

# **Corporate Governance Guidelines**

Established on November 26, 2015

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Note 1) Paragraphs within a dotted box ( [ ] ) in the Guidelines will be updated automatically in accordance with changes, etc., of each policy and criteria, etc.

## Chapter I. General Provisions

### Article 1. Purpose of the Guidelines

The purpose of these Guidelines is to establish the principles relating to corporate governance of Nippon Yusen Kabushiki Kaisha (hereinafter, the “Company”) based on the provisions of the Companies Act, other laws and regulations and the Articles of Incorporation.

### Article 2. Definition, etc., of Corporate Governance

1. In the Guidelines, corporate governance refers to the set of systems, organizations or frameworks for making and executing business decisions of the Company and overseeing and supervising such activities, or operation thereof.
2. When establishing the systems, organizations or frameworks set forth in the preceding paragraph, or operation thereof, as well as making and executing business decisions, and overseeing and supervising such activities, the Company takes its relationships with shareholders and other stakeholders into account and maintains adequate transparency, fairness, swiftness and prudence.
3. The Company aims to achieve its sustainable growth and medium-to-long-term enhancement of corporate value by complying with corporate governance principles set forth in these Guidelines.

### Article 3. NYK Group Mission Statement

1. The Company formulates the NYK Group Mission Statement and the NYK Business Credo, and the Company and its Group companies establish the Code of Conduct as the rules of behavior.

#### *NYK Group Mission Statement*

##### 1. Basic Philosophy

Bringing value to life.

##### 2. Management Policy

###### (1) Together with Our Customers

Through the use of our extensive skill and expertise and by considering each business site to be of utmost importance, we always work to create new value so that our customers will consider us a trusted and reliable partner.

###### (2) Together with Our Shareholders and Investors

We aim to enhance our corporate value by being financially responsible and by conducting business activities in an open, honest, and transparent fashion.

###### (3) Together with Society

As a good corporate citizen, we positively take on the tough issues that challenge our society, such as concerns involving the preservation of our natural environment, as we work for the betterment of the world that we inhabit.

###### (4) Together with All Staff Members in the NYK Group

As a global enterprise that has the utmost respect for diversity in the workplace and the spirit of

challenge, we emphasize the development of employee talents so that all staff members can take pride in their work and eventually fulfill their dreams.

2. The Company discloses the NYK Group Mission Statement and the NYK Business Credo described in the preceding paragraph, and examines the status of compliance with the Code of Conduct regularly or when necessary.

## **Chapter II. Relationships with Shareholders**

### **Article 4. Responsibilities of Directors, etc.**

Directors, Audit and Supervisory Board Members and the management team acknowledge that they are entrusted with the management of the Company from the shareholders, and aim to achieve the Company's sustainable growth and medium-to-long-term enhancement of corporate value to contribute to the common interests of shareholders, while ensuring appropriate collaboration with shareholders and other stakeholders.

### **Article 5. Capital Policy and Strategic Shareholdings**

1. Considering that capital policy would have a material impact on shareholders' interests, the Company sets forth the basic capital policy as follows.

#### **<<Basic Capital Policy>>**

The Company positions return on equity (ROE) as one of its key management indicators and strives to continuously increase ROE by achieving profit plans based on the medium-term management plan. In the meantime, the Company recognizes that to maintain financial indicators such as the debt-to-equity ratio (the D/E ratio) and investment-grade rating at proper levels is the basis of stable business operations as well as sustainable growth. By fulfilling those requirements the Company shall ensure an appropriate financial base, and actively work towards increasing its return to shareholders.

2. The Company sets forth the policy for strategic shareholdings as follows.

#### **<<Policy for holding Strategic Shareholdings>>**

Strategic shareholdings refer to the listed shares of other companies except for shares of affiliated companies that are held by the Company and considered appropriate as one of the methods of developing, maintaining and strengthening transactional and collaborative relationships. The Company may hold such strategic shareholdings.

In case the Company holds strategic shareholdings, it assigns a department in charge of managing each relevant share, and regularly examines and determines the appropriateness of acquisition and holding of such shares from the viewpoints of the purpose, significance and profitability of the strategic shareholdings.

The Company has been working on the reduction of strategic shareholdings. In line with the policy, the Company will continue to examine the medium-to-long-term economic rationality of holding strategic shareholdings in light of elements such as advantages and disadvantages, and explains the purpose and rationality of holding strategic shareholdings at the Board of Directors' meetings each year.

3. The Company sets forth the criteria for exercising voting rights of strategic shareholdings as follows.

<<Criteria for Exercising Voting Rights of Strategic Shareholdings>>

When exercising voting rights of strategic shareholdings, the Company shall decide to vote for or against agenda items by implementing assessment that each agenda item will not lead to the impairment of corporate value of an investee company and whether each agenda item will contribute to the enhancement of the Company's corporate value and the degree of such contribution.

Article 6. **General Meeting of Shareholders**

1. The Company acknowledges that the General Meeting of Shareholders is an opportunity for constructive dialogue with shareholders. Accordingly, the Company endeavors to appropriately answer questions at the General Meeting of Shareholders in accordance with the obligation of accountability.
2. The Company holds the General Meeting of Shareholders avoiding the dates when general meetings of shareholders of Japanese companies are concentrated on.
3. The Board of Directors analyzes status of votes in favor or against each agenda item at the General Meeting of Shareholders and appropriately considers the intention of shareholders.

Article 7. **Respect of Voting Rights**

The Company endeavors to create an environment in which all the shareholders can appropriately exercise their voting rights at the General Meeting of Shareholders. To that end, the Company takes the following measures.

- 1) To strive to provide information that supports appropriate decision making by shareholders on agenda items.
- 2) To send out the notice of convocation of the annual General Meeting of Shareholders around three weeks before the date of the meeting. The Company discloses the notice on its website, etc., as soon as it becomes available even if it is before the date of mailing.
- 3) To use the electronic platform for the exercise of voting rights and other electronic means for the exercise of voting rights and publish the English translation of the notice of convocation.

Article 8. **Ensuring the Rights and Equal Treatment of Shareholders**

1. In addition to the cases prescribed in the preceding article, the Company takes appropriate measures to substantially ensure the rights of shareholders. In addition, the Company strives to create an environment in which shareholders can appropriately exercise their voting rights.
2. The Company treats all shareholders substantially equally in accordance with the class and the number of shares held, and it does not grant special benefits or favors to specific shareholders.
3. The Company gives due consideration to prevent the unjust impairment of the rights of minority shareholders.
4. When implementing capital policies such as a capital increase that would cause a change of control or large-scale dilution, the Company examines the necessity and rationality of such capital policies, takes appropriate procedures, and provides sufficient explanation to shareholders.

5. The Company has not introduced the so-called takeover defense measures. If the Company's shares become subject of a tender offer, the Board of Directors explains its opinions on the offer to shareholders and endeavors to ensure sufficient time and collect adequate information necessary for shareholders to make an appropriate decision.

Article 9. **Prevention and Prohibition of Transactions that Would Harm the Interests of Shareholders**

1. The Company establishes procedures to prevent Directors, Audit and Supervisory Board Members and Corporate Officers as well as major shareholders, etc., from engaging in transactions that would harm the common interests of shareholders by exploiting their positions, and discloses the summary of such procedures.
2. Directors and Audit and Supervisory Board Members do not engage in conflict of interest transactions and competitive transactions that fall under provisions in each item of Article 356, Paragraph 1 of the Companies Act, unless they have obtained the approval of the Board of Directors as set forth in the Companies Act.

**Chapter III. Systems for Decision Making, Execution, Oversight and Supervision, and Operation of Such Systems**

Article 10. **Structure of the Board of Directors and the Audit and Supervisory Board**

1. The Company is a company with Board of Directors and Audit and Supervisory Board, and Audit and Supervisory Board Members and the Audit and Supervisory Board perform audits on the execution of duties by Directors.
2. The chairman of the Board of Directors strives to effectively and efficiently operate the Board of Directors by stimulating discussions in the Board of Directors' meetings, with the aim of fully ensuring the oversight and supervision of the decision making and execution of duties by the Board of Directors.
3. The Company formulates and discloses its views on the balance of knowledge, experience and ability, diversity and size of the Board of Directors as a whole, roles of each Director and policies and procedures for the appointment of Directors.
4. The Company endeavors to appoint multiple Independent Outside Directors who are expected to contribute to its sustainable growth and medium-to-long-term enhancement of corporate value.
5. The Company reflects proper evaluation of performance, etc., of the Company in the appointment and dismissal, and compensation, etc., of Directors or Corporate Officers. When making resolutions on these matters at the Board of Directors, the Company provides sufficient information and explanation to Independent Outside Directors in advance and obtains their appropriate involvement and advice.
6. The Company has adopted a corporate officers system and established the Committee of Corporate Officers comprised of Corporate Officers including those serving concurrently as Directors to make decisions on the execution of duties authorized by the Board of Directors. In the meantime, Corporate Officers execute the authorized duties under the supervision of Representative Directors or Executive Directors.
7. 50% or more of the members of the Audit and Supervisory Board are comprised of Independent Outside Audit and Supervisory Board Members, who are selected from among persons who have a high level of expertise conducive to audits. The Company endeavors to appoint one or more Audit and Supervisory Board Members who have appropriate knowledge on finance and accounting.

Article 11. **Responsibilities of the Board of Directors**

1. The Board of Directors bears the responsibility for the implementation of effective and efficient corporate governance and achievement of the Company's sustainable growth and medium-to-long-term enhancement of corporate value.
2. The Board of Directors makes decisions on execution of important duties prescribed in the laws and regulations, the Articles of Incorporation and the Rules of the Board of Directors, and oversees or supervises the execution of duties by Directors and Corporate Officers.
3. The Board of Directors acknowledges that one of its commitments to shareholders is the medium-term management plan. If the Company fails to meet its performance targets, the Board of Directors will adequately analyze the cause and the measures taken by the Company and explain the results of analysis to shareholders and reflect them in the management plan for the next fiscal period and beyond.
4. The Board of Directors formulates the basic policy for the development of the internal control system compliant with the Companies Act, and develops the internal control and risk management systems. The Board of Directors establishes the Internal Control Committee chaired by the President as an organization that deliberates on the status of operation of the internal control system, and supervises the status of operation of the internal control system through the Internal Control Committee.
5. The Board of Directors takes measures to ensure adequate time for audits to ensure high quality of audits.
6. The Board of Directors takes measures to ensure an opportunity for interviewing the senior management, etc., at the request of the outside accounting auditor, with the aim of developing the Company's system for responding to indications by the accounting auditor of injustice, deficiencies or problems, etc., regarding the execution of operations by the Company.
7. The Board of Directors appropriately supervises the preparation and implementation of a successor plan for the President or the equivalent thereof.

Article 12. **Operation of the Board of Directors**

The Board of Directors strives to cultivate a corporate culture which encourages uninhibited and constructive discussion and exchange of opinions, including raising of issues by Outside Directors. The method of operation, etc., of the Board of Directors is stipulated in the Rules of the Board of Directors. Chairman, President and other Representative Directors determine the schedule dates of the monthly Board of Directors' meetings and foreseeable agenda items for the meetings in advance to stimulate deliberation. These Representative Directors provide reference materials and information to each Director and Audit and Supervisory Board Member well in advance of the dates of the Board of Directors' meetings. The Board of Directors ensures adequate time necessary for deliberation of agenda items.

Article 13. **Assessment of the Board of Directors**

The Board of Directors conducts an analysis and assessment of the effectiveness of the Board of Directors as a whole by referring to the self-assessment of each Director, etc., and discloses a summary of its results every year.

Article 14. **Access to Information, etc., by Directors**

1. Directors actively obtain information to fulfill their roles and responsibilities. They are allowed to request the President for provision of additional information when necessary, or obtain advice from outside experts at the Company's expense.
2. The Company establishes a system to support Directors, including an assignment of staff, in order to smoothly provide necessary information.

**Article 15. Independent Outside Directors**

1. The Company appoints Independent Outside Directors who meet the requirements for independent directors prescribed in the Companies Act as well as the independence criteria for outside officers set forth separately by the Board of Directors based on the independence criteria prescribed by financial instruments exchanges.
2. Independent Outside Directors provide advice to the Company from the standpoint of promoting the sustainable growth and medium-to-long-term enhancement of corporate value of the Company, based on their extensive knowledge and expertise as experts. Independent Outside Directors also oversee or supervise the execution of operations by the Company through important decision making of the Board of Directors and conflicts of interest between the Company and Directors or controlling shareholders, etc., and reflect the opinions of minority shareholders and other stakeholders in deliberation of the Board of Directors.
3. Independent Outside Directors obtain information on the status of internal audits through regular reports on internal audits at the Board of Directors' meetings or through collaboration with Audit and Supervisory Board Members.
4. Independent Outside Directors hold a meeting comprising solely of Independent Outside Directors and Independent Outside Audit and Supervisory Board Members, when necessary, on matters regarding the Company's corporate governance and execution of operations.
5. Independent Outside Directors elect the lead Independent Outside Director by a mutual vote. The lead Independent Outside Director works to develop systems for communication or coordination with the senior management, or collaboration with Audit and Supervisory Board Members and the Audit and Supervisory Board through the legal department of the Company or department for supporting Audit and Supervisory Board Members, and serves as the chairman of the meetings in the preceding paragraph.
6. Independent Outside Directors attend 75% or more of the Board of Directors' meetings. The Company discloses the status of holding concurrent positions by Directors including Independent Outside Directors.

**Article 16. Audit and Supervisory Board**

1. The Audit and Supervisory Board strives to enhance the effectiveness of audits by combining the information-gathering ability of full-time Audit and Supervisory Board Members and the independence of Outside Audit and Supervisory Board Members.
2. The Audit and Supervisory Board establishes an effective audit system through means such as ensuring adequate time to perform audits necessary to ensure high quality of audits and sharing of necessary information with the outside accounting auditor, internal audit department and Outside Directors.
3. The Audit and Supervisory Board develops criteria for appropriately appointing and evaluating candidates for outside accounting auditor, and identifies their independence and level of expertise.

**Article 17. Audit and Supervisory Board Members**

1. Audit and Supervisory Board Members fulfill their responsibilities by performing audits on the execution of duties of Directors and exercising their authority over appointment and dismissal of the accounting auditor and auditor compensation from an independent and objective standpoint.
2. Full-time Audit and Supervisory Board Members actively create an environment and gather information for audits, and endeavor to share information with other Audit and Supervisory Board Members and Independent Outside Directors.



Article 18. **Independent Outside Audit and Supervisory Board Members**

1. The Company appoints Independent Outside Audit and Supervisory Board Members who meet the independence criteria of outside officers prescribed separately by the Board of Directors based on the independence criteria prescribed by financial instruments exchanges, in addition to requirements for Outside Audit and Supervisory Board Members prescribed in the Companies Act.
2. Independent Outside Audit and Supervisory Board Members attend 75% or more of the Board of Directors' meetings and Audit and Supervisory Board meetings. The Company discloses the status of concurrent positions held by Audit and Supervisory Board Members including Independent Outside Audit and Supervisory Board Members.

Article 19. **Compensation, etc., of Directors and Corporate Officers**

With regard to the compensation for Directors, excluding Outside Directors, and Corporate Officers, the Company creates an environment for supporting appropriate risk-taking by establishing an incentive plan in which their compensation are linked to medium-to-long-term performance of the Company and shareholder value, with the aim of motivating the Directors and Corporate Officers to promote sustainable growth of the Company.

Article 20. **Whistle-blowing System**

1. The Company and its Group companies create a system for whistle-blowing to enable employees, etc., to pass along information or serious doubts about illegal or inappropriate behavior or information disclosure without worrying about the risk of suffering a disadvantage, and to ensure that the information or doubts conveyed are examined objectively and utilized appropriately.
2. The Board of Directors realizes the development of the system in the preceding paragraph and supervises the status of its operation.
3. As one of the efforts for creating the said system, the Company sets up a whistle-blowing helpline independent from the management team, and establishes rules for keeping identities of whistle-blowers secret and prohibiting disadvantageous treatment of whistle-blowers.

**Chapter IV. Measures for the Sustainable Enhancement of Corporate Value**

Article 21. **Medium-Term Management Plan**

The Company formulates and discloses the plan for developing business bases and medium-term management plans that include business strategies, etc., necessary for future corporate growth, with the aim of enhancing its corporate value in the medium-to-long-term in accordance with the NYK Group Mission Statement.

Article 22. **Development of Managerial Human Resources**

The Company establishes the following basic policy for training of Directors and Audit and Supervisory Board Members inside and outside the Company and Corporate Officers of the Company.

Upon the assumption of office by Directors and Audit and Supervisory Board Members, including Independent Outside Directors and Independent Outside Audit and Supervisory Board Members, the Company shall provide them with an opportunity for acquiring the necessary knowledge about the business, finance, organization and other matters of the Company and to properly understand the roles and responsibilities required for Directors and Audit and Supervisory Board Members, including legal obligations. The Company shall provide them with subsequent training to update such knowledge as deemed necessary.

The Board of Directors shall review the progress of the implementation of such training and the aforementioned policy on a regular basis.

**Article 23. Diversity of Human Resources**

The Company acknowledges that it is beneficial for the sustainable growth of the Company to have human resources with diverse viewpoints and values within the Company. Accordingly, the Company sets up a specialized department to promote the expansion of diversity, including promotion of active participation of women.

**Article 24. Sustainable Growth**

1. The Company acknowledges that its achievement of sustainable growth and creation of medium-to-long-term corporate value are the results of contributions by stakeholders, including shareholders, employees, customers, business partners, creditors and local communities, and endeavors to maintain good relationships with these stakeholders. The Board of Directors as well as Directors and Corporate Officers strive to create a corporate culture and climate that respect the rights and social positions of stakeholders and ethics for sound business activities within the Company.
2. The Company acknowledges that social and environmental issues, etc., are deeply connected to its sustainable growth and responding to such issues is the important part of risk management. Based on such recognition, the Company develops a system for dealing with challenges posed by such issues and actively discloses relevant information.

**Chapter V. Information Disclosure and Dialogue with Shareholders and Investors**

**Article 25. Information Disclosure and Transparency**

1. Regarding information disclosure, the Company promptly, accurately and fairly conveys information with high added-value for shareholders and other stakeholders.
2. The Company discloses information in English to a reasonable extent for the convenience of overseas investors.
3. The Board of Directors sets and discloses targets for profitability and capital efficiency in formulating management strategies and management plans.

**Article 26. Dialogue with Shareholders and Investors**

The Company formulates the following “Policy for Promoting Constructive Dialogue with Shareholders and Investors” to contribute to the Group’s sustainable growth and medium-to-long-term enhancement of corporate value.

<<Policy for Promoting Constructive Dialogue with Shareholders and Investors>>

**(Persons Who Engage in Dialogue with Shareholders and Investors)**

President and Chief Financial Officer (CFO) supervise the overall dialogue with shareholders and investors, and make every effort to achieve constructive dialogue with them. President and CFO also set up the IR department and assign a Corporate Officer in charge. Dialogue with shareholders and investors, is carried out by the aforementioned persons, or persons designated by the aforementioned persons, to a reasonable extent, in view of requests of shareholders and investors, and their main concerns which they want to discuss at interviews.

**(Internal System for Supporting Dialogue)**

The Company strives to develop a system to organically link relevant departments by means such as holding discussion regularly among each relevant department in the Company, including IR, planning, finance, accounting, legal and sales departments, in order to contribute to constructive dialogue with shareholders and investors.

**(Initiatives for the Enhancement of Methods of Dialogue)**

In addition to the General Meeting of Shareholders and individual interviews, the Company strives to enhance constructive dialogue through various activities, including briefing sessions, in view of concerns of shareholders and investors, from medium-to-long-term viewpoints.

[Main activities]

- 1) Financial results briefings for institutional investors
- 2) Roundtable meetings with the President for institutional investors
- 3) Interviews with domestic and overseas investors conducted by the IR department
- 4) Briefing sessions for individual investors
- 5) Information disclosure on the website, including results presentation meeting video streaming, integrated reports and financial results (“*kessan tanshin*”), etc.

**(Internal Feedback)**

CFO and Corporate Officer in charge of the IR department report opinions, interests and concerns, etc., of shareholders and investors, which are gained through dialogue to the management team regularly and in a timely manner at the Board of Directors’ meetings and Committee of Corporate Officers. The IR department provides feedback across the Company as appropriate to share information.

**(Management of Insider Information)**

With regard to the management of insider information upon holding dialogue with shareholders and investors, the Company formulates regulations for the management of material facts by officers and employees, etc., and strives to ensure information management.

## **Chapter VI. Other**

### **Article 27. Revisions**

Changes in the Guidelines are subject to the resolution of the Board of Directors.

## **Supplementary Provision**

Article 1. The Guidelines shall take effect from November 26, 2015.

Established on November 26, 2015

Amended on April 1, 2018