

(Translation)

Corporate Governance Report

Nippon Yusen Kabushiki Kaisha

Last Update: June 30th, 2021

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, Executive 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 Committees hold meetings regularly. In addition to the Board of Directors and advisory committees, Independent Outside Directors attend important committees and conferences, make recommendations related to governance and internal control, exchange opinions with Audit & Supervisory Board Members, participate in activities at discussion meetings among directors and audit and supervisory board members, 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. 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, dividends, transaction status and effect on business activities etc. comprehensively. As a result, the number of listed stocks owned by the Company was 37 as of the end of FY2020, down 19 from 56 as of the end of FY2016.

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 Executive 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 Executive Officers and 2. matters concerning specific compensation for Directors and Executive Officers, and the Board of Directors makes decisions on these matters taking into consideration of the deliberation results of the Committee.

Policies for Determining Compensation for Directors, Audit and Supervisory Board Members and Executive 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 Executive 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 Executive 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 Executive 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 Executive 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 management. The scope of such delegation is clearly prescribed in the Rules on the Management Meeting, the Resolution Rule for the Submission of Matters, the Matters to be Approved by the President, and others. The management team will promptly deliberate issues and execute business in an appropriate manner based on that delegation.

<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 Executive 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 134th Ordinary General Meeting of Shareholders (pp. 25, 26, 27, and 47) 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 FY2015, the Company has continued to conduct a self-evaluation survey on all Directors and all Audit & Supervisory Board Members with the aim of further improving the effectiveness of the Board of Directors. The following summarizes the issues recognized in FY2019 based on the self-evaluation survey submitted by Directors as well as the evaluation of FY2020 initiatives and issues recognized this time:

1. Issues Recognized in FY2019 and Initiatives Taken

(1) Improve time management and briefing explanations

- Enhancing pre-briefing sessions: Provide fuller briefing explanations by improving pre-briefing sessions for Outside Directors and Audit & Supervisory Board Members on such items as proposals at the Board of Directors' meetings.

- Revise reporting schedule: Improve time management by reviewing the schedule for when individual headquarters submit reports to the Board of Directors.

- Improve briefing explanations: Improve briefing explanations by organizing information more beneficial to the discussion.

- Utilize discussion meetings among directors and audit and supervisory board members*

*Comprised of Directors, Audit & Supervisory Board Members, and Chief Executives, these gatherings are held after regular meetings of the Board of Directors by selecting a specific theme for each gathering for having discussions on medium- to long-term management issues.

2. Evaluation of FY2020 Initiatives

There were no significant concerns regarding the effectiveness of the Board of Directors in FY2020 and the results of the questionnaire survey showed that the effectiveness of the Board of Directors as a whole was ensured. In addition, the Company also received evaluations from both internal and external officers suggesting that significant improvements were made in time management and briefing explanations, which had been previously identified as issues.

3. Issues Recognized This Time

(1) Improving the quality of operations and discussions (ongoing)

(2) Strengthening monitoring functions

(3) Diversity, human resources strategy, etc.

<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

2. Capital Structure

Foreign Shareholding Ratio	30% or higher
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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)	15,556,300	9.17
Custody Bank of Japan, Ltd. (Trust Account)	9,312,800	5.49
Mitsubishi Heavy Industries, Ltd.	4,103,831	2.42
Meiji Yasuda Life Insurance Company	3,447,326	2.03
Custody Bank of Japan, Ltd. (Trust Account 7)	3,004,900	1.77
Tokio Marine & Nichido Fire Insurance Co., Ltd.	2,894,578	1.71
THE BANK OF NEW YORK MELLON 140044	2,621,047	1.55
STATE STREET BANK WEST CLIENT – TREATY 505234	2,456,812	1.45
Custody Bank of Japan, Ltd. (Trust Account 5)	2,425,900	1.43
Custody Bank of Japan, Ltd. (Trust Account 6)	2,152,700	1.27

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

Supplementary Explanation

The ratios (%) listed in [Status of Major Shareholders] section above represent the ratio (%) of the number of shares held to the total number of shares issued (excluding treasury stock).

3. Corporate Attributes

Listed Stock Market and Market Section Updated	First Section of the Tokyo 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
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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 Updated	12
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)

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	○	—	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.
Hiroko Kuniya	○	—	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.
Eiichi Tanabe	○	The amount of transactions between Mitsubishi Corporation, where Mr. Eiichi Tanabe served as Director until June 2018, and the Company is less than 1% of revenues from the viewpoint of both companies.	Mr. Eiichi Tanabe held important positions at Mitsubishi Corporation such as 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 experience mainly in management and supervision of the business execution. Accordingly, he was continuously elected as an Outside Director.

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 Executive 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 Executive Officers and (2) matters concerning specific compensation for Directors and Executive Officers.

The composition of committee members described above is effective as of end of June 2021.

[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

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. 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 by regular meetings 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
Hiroshi Nakaso	From another company													
Satoko Kuwabara	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)

Name	Independent Outside Audit & Supervisory Board Member	Supplementary Explanation of the Relationship	Reasons for Appointment
Hiroshi Nakaso	○	—	<p>The Company has determined that Mr. Hiroshi Nakaso can conduct audits from a neutral and objective standpoint based on his extensive knowledge in overall finance and economy fields, and expertise specialized in financial systems, market transactions and global finance. The Company has determined that Mr. Nakaso 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.</p>
Satoko Kuwabara	○	—	<p>The Company has determined that Ms. Satoko Kuwabara can conduct audits from a neutral and objective standpoint based on her capitalizing on a wealth of practical experience mainly in the fields of corporate legal affairs and financial legal affairs gained through activities as a lawyer and expertise specialized in law. The Company has determined that Ms. Satoko Kuwabara 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.</p>

[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. The company recommends the candidate as Outside Director of the Company whose total tenure shall not exceed 8 years for securing of objectivity and independence.

- 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 (which outstanding loans by the company exceed 2% of the total consolidated assets.) 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, Executive 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, Executive 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-based stock compensation plan
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Supplementary Explanation

A performance-based stock compensation 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 compensation plan for the Company's Directors and Executive 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

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[Director Compensation]

Disclosure of Individual Directors' Compensation	Partial disclosure
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Supplementary Explanation Updated

The amounts of compensation paid to Directors for the fiscal year ended March 2021 were JPY563 million to nine Directors (including JPY57 million paid to three Outside Directors). The breakdowns of the compensation amounts include a total of JPY312 million in basic compensation (including JPY57 million paid to three Outside Directors) and at total of JPY251 million in stock compensation.

Notes:

- The amount of basic compensation paid to Directors includes the amount paid to one Director who retired during this fiscal year.
 - There have been no payment of bonuses to Directors for ten consecutive terms since the 125th term up to the current term.
 - The amount of stock compensation for Directors is an amount based on the performance-based stock compensation plan. The contents are as described in the item below and in the policies for determining compensation for Directors, Audit and Supervisory Board Members and Executive Officers as described in the disclosed information on the policy for determining compensation amounts or calculation methods thereof.
- a) The above stock compensation for the current fiscal year shows the total amount of expense recorded for stock compensation related to this fiscal year associated with the provision for stock benefits during this fiscal year (provided, however, that for retired directors during this fiscal year, the amount recorded as expense associated with the payment of stock compensation). However, the revised amount is expected to be JPY265 million due to the revision of the valuation of shares related to share-based compensation after the end of this fiscal year.
- b) The method for calculating the performance-based stock compensation based on the performance indicators is designed so that the number of individually granted points varies according to the following specific procedure; Adjustments are made by 50%, 30% and 20% weightings to the values derived from the indicators involving the degree of achievement with respect to the target threshold of ROE at minimum 8.0% and consolidated recurring profit between JPY70 billion and JPY100 billion set out under the medium-term management plan, the degree of achievement of initial consolidated financial results forecast, and the comparison with the previous fiscal year, for the purpose of determining a performance-linked coefficient within a range of 0 to 1.5, which shall then be multiplied by the 50% of the points granted commensurate with positions. Actual performance against the consolidated performance indicators in the current fiscal year were consolidated revenues of JPY1,608.4 billion, consolidated operating profit of JPY71.5 billion, consolidated recurring profit of JPY215.3 billion, profit attributable to owners of parent of JPY139.2 billion, EBITDA of JPY170.3 billion and ROE of 25.6%, and the performance-linked coefficient for the current term was 1.5.
- c) In the current fiscal year, 16,764 shares of the Company's stock were delivered to a Director (not an Outside Director) who retired in June 2020.

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

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

[Basic Views on Compensation]

The Company shall set out its compensation system for Directors and Executive Officers based on the size and nature of its business, as well as from the perspective of securing talents and sustainability by taking into account a balance in terms of the levels of compensation for officers at its industry peers or peers of equivalent size and salary for employees. The system shall be designed so that each person’s compensation is composed of fixed or variable portions and monetary amounts or shares according to individual positions and responsibilities. For Executive Directors and Executive Officers in particular, the compensation system shall be designed in a way that it seeks to provide sound medium- to long-term incentive towards sustainable growth and aims at sharing interests with shareholders.

The basic compensation for all Directors and Executive Officers is determined based on individual positions and responsibilities. Compensation for Executive Directors and Executive Officers consists of a basic compensation portion based on individual positions and responsibilities and a performance-based variable compensation calculated according to the degree of achievement of corporate performance targets, etc. A certain proportion of the compensation shall be paid in the form of stock-based compensation in line with the recipient’s position and responsibilities. Regarding bonuses, which are considered as an annual incentive, we take into account the business conditions of the Company such as single-year corporate performance and shareholder return, and other factors, and if the granting of bonuses is considered appropriate, a proposal will be submitted to the General Meeting of Shareholders.

Compensation for Outside Directors and Audit & Supervisory Board Members consists solely of basic compensation as they provide supervision and advice to the management of the Company from a standpoint independent of business execution and in light of the nature of their function and role of conducting audit.

The Company shall not pay officers’ retirement benefits to any Director, Audit and Supervisory Board Member or Executive Officer.

[Compensation Determination Procedures]

Regarding compensation for Directors, specific individual amounts of compensation shall be decided by the Board of Directors according to individual positions and responsibilities, based on proposals 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 Outside Directors through exchange of opinions, discussions at the Compensation Advisory Committee, etc.

The specific individual amounts of compensation for Audit and Supervisory Board Members shall be decided through discussions among Audit and Supervisory Board Members, including Outside Members, within the limit of the total amount and details stipulated in the resolution of the General Meeting of Shareholders.

The specific individual amounts of compensation for Executive Officers shall be decided by the Board of Directors according to individual positions and responsibilities, based on proposals by the President, with the involvement of Outside Directors through exchange of opinions, discussions at the Compensation Advisory Committee, etc. A portion of the compensation for Executive Officers may also be based on the approval obtained at the General Meeting of Shareholders.

The Compensation Advisory Committee is established as an advisory body to the Board of Directors to ensure fairness and improve transparency when determining compensation for Directors and Executive Officers. The Compensation Advisory Committee, comprising Chairman, Director, President, Representative Director, and Outside Directors (the Committee is composed of a majority of Outside Directors and chaired by a Chief Outside Director in principle), shall be engaged in discussion on determining the specific individual amounts of compensation according to individual positions and responsibilities and in deliberation of other important matters related to compensation of Directors and Executive Officers, such as policies and decision-making processes related to compensation, and system design, and report or submit the results to the Board of Directors.

[Contents of Compensation]

The policy for determining the contents, calculation method, and payment ratio, etc. of each compensation is detailed below:

(1) Basic Compensation

- Fixed monetary compensation is paid on a monthly basis based on individual positions and responsibilities of Directors and Executive Officers.
- The fixed compensation for Audit & Supervisory Board Members that has been discussed and agreed by the Members shall be paid monthly as a monetary amount, taking into consideration whether the Member is a full-time or part-time auditor and the status of assignment of audit operation.

(2) Performance-based Stock Compensation

- In order to increase motivation to contribute to sustainable growth and to share interests with our shareholders, the Company introduced a performance-based stock compensation plan (Board Incentive Plan) involving a trust with superior transparency and objectivity, closely linked to the level of achievement of medium- to long-term corporate performance targets specified under the medium-term management plan.
- Eligible for internal Directors and Executive Officers (excluding Executive Officers who are not resident in Japan) with a target period of three consecutive fiscal years from the base year and a maximum contribution of JPY2 billion over the three fiscal year period.
- The performance-based system considers three items: the degree of achievement of the Company's medium-term management plan, the degree of achievement of initial consolidated financial results forecast, and a comparison with the previous fiscal year performance, thereby measuring the level of achievement, etc. (hereinafter, the "achievement level, etc.") by using performance-linked indicators for each item. In order to ensure the pursuit of capital efficiency and also reflect the corporate performance in the evaluation without bias, the Company uses revenue, operating profit, recurring profit, profit, EBITDA, and ROE as performance indicators, and determines the relative weight of each performance-linked indicator for each of the three above-mentioned items.
- Fixed points based on individual positions of Directors and Executive Officers and variable points calculated based on the achievement level, etc. shall be granted every fiscal year, and the number of shares equivalent to the number of accumulated points shall be delivered following the expiry of the three fiscal year period. Any Directors or Executive Officers who retire during the three-year period shall be granted shares after retirement equivalent to the number of points accumulated up to the point of retirement.
- The number of points to be granted commensurate with the achievement level, etc. shall be calculated by multiplying a performance-linked coefficient. The performance-linked coefficient varies within a range between 0 and 1.5. The performance-linked coefficient shall be designed to be approximately 1.0 when the performance targets linked to each performance-based indicator are achieved on average, while the stock compensation for Directors will be roughly the same as the basic compensation.
- If it is revealed that a Director or Executive Officer has resigned for their own convenience or has committed a serious violation of their duties, and the Board of Directors has resolved that it is not appropriate to grant shares, then that individual may not acquire the right to receive shares.

(3) Performance-based Monetary Compensation

- Eligible for Executive Officers who are not resident in Japan and outside the scope of the Performance-based stock compensation plan and who receive their principal compensation determined by the Company.
- A monetary amount equivalent to the points calculated and granted under the same scheme as performance-based stock compensation will be paid after the end of the three fiscal year period.
- Other details as well as the timing, method, etc. of payment shall be the same as in (2) above.

(4) Bonuses

- In consideration of business conditions such as single-year corporate performance and shareholder return, bonuses shall be paid to Executive Directors within the fiscal year following the fiscal year subject to evaluation, at an amount based on individual positions and responsibilities, within the aggregate limit of bonuses as determined by the resolution of the General Meeting of Shareholders.
- In the same way, bonuses shall be paid to Executive Officers within the fiscal year following the fiscal year subject to evaluation, at an amount based on individual positions and responsibilities by resolution of the Board of Directors.

(5) Executive Compensation Ratios

- The ratio of basic compensation and performance-based variable compensation for Executive Directors and Executive Officers as well as the ratio of monetary compensation and stock compensation shall be designed so

that they will encourage motivation to contribute to enhancing corporate performance and also function as a sound incentive over the medium- to long-term to achieve sustainable growth.

- The ratios of basic compensation and stock compensation paid to Directors shall be set to attain an approximate parity when corporate performance targets, etc. are impartially achieved. It shall also be based on individual positions and responsibilities and designed to fluctuate within a certain range depending on the level of achievement, etc.

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

The Management Planning Headquarters, 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 with dedicated staffs under the direction and control of the Audit & Supervisory Board Members. The Audit & Supervisory Board Office provides administration services to the Audit & Supervisory Board and any necessary support including information sharing to Outside Audit & Supervisory Board Members.

[Details of Retired Executives Currently Serving in Advisory Positions] Updated

Name	Position	Area of Assignment	Work Conditions	Date of retirement as President etc.	Term Ends
Koji Miyahara	Senior Advisor	External affairs	Part-time, not 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 Compensation Decisions (Overview of Current Corporate Governance System)

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 an Executive Officer system and 28 Executive Officers (two foreign nationals) execute business under the Board of Directors. The management meeting consisting of Representative Director and Executive Director etc. is held on a weekly basis for discussion to make 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 etc. 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, corporate management 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 Updated

	Supplementary Explanation
Early Notification of General Meeting of Shareholders	The company makes effort to sent the notice of general meeting of shareholders approximately three weeks before each ordinary general meeting of shareholders and disclose 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 makes efforts to avoid holding such a meeting on the peak day and considers to hold it early.
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/).	

	Supplementary Explanation	Explanation by Representative
Regular Investor Briefings for Individual Investors	The Company has cancelled direct face-to-face briefings due to the spread of COVID-19 but regularly holds online briefings hosted by securities companies and others.	None
Regular Briefings for Analysts and Institutional Investors	The Company has cancelled in-person briefings at the venue due to the spread of COVID-19, but still holds briefings on a regular basis. The Company holds online quarterly financial results briefings, which are also available for viewing through video streaming.	Yes
Regular Investor Briefings for Overseas Investors	Due to the spread of COVID-19, the Company has canceled direct visits to overseas institutional investors and direct face-to-face conferences. However, we do participate in online conferences hosted by securities companies and conduct interviews with institutional investors in Europe, the United States, Asia, and elsewhere. Online quarterly financial results briefings held are also available for viewing in English through video streaming.	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, medium-term management plans, integrated reports, ESG data books and NYK Group ESG Story, shareholder communications, updates on corporate governance circumstances, 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 10 persons assigned to the group including one Managing Executive Officer and one Executive Officer are conducting IR activities. Division in charge: IR Group (8 persons) Executive Officer in charge: Hiroshi Kubota, Director, Managing Executive Officer (Chief Executive of Management Planning Headquarters, CFO) Contact: Shuichiro Shimomura, 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.	<p>Provisions to ensure due respect for stakeholders are stated in Internal Rules, etc.</p> <p>The Company has established various internal rules and regulations governing our basic philosophies and activities, 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 CSR Guidelines for Partners and Suppliers, and NYK Group Sustainability Initiatives.</p>

	Supplementary Explanation
<p>Implementation of Environmental Protection Activities, CSR Activities, etc.</p>	<p>◆Integration of ESG issues and Management strategies Under our basic philosophy “Bringing value to life.”, the NYK Group is taking proactively in solving social/environment problems through our business activity. In January 2021, we set up our ESG Management Promotion Group, and in April we established the ESG Management Committee headed by the President, thereby building a system for promoting ESG management. As evaluation criteria, we intend to use not only the conventional yardstick of “Economy” such as the pursuit of economic efficiency and scale, but also the yardstick of “ESG” that contributes to solving social and environmental issues from a long-term perspective. Accordingly, we will aim to improve corporate value through ESG management by means of strong governance that supports both corporate sustainability and environmental and social sustainability. 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. 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 In the Medium-term Management Plan announced in 2018, we 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 received SBT Initiative Verification. We are actively pursuing optimal operation, promoting a shift from heavy oil to LNG fuel to reduce CO2, SOx, and NOx emissions, as well as research on next-generation fuels to achieve decarbonization. Furthermore, 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. As of May 2021, the company is raising finance not only green bonds, but also green loans and sustainability-linked loans for environmental issues. We will continue taking a proactive approach to environmental activities. In addition to the above, we are engaged in efforts to proactively resolve social and environmental issues not only by improving legal compliance, quality of services, and customer satisfaction, but also with the broad theme of “giving back to the oceans, earth, and people through a new NYK Group Sustainability Initiative framework.” Through these activities, we are also channeling our efforts into other activities that seek to increase corporate value for all stakeholders. For details, please refer to the Company’s website (https://www.nyk.com/english/esg/).</p>

	Supplementary Explanation
Formulation of Policies for Information Provision to Stakeholders	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.

	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. We are also seeking to instill and improve the awareness of respecting human rights by participating in the stakeholder engagement program hosted by Caux Round Table Japan, promoting collaborative activities with human rights non-profit organizations and NGOs, and implementing various human rights training programs, e-learning, and human-rights awareness surveys targeting all employees and executives across the NYK Group.</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 within its premises called “Yusen Childcare”, which was rare in central Tokyo at the time. In 2008, the Company established a spouse-transfer leave system so that employees would not be forced to give up their careers and retire when their spouses are transferred. In addition, the Company has put a framework in place to enable employees in various different circumstances to realize their full potential while maintaining a work-life balance, including through childcare and nursing care leave system that exceeds legal requirements, a flextime system, a short working hour system, and telework system for childcare and nursing purposes.</p> <p>In 2014, overseas assignments of working mothers with their children were implemented for the first time. Having introduced a new action plan formulated in 2016 based on the Act on the Promotion of Female Participation and Career Advancement in the Workplace, the number of female employees working overseas with children increased to five and the total number of female employees who had experienced working overseas reached 78 as of April 1, 2021. Furthermore, in October 2020, the Company conducted a partial view of its human resources system and changed the systems so that any blank period as a result of taking a career break for reasons of childbirth, childcare, nursing care, or health issues would not become a handicap based on fair job evaluations after returning to work. We are also making proactive efforts by providing training opportunities and venues that enable employees who may be concerned about a lack of experience in their work following a career break to achieve their personal growth as far as they are willing to do so.</p> <p>The ratio of women holding a managerial position in the Company exceeded 10% in 2007. As of April 1st, 2021, there were 37 such women in the head office, bringing that ratio up to 16.8%.</p> <p>We have also appointed one female Director, one Executive Officer, and two Audit & Supervisory Board Members.</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 Management Meeting, the Rules on the Committee of Executive Officers, and the Rules on the Execution of Duties, and discusses important matters at the meetings of the Board of Directors and of the Management Meeting. The Company establishes the Nomination Advisory Committee and the Compensation Advisory Committee, which are advisory bodies. The Company establishes the ESG Management Committee that includes improving the effectiveness of the governance systems in pursuit of sustainability goals.

- The Company establishes the Internal Control Committee, deliberates on internal control issues and initiatives, determines policies, and strives to ensure effective internal control.

- The Company has established the Risk Management Committee, the Compliance Committee and the Executive Committee Overseeing Thorough Law Compliance, and implements concrete measures related to strict adherence to laws and regulations and promotion of compliance. The Company also establishes rules regarding reporting and investigations for crisis response, puts in place systems to promptly correct any incidents and prevent a recurrence, and strives to ensure effective business execution related to internal control and to strengthen the supervisory function 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 Management Meeting deliberated matters delegated by the Board of Directors and made decisions on the execution of duties based on the deliberation.

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

- The ESG Management Committee was established to improve the effectiveness of governance in the management and execution of business from a long-term perspective.

- The Internal Control Committee was held to monitor internal control by identifying and confirming any internal control issues, deliberate on future efforts to ensure effectiveness, decide policies related to internal control, and review the development of the internal control system and its operation status, as necessary.

- The Risk Management Committee, the Compliance Committee and the Executive Committee Overseeing Thorough Law Compliance 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. In addition, the Company sought to promptly correct any incidents and prevent a recurrence based on standards relating to the reporting and investigation for crisis responses, and reported important matters to the Board of Directors via the Compliance Committee.

(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.

- The Company establishes relevant rules pertaining to the management on confidential information.

(Summary of Implementation Status)

- Important information on the execution of business operations by the Directors is being stored and managed appropriately, and important contracts are regularly organized and checked.

(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 Management Meeting and elect Executive Officers to delegate the authority of execution of duties. The Board of Directors supervises their execution of duties.
- 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 Resolution Rule for the Submission of Matters to the meeting 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 Management Meeting deliberated necessary matters including matters to be resolved at the Board of Directors. The Committee of Executive Officers also monitored the status of execution of duties.
- The approval process was accelerated through the utilization of the electronic approval request system. The digitalization of business was promoted to improve administrative efficiency.

(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 to deliberate on internal control issues and initiatives across the entire Group and to determine policy direction. With regard to the development and operation of internal control across the entire Group, the Company implements measures, including the establishment of rules on the Group company management, reporting, and crisis responses, and also establishes systems to promptly correct any incidents and prevent a recurrence. The Company strives to ensure effective business execution relating to Group-wide internal control by enhancing the internal audit system, etc. and to strengthen the supervisory function of the Board of Directors.
- 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, 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 and various other corporate rules in a timely manner in accordance with the Mission Statement, the Business Credo, various standards established by the Company,

and rules of the Group company management. 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 Executive Committee Overseeing Thorough Law Compliance, in order to further strengthen the Group internal control and instill and get across internal control operation based on corporate rules. The Company conducted internal audits of the Group companies in Japan and overseas and made advice and suggestions for improvement while working to enhance the effectiveness of internal control functions by promoting the consolidation and strengthening of internal audit functions within the Group and by expanding and advancing the scope of internal audits. The Company conducted risk assessments on relevant laws and regulations in its efforts to strengthen the system for examining important contracts. In addition, Group companies were also subject to the effort to promptly correct any incidents and prevent a recurrence based on standards relating to the reporting and investigation for crisis responses, and important matters were reported to the Board of Directors via the Compliance Committee.

- 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 Guide, 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 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 and disciplinary actions 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 Management Meeting, the

Committee of Executive Officers, the Internal Control Committee, the Risk Management Committee, the Compliance Committee, and the Executive Committee Overseeing Thorough Law Compliance. 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, the Management Meeting, and the Committee of Executive Officers, as well as 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.2.**

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

2. Other Matters Concerning Corporate Governance System Updated

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.

The Company notice to all employees requiring them to report timely disclosure information, and person in charge of each division reports basic information required for the preparation of timely disclosure information. Timely disclosure information is disclosed on a timely basis after it is discussed at the Board of Directors or the Management Meeting.

The matters to be discussed and reported at the meeting of the Board of Directors and the Management Meeting have been determined in reference to the timely disclosure items prescribed by Tokyo Stock Exchange, Inc.

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.

