



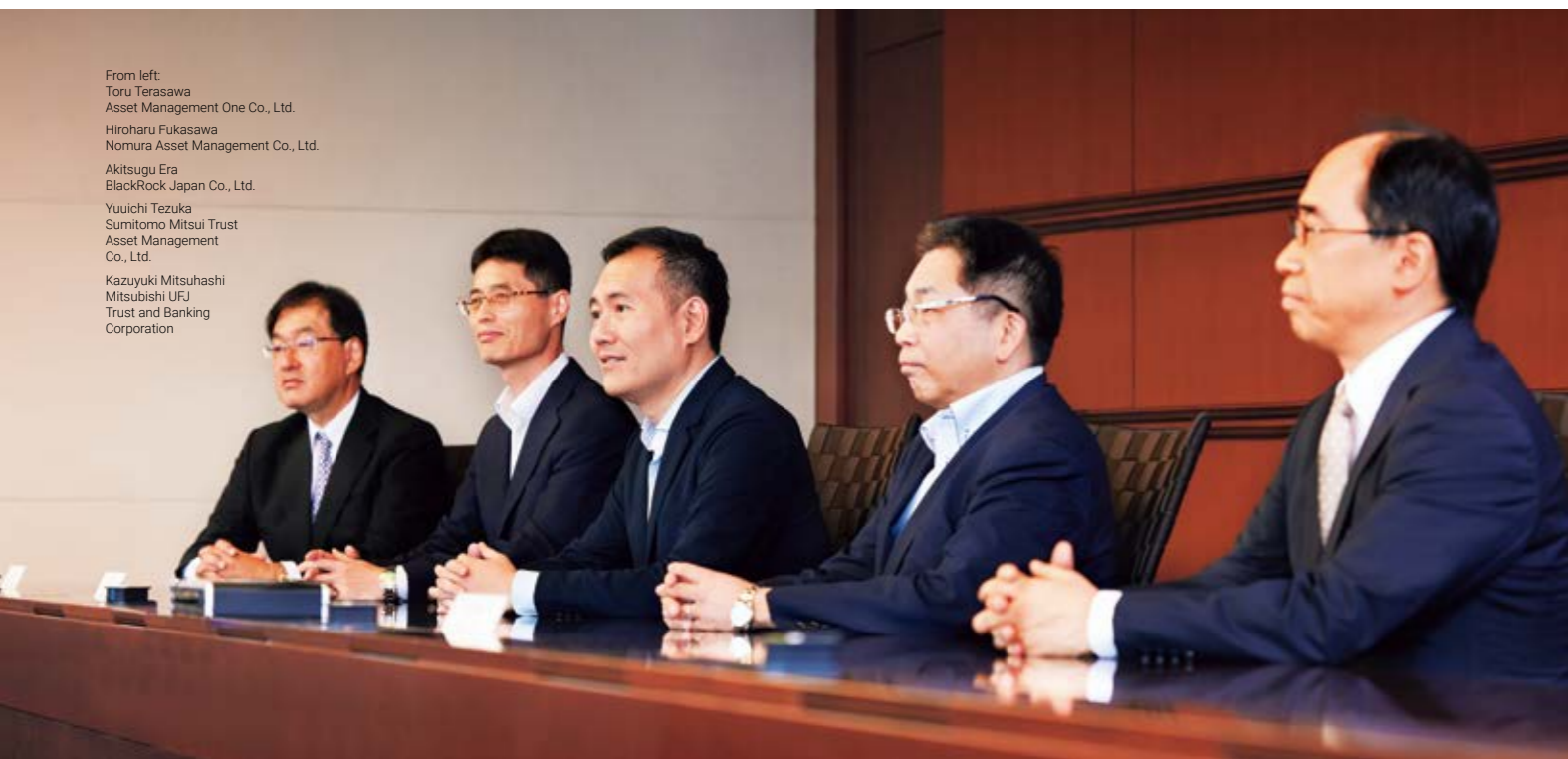
From left:
Hitoshi Nagasawa
Chairman, Director
Eiichi Tanabe
Chief Outside Director,
Independent Director
Hiroshi Nakaso
Outside Director,
Audit & Supervisory
Committee Member,
Independent Director
Satoko Kuwabara
Outside Director,
Audit & Supervisory
Committee Member,
Independent Director

Discussion with Outside Directors and Institutional Investors

Corporate Value Enhancement through Stronger Governance

The NYK Group is changing its organizational design to enhance the effectiveness of the Board of Directors and strengthen its monitoring capabilities.

As the Board of Directors transitions from a management model to a monitoring model, we held a discussion, which included institutional investors, on how best to increase corporate value. (The discussion was held in July 2024.)



From left:
Toru Terasawa
Asset Management One Co., Ltd.
Hiroharu Fukasawa
Nomura Asset Management Co., Ltd.
Akitsugu Era
BlackRock Japan Co., Ltd.
Yuuichi Tezuka
Sumitomo Mitsui Trust
Asset Management
Co., Ltd.
Kazuyuki Mitsuhashi
Mitsubishi UFJ
Trust and Banking
Corporation

Evaluation of the Year Since Transitioning to a Company with Audit and Supervisory Committee Governance System

Nagasawa Following a resolution by the Ordinary General Meeting of Shareholders held in June 2023, we transitioned from a company with board of company auditors governance system to a company with audit and supervisory committee governance system. We implemented the transition to expedite decision-making by enhancing the effectiveness of the Board of Directors and strengthening its monitoring capabilities. We have also put systems in place to ensure that the Board is able to have fuller discussions within the limited time available. These systems include briefings that explain important matters to outside directors as well as prior briefings that provide them with explanations on matters to be discussed at the Board meetings.

In fiscal 2023, the Board of Directors discussed capital policy, the Company's human resource strategy, and the NYK Group ESG Story and reviewed the medium-term management plan. I believe that in improving the effectiveness of the Board, the type of agendas set is as crucial as the substance of discussions.

Kuwabara The main goal of the transition to a company with audit and supervisory committee governance system is to move from a management model to a monitoring model. Until now, under the company with board of company auditors governance system, for example, many individual ship investment projects required resolutions of the Board. A considerable amount of effort and time was spent making decisions on such matters. With the introduction of a company with audit and supervisory committee governance system, investment decisions and decision-making for individual ship investment projects have been entrusted to the executive side. Meanwhile, the Board can discuss issues that are more focused on the NYK Group's medium- to long-term growth. These issues include monitoring exposure associated with ship investments and checking that the progress of fleet development is in line with the NYK Group ESG Story. I view the change in organizational design as a very good measure. NYK's financial base has improved significantly, and the Company is implementing more-aggressive growth investments. Against this backdrop, the role of the Board of Directors has been adjusted, allowing it to devote more time to necessary discussions. In addition, until now the Board has tended to deal with agenda items submitted by



the executive side. However, the change in the governance system has allowed the Board to discuss the setting of agendas themselves. As outside directors, we have begun to express opinions on the topics that we would like to discuss. The emergence of this change in awareness is one of the benefits of the transition.

Institutional investor You mentioned the importance of setting agendas. Since transitioning to a company with audit and supervisory committee governance system, how much time have you been able to spend on discussing agenda items related to the topic of enhancing corporate value? Also, how much time do you intend to spend in the future on discussions of this topic? Would it be possible to set out these quantitative and qualitative changes in this integrated report?

Kuwabara Based on the idea of changing to a monitoring model, we have been revising some business management methods since April 2023, which was the beginning of the previous fiscal year and prior to receiving approval from the Ordinary General Meeting of Shareholders in June 2023. For example, in April a directors' retreat is held to rigorously debate and reach agreement on the topics to be discussed in the coming year. Further, as we had established the roles of and matters to be determined by the Board of Directors, we were able to take time to exchange opinions on various aspects of the NYK Group ESG Story and the medium-term management plan of Ocean Network Express Pte. Ltd. (ONE) quite a long time before they were announced. Similarly, we have spent a lot of time

discussing shareholder returns. We have also exchanged opinions outside of formal Board meetings, such as at discussions among directors and Audit & Supervisory Committee members. Although quantification is difficult, I feel that we have considerably increased the amount of time we spend discussing agenda items related to the enhancement of corporate value.

Independence and Diversity of the Board of Directors

Nagasawa The Board of Directors comprises 12 members, five of whom also serve as Audit & Supervisory Committee members. Six, or 50%, of the 12 directors are outside directors, while three, or 25%, of the directors are women. Satoko Shisai was appointed as a director at the Ordinary General Meeting of Shareholders held in June 2024. We sought the appointment of Shisai due to her extensive knowledge of digital transformation. As the Board's skills matrix shows, she is an individual that the Company needs.



Institutional investor I think it is wonderful that NYK has invited Shisai to become a director as not only NYK but all companies are in need of personnel with competence in digital transformation. In selecting Shisai, what type of discussions were held at meetings of the Nomination Advisory Committee and the Board of Directors?

Tanabe We have been aware of digital transformation as an issue for some time. We defined the type of personnel needed for the Group's growth and for more than a year discussed personnel selection. We selected Shisai from among multiple candidates based on consideration of three main requirements: diversity, business and management experience, and expertise in digital transformation. Although only having served in her current position for a short time, Shisai has provided incisive comments on the Group's growth strategy.

Kuwabara In addition to having female directors make up one-quarter of members of the Board of Directors, one of the three female directors is Keiko Kosugi, a full-time Audit & Supervisory Committee member. I believe this is a balanced composition. Looking to the future, however, a ratio of 30% for women managers has been set as a non-financial target for the Group. Therefore, I would like to see more women promoted to senior management positions, including from within the Company. Also, since the Group's businesses are so global, we must seriously consider the appointment of non-Japanese directors in the future.

Executive Compensation Plan and Succession Planning

Tanabe In 2016, we established the Nomination Advisory Committee and the Compensation Advisory Committee as advisory bodies to the Board of Directors. I currently serve as the chairperson of both committees.

In my opinion, the appointment and dismissal of the president is a particularly important function of the Nomination Advisory Committee. As was the case with the change of president in 2023, the process is by no means one in which the executive side makes decisions on its own. Committee members interview multiple candidates in person, and the Nomination Advisory Committee considers them. In considering the next successor, we will broaden the pool of candidates a little more and evaluate them on an annual basis. Through this process, we would like to develop management leaders rather than simply nominating them.

Regarding executive compensation, in addition to basic compensation, we introduced a performance-based stock compensation plan in 2016 and a performance-based monetary compensation plan in 2022. As for evaluation items, we have established indicators related to return on equity (ROE), total shareholder return (TSR), and

environmental, social, and governance (ESG) elements. Based on feedback pointing out that the evaluation items were difficult to understand, we revised them in 2022. The ESG indicators are related to the Group's three material issues—safety, the environment, and human resources—and also include a compliance element. The results of the evaluations, along with the reasons for each item, are explained to individual executive officers. There is room for improvement in our evaluation methodology. We could examine the lengths of time over which ROE and TSR should be evaluated or whether ESG should be evaluated qualitatively as well as quantitatively. We will continue making revisions as we conduct activities.

Institutional investor In my view, the evaluation of senior management teams is extremely challenging. The maritime shipping industry is greatly affected by market fluctuations. However, decarbonization businesses and other new growth businesses that are being pursued for sustainable growth will require medium- to long-term periods in which to develop. If evaluations overemphasize visible indicators, companies run the risk of concentrating too much on business management approaches that are short-sighted. When conducting evaluations, what aspects do you keep in mind?

Tanabe I believe that a president's true accomplishments do not become apparent during their term in office but after they retire. In particular, presidents are required to set out a strategy for improving corporate value over the medium to long term, plant seeds, and guide the direction



of their company accordingly. Given that accomplishments are not immediately visible, I closely examine the passion and leadership of presidents in terms of the extent to which they involve and lead employees.

Board Discussions on the Enhancement of Shareholder Value

Nagasawa The medium-term management plan sets out a capital policy of raising the dividend payout ratio target and the minimum dividend level as well as acquiring ¥200.0 billion in treasury stock in fiscal 2023 and fiscal 2024. In fiscal 2023, we acquired ¥200.0 billion in treasury stock. We plan to acquire an additional ¥100.0 billion in treasury stock by the end of April 2025.

Nakaso The favorable performances in fiscal 2021 and fiscal 2022 have significantly improved the Company's financial base. Among the Board of Directors, however, there is a shared understanding that the share price has not risen as much as expected and that this is an issue. To address the issue, the Board of Directors has held multiple discussions on the improvement of capital efficiency with a view to sustaining increases in ROE and ensuring that it exceeds the cost of shareholders' equity on investments that are mindful of a price-to-book ratio (PBR) exceeding 1.0 times, as well as on the best approach to capital policy. As a result of these discussions, the Company is enhancing shareholder returns and utilizing return on invested capital (ROIC) in the management of businesses. The Company intends to lower the cost of shareholders' equity by strengthening the earnings base so that it is less susceptible to market conditions. For example, the performance downside risk associated with market fluctuations will continue to be mitigated by expanding the logistics business through M&A. The Board of Directors has repeatedly discussed the balance between shareholder returns and investments. I believe that the Group has ample investment opportunities that exceed the cost of shareholders' equity. The medium-term management plan calls for investments totaling ¥1.3 trillion. Taking into account investments in such growth fields as fuel conversion and offshore wind power-related businesses, however, I believe this figure may well increase. Securing funds for investments in future growth will result in future capital gains and contribute to an increase in shareholder value over the medium to long term. We need to explain to shareholders and investors that the creation of a virtuous cycle of investments that leads to growth is the best way to return

profits to them. Looking at the current share price, disclosure must be further increased and enhanced so that shareholders develop high expectations of the Group's growth.

Tanabe The Board of Directors is discussing capital efficiency and shareholder value more actively than ever before. The discussions include such topics as ROE, PBR, and TSR. Discussions on the business portfolio are also progressing in light of the newly introduced ROIC metric. The decision to sell the air cargo transportation business was the product of this trend in discussions. I believe that we must continue tirelessly pursuing business portfolio reform without making any exceptions.

Institutional investor I believe that the maritime shipping industry is seeing an increase in security risks and geopolitical risks, such as cyberattacks and conflicts. What types of discussions is the Board of Directors having about the risks that have been steadily emerging in recent years? I realize that detailed disclosure in this regard may be problematic, but, from an investor's point of view, executing an investment is difficult if such risks become significant.

Nakaso We should continue discussing geopolitical risks as they affect crude oil, which powers ships. We must monitor the situations in the Middle East and Taiwan particularly closely. The outcome of the U.S. presidential election is another geopolitical risk. Global climate change measures may also be affected by who becomes the next president. However, even if a different trend emerges in relation to climate change measures, I believe that Japan



and the Group should instead see this as an opportunity to demonstrate leadership in decarbonization and invest actively in this area.

ESG Management, Human Resources, and Organizational Reform

Nagasawa We are making steady progress with digital transformation and the strengthening of management foundations, both of which support the business strategies set forth in our medium-term management plan. To strengthen our management foundations, we have formulated the NYK Group CX (corporate transformation) Story, and we are working on measures to further empower the NYK Group's 35,000 employees.

Kuwabara The Board of Directors has discussed and determined the content of the medium-term management plan, the NYK Group ESG Story, and the NYK Group CX Story. To some extent, the decarbonization goals of the NYK Group Decarbonization Story gained greater overall coherence once we, as outside directors, provided support to the executive side, who were struggling with various dilemmas. We encouraged them to change from thinking about the achievement of goals through the accumulation of efforts and to instead work backward from their goals to determine what should be done. This change in thinking resulted in an order for the building of new LNG-fueled vessels. While still based on rigorous discussions of viability and profitability, these are good investment decisions that are ahead of their time. Of course, the goals we have set are very ambitious and will not be easy to achieve. I hope that NYK works with the conviction that the realization of each story will lead to the enhancement of corporate value.

Nakaso The NYK Group CX Story calls on the Group to change from "A Japanese Company Operating Globally" to "A Global Company Headquartered in Japan." This phrase effectively expresses a commitment to becoming a truly global company as it emphasizes that, while the Group originates from Japan, the country is only one part of the world. I am very much in agreement with this commitment and worldview. The direction of human resource development and organizational reform is not mistaken. As for tasks going forward, I would like to see the NYK Group pursue resolute efforts to strengthen its frontline capabilities, establish a global human resource system, and develop globally competent management personnel.



Expectations for the NYK Group's Future

Tanabe The NYK Group has solidly accumulated assets that are important for building the future: human resources, intellectual assets, and data. First of all, the Group has fostered personnel with a strong sense of mission who love the sea and have supported social infrastructure in challenging situations. In addition, I believe that both the technical expertise acquired by the Group during years of maritime shipping as well as the data accumulated on ship operations are among the best in the world. As sea lanes have recently been a focus of attention in terms of geopolitical risks, the value of the Group's expertise in supporting the optimal supply chains of companies is increasing. I feel that an exciting future for the Group will naturally unfold if it leverages these strengths to develop new capabilities in the maritime shipping industry and the logistics industry as well as in areas beyond the scope of comprehensive logistics, as stated in the medium-term management plan.

Nakaso Looking at the world today, geopolitical risks remain, and the global economy faces the risk of fragmentation. In mitigating such risks, the maintenance or reconstruction of a diversified free trade system is important. As an important part of international maritime shipping, the NYK Group should play a role in such efforts and aim even higher by raising its awareness of itself as a company that contributes to the sustainable growth of the global economy. Further, I would like the Group to go beyond the confines of an individual entity and become the international maritime shipping industry's standard-bearer. More

specifically, I hope that the Group enlarges the extent of its activities so that it can provide the expertise needed to facilitate energy transition and solve other common global issues and produce personnel who are able to demonstrate leadership that mobilizes global maritime shipping. Since its founding, the Group has contributed to daily life while maintaining a broad social perspective and an understanding of a larger purpose. I look forward to seeing even greater realization of the DNA that has been developed and passed down during this history of ambitious initiatives.

Kuwabara Although geopolitical risks constitute an issue in an economy that is becoming increasingly globalized, cargo transportation volume is trending upward. The Group plays a role in facilitating globally important social infrastructure. On the other hand, given the trend toward decarbonization, the Group and its industry must work hard to meet the goals of the Paris Agreement. I would like the Group to seek a good balance between its obligations. I hope that it dependably plays a role in the provision of important social infrastructure while focusing on ESG-related initiatives. In this way, the Group will meet the expectations of its shareholders and other stakeholders. "Sail Green, Drive Transformations 2026—A Passion for Planetary Wellbeing," which is the title of the medium-term management plan, is a phrase that I like very much. It expresses exactly what I want the Group to realize.