of Land, Infrastructure, Transport and Tourism.</p>
△	3-f)	<p>In doing so, since short- to mid-term targets will likely be set in consideration of various factors (including the starting point and track records of the issuer, timing of capital investments, economic rationality, cost-benefit analysis, and availability of technology necessary to achieve</p>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Applicable	<p>Confirmed documents: /01//02//03//14//15/ /18/ Discussions with issuer</p>	<p>NYK plans to set short- and medium-term goals and promote business activities toward subsequent long-term goals (transformation of existing businesses, efforts for new businesses) through various projects illustrated in the text. This includes the starting point of the shipping</p>

Ref.	No.	disclosure elements	Requirement check	Work Undertaken	DNV Findings
		the targets), it is possible that the pathway may not necessarily be linear with the same slope at all times but may be nonlinear.			business, consideration of performance, capital investment in BAT, and pioneering efforts for innovation for future implementation.
◎	3-g)	The fundraiser should disclose the short- to mid-term and long-term targets they have set, including the base years etc.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Applicable	Confirmed documents: /01//02//03//14//15//18/ Discussions with issuer	SBT, NYK's transition strategy, discloses that it has set 2015 as the base year, has set 2030 as short- and medium-term targets year, and has set 2050 as long-term targets year.
◎	3-h)	In order to show that long-term targets are science-based, disclosures should explain the methodology or trajectory used to define target, including the underlying reasons (e.g., characteristics specific to a region or industry). In particular, when reference is made to plans and industry roadmaps established by an industry, etc., the explanation should include that they are grounded in scientific basis.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Applicable	Confirmed documents: /01//02//03//14//15//18/ Discussions with issuer	NYK's transition strategy refers to plans and roadmaps of IMO and Ministry of Land, Infrastructure, Transport and Tourism, which recognized in the shipping industry. IMO roadmap (IMO GHG emission strategy) includes the GHG emission reduction targets of the Paris Agreement goals for temperature and includes consideration of short-term, medium- to long-term timelines, building of construction capacity, and supportive measures such as technical cooperation and R & D, so it is considered to be a scientifically-founded long-term goal. (Source: IMO website Initial IMO GHG Strategy)
△	3-i)	It is possible that disclosures explain the pathway toward a long-term target and the alignment between the short- to mid-term targets on the pathway and the transition strategy, based on	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Applicable	Confirmed documents: /01//02//03//14//15//18/ Discussions with issuer	NYK exemplifies representative projects that can be invested as green/transition candidate projects among the efforts toward long-term goals. The overall investment plan (investment amount) is undecided, but it was confirmed that

Ref.	No.	disclosure elements	Requirement check	Work Undertaken	DNV Findings
		the investment plan (refer to Element 4) and other plans.			NYK has a plan to implement it according to the timeline.
△	3-j)	<p>Concerning targets and trajectories, obtaining expert reviews on the following is considered to be particularly useful:</p> <ul style="list-style-type: none"> - Whether the long-term target is aligned with science-based targets ➔ Whether the disclosed information explains the alignment with the Paris Agreement - Whether the short- to mid-term targets are determined using a GHG emissions forecast calculated based on a climate change scenario analysis ➔ Whether scenarios, etc. widely recognized in the international community are used or referenced - Whether the actual values of the indicators used for the targets are quantitatively measured using consistent measurement methods ➔ Whether a specific GHG emissions reduction measure has been developed to achieve short- to mid-term targets aligned with long-term goals 	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Applicable	<p>Confirmed documents: /01//02//03//14//15//18/ Discussions with issuer</p>	<p>Based on the materials and information provided by NYK, DNV reviewed the following and confirmed that the goals and trajectories were scientifically based.</p> <ul style="list-style-type: none"> - Whether the long-term target is aligned with science-based targets <ul style="list-style-type: none"> ➢ The referenced IMO, Ministry of Land, Infrastructure, Transport and Tourism and SBT are consistent with the Paris Agreement. - Whether the short- to mid-term targets are determined using a GHG emissions forecast calculated based on a climate change scenario analysis <ul style="list-style-type: none"> ➢ Utilizes internationally recognized scenarios. Specifically, NYK refers to TCFD and SBT. - Whether the actual values of the indicators used for the targets are quantitatively measured using consistent measurement methods <ul style="list-style-type: none"> ➢ A measurement method has been established and quantified using the GHG emission intensity as an index.

19 Since an appropriate method for calculating Scope 3 emissions for specific industrial sectors is under development, it is possible to estimate Scope 3 emissions on a provisional “best effort” basis. When disclosing, it is recommended that boundaries, calculation methods and other relevant factors be

also reported. “Basic Guidelines on Accounting for Greenhouse Gas Emissions Throughout the Supply Chain” (METI, MoE; 2017 Japanese only. Related information in English) can be used for calculation references.

- 20 In addition to benchmarks indicated by the IEA, there are those referenced by the IPCC, such as RCP 2.6 (keep global warming to below 2°C), RCP 1.9 (keep global warming to below 1.5°C) and other related Transition Pathway Initiative (TPI) benchmarks. Meanwhile, scenario listings are available in the TCFD Technical Supplement and in the document published by the Ministry of the Environment: “Practical Guide for Scenario Analysis in line with TCFD Recommendations”.
- 21 An example of a sector-specific roadmap formulated by a public organization is the “Roadmap to Zero Emission from International Shipping” (Ministry of Land, Infrastructure, Transport and Tourism; 2020). The Ministry of International Trade and Industry also plans to formulate a roadmap for high emission industries.
- 22 In utilizing a plan formulated at a sector level, it is necessary to have a credible proposition that the alignment with the Paris Agreement can be explained with scientific grounds.
- 23 While it is possible to set short- to mid-term targets by determining the standard based on an assumed use of best available technologies (BAT), consideration should be made as to whether the use of such technologies might make it difficult to achieve long-term targets.

CTF-4 Implementation Transparency

Ref.	No.	disclosure elements	Requirement check	Work Undertaken	DNV Findings
◎	4-a)	In implementing transition strategies, the fundraiser should provide transparency of the basic investment plan to the extent practicable.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Applicable	Confirmed documents: /01//02//03//08//14/ /15//18/ Discussions with issuer	NYK exemplifies representative projects that can be invested as green/transition candidate projects among the efforts toward long-term goals. The overall investment plan (investment amount) is undecided, but it was confirmed that NYK has a plan to implement it according to the timeline.
○	4-b)	The investment plan includes not only capital expenditure (Capex) but also capital and operational expenditure (Opex). Therefore, costs related to research and development, M&A, and dismantling and removal of facilities are also	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Applicable	Confirmed documents: /01//02//03//08//14/ /15//18/	The investment plan includes expenditures of the following activities that contribute to the efforts needed to implement the transition strategy: -Capital investment - Research and Development

Ref.	No.	disclosure elements	Requirement check	Work Undertaken	DNV Findings
		subject to the investment plan. In other words, it is recommended that the investment plan incorporate, to the extent possible, expenditure and investment necessary for implementing the transition strategy.		Discussions with issuer	<ul style="list-style-type: none"> - Business Development - Business operation - Working capital, etc.
△	4-c)	It is recommended that the investment plan outline the assumed climate-related outcomes and impacts ²⁴ in a quantitative fashion where possible, along with the calculation methods and prerequisites ²⁵ . If quantification is difficult, the use of external certification systems can be considered as a substitute for qualitative assessment.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Applicable	Confirmed documents: /01//02//03//08//14/ /15//18/ Discussions with issuer	For each green/transition candidate project to be invested, environment-related indicators are selected and quantitatively evaluated. However, when research and development, trial production, demonstration tests, etc. are included, if it is clear that the project will contribute to future environmental improvement effects, the evaluation may be carried out based on the fact that the funds were allocated and implemented. (Estimate the expected environmental improvement effect only within the feasible range)
○	4-d)	In particular, when outlining the assumed climate-related outcomes and impacts, it is recommended that the disclosure include not only GHG emission reduction and other initiatives to ease climate change but also report how consideration of a "just transition" ²⁶ is incorporated into the transition strategy.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Applicable	Confirmed documents: /01//14//15//18//19/ Discussions with issuer	No critical factors impeding "just transition" by executing NYK's Green/transition Candidate Project. However, through the assessment, it was confirmed that if it corresponds to a "just transition" in the project that NYK will carry out in the future or if it is considered that it will affect the SDGs, it will be disclosed as appropriate as necessary.

Ref.	No.	disclosure elements	Requirement check	Work Undertaken	DNV Findings
○	4-e)	If implementing the transition strategy has the potential of having a negative impact on employment or the environment and communities other than climate change, it is recommended that any expenditures to mitigate such negative impacts be added to the plan.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Applicable	Confirmed documents: /01//14//15//18//19/ Discussions with issuer	At this time, there are no additional significant environmental and social implications for implementing NYK's transition strategy. However, in project implementation, consideration and countermeasures for environmental and social impacts based on laws and ordinances and company standards will be implemented under NYK's management. The framework clarifies how activities based on transition strategies are associated with the SDGs.
◎	4-f)	Moreover, the outcomes arising from investments included in the investment plan should align with the targets.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Applicable	Confirmed documents: /01//08/~12//14/ /15//18//19/ Discussions with issuer	NYK quantitatively evaluates that the results (GHG intensity reduction effect) of each investment target candidate project included in the investment plan are consistent with the target (same as above).
○ (△)	4-g)	Transition finance is a means to financially support the implementation of a transition strategy, and it is recommended that financing be provided for new initiatives. However, in the case of transition finance in the format of Use of Proceeds instruments, refinancing for a reasonably set lookback period (the period during which refinancing is to be applied for projects that have already started) is considered to be eligible.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Applicable	Confirmed documents: /01//08/~12/ Discussions with issuer	NYK's Green/transition nominated project will be used to fund new initiatives. In the future, when targeting refinancing, it was confirmed that a reasonable lookup period (e.g., the transition and greenness of the target asset should not be impaired at the time of allocation) will be set.

Ref.	No.	disclosure elements	Requirement check	Work Undertaken	DNV Findings
○	4-h)	It is recommended that investment plans be disclosed by linking the outcomes and impacts with the expenditures to the extent practicable ²⁷ .	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Applicable	Confirmed documents: /01/ Discussions with issuer	No detailed plans have been disclosed at this time for long-term amounts for each NYK Green / Transition candidate project. In the future, we also referred to 3-f) and confirmed through the assessment that it is expected to be implemented systematically.
○	4-i)	It is recommended that the fundraiser, after securing financing, reports any deviations between the initial plan and the actual expenditure, outcomes and impacts. For any deviations, it is recommended that the underlying reasons be explained.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Applicable	Confirmed documents: /01/ Discussions with issuer	NYK will report any significant differences in spending, outcomes or impacts from the original plan, including the reasons in the post-issuance report.
◎	4-j)	In cases where the Use of Proceeds bonds include refinancing, the fundraiser should provide an explanation on the lookback period set under the framework or other relevant methods along with the underlying reasons and factors.	<input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> Not Applicable	Discussions with issuer	NYK has no plans of refinancing at this time. In the future, if refinancing is included when issuing bonds of Use of Proceeds based on a pre-established framework, NYK plans to disclose necessary information in legal documents, etc. in accordance with 4-g).
○ (△)	4-k)	While there are differences in business practices, such as the fact that loans are traditionally made based on the bilateral relationship between a borrower and a lender, it is recommended that disclosure on the above be made to the extent possible in order to ensure transparency and	<input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> Not Applicable	Discussions with issuer	NYK has no plans to make a loan at this time.

Ref.	No.	disclosure elements	Requirement check	Work Undertaken	DNV Findings
		credibility of transition finance. However, if it is difficult to disclose such information to the public from the standpoint of confidentiality and competition, it is possible to report such information only to lenders or external evaluation organizations without disclosing it to the public.			
△	4-l)	Similarly, in cases where the fundraiser is a small-to-medium-sized enterprise and it is difficult to disclose to the public the same content as that reported to the financier or an external evaluation institution, it is possible for the fundraiser to simplify the content of disclosure, for example, by limiting disclosure to a summary of h) to j) of this section.	<input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> Not Applicable	Discussions with issuer	NYK is not a small-to-medium-sized enterprise.

24 The Ministry of the Environment, in its “Concept Paper on Impact Finance”, refers to impact as “a positive or negative change to the environment, society or economy caused by an organization and is not a direct deliverable or output but an outcome as a change brought about in terms of the environment, society or economy.”

25 In disclosing impacts, outlining the amount of contribution to reducing CO₂ emissions in the global value chain on the whole and the entire lifecycle, including the consumption phase, can be considered. For the amount of contribution to the reduction, it is possible to reference the “Guideline for Quantifying GHG Emission Reduction Contribution” (METI, 2018). Furthermore, as for outcomes on research and development, it is possible to reference the IEA Measuring Innovation by Technology Readiness Level (TRL) or Importance for Net-Zero Emission, among others, and outline the progress in the R&D phase or the potential of reducing CO₂ emissions with the relevant technology by highlighting the importance of net-zero emissions.

26 A just transition is an attempt to ensure the wide sharing of virtual profits created through a transition to a green economy, as well as to support any party who will experience an adverse economic impact (be it a country, a region, an industry, a community, a worker, or a consumer). The concept of a just transition corresponds to several SDGs.

27 In particular, disclosure of investment plans is expected to be required for projects applicable to Use of Proceeds.

Schedule-5 Green Bond Guidelines Eligibility Assessment

Following check list (GBGLs-1 ~ GBGLs-4) is prepared based on the Green Bond Guidelines (GBGLs, MOE, 2020).

According to the GBGLs, Requirements/Evaluation aspects are divided into following two terms, Should:◎ Recommend:○

The numbers /01/, /02/ ~ /22/ listed in the Work Undertaken column are the confirmed documents, and the details (document name) are shown in Reference document-1 (See the Attachment).

In addition to the confirmed documents, the Work Undertaken includes the case where the information obtained through discussions and interviews with the publishers is used as evidence.

This assessment applies as a requirement for Use of Proceeds based on CTFH, so any term "green" in Schedule 5 should be read as "green and / or transition".

GBGLs-1 Use of proceeds

Ref.	Section	Requirements	Requirement check	Work Undertaken	DNV Findings
◎	1-①	Green Bond proceeds should be allocated to Green Projects that state the clear environmental benefits, which should be assessed by the issuer	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Applicable	Confirmed document: /01//08/~ /12/ Interviews with stakeholders	Projects to which the proceeds from the Green/transition Bond will be allocated to the projects that contribute to low/decarbonization through the NYK Group and related industries, through shipping business or new business, etc. Regarding specific environmental improvement effects, it is evaluated by the issuer that it will lead to reduction of CO ₂ and harmful substances.
○	1-①	Environmental benefit of Green Bond proceeds, where feasible, quantification is recommended.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Applicable	Confirmed document: /01//08/ Interviews with stakeholders	NYK quantifies the environmental improvement effects of green/transition projects. Specifically, NYK has established a calculation formula in advance for the CO ₂ reduction effect, harmful substance reduction effect, etc., and quantified the effects. (It is difficult to quantify some projects because they include research and development)

Ref.	Section	Requirements	Requirement check	Work Undertaken	DNV Findings																											
©	1-④	In advance, issuers should provide investors with information regarding the use of Green Bond proceeds through legal documentation (such as a prospectus) or other documents.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Applicable	Confirmed document: /01//08/~ /12//22/ Interviews with stakeholders	It is confirmed that NYK will explain to investors in advance through the framework and securities registration statement or the GB Amended Shelf Registration, etc.																											
©	1-⑤	The provision of the information regarding the use of proceeds should specify the Green Project categories.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Applicable	Confirmed document: /01/ This report Interviews with stakeholders	<p>Issuer plans to explain to investors that the proceeds will be used in the following business categories through the framework, securities registration statements, GB Amended Shelf Registration, etc. and the results of external reviews. The framework shows the following projects candidate list. The proceeds will be allocated to some or more of them.</p> <table border="1"> <thead> <tr> <th></th> <th>projects</th> <th>category^{*1*2}</th> </tr> </thead> <tbody> <tr> <td>01</td> <td>Offshore wind power</td> <td>Renewable Energy</td> </tr> <tr> <td>02</td> <td>Green Terminal</td> <td>Renewable Energy</td> </tr> <tr> <td>03</td> <td>Ammonia fueled vessel</td> <td>Fuel Conversion</td> </tr> <tr> <td>04</td> <td>Hydrogen fueled cell vessel</td> <td>Technology Innovation Clean Transportation</td> </tr> <tr> <td>05</td> <td>LNG fueled vessel</td> <td>Fuel Conversion</td> </tr> <tr> <td>06</td> <td>LNG fuel supply vessel</td> <td>Technology Innovation</td> </tr> <tr> <td>07</td> <td>LPG fueled vessel</td> <td>Clean Transportation</td> </tr> <tr> <td>08</td> <td>Operation efficiency & optimization</td> <td>Clean transportation, Energy efficiency</td> </tr> </tbody> </table> <p>*1 Projects that are currently confirmed eligibility as green projects can be incorporated into green bond and are also permissible in the CTFBG to be incorporated as part of transition bond.</p>		projects	category ^{*1*2}	01	Offshore wind power	Renewable Energy	02	Green Terminal	Renewable Energy	03	Ammonia fueled vessel	Fuel Conversion	04	Hydrogen fueled cell vessel	Technology Innovation Clean Transportation	05	LNG fueled vessel	Fuel Conversion	06	LNG fuel supply vessel	Technology Innovation	07	LPG fueled vessel	Clean Transportation	08	Operation efficiency & optimization	Clean transportation, Energy efficiency
	projects	category ^{*1*2}																														
01	Offshore wind power	Renewable Energy																														
02	Green Terminal	Renewable Energy																														
03	Ammonia fueled vessel	Fuel Conversion																														
04	Hydrogen fueled cell vessel	Technology Innovation Clean Transportation																														
05	LNG fueled vessel	Fuel Conversion																														
06	LNG fuel supply vessel	Technology Innovation																														
07	LPG fueled vessel	Clean Transportation																														
08	Operation efficiency & optimization	Clean transportation, Energy efficiency																														

Ref.	Section	Requirements	Requirement check	Work Undertaken	DNV Findings
					*2 Projects that are currently classified as transition projects may become green projects due to the application of future technological innovations. (Example: Application of green fuel, achievement of performance that meets CO ₂ emission standards as a green project, etc.)
○	1-⑤	In the cases where individual Green Projects have been specified, it is recommended that issuers clearly present the projects to investors.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Applicable	Confirmed document: /01//08/~ /12//22/ Interviews with stakeholders	Specific candidate projects and allocation plans are provided to external review agencies. On the other hand, the explanation to investors clearly states the outline of the green project through the disclosure of the framework and the results of external reviews in consideration of confidentiality, etc., and is suitable.
◎	1-⑥	In cases where Green Projects have incidental negative environmental impacts along with the alleged environmental benefits, the issuers should include information regarding these negative impacts (e.g., how they are assessed, what the issuers do to curb them) to investors so that the investors and market participants can appropriately evaluate these impacts.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Applicable	Confirmed document: /01//19/ Interviews with stakeholders	Regarding the negative impacts of project implementation, the issuer has stated through the framework and disclosure of external review results that the following environmental and social risk reduction efforts have been implemented, or that the target project has already been implemented. "In the operation and implementation of the projects, we are working on the conservation of the surrounding environment in each related group and regularly monitoring it in the PDCA cycle."
○	1-⑦	(In case of where a part of Green Bond proceeds is used to refinance existing Green Projects,) it is recommended that the issuers provide information to the investors	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Applicable	Confirmed document: /01/ Interviews with stakeholders	NYK has no plans to refinance at this time. In the future, if refinancing is included when issuing Use of Proceeds bonds based on a framework formulated in advance, NYK plans to disclose necessary information in legal documents, etc. in accordance with CTF 4-g).

Ref.	Section	Requirements	Requirement check	Work Undertaken	DNV Findings
		regarding (1) the amount (or the share) of the bond proceeds being allocated for refinancing, and (2) which Green Projects (or Green Project categories) may be refinanced.			
◎	1-⑦	When Green Bonds are issued multiple times to refinance an asset that requires long-term maintenance, the issuer should clearly disclose the asset's age and remaining useful life and the amount to be refinanced as at the time of the bond issuance, evaluate the long-term sustainability of environmental benefits and obtain an assessment from an external reviewers for verification.	<input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> Not Applicable	Confirmed document: /01/ Interviews with stakeholders	At the present time, there are no plans to allocate proceeds a refinancing to projects that have passed a long period.

GBGLS-2 Process for Project Evaluation and Selection

Ref.	Section	Requirements	Requirement check	Work Undertaken	DNV Findings
◎	2-①	In advance, issuers should provide investors with information regarding the following: The environmental sustainability objectives that the issuers intend to achieve through Green Bonds.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Applicable	Confirmed document: /01//14//15/ Interviews with stakeholders	<p>NYK's financing through transition bond is in line with the low-carbon / decarbonization strategy set by IMO and the Ministry of Land, infrastructure, Transport and Tourism etc. In addition, it is also motivated by the realization of transition strategies based on certified SBT.</p> <p>NYK's transition strategy is disclosed as follows. Long-term goal: 50% reduction</p>

Ref.	Section	Requirements	Requirement check	Work Undertaken	DNV Findings
					Short- to medium-term target: 30% reduction (Both are compared to 2015 transportation units) These are planned to be explained in advance to investors through the framework, external review results, securities registration statements, GB Amended Shelf Registration, etc., and are suitable.
◎	2-①	In advance, issuers should provide investors with information regarding the following: The criteria for determining the appropriateness of Green Projects based on the environmental sustainability objectives described above	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Applicable	Confirmed document: /01//04//05//21/ Interviews with stakeholders	<p>It was confirmed through the framework and assessment that the criteria (standards) applied for the eligibility of NYK's Green/transition Projects are described in the framework. Specifically, the criteria are as follows.</p> <p>Climate Transition Finance Handbook International Capital Market Association (ICMA), 2021 Basic Guidelines on Climate Transition Finance (CTF) Financial Services Agency, Ministry of Economy, Trade and Industry, Ministry of the Environment, 2021 The Green Bond Principles International Capital Market Association (ICMA), 2021 Green Bond Guidelines Ministry of Environment Japan, 2020</p> <p>These are clearly stated in the framework and are planned to be explained in advance to investors through securities registration statements or GB Amended Shelf Registration, etc., and are suitable. In addition, DNV stated in its second party opinion that it referred to and evaluated the relevant technical standards of Climate Bond Standards (v3.0) in the technical evaluation of the project through the assessment.</p>
◎	2-①	In advance, issuers should provide investors with information regarding the following:	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Applicable	Confirmed document: /01//04//05//21/	It was confirmed that the framework describes the process how the green/transition projects are evaluated and selected. Specifically, the Finance Group selects eligible projects, and the

Ref.	Section	Requirements	Requirement check	Work Undertaken	DNV Findings
		The process for determining how Green Projects fit the criteria for the achievement of the environmental sustainability objectives (The process for the determination refers to the reason why issuers determine that Green Projects can provide environmental benefits appropriately in light of the objectives and criteria for the use of Green Bond proceeds, how and by whom are the criteria applied and used to determine whether Green Projects are appropriate in light of the objectives, and the like)		Interviews with stakeholders	selected eligible projects are decided by the Treasury Executive Officer. In addition, project eligibility is comprehensively analyzed and examined for financial and operational aspects, market environment, and ESG aspects and risks in collaboration with specialized groups such as the environment group.
○	2-⑥	It is recommended that the issuers explain to investors in advance any environmental standards or certifications that the issuers will refer to in evaluating and selecting a Green Project to be financed.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Applicable	Confirmed document: /01//02//03/ Interviews with stakeholders	The transition strategy underlying the evaluation and selection of green/transition bond is based on IMO, Ministry of Land, Infrastructure, Transport and Tourism etc. and certified SBT and will be explained to investors through the framework and second party opinion. There are no environmental standards or certifications for individual projects.
◎	2-⑦	If an issuer intends to establish an exclusion standard to identify and control such potentially material environmental and social risks of Green Projects, the issuer should explain it to investors in advance as one of the criteria it applies.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Applicable	Confirmed document: /01//04//05//21/ Interviews with stakeholders	NYK has established the following as common exclusion criteria for green/transition bond. <ul style="list-style-type: none"> • Inappropriate relationships such as unfair trade, bribery, corruption, extortion, embezzlement, etc. that do not comply with the laws of the country of residence • Transactions that can cause social problems such as human rights and the environment In addition, the following are defined as exclusion criteria for projects related to ship construction.

Ref.	Section	Requirements	Requirement check	Work Undertaken	DNV Findings
					•Vessels dedicated to transporting either or both of coal and heavy oil
○	2-⑨	It is recommended that internal groups who have expertise, such as the environment related group, or external institutions check whether the determination process is suitable from an environmental point of view.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Applicable	Confirmed document: /01//04//05//21/ Interviews with stakeholders	It was confirmed that the framework describes the process by which the selection of the green/transition project was decided. Specifically, the Finance Group selects eligible projects, and the selected eligible projects are decided by the Treasury Executive Officer. In addition, project eligibility is comprehensively analyzed and examined for financial and operational aspects, market environment, and ESG aspects and risks in collaboration with specialized groups such as the environment group.
○	2-⑩	It is recommended that issuers position their environmental objectives, criteria and information on their processes in the context of their comprehensive environmental sustainability objectives, strategy, policies and so on (e.g., medium-term management plan, sustainability strategy, CSR strategy) when explaining them to investors.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Applicable	Confirmed document: /01//14//15//21/ Interviews with stakeholders	The transition strategy underlying the evaluation and selection of green/transition bond is based on IMO, Ministry of Land, Infrastructure, Transport and Tourism and certified SBT and will be explained to investors through the framework and second party opinion. NYK's transition strategy is disclosed as follows. Long-term goal: 50% reduction Short- to medium-term target: 30% reduction (Both are compared to 2015 transportation units)

GBGLs-3 Management of proceeds

Ref.	Section	Requirements	Requirement check	Work Undertaken	DNV Findings
◎	3-①	Issuers should track and manage the net Green Bond proceeds in an appropriate manner. These tracking and managing	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Applicable	Confirmed document: /01//13/	The proceeds will be credited to an account managed by the NYK Group, and will be identified and managed for each project by an in-house system which can be

Ref.	Section	Requirements	Requirement check	Work Undertaken	DNV Findings
		activities should be controlled by the issuer's internal process.		Interviews with stakeholders	tracked and managed. It also has an internal control process with annually reporting and approval to the CFO.
⊙	3-②	As long as the Green Bonds are outstanding, issuers manage the amount of the allocation to the Green project is equal to or more than proceed, or issuers should periodically adjust to match the amount of the total Green Bond proceeds to the sum of the amount of the proceeds allocated to Green Projects and the amount of the unallocated proceeds.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Applicable	Confirmed document: /01//13/ Interviews with stakeholders	NYK has an in-house system to periodically (annually) ensure that the allocated and unallocated balances match the proceeds, and DNV has confirmed that issuers can identify and manage the proceeds separately from other balances.
⊙	3-②	If any of the proceeds remains temporarily unallocated, the issuer should explain to investors how it intends to manage the balance of such unallocated funds and endeavour to promptly allocate such funds to Green Projects.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Applicable	Confirmed document: /01//13/ Interviews with stakeholders	The balance of unallocated funds can be easily grasped by checking the amount of proceeds and the allocation status using the in-house system. The framework states that unallocated proceeds will be managed as cash and cash equivalents. NYK plans to allocate it to the project within two years after raising the funds.
⊙	3-⑤	In advance, issuers should provide investors with information on how Green Bond proceeds will be tracked and managed.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Applicable	Confirmed document: /01//13//22/ Interviews with stakeholders	The framework clearly states that the proceeds will be tracked on a case-by-case manner and annually by the internal system. The details of the use of the proceeds will be stated in legal documents such as securities registration statements or GB Amended Shelf Registration Statement and will be disclosed.
○	3-⑥	It is recommended that issuers keep evidenced documents appropriately that	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Applicable	Confirmed document: /01//13/	The in-house system will be stored semi-permanently and will be available as a voucher in a timely manner if necessary.

Ref.	Section	Requirements	Requirement check	Work Undertaken	DNV Findings
		demonstrate how they tracked and managed Green Bond proceeds.		Interviews with stakeholders	
◎	3-⑧	In advance, issuers should provide investors with information on how unallocated Green Bond proceeds will be managed when the Green Projects that will receive the Green Bond proceeds have not been determined, or when such Green Projects have been determined but the proceeds have not been allocated because the allocation timing has not yet arrived.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Applicable	Confirmed document: /01//13//22/ Interviews with stakeholders	It was confirmed that the framework describes the operation method of the amount equivalent to the funds before allocation (to manage with cash or cash equivalent).
○	3-⑨	It is recommended that issuers manage unallocated Green Bond proceeds as an asset with high liquidity and safety such as cash, cash equivalents, or short-term financial assets	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Applicable	Confirmed document: /01/ /13/ Interviews with stakeholders	Cash or cash equivalents stated in the framework are safe assets and meet requirements.

GBGLs-4 Reporting

Ref.	Section	Requirements	Requirement check	Work Undertaken	DNV Findings
◎	4-①	Issuers should publicly disclose the latest information on the use of Green Bond proceeds after issuance	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Applicable	Confirmed document: /01/ Interviews with stakeholders	From the year following the issuance of the Green/transition Bond, it was confirmed that the status of allocation of the proceeds from the issuance of the Green/transition Bond to the use of proceeds and the environmental improvement effect are planned to be reported annually at least until the year following the completion of the allocation. The annual report will be disclosed on the NYK Group website.
◎	4-②	Issuers should disclose the latest information at least once a year until full allocation of the proceeds and as necessary thereafter in the event of new developments.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Applicable	Confirmed document: /01/ Interviews with stakeholders	Same as 4-①. In addition, if there is a significant change in the transition strategy or pathway, allocation plan or project implementation status (e.g., interruption of the project that started allocation, significant postponement on a yearly basis, sale or retirement, etc.), NYK will report the change in a timely manner or in reporting.
◎	4-③	Disclosed information should include the following contents: <Contents> <ul style="list-style-type: none"> • A list of the Green Projects to which Green Bond proceeds have been allocated • A brief description of each Green Project (including up-to-date progress) • The amount allocated to each Green Project • The expected environmental benefits of each Green Project • Information regarding unallocated Green Bond proceeds (the amount of the unallocated proceeds or the share of the unallocated proceeds to the total amount of 	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Applicable	Confirmed document: /01/ *See table below Interviews with stakeholders	The disclosed information will include the following contents in consideration of confidentiality. The planned allocation period will be within two years after fund procurement, and the operation method will be managed in cash or cash equivalents. <allocation status> <ul style="list-style-type: none"> ◆ Allocated amount ◆ Balance of unallocated amount and its management <ul style="list-style-type: none"> ◆ Approximate amount (or share) of the proceeds being used for refinancing <Environmental improvement effects> ※refer to the following

Ref.	Section	Requirements	Requirement check	Work Undertaken	DNV Findings
		the proceeds, when the unallocated proceeds are expected to be allocated to Green Projects, and how the unallocated proceeds are managed until allocation)			

Table : Green/transition project environmental improvement effect ※Any or all will be disclosed

No.	Project		Result of equipment introduction (Capacity, cardinal number, number of ships)	GHG, CO ₂ Emission reduction amount	SO _x , NO _x Emission reduction amount
01	Offshore wind power	Self Elevating Platform (SEP) Crew Transfer Vessel (CTV)	√*1*2	—	—
02	Green Terminal	New establishment and expansion of Green Terminal	√*2	—	—
03	Ammonia fueled vessel	Ammonia-based liquefied ammonia carrier and tugboat	√*3	—	—
04	Hydrogen fueled cell vessel	Introduction of vessel equipped with high-power hydrogen fueled cells	√*3	—	—
05	LNG fueled vessel	LNG fueled vessel * Excluding fossil fueled transportation	√*3	√*4	√*5
06	LNG fuel supply vessel	LNG bunkering vessel	√*3	√*4	√*5
07	LPG fueled vessel	LPG fueled vessel	√*3	√*4	√*5
08	Operation efficiency & optimization	Software development, etc. that supports operational efficiency and optimization	—	√*6	√*5

* 1: Introduction record (number of vessels) and specifications of SEP vessels and CTV

* 2: Number of units and power generation capacity (MW) of the offshore wind power generation, onshore wind power generation and solar power generation introduced

* 3: Number and main specifications of vessels built according to the project classification

* 4: GHG / CO₂ emission reduction amount or ratio compared to the case of using heavy oil as fuel (Including planned values)

* 5: SO_x and NO_x emission reduction amount or ratios compared to the case of using heavy oil as fuel (Excluding NO_x for LPG fueled vessel)

* 6: GHG / CO₂ / SO_x / NO_x emission reduction amount or ratios before and after the introduction of equipment and systems compared to standard operations

Ref.	Section	Requirements	Requirement check	Work Undertaken	DNV Findings
○	4-④	If Green Bond proceeds have been allocated to the refinancing of existing projects, it is recommended that disclosed information include: 1) the approximate amount (or the share) of the allocated proceeds used for refinancing, and 2) a list of the Green Projects (or the project categories) refinanced.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Applicable	Confirmed document: /01/ Interviews with stakeholders	There are no plans to refinance prior to the issuance of green/transition bonds. In the future, if specific refinancing and refinancing targets arise, the actual results (allocation amount or ratio, target projects) will be disclosed in the annual reporting.
○	4-⑤	While it is recommended to disclose 4-③ and 4-④ on a project-by-project basis, if there are confidentiality agreements, competitive considerations, or a large number of underlying projects that limit the disclosure of details, it is considered that information is presented in generic terms or in an aggregated portfolio.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Applicable	Confirmed document: /01/ Interviews with stakeholders	The environmental improvement effect will be reported on the NYK Group website until the entire amount of the proceeds is allocated.
◎	4-⑦	When disclosing information regarding the expected environmental benefits of projects, issuers should use appropriate indicators while ensuring consistency with the “environmental sustainability objectives,” the “criteria” for Green Projects specified in Section 2, “Process for Project Evaluation and Selection,” and the characteristics of Green Projects.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Applicable	Confirmed document: /01/ Interviews with stakeholders	Regarding the environmental improvement effect, NYK plans to use the appropriate index according to the project to which the green/transition bond is allocated. Specifically, the amount or ratio of GHG / CO ₂ / SO _x / NO _x emission reductions shown in 4-③ will be reported.
○	4-⑧	When disclosing the expected environmental benefits of projects, it is recommended that issuers, where feasible, use quantitative indicators and disclose information on methodologies and/or assumptions as well as these indicators.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Applicable	Confirmed document: /01/ Interviews with stakeholders	The environmental improvement effect will be disclosed using quantitative indicators, but it will be implemented for each green project or each green project classification in consideration of confidentiality and rationality of the evaluation process. In addition, the calculation method will be disclosed to the extent necessary.

Reference GBGLs-5 External Review

Ref.	Criteria	Requirements/Evaluation aspects	Work Undertaken	Confirmation result against to the Requirements/Evaluation aspects
○	5-(1)①	It is recommended that issuers utilize an external review in case that they need an objective assessment of the alignment of their approaches with the framework for Green Bond issuances.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Applicable	Issuer engages DNV* as external reviewer to confirm its eligibility with integrity and objectively of green bond. *Green bond support programme (registered supporter), MOE http://greenbondplatform.env.go.jp/en/support/registration.html
◎	5-(1)④	If issuers have their Green Bonds reviewed, they should disclose the documents showing the review results	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Applicable	Issuer would disclose external review report (verification report) on its website.
◎	5-(1)①-⑤	External reviewers should follow the basic criteria below when giving reviews. Integrity, ②Fairness, ③Abilities and due care as professionals, ④ Duty of confidentiality and ⑤Actions as professionals	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Applicable	DNV followed basic criteria given in 5-(1)①-⑤ referring to Guidelines for Green, Social and Sustainability Bonds External Reviews (ICMA, June 2018). <ul style="list-style-type: none"> As a third-party certification body, DNV provides certification such as ISO9001 and ISO14001. DNV is approved verifier of CBI which required competence to evaluate low carbon project and complies ISAE3000. Reference: DNV website https://www.DNV.jp/assurance/index.html Reference : CBI approved verifier https://www.climatebonds.net/certification/approved-verifiers
◎	5-(2)⑥⑦	External review providers should have a sufficient organization structure to appropriately undertake external reviews and should hire a reasonable number of people who have professional experience and qualifications necessary to cover the areas subject to the	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Applicable	DNV has sufficient organization structure to appropriately undertake external review through MOE Green bond support programme as registered supporter. <registration requirement> <ol style="list-style-type: none"> Implementation organization Competence and Experience <registration document>

Ref.	Criteria	Requirements/Evaluation aspects	Work Undertaken	Confirmation result against to the Requirements/Evaluation aspects
		external reviews to be performed.		Format1(section.8): work implementation organization Format1(section 10): Experience green bond supports DNV is also approved verifier of CBI, and it is considered to hold competence and qualification to execute verification of green bond.
◎	5-(2)⑨	Dependent on the type of external review, the external reviewers will evaluate that 1) the intended environmental benefits of the Green Project for which the funds are to be used, 2) the consistency with the four elements expected of Green Loans and 3) as needed, evaluate potential material environmental risks (negative impacts) of the Green Project specified by the issuer.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Applicable	DNV external review result includes 3 requirements in this section. Specifically, the evaluation results for requirements (1) to (3) are as follows. ① The intended environmental benefits of the Green Project for which the funds are to be used; Summary and Schedule-1 ② The consistency with the four elements expected of Green Loans ; Summary and Chapter IV ③ As needed, evaluate potential material environmental risks (negative impacts) of the Green Project specified by the issuer ; Chapter IV(2)
◎	5-(2)⑩	External review providers should include a general description of the purpose of an external review, scope of the review, qualifications of persons who conduct the external review and expertise as external review providers.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Applicable	In "II Scope and objective" of the external review result, the purpose of the review, the scope of work (scope of the review), and the provision of the review as a green bond issuance registration supporter (external review group) are described.
◎	5-(2)⑪	External review providers should include in the documents and so on concerning their review results a statement on their independence from the borrower and their policy on conflicts of interest.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Applicable	DNV external review result includes statement in "II Scope and objective " as below. "DNV holds no other engagements with the Issuer, including its direct shareholders, for which we foresee conflict of interest to carry out the Scope of Work as defined in the agreement agreed with the Issuer. In this paper, no assurance is provided regarding the financial performance of the BOND, the value of any investments in the BOND, or the long-term environmental benefits of the transaction"
◎	5-(2)⑫	External review providers should clearly explain in the documents and so on concerning their review results the	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Applicable	DNV external review result includes requirement in sections as below; •Summary • Text and (3) Standards/guidelines to be applied in Section II

Ref.	Criteria	Requirements/Evaluation aspects	Work Undertaken	Confirmation result against to the Requirements/Evaluation aspects
		definitions they used and their analytical approach and methodologies including the evaluation criteria applied to respective items.		
©	5-(2)⑬	External reviews should include a conclusion and output including marginal items evaluated in external reviews.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Applicable	<p>DNV external review result includes requirements in sections as below;</p> <ul style="list-style-type: none"> -Summary -Assessment Conclusion <p>DNV also explains marginal items in external review report (Chapter II and III) “DNV holds no other engagements with the Issuer, including its direct shareholders, for which we foresee conflict of interest to carry out the Scope of Work as defined in the agreement agreed with the Issuer. In this paper, no assurance is provided regarding the financial performance of the BOND, the value of any investments in the BOND, or the long-term environmental benefits of the transaction” “The management of the Issuer has provided the information and data used by DNV during the delivery of this review. DNV’s statement represents an independent opinion and is intended to inform the Management of the Issuer 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.”</p>

Reference document list

- /1/ NYK Green/transition Bond Framework
- /2/ International Maritime Organization: IMO GHG Strategy (IMO's website)
- /3/ Roadmap to Zero Emission from International Shipping (Ministry of Land, Infrastructure, Transport and Tourism)
- /4/ Climate change response management system (NYK's website)
- /5/ ESG Management Promotion Committee (NYK's website, NYK Report)
- /6/ Materiality (Group's important issues "safety," "environment," and "human resources.") NYK's website
- /7/ Environmental Performance (Scope1, 2 & 3 for NYK Group GHG emissions) (Data: NYK's website)
- /8/ Project information (LNG fueled vessel and LPG fueled vessel)
- /9/ Project information (Hydrogen and Ammonia Supply Chain Initiative Policy) NYK explanatory material (email dated June 2021)
- /10/ Project information (SEP) NYK's website
- /11/ Project information (CTV) NYK's website
- /12/ N/A
- /13/ Procurement fund management (NYK internal materials)
- /14/ NYK Report 2020
- /15/ The NYK Group ESG Story
- /16/ NYK Environmental Performance (GHG emissions per scope)
- /17/ CO₂ reduction target by improving operational efficiency (NYK internal data)
- /18/ NYK SBT target details (NYK internal materials, NYK website)
- /19/ Negative social impact (case of LNG fueled vessel) NYK
- /20/ Pre-issue assessment plan and agenda memo of DNV (June 11, 2021)
- /21/ NYK Green/transition Bond Selection / Evaluation Process
- /22/ Issuance registration, Amendment Shelf Registration Statement or Securities report