

## Environment

### ESG Finance

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#### Policy

We have been a pioneer in ESG finance by issuing the shipping industry's first green bond in 2018 and Japan's first transition bond in 2021. To continue supporting business sustainability from a fundraising perspective, we will further deepen ESG financing and aim to raise awareness of our growth strategy based on ESG management among a wide range of stakeholders.

#### Strategy and Risk Management

##### Strategy

We will raise funds in line with the "Green/Transition Finance Framework"\* issued by our company in January 2024 and steadily promote decarbonization by supporting fuel conversion of vessels and improvements in operational efficiency from a financial perspective.

\*We are promoting ESG financing based on the "NYK Line Green/Transition Finance Framework" formulated in January 2024. DNV Business Assurance Japan Co. Ltd. has provided a second-party opinion confirming that this framework is aligned with the Green Bond Principles 2021 (ICMA), Green Loan Principles 2023 (LMA and others), Green Bond Guidelines 2022 (Ministry of the Environment, Japan), Climate Transition Finance Handbook 2023 (ICMA), and Basic Guidelines on Climate Transition Finance (May 2021) (Financial Services Agency, Japan; Ministry of Economy, Trade and Industry, Japan; and Ministry of the Environment, Japan).



For more information, click the link below  
<https://www.nyk.com/english/sustainability/envi/esg-finance/>

#### > Green Finance

- Proceeds from green finance are allocated to green projects\*<sup>1</sup>  
 (Project example) Ammonia-fueled ammonia transport vessel

#### > Transition Finance

- Proceeds from transition finance are allocated to transition projects\*<sup>2</sup>  
 (Project examples) LNG-fueled vessel, LPG-fueled vessel

\*1 Green project: Project with clear environmental improvement effect

\*2 Transition projects: Projects that follow a long-term transition strategy toward decarbonization

##### Background

The practical use of next-generation fuels such as hydrogen and ammonia is essential for achieving net-zero emissions by 2050. In line with the "Ship Fuel Conversion Scenario for 2050," we are promoting worldwide efforts to decarbonize ships by spearheading the development of an ammonia-fueled tugboat (scheduled for completion in 2024) and an ammonia-fueled ammonia carrier (targeted for completion in 2026).

On the other hand, to effectively reduce emissions, in addition to projects for next-generation fuels that are already at the decarbonization level (green), it is also essential to take on transition measures such as energy conservation and fuel conversion and LNG-fueled vessels

For more information, click the link below

**P.032 Decarbonization Strategy**

#### Environmental Awareness

In May 2023, Japan enacted the Act on Promotion of Smooth Transition to a Decarbonized Growth-Oriented Economic Structure (GX\*<sup>1</sup> Promotion Act), which incorporates the government's decarbonization strategy. By investing more than JPY 150 trillion in GX between the public and private sectors over the next 10 years, we aim to achieve net zero emissions by 2050, strengthen industrial competitiveness, and achieve economic growth at the same time.

In December of the same year, the "Field-specific Investment Strategy" was announced, which specifies measures to promote investment toward the realization of GX. Based on this strategy, the "Growth-Oriented Carbon Pricing Initiative" has made progress, including the implementation of measures to promote investment and the operation of the GX League, and companies are steadily considering and implementing GX investments. In relation to the Group's business, "ships," "hydrogen, etc.," "next-generation renewable energy,"\*<sup>2</sup> and "CCS"\*<sup>3</sup> have been designated as priority areas.

In this environment, the use of green/transition finance and other financing will enable the Group to accelerate investment while reducing fundraising costs.

\*1 GX: Green Transformation

\*2 Includes floating offshore wind energy

\*3 CCS: Carbon dioxide Capture and Storage

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#### Risk Management

ESG finance, which is a financial method to promote the shift to a new industrial and social structure and realize a sustainable society, is expected to become increasingly popular in the future. However, if green/transition finance, which is a type of ESG finance, cannot be utilized, there is a risk that it may be difficult to procure funds on an appropriate scale based on procurement plans, or that the Company may be forced to procure funds under less competitive terms than its competitors. To this end, we will proactively communicate the importance of decarbonization in the international shipping industry, which is widely involved in the supply chain, to various stakeholders through our website and integrated report (NYK Report) and promote financing through ESG finance.

#### Initiatives

For details about our track record, please refer to our website "ESG Finance."



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