

(Translation)

Corporate Governance Report

Nippon Yusen Kabushiki Kaisha

Last Update: June 27, 2019

Nippon Yusen Kabushiki Kaisha

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03-3284-5151

Securities Code: 9101

<https://www.nyk.com/english/>

The corporate governance of Nippon Yusen Kabushiki Kaisha (the “Company”) is described below.

I. Basic Views on Corporate Governance, Capital Structure, Corporate Attributes and Other Basic Information

1. Basic Views Updated

The Company ensures the transparency and efficiency of its management and strives to build and maintain an appropriate management structure to earn the trust of its shareholders, investors, customers, suppliers, communities, employees of the Company and the NYK Group, and other stakeholders and to meet their expectations. The Company selected to be a Company with Audit & Supervisory Board as its organizational form. The Board of Directors consists of 8 members including three Independent Outside Directors and the Audit & Supervisory Board consists of four members including two Independent Outside Audit & Supervisory Board Members. Under the resolution and supervision of the Board of Directors, Corporate Officers, in addition to the Executive Directors, execute the business of the Company. In order to ensure the transparency of the functions of the Board of Directors, the Nomination Advisory Committee and the Compensation Advisory Committee, which consist of a majority of Independent outside directors, are established as advisory bodies to the Board of Directors and chaired by Chief Outside Director. The Committee to be held regularly. In addition to the Board of Directors and advisory committees, Independent Outside Directors attend important committees and conferences such as Governance Committee, make recommendations related to governance and internal control, exchange opinions with Audit & Supervisory Board Members, participate in activities at informal gatherings(lectures based on the opinions and expertise of business executives), and visit business sites in and outside Japan. The Company’s basic framework and views of corporate governance are set forth in the “Corporate Governance Guidelines,” which are disclosed on the website of the Company.

[Disclosure Based on the Principles of the Japan’s Corporate Governance Code] Updated

<Principle 1.4 Cross-Shareholdings>

We are working to reduce our Cross-Shareholdings in our policy, and from FY2008 to the present, we have sold more than 60% of our Cross-Shareholdings (relative to the acquisition cost).

Furthermore, in accordance with Article 5, Paragraph 2 of the Corporate Governance Guidelines established in November 2015, the Board of Directors shall examine the purpose and significance of the holding of individual Cross-Shareholdings on an annual basis, in relation to earnings targets based on capital costs, related income such as dividends and related transaction profits and transaction status etc. comprehensively.

The shares currently held by the company as Cross-Shareholdings are important business partners that are expected to have a long-term business relationship that contributes to the stability of our business performance and are considered appropriate as a means of maintaining or strengthening relations.

When exercising voting rights of cross-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 based on certain criteria.

Corporate Governance Guidelines

https://www.nyk.com/english/profile/pdf/gvn_report_01.pdf

<Principle 1.7 Related Party Transactions>

When the Company proposes to carry out a transaction with any of its Directors or Audit & Supervisory Board Members, it must be approved at the meeting of the Board of Directors in advance in accordance with the Rules on the Board of Directors. Any important facts about the transaction are also reported at the meeting of the Board of Directors after it is executed. To impose discipline on transactions between the Company and another company of which a Director of the Company also serves as an executive, etc., the Company has introduced the following rules: (1) Directors are required to report the status of any such concurrent positions to the Board of Directors every three months; (2) If a Director intends to assume the office of director, audit & supervisory board member, etc., of another company that is not a wholly-owned subsidiary of the Company, it must be approved by the Board of Directors in advance; and (3) Any Directors falling under special related party in its broadest definition cannot participate in voting at a meeting of the Board of Directors. There was no single major shareholder who holds shares that are equivalent to more than 10% of total voting rights at the end of the latest fiscal year. If the Company proposes to carry out a transaction with any of its major shareholders in the future, the terms and conditions of such a transaction will be examined and determined in the same manner as applied to third party transactions.

<Principle 2-6 Roles of Corporate Pension Funds as Asset Owners>

We operate the pension fund in accordance with the rules we set forth. In light of the fact that the management of corporate pension reserves affects the stable asset formation of employees as well as the financial condition of company, the asset management committee monitors operating status regularly as well as appointing expertise who acknowledge operating pension management, where necessary, appointing an external advisor to supplement specific knowledge.

Pension funds are invested mainly passively, and there is no conflict of interest between the beneficiaries of the corporate pension and the company, and the exercise of voting rights for the stocks held is based on the beneficiaries' interests.

<Principle 3.1 Full Disclosure>

The Company discloses, in a manner that provides as much value to the reader as possible, the information listed in (1) through (5) below. Excerpts of and links to specific information disclosed on the website of the Company are also provided below. The same information is also disclosed in English on the website of the Company and elsewhere.

(1) Mission statement and management plan

NYK Group Mission Statement

<https://www.nyk.com/english/profile/mission/>

NYK Business Credo

<https://www.nyk.com/english/profile/credo/>

Medium-term Management Plan

<https://www.nyk.com/english/profile/plan/>

(2) Basic Views on Corporate Governance

Corporate Governance Guidelines

https://www.nyk.com/english/profile/pdf/gvn_report_01.pdf

(3) Board policies and procedures in determining the compensation of the senior management and Directors

In accordance with the Policies and Procedures for Determining Compensation for Directors, Audit and Supervisory Board Members and Corporate Officers, the members of the Compensation Advisory Committee, which is an advisory body to the Board of Directors (a majority of the members consists of Independent Outside Directors), deliberate at its meeting on 1. matters concerning policies and procedures concerning compensation for Directors and Corporate Officers and 2. matters concerning specific compensation for Directors and Corporate Officers, and the Board of Directors makes decisions on these matters taking into consideration of the deliberation results of the Committee.

Policies and Procedures for Determining Compensation for Directors, Audit and Supervisory Board Members and Corporate Officers

https://www.nyk.com/english/profile/pdf/gvn_report_05.pdf

(4) Board policies and procedures in the appointment of the senior management and the nomination of Directors and Audit & Supervisory Board Members candidates

In accordance with the Policies and Procedures for the Appointment and Nomination etc. of Directors, Audit and Supervisory Board Members and Corporate Officers, the members of the Nomination Advisory Committee, which is an advisory body to the Board of Directors (a majority of the members consists of Independent Outside Directors), deliberate at its meeting on 1. matters concerning the appointment and dismissal of Directors; 2. matters concerning the appointment, dismissal and successor plan of the President; 3. matters concerning the appointment and dismissal of Representative Directors; 4. matters concerning the independence criteria for Independent Outside Directors and Independent Outside Audit & Supervisory Board Members; and 5. matters concerning the appointment and dismissal of Corporate Officers, and the Board of Directors makes decisions on these matters taking into consideration of the deliberation results of the Committee.

Candidates for internal directors are required to fulfill the qualities and functions required of our management as a member of the Board of Directors, in addition to having the knowledge, experience, track record required for management, the ability to solve issues in the divisions in charge, great personality, and the knowledge to thoroughly comply with laws and regulations and corporate ethics. The policy for nominating candidates for internal directors shall be applied to the appropriateness of the appointment of executive senior directors and their tenure, as well as to the appointment of Corporate Officers.

Candidates for outside directors shall be persons with a wide range of knowledge or advanced expertise, high level of understanding, abundant experience, and achievements in their fields, taking into the diversity of members, and shall be recommended based on the standards of independence.

Policies and Procedures for the Appointment and Nomination etc. of Directors, Audit and Supervisory Board Members and Corporate Officers

https://www.nyk.com/english/profile/pdf/gvn_report_03.pdf

Our Views on Size, Balance and Diversity of the Board of Directors

https://www.nyk.com/english/profile/pdf/gvn_report_02.pdf

(5) Explanations with respect to the individual appointments/dismissals and nominations based on (4).

In the notice of Ordinary General Meeting of Shareholders and any subsequent notices of such meetings, the Company discloses the reason for nomination of all candidates for Directors and Audit & Supervisory Board Members.

<https://www.nyk.com/english/ir/event/meeting/>

<Supplementary Principle 4.1.1 Roles and Responsibilities of the Board of Directors (1)>

The Board of Directors judges and makes decisions on statutory matters and matters that are considered to be equivalent to statutory matters in terms of their importance, nature, etc. Decisions on matters other than those required to be submitted to the meeting of the Board of Directors are delegated to the management. The scope of such delegation is clearly prescribed in the Rules on the Committee of Corporate Officers and the Resolution Rule.

<Principle 4.9 Independence Standards and Qualification for Independent Outside Directors>

The relevant information is disclosed on the website of the Company (see the link below).

Independence Criteria for Recommendation of Candidates for Outside Directors and Audit & Supervisory Board Members

https://www.nyk.com/english/profile/pdf/gvn_report_04.pdf

<Supplementary Principle 4.11.1 Preconditions for Securing Effectiveness of the Board of Directors and the Audit & Supervisory Board>

The relevant information is disclosed on the website of the Company (see the link below).

Our Views on Size, Balance and Diversity of the Board of Directors

https://www.nyk.com/english/profile/pdf/gvn_report_02.pdf

Policies and Procedures for the Appointment and Nomination etc. of Directors, Audit and Supervisory Board Members and Corporate Officers

https://www.nyk.com/english/profile/pdf/gvn_report_03.pdf

<Supplementary Principle 4.11.2 Preconditions for Securing Effectiveness of the Board of Directors and the Audit & Supervisory Board>

Significant concurrent positions of Independent Outside Directors and Audit & Supervisory Board Members are disclosed in the notice of the 132nd Ordinary General Meeting of Shareholders (pp. 22—25,27,28,45 and and on the website of the Company (see the link below).

Business Reports

<https://www.nyk.com/english/ir/library/business/>

<Supplementary Principle 4.11.3 Preconditions for Securing Effectiveness of the Board of Directors and the Audit & Supervisory Board >

Since 2016, in order to further enhance the effectiveness of the meetings of the Board of Directors, the Company has continued to conduct a non-anonymous self-evaluation survey on all Directors and all Audit and Supervisory Board Members regarding the effectiveness of the meetings of the Board of Directors.

Based on the results of such survey, the Company undertakes the establishment of a reporting system to appropriately manage and timely respond to risks at each division, in addition to conventional measures such as ensuring appropriate discussions and giving preliminary explanations regarding important matters. The Company also established the Governance Committee to monitor internal control functions, in addition to the Nomination Advisory Committee and the Compensation Advisory Committee, which are advisory councils to the Board of Directors. Through such measures, the Company will work to enhance the function of the Board of Directors and strengthen corporate governance in promoting continuous enhancement of corporate value.

<Supplementary Principle 4.14.2 Director and Audit & Supervisory Board Member Training>

The policy for training Directors and Audit & Supervisory Board Members is prescribed in Article 22 of the Corporate Governance Guidelines and is disclosed on the website of the Company (see the link below).

Corporate Governance Guidelines

https://www.nyk.com/english/profile/pdf/gvn_report_01.pdf

<Principle 5.1 Policy for Constructive Dialogue with Shareholders>

The Company makes reasonable efforts to have constructive dialogue with shareholders. The policy for promoting constructive dialogue with shareholders and investors is prescribed in Article 26 of the Corporate Governance Guidelines and is disclosed on the website of the Company (see the link below).

Corporate Governance Guidelines

https://www.nyk.com/english/profile/pdf/gvn_report_01.pdf

2. Capital Structure

Foreign Shareholding Ratio	20% - 30%
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[Status of Major Shareholders] Updated

Name	Number of Shares Owned (Shares)	Shareholding Ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	11,692,100	6.87
Japan Trustee Services Bank, Ltd. (Trust Account)	11,357,900	6.67
Minami Aoyama Real Estate Inc.	8,247,800	4.85
Mitsubishi Heavy Industries, Ltd.	4,103,831	2.41
Meiji Yasuda Life Insurance Company	3,447,326	2.02
Japan Trustee Services Bank, Ltd. (Trust Account 5)	3,105,600	1.82

Tokio Marine & Nichido Fire Insurance Co., Ltd.	2,894,578	1.70
Japan Trustee Services Bank, Ltd. (Trust Account 9)	2,801,500	1.64
JP Morgan Chase Bank 385151	2,478,550	1.45
State Street Bank West Client-Treaty 505234	2,372,412	1.39

Controlling Shareholder (except for Parent Company)	—
Parent Company	None

Supplementary Explanation
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3. Corporate Attributes

Listed Stock Market and Market Section	First Section of Tokyo Stock Exchange and First Section of Nagoya Stock Exchange
Fiscal Year-End	March
Type of Business	Marine Transportation
Number of Employees (Consolidated) at End of the Previous Fiscal Year	1000 or more
Net Sales (Consolidated) for the Previous Fiscal Year	JPY1 trillion or more
Number of Consolidated Subsidiaries at End of the Previous Fiscal Year	300 or more

4. Policy for Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholder

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5. Special Circumstances which may Have Material Impact on Corporate Governance

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II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management

1. Organizational Composition and Operation

Organization Form	Company with Audit & Supervisory Board Members
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[Directors]

Maximum Number of Directors Stipulated in Articles of Incorporation	16
Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board of Directors	Chairman (excluding the case where the person concurrently serves as President)
Number of Directors	8
Appointment of Outside Directors	Appointed
Number of Outside Directors	3
Number of Independent Outside Directors Designated from among Outside Directors	3

Outside Directors' Relationship with the Company (1) Updated

Name	Attribute	Relationship with the Company*										
		A	b	c	d	e	f	g	h	i	j	k
Yoshihiro Katayama	Academic											
Hiroko Kuniya	Other											
Eiichi Tanabe	From another company								△			

* Categories for "Relationship with the Company"

“○” when the Director presently falls or has recently fallen under the category; and “△” when the Director fell under the category in the past;

“●” when a close relative of the Director presently falls or has recently fallen under the category; and “▲” when a close relative of the Director fell under the category in the past

a Executive (a person who executes business; hereinafter, the same) of the Company or its subsidiary

b Non-executive director or executive of the parent company of the Company

c Executive of a fellow subsidiary of the Company

d Party whose major client or supplier is the Company or an executive thereof

e Major client or supplier of the Company or an executive thereof

f Consultant, accounting professional or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as a director

g Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a corporation)

h Executive of a client or supplier of the Company (which does not correspond to any of d., e., or f.) (the director himself/herself only)

i Executive of a company or an organization to which Outside Directors are mutually appointed (the Director himself/herself only)

j Executive of a company or an organization that receives a donation from the Company (the Director himself/herself only)

k Other

Outside Directors' Relationship with the Company (2)

Name	Designation as Independent Outside Director	Supplementary Explanation of the Relationship	Reasons for Appointment
Yoshihiro Katayama	○	—	<p>Mr. Yoshihiro Katayama held important positions at the Ministry of Home Affairs (currently Ministry of Internal Affairs and Communications) and served as Minister for Internal Affairs and Communications from 2010 to 2011. Mr. Katayama is providing advice on the Company's management and performing proper supervision of business execution of the Company based on his extensive knowledge, insight and personal connections gained through a wealth of his experience in the bureaucratic, political and academic circles and from a highly independent position. Accordingly, he was continuously elected as an Outside Director.</p>
Hiroko Kuniya	○	—	<p>The Company believes that Ms. Hiroko Kuniya can provide advice to the Company's management and contribute to proper supervision of business execution of the Company based on her long-standing career as a newscaster, raising public awareness of a range of topics including politics, economy, international relations and social issues, and capitalizing on a wealth of experience and superior insight from a multilateral perspective and a highly independent position. Accordingly, she was continuously elected as an Outside Director.</p>

Eiichi Tanabe	○	The amount of transactions between Mitsubishi Corporation, where Mr. Eiichi Tanabe served as Director until June 2018 and currently serves as Adviser, and the Company is less than 1% of revenues from the viewpoint of both companies.	After joining Mitsubishi Corporation, Mr. Eiichi Tanabe held positions such as Senior Vice President, Representative Director and Senior Executive Vice President. The Company believes that Mr. Tanabe can provide advice to the Company's management and contribute to proper supervision of business execution of the Company utilizing his general knowledge in all corporate management from an independent position, based on his abundant business experience mainly in regional management, administration including finance at Mitsubishi Corporation. Accordingly, the Company has newly nominated him as a candidate for Outside Director.
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Voluntary Establishment of Committees Equivalent to Nomination Committee or Compensation Committee	Established
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Committee's Name, Composition, and Chairman's Attributes

	Committee Equivalent to Nomination Committee	Committee Equivalent to Compensation Committee
Committee's Name	Nomination Advisory Committee	Compensation Advisory Committee
Total Committee Members	5	5
Full-time Members	2	2
Internal Directors	2	2
Outside Directors	3	3
Outside Experts	0	0
Other	0	0
Chairman	Chief Outside Director	Chief Outside Director

Supplementary Explanation Updated

The Company established the Nomination Advisory Committee and the Compensation Advisory Committee as advisory bodies to the Board of Directors to further enhance corporate governance and ensure the transparency in the functioning of the Board of Directors. Both Committees are chaired by Chief Outside Director and a majority of the members of both Committees consists of Independent Outside Directors.

The Nomination Advisory Committee, which consists of the President, the Chairman of the Board of Directors, and three Independent Outside Directors, meets at least once a year (and any time as necessary) upon convocation by the Committee Chairman to deliberate on (1) matters concerning appointment and dismissal of Directors; (2) matters concerning appointment, dismissal and successor plan of the President; (3) matters concerning appointment and dismissal of Representative Directors; (4) matters concerning the independence criteria for Independent Outside Directors and Independent Outside Audit & Supervisory Board Members; and (5) matters concerning appointment and dismissal of Corporate Officers.

The Compensation Advisory Committee, which consists of the same members as those of the Nomination Advisory Committee, meets at the same frequency as the Nomination Advisory Committee to deliberate on (1) matters concerning policies and procedures concerning compensation for Directors and Corporate Officers and (2) matters concerning specific compensation for Directors and Corporate Officers.

The composition of committee members described above is effective as of June 2019.

[Audit & Supervisory Board Members]

Establishment of Audit & Supervisory Board	Established
Maximum Number of Audit & Supervisory Board Members Stipulated in Articles of Incorporation	5
Number of Audit & Supervisory Board Members	4

Cooperation among Audit & Supervisory Board Members, Accounting Auditors and Internal Audit Division Updated

While Audit & Supervisory Board Members supervise the independence, organizational structure, quality, etc., of accounting auditors, they maintain organic coordination and supplement each other through bilateral exchange of information to improve the quality and efficiency of their respective audits. All Audit & Supervisory Board Members attend meetings with the internal audit division to discuss the findings of internal audits and maintain close communication with individual internal auditors to share information and ensure effective coordination and cooperation with them. Audit & Supervisory Board Members also hold regular meetings attended by Audit & Supervisory Board Members, the internal audit division, and accounting auditors all together to enhance coordination among these three parties.

Appointment of Outside Audit & Supervisory Board Members	Appointed
Number of Outside Audit & Supervisory Board Members	2
Number of Independent Outside Audit & Supervisory Board Members Designated from among Outside Audit & Supervisory Board Members	2

Outside Audit & Supervisory Board Members' Relationship with the Company (1)

Name	Attribute	Relationship with the Company*												
		a	b	c	d	E	f	g	h	i	J	k	l	m
Hirohide Yamaguchi	From another company													
Toshinori Kanemoto	Lawyer													

* Categories for "Relationship with the Company"

"○" when the Audit & Supervisory Board Member presently falls or has recently fallen under the category; and "△" when the Audit & Supervisory Board Member fell under the category in the past;

"●" when a close relative of the Audit & Supervisory Board Member presently falls or has recently fallen under the category; and "▲" when a close relative of the Audit & Supervisory Board Member fell under the category in the past

- a Executive (a person who executes business; hereinafter, the same) of the Company or its subsidiary
- b Non-executive director or accounting advisor of the Company or its subsidiary

- c Non-executive director or executive of the parent of the Company
- d Audit & Supervisory Board Member of the parent company of the Company
- e Executive of a fellow subsidiary of the Company
- f Party whose major client or supplier is the Company or an executive thereof
- g Major client or supplier of the Company or an executive thereof
- h Consultant, accounting professional or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as an Audit & Supervisory Board Member
- i Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a corporation)
- j Executive of a client or supplier of the Company (which does not correspond to any of f., g., or h.) (the Audit & Supervisory Board Member himself/herself only)
- k Executive of a company or an organization to which Outside Audit & Supervisory Board Members are mutually appointed (the Audit & Supervisory Board Member himself/herself only)
- l Executive of a company or an organization that receives a donation from the Company (the Audit & Supervisory Board Member himself/herself only)
- m Other

Outside Audit & Supervisory Board Members' Relationship with the Company (2) Updated

Name	Independent Outside Audit & Supervisory Board Member	Supplementary Explanation of the Relationship	Reasons for Appointment
Hirohide Yamaguchi	○	—	The Company has determined that Mr. Yamaguchi can conduct audits from a neutral and objective standpoint based on his broad and deep knowledge and insight developed through extensive experience in the fields of finance and economics. The Company has determined that Mr. Yamaguchi is sufficiently independent and there is no possibility of conflict of interest with general shareholders as he satisfies the independence criteria prescribed in the "Guidelines concerning Listed Company Compliance, etc." as well as the "Independence Criteria for Recommendation of Candidates for Outside Directors and Audit & Supervisory Board Members" established by the Company and neither was in the past or is now an executive of any of the Company's major suppliers, customers, or shareholders.

Name	Independent Outside Audit & Supervisory Board Member	Supplementary Explanation of the Relationship	Reasons for Appointment
Toshinori Kanemoto	○	—	Having long served at the National Police Agency and having held important positions including President of ICPO-INTERPOL and Director of Cabinet Intelligence of Cabinet Secretariat, Mr. Toshinori Kanemoto has extensive knowledge and insight gained through a wealth of experience mainly in police administration, including the international field, and the information field, as well as a high degree of expertise mainly in the corporate legal affairs and compliance field as a lawyer. The Company believes that Mr. Kanemoto can contribute to appropriate audits on the Company's business execution, capitalizing on such knowledge and expertise. Accordingly, the Company has newly nominated him as a candidate for Outside Audit and Supervisory Board Member.

[Independent Outside Directors and Independent Outside Audit & Supervisory Board Members]

Number of Independent Outside Directors and Independent Outside Audit & Supervisory Board Members Updated	5
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Matters relating to Independent Outside Directors and Independent Outside Audit & Supervisory Board Members

The Company has designated all three Outside Directors and two Outside Audit & Supervisory Board Members as Independent Outside Directors and Independent Outside Audit & Supervisory Board Members.

• Independence Criteria for Recommendation of Candidates for Outside Directors and Audit & Supervisory Board Members (Excerpts)

https://www.nyk.com/english/profile/pdf/gvn_report_04.pdf

Independence of Outside Directors and Audit & Supervisory Board Members

Article 4. A person who does not fall under any of the following criteria is deemed be independent.

- (1) A major shareholder of the Company (a party who holds shares representing voting rights that exceed 10% of the total voting rights as at the end of the most recent fiscal year) or an executive thereof.
- (2) A major lender to the Company (a party whose name or trade name is listed among the top 10 lenders to the Company as a major lender in the Business Report for the most recent fiscal year) or an executive thereof.
- (3) A major supplier of the Company (which income from the Company accounts for more than 2% of the consolidated annual revenues of such supplier for the most recent fiscal year) or an executive thereof.
- (4) A major customer of the Company (which income from such customer accounts for more than 2% of the consolidated annual revenues of the Company for the most recent fiscal year) or an executive thereof.
- (5) A person who is responsible for the audit operation of the Company or its consolidated subsidiary, as accounting auditor, its employee or others of the Company or its consolidated subsidiary.

(6) An attorney, judicial scrivener, patent attorney, certified public accountant, tax accountant, consultant or others, who receives, apart from compensation for officers, money or other property equivalent to more than JPY10 million per year from the Company, or a person who belongs to a group such as corporation or union, which receives such property as aforementioned equivalent to more than JPY10 million per year from the Company and it is in excess of 2% of its annual income.

(7) A person who receives donations in excess of JPY5 million per year from the Company, or an executive at a group such as corporation or union, which receives donations in excess of JPY5 million per year from the Company and it is in excess of 2% of its annual income.

(8) Any person who has fallen under any of (1) through (7) above during the past three years.

(9) A relative within the second degree of kinship (only if he/she is an important person) of a person who falls under any of (1) through (8) above.

(10) A relative within the second degree of kinship of Director, Corporate Officer and others, employee or accounting advisor (including staff members who are to perform such duties in the case of a corporation) of the Company or its subsidiary.

(11) A relative within the second degree of kinship of a person who has acted as Director, Corporate Officer and others, employee or accounting advisor (including staff members who are to perform such duties in the case of a corporation) of the Company or its subsidiary, during the past three years.

(12) Any person other than the aforementioned items of this article with special circumstances which precludes his/her fulfilling duties as an independent outside Director or Audit & Supervisory Board Member, such as having conflicts of interest with general shareholders of the Company.

[Incentives]

Implementation of Measures to Provide Incentives to Directors	Performance-linked remuneration
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Supplementary Explanation

A performance-based stock remuneration plan was proposed to and approved by the Ordinary General Meeting of Shareholders held in June 2016 as a highly transparent and objective compensation plan for Directors, etc. to motivate Directors, etc. to contribute to the sustainable growth of the Company and share the same interest with shareholders. At the meeting of the Board of Directors held on March, 2019, the Company resolved to continue the performance-based stock remuneration plan for the Company's Directors and Corporate Officers (excluding Outside Directors etc.). The period of this Plan shall be extended for 3 fiscal years ending in March 2022.

Recipients of Share Options	
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Supplementary Explanation

[Director Remuneration]

Disclosure of Individual Directors' Remuneration	Partial disclosure
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Supplementary Explanation Updated

The amounts of remuneration paid to Directors and Audit & Supervisory Board Members for the fiscal year ended March 2019 were JPY567 million to 11 Directors and JPY105 million to four Audit & Supervisory Board Members, totaling JPY672 million (including JPY85 million paid to five Outside Directors and Outside Audit & Supervisory Board Members) to 15 persons. For the eight consecutive terms since the 125th up to the current term, there have been no payments of bonus for Directors.

Notes:

- The amount of basic remuneration paid to Directors includes the amount paid to two Directors who retired during this fiscal year.

- Monthly remuneration for Directors shall be paid according to each Director's grade within the aggregate monthly remuneration limit as determined by the resolution of the Shareholders' Meeting. Bonus for Directors shall be paid according to each Director's grade within the aggregate bonus limit as determined by the resolution of the Shareholders' Meeting. However, as the proposal of the bonus for directors shall be made at the Shareholder's Meeting based on the business result and other factors, there may be no payment depending on a fiscal year.
- The stock remuneration is the provision for stock payment during this fiscal year based on the performance-linked remuneration plan introduced by the resolution of the 129th Shareholders' Meeting.

Policy for Determining Remuneration Amounts or Calculation Methods Thereof	Established
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Disclosure of Policy for Determining Remuneration Amounts or Calculation Methods Thereof

The Company has the following policies and procedures for determining compensation for Directors, Audit & Supervisory Board Members and Corporate Officers, which were adopted by a resolution of the Board of Directors.

[Policy]

In order to provide sound medium-to-long-term incentive for officers towards sustainable growth and aiming at sharing interests with shareholders, the Company shall set out its compensation system for internal Directors and Corporate Officers based on the size and nature of its business, as well as from the perspective of securing talents in consideration of the level of compensation for officers at its industry peers or peers of equivalent size. Compensation is comprised of basic compensation based on individual responsibilities, and performance-based compensation linked to the achievement of corporate performance etc., and a certain proportion of the compensation shall be paid in the form of stock-based compensation. Bonus is proposed at the General Meeting of Shareholders as annual incentive, in consideration of the management condition such as performance of the Company.

Compensation for non-executive Directors, Independent Outside Directors and Audit and Supervisory Board Members shall be paid solely in the form of basic compensation.

The Company does not provide officers' retirement benefits to any Director, Audit and Supervisory Board Member or Corporate Officer.

[Procedures]

The amount of compensation and bonus for Directors shall be decided according to positions by the Board of Directors, based on the proposal by the President within the range of the total amount and substance decided by the resolution of the General Meeting of Shareholders, with the involvement of Independent Outside Directors, e.g. the exchange of opinions and discussion at the Compensation Advisory Committee thereof.

The amount of compensation for Audit and Supervisory Board Members shall be decided by the discussions among Audit and Supervisory Board Members including Independent Outside Members within the limit of the total amount decided by the resolution of the General Meeting of Shareholders.

The amount of compensation and bonus for Corporate Officers shall be decided according to individual position by the Board of Directors, based on the proposal by the President with the involvement of Independent Outside Directors, e.g. the exchange of opinions and discussion at the Compensation Advisory Committee thereof.

[Supporting System for Outside Directors and/or Outside Audit & Supervisory Board Member]

The legal division, which is the secretariat of the Board of Directors, and business divisions provide Outside Directors and Outside Audit & Supervisory Board Members with appropriate information or a briefing before each meeting of the Board of Directors.

The Company has established an Audit & Supervisory Board Office, which is an organization dedicated to support Audit & Supervisory Board Members (to which three persons are assigned on a full-time basis). The Audit & Supervisory Board Office provides administration services to the Audit & Supervisory Board and any necessary support to Outside Audit & Supervisory Board Members.

[Details of Retired Executives Currently Serving in Advisory Positions]

Name	Position	Area of Assignment	Work Conditions	Date of retirement as President etc.	Term Ends
Koji Miyahara	Senior Advisor	External affairs	Full-time, remunerated	March 31, 2015	1 year
Yasumi Kudo	Senior Advisor	External affairs	Full-time, remunerated	June 19, 2019	1 year

2. Matters on Functions of Business Execution, Audit and Supervision, Nomination and Remuneration Decisions (Overview of Current Corporate Governance System) Updated

The Board of Directors consists of 8 Directors including three Independent Outside Directors (including one female Independent Outside Director) and performs, among others, the decision making on statutory matters, the development of important management policies and strategies, and the supervision of business execution. The Company has introduced a corporate officer system and established the Committee of Corporate Officers, which consists of 28 Corporate Officers (including three Corporate Officers who are foreign nationals) including those who concurrently serve as a Director (Outside Directors do not concurrently serve as a Corporate Officer). Under the resolution and supervision of the Board of Directors, the Committee of Corporate Officers meets on a weekly basis as a general rule and makes decisions on important matters including preliminary deliberations on proposals to the meeting of the Board of Directors to promote speedy and efficient decision making by the Board of Directors. With this structure, the Company clarifies the business execution authority and responsibilities, ensures speedy and appropriate decision making, and strives to enhance management transparency and efficiency.

The Audit & Supervisory Board consists of four Audit & Supervisory Board Members (including one female Audit & Supervisory Board Member) including two Independent Outside Audit & Supervisory Board Members. One of the Audit & Supervisory Board members has experience in the capacity of the head of the accounting and finance division and ensures effective communication with accounting auditors taking advantage of his financial accounting knowledge.

The Audit & Supervisory Board meets regularly on a monthly basis and additionally as necessary. Based on the Rules on the Audit & Supervisory Board, and Audit & Supervisory Board Members Auditing Rule, the Audit & Supervisory Board establishes annual audit policies and plans and explains them at the meeting of the Board of Directors and the Committee of Corporate Officers to secure the understanding and cooperation of those who are on the executive side.

3. Reasons for Adoption of Current Corporate Governance System

The Company elected to be a Company with Audit & Supervisory Board in terms of organizational form as the Company determines management under the leadership of internal Directors who have a thorough knowledge of the business field is the key to its business operation due to the highly technical and professional nature of its business and it is required to resolve executional matters by the Board of Directors for enhancement of supervisory function. Three Independent Outside Directors have been elected by the General Meeting of Shareholders to ensure effective external supervision of the management of the Company.

The Company has established the Board of Directors whose members include multiple Outside Directors and the Audit & Supervisory Board whose members include multiple Outside Audit & Supervisory Board Members. The Company adopted this organizational structure based on the judgment that the trust of its shareholders, customers, suppliers, communities, and other stakeholders can be earned and management transparency and efficiency can be ensured by strengthening the management supervisory function with the effective use of the functions of Audit & Supervisory Board Members.

Outside Directors and Outside Audit & Supervisory Board Members, as experts who have a thorough knowledge of international affairs, economic and financial trends, etc., strive to realize appropriate decision making at the meeting of the Board of Directors and management supervision from a practical, objective, and technical perspective based on their broad knowledge.

III. Implementation of Measures for Shareholders and Other Stakeholders

1. Measures to Energize General Meeting of Shareholders and Smooth Exercise of Voting Rights

	Supplementary Explanation
Early Notification of General Meeting of Shareholders	The notice of general meeting of shareholders is sent to shareholders three weeks before each ordinary general meeting of shareholders. It is also disclosed on the website of the Company 4 weeks before each ordinary general meeting of shareholders.
Scheduling Ordinary General Meeting of Shareholders Avoiding the Peak Day	The Company avoids holding such a meeting on the business day immediately preceding the last business day of June each year, which is said to be the day on which such meetings are most concentrated among companies whose year-end falls on March 31.
Allowing Electronic or Magnetic Exercise of Voting Rights	Voting through the Internet, etc. is available.
Participation in Electronic Voting Platform and Other Efforts to Enhance the Voting Environment for Institutional Investors	The Company uses an electronic voting platform for institutional investors.
Providing Convocation Notice in English (Translated Fully or Partially)	The Company discloses the English translation of the notice of general meeting of shareholders on the website of the Company, the website of the financial instruments exchange on which its shares are listed, the website of the electronic voting platform for institutional investors.
Other	The Company's business report is presented in video.

2. IR Activities Updated

	Supplementary Explanation	Explanation by Representative
Preparation and Publication of Disclosure Policy	The Company has established and discloses the Corporate Governance Guidelines that contains the disclosure policy and the IR policy. (https://www.nyk.com/english/ir/manage/policy/).	
Regular Investor Briefings for Individual Investors	The Company regularly participates in earnings briefings hosted by securities companies and others.	None
Regular Briefings for Analysts and Institutional Investors	The Company holds briefings on a regular basis. The Company holds quarterly financial results briefings, which are also available for viewing through video streaming. The Company also holds business briefings and tours through its facilities both in Japan and overseas.	Yes

	Supplementary Explanation	Explanation by Representative
Regular Investor Briefings for Overseas Investors	The Company holds briefings on a regular basis. The Company held interviews with institutional investors in the U.S., Europe, and Asia by visiting them directly or participating in a conference held by a securities company. The Company also actively participates in briefings targeted at overseas investors held in Japan that are hosted by securities companies. Quarterly financial results briefings held in Japan are also available for listening in English through streaming audio.	Yes
Posting of IR Materials on Website	There is an investor relations section on the website of the Company, which contains various useful information for investors both in Japanese and English. URL for Japanese: https://www.nyk.com/ir/ URL for English: https://www.nyk.com/english/ir/ Examples of IR information disclosed: financial highlights, other timely disclosure materials, financial results briefing materials (videos, presentation slides, fact book, Q&A summary), notice of general meeting of shareholders and notice of shareholder resolutions, business reports and interim business reports, annual and quarterly securities reports, integrated reports, shareholder communications, corporate governance status, monthly reports on transportation volume, shipping market conditions, etc.	
Establishment of Department and/or Manager in Charge of IR	The Company has established the IR Group within the Management Planning Headquarters. The 13 persons assigned to the group including a Corporate Officer are conducting IR activities. Division in charge: IR Group (12 persons) Corporate Officer in charge: Eiichi Takahashi, Director, Managing Corporate Officer (Chief Executive of Management Planning Headquarters (CFO)) Contact: Toru Maruyama, General Manager, IR Group	

3. Measures to Ensure Due Respect for Stakeholders Updated

	Supplementary Explanation
Provisions to Ensure Due Respect for Stakeholders in Internal Rules, etc.	Provisions to ensure due respect for stakeholders are stated in Internal Rules, etc. The Company has established various internal rules and regulations including NYK Group Mission Statement, NYK Business Credo, NYK Line Code of Conduct, Human Resources Philosophy, Personal Information Protection Policy, Personal Information Management Regulations, NYK Environmental Management Vision, Environmental Policy, and Philosophy on Social Contribution Activities and Activity Policy.

	Supplementary Explanation
Implementation of Environmental Protection Activities, CSR Activities, etc.	<p>Under our basic philosophy “Bringing value to life.”, the NYK Group is taking proactively in solving social/environment problems through our business activity.</p> <p>◆CSR</p> <p>We are undertaking thorough safety operation activities, environmental protection activities and human resource development with particular emphasis on “safety”, “environment” and “human resource”. In order to contribute to achieving the SDGs through our business activities, we set targets of the following six goals that were particularly relevant to our business described in the Medium-Term Management Plan. We will promote our activities to enhance corporate and social value.</p> <p>Goal 4: Quality Education Goal 7: Affordable and Clean Energy Goal 8: Decent Work and Economic Growth Goal 9: Industry, Innovation and Infrastructure Goal 13: Climate Action Goal 17: Partnership for the Goals</p> <p>◆Environmental Management</p> <p>We have set medium- and long-term targets to reduce CO2 emissions from vessels, as an initiative to prevent global warming based on the Paris Agreement and receives SBT Initiative Verification. We are actively pursuing optimal operation and promoting the change heavy oil to LNG fuel to reduce CO2, SOx, and NOx emissions. We are working to comply with a wide range of environmental regulations, including installation of ballast water management systems, tightening limits on low sulfur bunker oil, and ship-recycling. Last year, NYK was acclaimed for becoming the world’s first company to issue labelled green bonds (bonds whose procurement funds can only be used in businesses that improve the environment) in the global shipping business sector, and we received the Ministry of Environment Award at the Japan Green Bond Awards sponsored by Japan’s Ministry of the Environment. We will continue taking a proactive approach to environmental activities.</p> <p>In addition to above, we promote diligent efforts to increase in client satisfaction, quality of services, legal compliance and contribute to society through our business.</p> <p>For details, please refer to the Company’s website (https://www.nyk.com/english/csr/).</p>
Formulation of Policies for Information Provision to Stakeholders	<p>It is prescribed in the NYK Business Credo that the NYK Group shall maintain communication with and actively and fairly disclose corporate information to the broader society, while paying attention to the interest of stakeholders. In addition to the disclosure of information, the Company will reflect the opinions of domestic and overseas stakeholders in its management through bilateral communication with them.</p>

	Supplementary Explanation
Other	<p>The Company has publicly expressed its support to the UN Global Compact (hereinafter “GC”).</p> <p>The Company established a GC Promotion Committee in 2010 to conduct a survey on and respond to the infringement of human rights concerning GC Principles 1 through 6 and is promoting initiatives on human rights and labor issues. The Company also participates in the stakeholder engagement program hosted by the Caux Round Table Japan and sectional meeting of human rights affairs/due diligence by Global Compact Network Japan.</p> <p>In 2013, the Company established a team dedicated to the promotion of diversity within in the Human Resources Group and has taken various measures to help employees who are females, with disabilities, or have been re-employed after reaching their mandatory retirement age to play an active role within the Company.</p> <p>The Company has put particular effort to put in place a human resources program and an environment to promote women in workplace by eliminating job categorization in 2001. In 2002, the Company established an internal day nursery “Yusen Childcare” within its premises called, which is the first nursery of this kind in central Tokyo. In 2014, the Company launched the “Promotion of advancement of women’s careers Project – Project W” led by the Vice-President and, under this initiative, has taken various measures aimed to provide a friendly working environment where all employees collaborate with each other irrespective of gender. There have been overseas assignments of three working employees with their children from 2014 to the present. As of April 1st, 2019, the ratio of women holding a managerial position in the Company exceeded 10% in 2007 and has increased to 17.6% now and the number of such women belonging to the head office is currently 37. In addition, there are two women who have been promoted to a senior management position (one Director and one Audit & Supervisory Board Member).</p> <p>The Company has also introduced a program that grants a leave of absence up to three years to an employee whose spouse has been transferred to a distant location either in Japan or overseas. In addition, the Company has implemented structure to enable employees to realize their full potential while maintaining a work-life balance, including childcare and nursing care leave that exceeds legal requirements, a flextime system, and a short working hour system.</p>

IV. Matters Related to Internal Control System

1. Basic Views on Internal Control System and Progress of System Development Updated

The following is an outline of the establishment of structures to ensure proper execution of business operations adopted at the meeting of the Board of Directors.

(1) Structure to ensure that the execution of duties by Directors and employees is in compliance with laws and regulations, and the Articles of Incorporation

- The Company has formulated the Mission Statement, the NYK Group Value, the Business Credo and the Code of Conduct, and strives to enhance appropriate management systems in accordance with them. The Company formulates in-house rules such as the Rules on the Board of Directors, the Rules on the Committee of Corporate Officers, and the Rules on the Execution of Duties, and discusses important matters at the meetings of the Board of Directors and of the Committee of Corporate Officers. The Company establishes the Nomination Advisory Committee and the Compensation Advisory Committee, which are advisory bodies.

- The Company establishes the Internal Control Committee, striving to ensure the effectiveness of the internal control.

- The Company establishes the Risk Management Committee, the Compliance Committee and the Committee for ensuring adherence to laws, and implements concrete measures related to strict adherence to laws and regulations and promotion of compliance, striving to enhance the function of supervising execution of duties related to the internal control.

- The Company establishes the Governance Committee to monitor the internal control functions and enhance the governance functions of the Board of Directors.

(Summary of Implementation Status)

- The Company held the meetings of the Board of Directors and discussed important matters at the meetings of the Board of Directors. The Committee of Corporate Officers deliberated matters delegated by the Board of Directors and made decisions on the execution of duties.

- The Nomination Advisory Committee and the Compensation Advisory Committee were set up to discuss appointments and compensations of Directors.

- The Internal Control Committee was held to discuss, and review as necessary, the development of the internal control system and its operation status.

- The Risk Management Committee, the Compliance Committee and the Committee for ensuring adherence to laws were held to discuss sharing of related cases and issues, etc. The Company appointed Chief Compliance Officer (CCO) in its effort to comply with laws and regulations and the Articles of Incorporation and strengthen the internal system that respects corporate ethics and social norms. The Company received pledges on compliance with the Code of Conduct from Directors and employees, etc., carried out continuously compliance education and training, and conducted monitoring.

- The Governance Committee was held to discuss the matters to be improved in the decision-making on execution of duties by the Board of Directors, when overseeing the execution of duties by Directors and in ensuring the proper execution of business, striving to strengthen the governance and internal control.

(2) Structures to store and manage information relating to the execution of duties of the Directors

- The Directors and the Board of Directors properly store and manage appropriately recorded documents and other information relating to their execution of duties according to laws and regulations as well as in-house rules.

- The Company continues to handle important documents properly according to the degree of confidentiality.

(Summary of Implementation Status)

- Important information on the execution of business operations by the Directors is being stored and managed appropriately.

(3) Rules and other structures to manage the risks of loss

- The Company establishes the Risk Management Committee, formulates a direction and procedures for risk management, and develops a company-wide risk management system. In managing risks, the Company thoroughly evaluate the risks surrounding the Company based on the characteristics of each business.

- The Company establishes the Safety and Environmental Management Committee to discuss safe vessel operations and protection of the environment.

- The Company formulates the plan for ensuring business continuity upon events such as a large-scale disaster, etc.

(Summary of Implementation Status)

- Regarding the risks at each Division and Headquarters, the Risk Management Committee evaluated risks and management status of operations in charge from both aspects of strategy and business process, and worked to strengthen internal control including reviewing of the internal rules.

- Regarding safe vessel operations and protection of the environment, the Safety and Environmental Management Committee conducted periodic evaluations for thorough risk management of vessels.

- The Company established the office of the disaster control headquarters, etc. and conducted drills as necessary. Each division established basic continuity plans and revised them accordingly.

(4) Structure to ensure the effective execution of duties of Directors

- The Company ensures adequate time for deliberations by the Board of Directors to increase effectiveness.

- By resolution of the Board of Directors, the Company establishes the Committee of Corporate Officers and delegates the authority of execution of duties in accordance with the Rules on the Board of Directors and the Rules on the Committee of Corporate Officers.

- By accelerating the approval process through the utilization of the electronic approval request system, the Company establishes a system to execute the duties appropriately and efficiently.

(Summary of Implementation Status)

- A questionnaire on effectiveness of the Board of Directors was conducted, resulting in the revision of the standard for the submission of matters to the meetings of the Board of Directors and examination of deliberation methods.

- In order to enable the Board of Directors to make prompt and efficient decisions, the Committee of Corporate Officers resolved necessary matters and conducted preliminary discussions of matters to be resolved at the Board of Directors.

- The approval process was accelerated through the utilization of the electronic approval request system.

(5) Structures to ensure the proper execution of business by the NYK Group comprising the Company and its subsidiaries

- The Company formulates the Group-wide Mission Statement and Business Credo, and based on these, the Group companies formulate the Code of Conduct and other standards. In addition, regarding areas such as legal/compliance, company organizational design/operation, and internal audit, basic regulations are formulated in accordance with the NYK Group Standards.

- The Company has established the Internal Control Committee, which takes measures to clarify the rules of the Group company management, reporting and crisis responses, etc. for the development and operation of internal control over the entire Group.

- Through the meetings such as the Group Management Committee, the Company aims to improve the group value by establishing and operating group governance and enhancing the effectiveness of the internal control. Regarding certain important matters concerning the management of the Group companies and important compliance cases, the Company establishes a framework to receive reports and approve them as necessary.

- The whistleblowing system enables anonymous reporting from the entire Group.

(Summary of Implementation Status)

- Each of the Group companies revised the Code of Conduct in a timely manner in accordance with the Mission Statement, the Business Credo, and various standards established by the Company. The Group companies also introduced the pledge procedure on compliance with the Code of Conduct.

- Centered on the Internal Control Committee, the Company obtained advice from outside experts as necessary, and reviewed issues after discussing and confirming the status of the internal control at the entire Group through the Risk Management Committee, the Compliance Committee and the Committee for ensuring adherence to laws, in order to further strengthen the Group internal control. The Company conducted internal audits of the Group companies in Japan and overseas, and made advice and suggestions for improvement. The Company conducted risk assessments on relevant laws and regulations in its efforts to strengthen the system for examining important contracts.

- The Group Management Committee was held to discuss matters such as the development of the Group governance and the enhancement of the Group's capital efficiency. The Company established the Group Management Guidelines, etc., and managed business individually based on certain criteria. The Company promoted the proper group management by dispatching part-time Directors and Audit and Supervisory Board Members to establish legal functions.

- The Company operated the whistleblowing helpdesk appropriately, kept whistleblowers unidentified, and prohibited unfair treatment.

(6) Matters concerning the employees to assist the Audit & Supervisory Board Members in their duties when the Audit & Supervisory Board Members request the assignment thereof

- The Company establishes a system to support the execution of duties by Audit and Supervisory Board Members, including the support of Outside Audit and Supervisory Board Members.

(Summary of Implementation Status)

- The Company established the Audit and Supervisory Board Office with the dedicated staff to provide assistance to the audit by Audit and Supervisory Board Members. Serving as the secretariat of the Audit and Supervisory Board, the Audit and Supervisory Board Office also handles administrative work for regular meetings of the Group Audit and Supervisory Board Members Conference, and other matters required by Audit and Supervisory Board Members and the Audit and Supervisory Board.

(7) Matters to ensure the independence of the employees set forth in the preceding paragraph from the Directors and the effectiveness of directions given to the employees

- The dedicated staff of the Audit and Supervisory Board Office in the above work under the full-time Audit and Supervisory Board Members.

(Summary of Implementation Status)

- As the dedicated staff of the Audit and Supervisory Board Office is to report to the full-time Audit and Supervisory Board Members, the full-time Audit and Supervisory Board Members carry out personnel evaluations of such dedicated staff. Any reassignment involving the staff of the office shall be decided, fully reflecting the opinion of Audit and Supervisory Board Members.

(8) Structures for reporting to Audit & Supervisory Board Members and other structures to ensure Audit & Supervisory Board Members conduct audits effectively

- Directors and the Board of Directors ensure systems which enable the appropriate execution of duties by the Audit and Supervisory Board Members, and strive to create the environment in which the Audit and Supervisory Board Members can conduct effective audits, in addition to attending the meetings of the Board of Directors. They ensure a framework in which outlines on matters relating to the Group's compliance and whistleblowing are reported to Audit and Supervisory Board Members.

- The Company establishes regulations to keep whistleblowers unidentified and prohibit unfair treatment.

(Summary of Implementation Status)

- The Company secured an information gathering framework for Audit and Supervisory Board Members by providing Audit and Supervisory Board Members with opportunities to attend the Committee of Corporate Officers, the Internal Control Committee, the Governance Committee, the Risk Management Committee, the Compliance Committee, and the Committee for ensuring adherence to laws. The Company secured opportunities for the Audit and Supervisory Board Members to interview and receive reports from Directors, etc. and general managers. The Company ensured a structure for effective audits by making it possible for Audit and Supervisory Board Members to inspect and investigate important documents related to the execution of business operations including the minutes of the meetings of the Board of Directors and of Committee of Corporate Officers and approval documents. The internal audit division exchanged information with the Audit and Supervisory Board Members and the Independent Auditor, and cooperated to improve effectiveness and efficiency of audits by the Audit and Supervisory Board Members through the collaboration of the three parties.

- Regulations have been in place that prohibit unfair treatment because of whistleblowing and ensure that a whistleblower is kept unidentified if he or she asks to.

(9) Matters concerning procedures for advance payment or reimbursement of expenses arising in conjunction with the execution of duties by Audit & Supervisory Board Members and other policies for processing expenses and obligations arising with respect to the execution of duties

- In conjunction with the execution of duties of Audit and Supervisory Board Members, the right to claim for the payment of expenses to the Company set forth in the Audit and Supervisory Board Members auditing standards is respected.

(Summary of Implementation Status)

- The Company bears the costs arising in conjunction with the execution of duties by Audit and Supervisory Board Members based on the right to claim for the payment of expenses set forth in the Audit and Supervisory Board Members auditing standards.

(10) Structures to ensure compliance with the Financial Instruments and Exchange Act

- The Company has established an internal control system designed to ensure the properness of financial statements, etc. prepared and disclosed in accordance with the Financial Instruments and Exchange Act.

(Summary of Implementation Status)

- A JSOX Sub-committee has been established within the Internal Control Committee to verify the reliability of financial statements and to deliberate the drafts of the Internal Control Report. Additionally, effectiveness

assessments of the design and implementation of internal control are being conducted through such means as the quarterly Information Disclosure Committees, which are held to deliberate the contents of disclosures, and the Company strove for timely and appropriate disclosure.

(11) Structures to eliminate ties with anti-social forces

- The Company calls for the elimination of antisocial forces in the Business Credo, etc., and clarifies that it resolutely stands up against all antisocial forces and organizations that threaten the order and safety of people’s lives. The Company establishes a consultation counter for responding to antisocial forces.

(Summary of Implementation Status)

- The Company is making daily effort to strengthen its coordination with external specialized institutions such as the police.
- The Company collected information on antisocial forces, communicated them as appropriate.
- The Company prepared a manual and took measures such as obtaining written pledges.

- **The Company has been taking measures against organized crime syndicates and other antisocial forces by including a clause for the elimination of organized crime syndicates in the agreements with its business partners and obtaining written pledges concerning the elimination of antisocial forces.**

Basic Views on Eliminating Anti-Social Forces and Progress of Related Efforts

1. Basic Views

The Company has adopted, in the NYK Business Credo, a basic policy that the NYK Group refuses to have any relationship with anti-social forces and groups that pose threat on the order and the safety of the civil society.

2. Implementation status

For the complete elimination of any ties with anti-social forces, the Company has established a consultation counter for responding to anti-social forces. In addition, the Company coordinates closely with external experts on an ongoing basis to collect and communicate internally any relevant information. The elimination of ties with anti-social forces is considered to be an important compliance matter and a response manual and other resources have been developed for appropriate responses against them.

V. Other

1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	None
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Supplementary Explanation

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2. Other Matters Concerning Corporate Governance System

1. Timely disclosure system

In light of the importance of timely disclosure of corporate information, the Company clearly states in the “NYK Business Credo” that it will disclose appropriate corporate information on a timely basis and ensures that all employees cooperate to realize it.

For example, based on the “Regulations on the Prohibition of Insider Trading and the Management of Material Facts”, the Company has appointed a divisional information manager in each division, collects information (including information from subsidiaries), and issues a notice to all employees requiring them to report timely disclosure information each month. Based on this notice, the divisional information manager of each division reports basic information required for the preparation of timely disclosure information to the “Corporate Information Management Officer (the Director or the Corporate Officer in charge of the legal division)” using the “Proposal Notification Form.” Timely disclosure information is disclosed on a timely basis after it is approved by the decision-making bodies prescribed in the Rules of the Board of Directors and the Rules on the Committee of Corporate Officers.

The matters to be approved and reported at the meeting of the Board of Directors and the Committee of Corporate Officers have been determined in reference to the timely disclosure items prescribed by the Tokyo Stock Exchange, Inc., etc. (hereinafter “TSE, etc.”).

As shown in Exhibit 2, while the Corporate Information Management Officer keeps track of such information, the “Person Responsible for Handling Information” files timely disclosure information with TSE, etc.

2. Education and training programs concerning timely disclosure

Since FY2002, the Company has conducted compliance and other training for all NYK Group employees to promote the awareness about, among others, the prohibition of insider trading and the importance of timely disclosure.

People in charge of timely disclosure have been appointed within the legal division and respond to inquiries and consultation requests from other divisions and at the same time promote employee enlightenment through such consultation.

3. Timely disclosure of maritime accidents, etc.

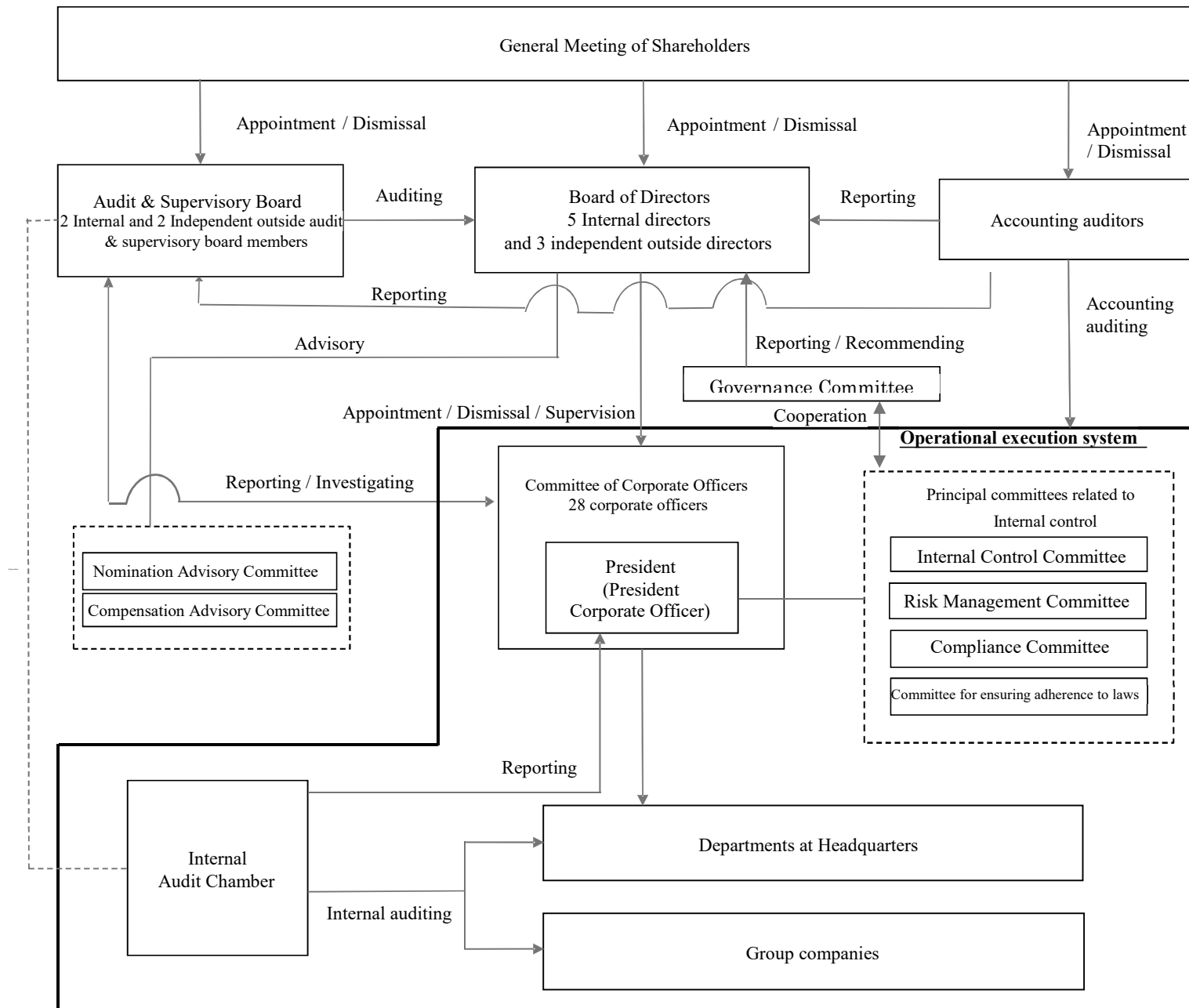
The Crisis Management Center consisting of the members from the maritime division and the public relations division is responsible for the handling of serious issues of the NYK Group’s vessels such as maritime accidents. The Crisis Management Center strives to quickly collect information about and make appropriate responses to these serious issues, while providing necessary information to the information management division for the required timely disclosure.

4. Collection of timely disclosure information about financial results

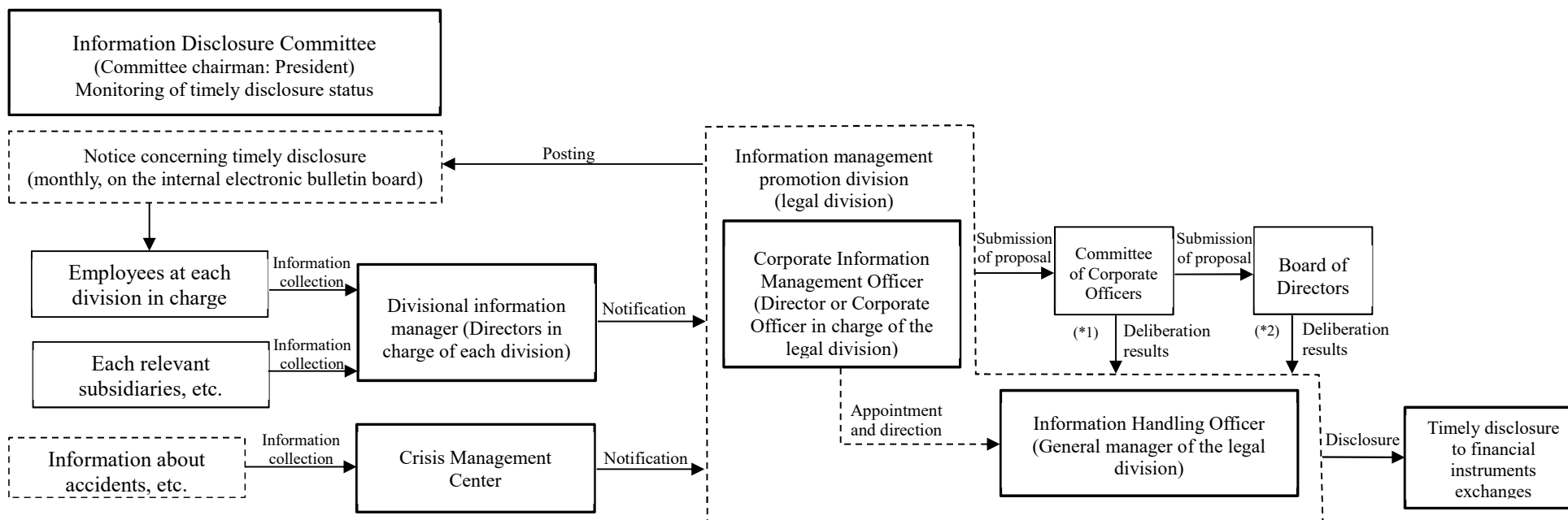
The accounting division is responsible for the collection of timely disclosure information about financial results that is required to be disclosed in securities reports, etc. The accounting division assigns reporting responsibilities to each division based on the type of disclosure information and has implemented a checking system to ensure that all necessary disclosure information is collected from these reporting divisions without any omission.

5. Monitoring of timely disclosure

Since FY2005, the Person Responsible for Handling Information has been required to report the status of timely disclosure to the Information Disclosure Committee, which is chaired by the President.



Corporate Information Identification and Disclosure System



(*1) Meets once a week in principle.

An organization to execute business delegated by the Board of Directors, supporting the President.

(*2) Meets once a month in principle.