APPENDIX
The NYK Group ESG Story
Summary of Initiatives Enhanced in FY2021

NYK Group ESG management

Launching the Sustainable Growth Task Force

Implementing initiatives to create new value

Ensuring safe ship operations
- Safety Goal: Complete elimination of serious accidents during land, air, and marine transportation
- Carrying out initiatives for the social implementation of autonomous ships
- Expanding and enhancing systems for safe ship operations

Reducing GHG emissions
- Placing the NYK Group’s CO₂ emissions in the context of sector CO₂ emissions
- Actively investing to achieve net zero GHG emissions
- Exploring and forming partnerships to achieve decarbonization

Taking on ambitious initiatives in the energy field
- Offshore wind power
- Ammonia supply chain
- Hydrogen supply chain
- CO₂ transportation business
- Increasing participation in international decarbonization initiatives

Addressing social issues
- MarCoPay
- Advancing the NYK Group Sustainability Initiatives

Reinforcing human resources and organizations
- Linking human resource strategies to management strategies
- Conducting a global engagement survey in FY2022

Fostering personnel who drive transformation
- Examples of innovation from NYK Digital Academy
- Diversity of navigation officers and engineers
- Welcoming our first NTMA-graduate captain and strengthening job-specific training

Building an organization that fully leverages diversity
- Aiming for women to account for 30% of managers by 2030

Evolving assessment systems and workstyles
- Launching the New Workstyle Project
- Revamping our human resource system

Strengthening the foundations of ESG management

Reinforcing governance of the Group and reconfirming compliance with human rights
- Designating ESG Navigators
- Identifying future tasks in the further advancement of ESG management
  - Stepping up human rights initiatives: establishing a subcommittee
  - Strengthening the KPI management structures of ESG management
  - Reflecting ESG factors in executive compensation
Implementing initiatives to create new value

Ensuring safe ship operations

- P.5 Safety Goal: Complete elimination of serious accidents during land, air, and marine transportation
- P.6 Expanding and enhancing systems for safe ship operations
  - SHiNRAI—Assessing the risks associated with ships and ship management companies
  - Dualog Drive and SIMS3—Utilizing ship data to avoid dangerous scenarios
  - NiBiKi—Reducing workloads through common business platforms

Reducing GHG emissions

- P.9 Placing the NYK Group’s CO₂ emissions in the context of sector CO₂ emissions
- P.10 Exploring and forming partnerships to achieve decarbonization

Addressing social issues

- P.11 Advancing the NYK Group Sustainability Initiatives

Reinforcing human resources and organizations

—Linking human resource strategies to management strategies

- Promoting diversity and inclusion (composition of the NYK Group’s workforce)

Fostering personnel who drive transformation

- P.15 Examples of innovation from NYK Digital Academy
- P.16 Diversity of navigation officers and engineers
- P.17 Welcoming our first NTMA-graduate captain and strengthening job-specific training

Building an organization that fully leverages diversity

- P.18 Aiming for women to account for 30% of managers by 2030

Evolving assessment systems and workstyles

- P.19 Revamping our human resource system
Implementing initiatives to create new value
Ensuring safe ship operations

Safety Goal: Complete elimination of serious accidents during land, air, and marine transportation

Aiming to eliminate serious accidents during land, air, and marine transportation, in addition to protecting lives and the environment, by ensuring safety in all NYK Group-related operations.

Ensuring on-site safety

Eliminating serious accidents

Environmental burden and preservation of marine ecosystems

People create safety, and safety protects and fosters people’s wellbeing.

Enhancing safety
  (rules, systems, and campaigns)

Enhancing capabilities that engender safety
  (using people and digital technologies in combination)

Crimson Polaris Grounding and Oil Spill

On August 11, 2021, the wood-chip carrier Crimson Polaris—operating under a time-charter contract with an affiliate of Doun Kisen—ran aground off the Port of Hachinohe in Aomori Prefecture. The grounding split the hull of the ship, causing its fuel tanks to spill some oil. The involvement of a ship engaged in NYK’s transportation operations in a serious accident of this kind is extremely regrettable. We are promoting ESG management based on the belief that the protection of crew members’ lives and the environment are the most important form of social values that we can provide through safe ship operations. Consequently, we view the oil pollution caused by this accident with the utmost gravity. In response, we aim to improve the safety of personnel and ships, as well as the capabilities that engender safety of our ship operations. To end this kind of incidents, we will fundamentally reform and strengthen systems for safe ship operations through efforts such as bolstering governance among shipowners, ship management companies, and charterers.

(Excerpt from a message issued by NYK’s president on August 25, 2021)
Ensuring safe ship operations

Expanding and Enhancing Systems for Safe Ship Operations

SHiNRAI — Assessing the risks associated with ships and ship management companies ——

Assessment scores of ships and ship management companies

Trouble data

Port State Control ship inspection data (number of detentions and deficiencies)

Near-miss reports, sickness injury reports and LTIF*2

SHiNRAI Sustainable Hyperintelligent Initiative by NYK for Risk profiling and Assurance Integrated System

Integrating KPIs derived from respective databases and comprehensively assessing the risks associated with ships and ship management companies

Office

- Sharing information to sales divisions
- Providing data to an in-house system for the quantitative assessment of the condition of ships

NAV9000 assessors

- Conducting more-effective NAV9000 assessments of ships and ship management companies

*1 Key indicator Sharing Enhancement and Knowledge Initiative: A database comprising the accidents involving and issues of NYK-related ships (operating, owned, and co-owned ships, in addition to ships managed by Group companies, etc.)

*2 Lost time injury frequency: The number of work-related accidents per 1 million person-hours

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Dualog Drive and SIMS 3 — Utilizing ship data to avoid dangerous scenarios —

Dualog Drive

Providing efficient, stable ship-to-shore communications services regardless of the satellite communications provider

Cloud server

Mutually transferring and storing data

SIMS 2

Data at 60-minute intervals

SIMS 3

Data at 1-minute intervals

Sharing data on ship operations, fuel efficiency, and sea conditions

Enabling the collection and utilization of highly transparent data in accordance with GHG reduction initiatives and industry standards

NYK / Ship-management companies

SIMS 3 being introduced to ships
Aiming to introduce it to approximately 200 ships

As NYK’s ability to analyze data on the safety of ship operations improves, it is becoming possible to implement analysis logic in a more detailed and sophisticated manner. Also, it will help in reducing environmental burden by preventing serious accidents in advance.

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Expanding and Enhancing Systems for Safe Ship Operations

NiBiKi — Reducing workloads through common business platforms —

Data sharing × Automatic recording

Expansion & Enhancement of core ship management systems

CMS (Competency Management System)
Unifying and optimizing the management of the skills required and acquired by crew members

LMS (Learning Management System)
Increasing the availability and convenience of seafarer’s education and training opportunities

PMS (Planned Maintenance System)
Enhancing the management of ship maintenance plan and progress of their implementation

RMS (Rest hour Management System)
Enhancing the management and ensuring compliance of onboard working hours

Planning to steadily expand and enhance eLog, finance, and procurement

• Higher quality of ship operations and lower risk of accidents and environmental pollution
• More-accurate data analysis
• Utilization in seafarer’s education and training
Reducing GHG emissions

Placing the NYK Group’s CO₂ Emissions in the Context of Industrial Sector CO₂ Emissions

Breakdown of worldwide industrial CO₂ emissions by sector, breakdown of transportation sector CO₂ emissions by mode, and NYK’s share of international maritime shipping CO₂ emissions


The NYK Group accounts for 0.03% of worldwide industrial CO₂ emissions.
Investing in an Australian carbon credit sales company

Investing in and collaborating with the company with the aims of securing a new source of earnings and acquiring expertise in the carbon credit business and its development.

Promoting low-carbonization and decarbonization through a start-up accelerator program

With a view to developing personnel and fostering innovative ideas inside and outside the Group, conducting a program tasked with cultivating and supporting start-ups that help realize a low- or carbon-free society.

Joining forces with BP to help decarbonize hard-to-abate sectors

Exploring collaborations focused on the rollout of valuable decarbonization solutions in a wide range of business fields.
The NYK Group is getting a lot of support from Filipino crew members as well as their families and the local communities that support them. Aiming to help address the problems faced by such communities and work with them in the creation of a prosperous society and future, we are considering what we should and can do now and acting accordingly.

Advancing the NYK Group Sustainability Initiatives

Giving Back to the Philippines

Donating printers and paper to schools in the Philippines

Creation of employment opportunities

Poverty and economic disparity

Elimination of educational disparities

Material prosperity

Spiritual prosperity

Toward a safe, worry-free society

Using the NYK Group’s network to create employment opportunities with an emphasis on small businesses

Giving back to the Philippines by working with Filipinos to create a more prosperous society and future
Supporting COVID-19 countermeasures worldwide

Providing oxygen cylinders to India free of charge

Providing oxygen cylinders to municipal authorities through the Tata group, which is working with the Indian government to take COVID-19 countermeasures in India—an important business base and a significant source of crew members.

Donating to COVID-19 countermeasure support activities

Making donations to 15 organizations, including those with which we regularly collaborate, in order to help support activities that target crew members and their families, who have been affected by movement restrictions in various countries; hard-to-reach medical facilities; those requiring medical care; and families and children in need.

- Seafarers International Relief Fund, for crew members and their families
- UNICEF’s COVID-19 Vaccine Global Access
- The Nippon Foundation
- COVID-19 Crisis Fund of Médecins Sans Frontières, etc.
Advancing the NYK Group Sustainability Initiatives (NYKSI)

Advancing initiatives through alliances with external partners

Looking for, devising, and implementing activities that can be conducted while face-to-face activities are not possible due to the COVID-19 pandemic

Organizing the “NYKSI Talks”

With the aims of heightening Group employees’ awareness of social issues and increasing the number of participants in our collaborative activities with external partners, holding monthly online talks in which representatives of partner organizations outline their efforts. Talks attended by a total of 382 employees, as of February 28, 2022.

Putting translation stickers in picture books

Asking employee volunteers to take picture books home and put translation stickers in them; having these volunteers complete the process by signing their names in the target language and in Japanese on the last page; and since 2004 transporting the books to Cambodia, Laos, and other countries via a Group company engaged in the operation of container ships.

Making envelopes from nautical charts

Tasking employee volunteers with the creation of envelopes from nautical charts that are no longer needed; conducting these activities when restrictions on coming to work are eased; and providing the envelopes for the mailing of equipment and braille books for the visually impaired.

Organizing the charity RUN+WALK+α campaign

Conducting a campaign aimed at improving the health of NYK Group employees and raising their awareness of social issues; encouraging employees to run, walk, and take part in other forms of exercise while using a dedicated app that accumulates points, which are then converted into cash donations for Médecins Sans Frontières; and receiving certification as a Tokyo Sports Promotion Company for the fifth consecutive year.
Reinforcing human resources and organizations
—Linking Human Resource Strategies to Management Strategies—

Promoting Diversity and Inclusion
Becoming a corporate group in which all employees can fully realize their abilities and play active roles

Breakdown of employees by region and country
As of March 2021

Group employees 35,057
- Japan 22%
- South Asia 36%
- Europe 23%
- North America 6%
- East Asia 9%
- Central and South America 3%
- Oceania 1%

Group executives 466
- Japan 39%
- South Asia 27%
- Europe 22%
- North America 5%
- East Asia 1%
- Central and South America 1%
- Oceania 1%

Crew members 8,933
- The Philippines 71%
- Japan 14%
- India 7%
- Indonesia 3%
- Croatia 3%
- Romania 3%
- Other countries and territories 3%
Although demand for launching small satellites is growing, launch costs are hindering the development of the space industry in Japan and overseas. After holding discussions to address this issue with members of the space industry and other parties, NYK Digital Academy trainees have initiated a project that includes outside parties and is tasked with researching technologies to be utilized in the offshore recovery of rockets. MTI (Monohakobi Technology Institute) has also joined the project, the concept of which involves enabling the reuse of rocket parts by having them land on ships.

In a trial collaboration with People Tree, a brand specializing in fair-trade products, we used social media to publicly share photos of the transportation of chocolate in reefer containers. The photos depict aspects of the logistics process that consumers usually do not see—such as maritime shipping sites and the daily lives of crew members—and show how and by whom goods are transported. In this way, we provided consumers with the kind of information that they really want, namely, the stories behind goods and the thoughts and feelings of those involved.
Diverse Navigation Officers and Engineers Offer Insights into Marine Transportation Quality Improvement and Contribute to International Rule Making

Training navigation officers and engineers in-house

An in-house seafarer training program that began in 2006 to augment the supply of graduates of merchant maritime universities and technical colleges—the main source of navigation officers and engineers—by developing graduates of non-maritime four-year universities and non-maritime technical colleges as senior officer candidates.

Assigning navigation officers and engineers with diverse viewpoints

Approximately 20% of the Company's Japanese navigation officers and engineers trained in-house.

In 2020, our first in-house trained, non-maritime-university-graduate captain.

NYK Group navigation officers and engineers

Personnel who combine leadership with frontline capabilities based on onboard experience.
Welcoming Our First NTMA-Graduate Captain and Strengthening Job-Specific Training

NTMA

Securing and developing crew members with the qualities NYK requires

Approx. 1,250

Working in senior positions on board tankers and other high-risk ships

Emergence in 2021 of the first graduate to become a captain

Job-specific training

Unified transnational training that enables the implementation of transformation in lockstep

Enhancing overall capabilities as businesspeople

• Stratified training and training on more than 60 general business skills (finance, etc.)
• Participation of more than 7,000 employees in e-learning in Japan and overseas each year

Acquiring advanced skills for the respective duties of navigation officers and engineers

• Learning the knowledge and skills needed for each position—from third officer and third engineer through to captain and chief engineer—through on-the-job training, advanced simulators, and e-learning
• Enhancing and expanding online training during the COVID-19 pandemic
  Following on from online ship-handling training, introducing online cargo-handling training for LNG carriers and tankers, etc.
Building an organization that fully leverages diversity

Aiming for Women to Account for 30% of Managers by 2030

In order to realize a robust, diverse organization and a healthy gender balance among managers and other employees, setting and steadily achieving numerical targets

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<th>Percentage of female managers</th>
<th>March 2013</th>
<th>March 2021</th>
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<tbody>
<tr>
<td>The NYK Group</td>
<td>20.1%</td>
<td>25.0%</td>
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<tr>
<td>NYK stand-alone *1</td>
<td>9.9%</td>
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<table>
<thead>
<tr>
<th>Percentage of female employees</th>
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<tr>
<td>The NYK Group</td>
<td>35.5%</td>
<td>37.0%</td>
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<tr>
<td>NYK stand-alone *2</td>
<td>26.7%</td>
<td>25.4%</td>
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Reasons for setting goals

- To address the core task of creating a strong organization that leverages diversity
- To establish numerical targets that enable analysis of disincentives and quantification of the effectiveness of measures

Measure 1: Supporting career development and improving employee engagement

Helping in the balancing of life events and career development so that all employees remain highly motivated in their work

Measure 2: Fostering an organizational culture that promotes the success of diverse personnel

Implementing measures that cultivate awareness of unconscious bias and encourage mutual understanding, with the aim of creating an organization that embraces different values and leverages diversity

Measure 3: Hiring more female employees

Adopting measures to boost the percentage of female applicants for both new-graduate and mid-career positions and aiming to increase the number of female applicants hired without lowering the criteria

*1 The NYK non-consolidated percentage of female managers refers to the number of female managers as a percentage of the number of employees in onshore management positions or equivalent positions, excluding the positions of navigation officer and engineer.

*2 The NYK non-consolidated percentage of female employees refers to the number of female employees as a percentage of the number of onshore employees, excluding navigation officers and engineers.
Revamping Our Human Resource System

Ensuring each employee works based on an understanding of the Company’s ambitious goals, thereby leveraging the combined capabilities of the entire organization and accelerating transformation into a Sustainable Solution Provider.

Objective tree

The NYK Group Mission Statement

- Why
  - Our purpose
- What
  - Target profile and Achievements in 10 years
- How
  - Ways and means of realization

Understanding and accepting goals and direction

Making “My Contribution”

Considering whether individual goals have been reached and whether the achievement thereof contributes to the goals of the team and group.

Creativity, adaptability, and the ability to stay “half a step” ahead

Establishing clear goals that link organizations and individuals

Developing a human resource system that evaluates contributions to transformation

Evolving assessment systems and workstyles

Reinforcing Human Resources and Organizations