



# DRIVING TRANSFORMATIONS

# ABOUT THIS REPORT

## This Report

The content of this report reflects the viewpoints of shareholders, investors, and other external stakeholders by answering the questions “Why choose the NYK Group?” and “Why invest in the NYK Group?” The charts in the following pages are intended to further understanding of the NYK Group.



### Cautionary Statement with Regard to Forward-Looking Statements

Some statements made in this report are forward-looking statements that are based on information currently available and involve certain risks and uncertainties that could cause actual results to differ materially from those projected. Please be advised against undue reliance on such forward-looking statements. NYK undertakes no obligation to publish revised forward-looking statements to reflect events, circumstances, or unanticipated events after the present juncture.

### Scope of Report

- Reporting period: fiscal 2023 (April 2023 to March 2024). However, certain information from April 2024 and after is included.
- Coverage: The activities of NYK and its consolidated Group companies in Japan and overseas are included. The scope of coverage is indicated when there are differences in the major companies involved in specific business operations.
- Date of issue: October 2024 (previous: October 2023; next: September 2025)

(Edited based on the Japanese version of *NYK Report 2024* issued in September 2024)

**Viewpoint**

Is the Company working to upgrade its management structure in a sustainable manner to support long-term enhancement of corporate value?

- P.52** Progress in Promoting ESG Management: Moving from Awareness Building toward Practical Implementation
- P.54** Governance to Ensure Safety
- P.64** Corporate Value Enhancement through Stronger Governance

# Management Competence

# Growth Potential

**Viewpoint**

Has the Company leveraged its competitive advantages to set out a growth strategy that cannot be matched by other companies?  
Is the Company making steady progress under this strategy and achieving the expected results?

- P.6** Toward Corporate Value Enhancement
- P.38** Progress of Management and Business Strategies

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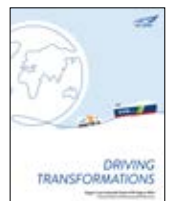
### 90 Corporate Data

#### Guidelines for Disclosure about Environmental, Social, and Governance Factors

- IFRS Foundation Integrated Reporting Framework
- GRI Standards, global standards for sustainability reporting produced by the Global Reporting Initiative (GRI)
- ISO 26000
- Guidance for Integrated Corporate Disclosure and Company-Investor Dialogue for Collaborative Value Creation by the Ministry of Economy, Trade and Industry
- Japan Business Federation Society 5.0—Co-Creating the Future

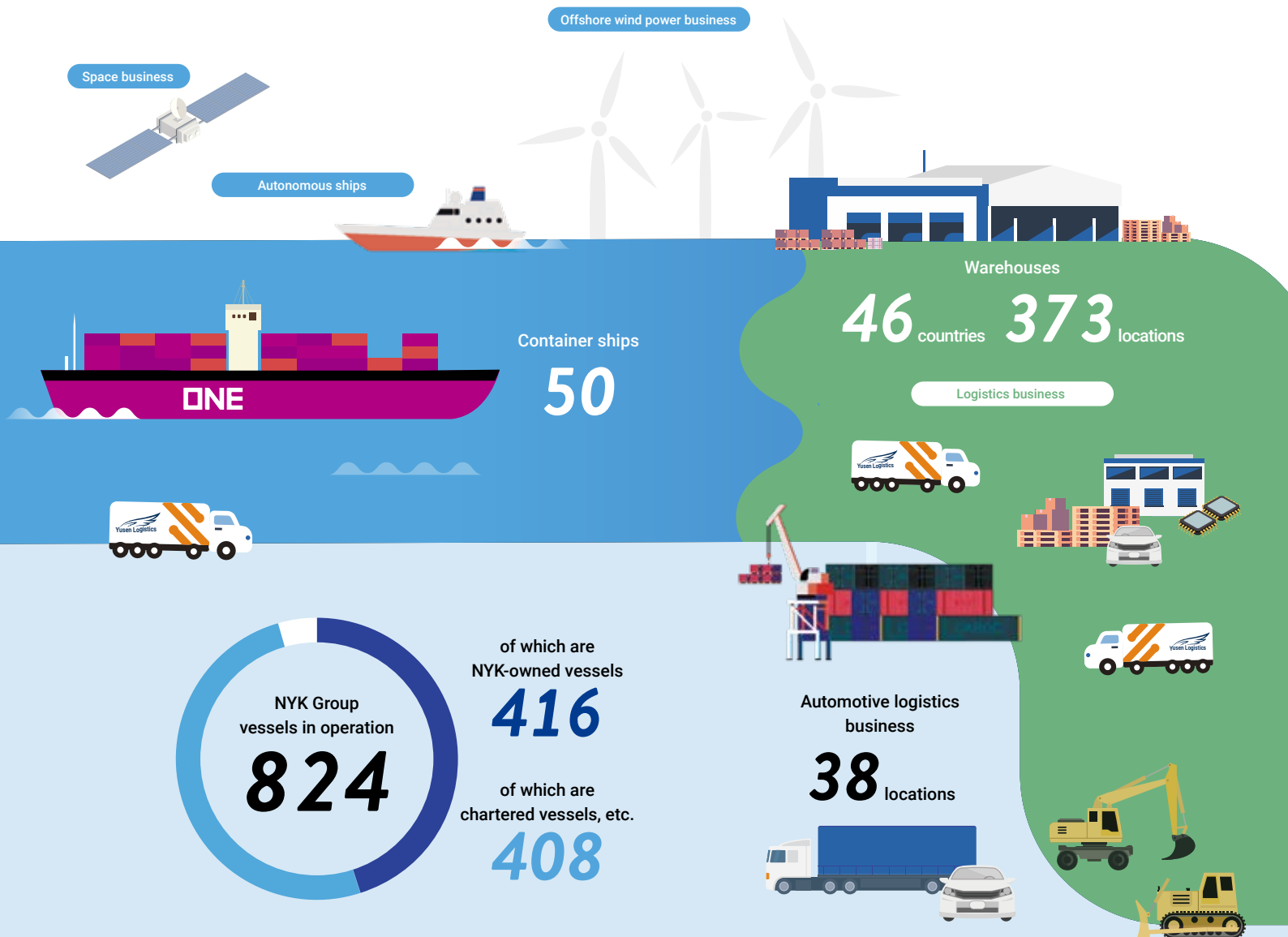
#### Cover Explanation

The initiatives of the Group's medium-term management plan are progressing and producing results steadily and globally. The cover design represents the Group going beyond the scope of a comprehensive global logistics enterprise to pursue co-creation around the world.



## Co-Creating Value Required for the Future with an Array of Stakeholders

The NYK Group will realize its vision and create value throughout the supply chain in accordance with the mission of "Bringing value to life," which has been the unchanging corporate philosophy and social mission of the Group since its founding, and based on the Value that are important to all Group employees: Integrity, Innovation, and Intensity.



\* Vessel numbers are as of March 31, 2024.

OUR MISSION

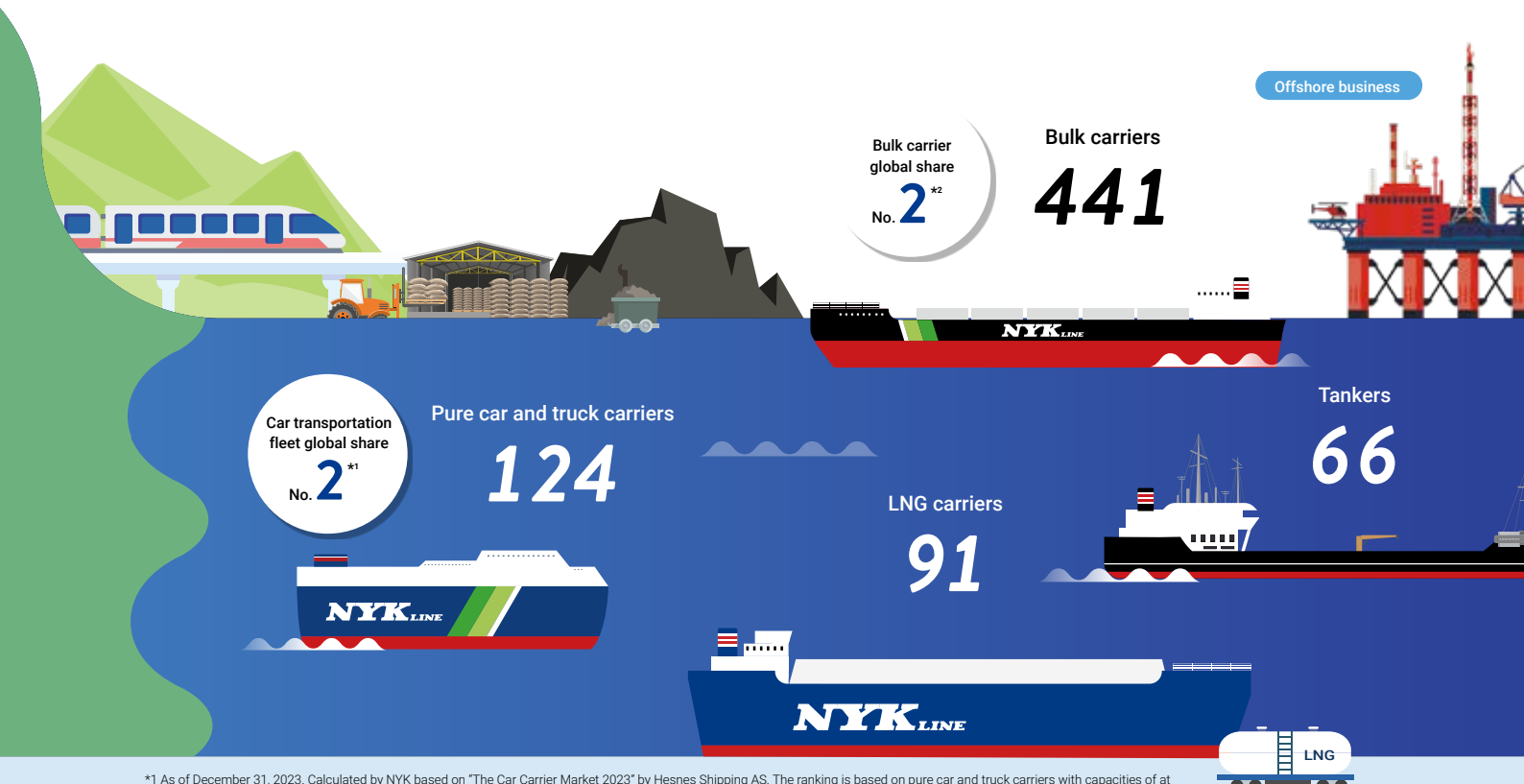
# Bringing value to life.

OUR VISION

We go beyond the scope of a comprehensive global logistics enterprise to co-create value required for the future by advancing our core business and growing new ones

OUR VALUE

Integrity, Innovation, and Intensity



\*1 As of December 31, 2023. Calculated by NYK based on "The Car Carrier Market 2023" by Hesnes Shipping AS. The ranking is based on pure car and truck carriers with capacities of at least 3,000 vehicles.

\*2 As of January 1, 2024. Calculated by NYK based on Clarksons Database.

# Performance Review



Revenues (Fiscal 2023)

¥**2,387.2** billion

Net income attributable to owners of parent (Fiscal 2023)

¥**228.6** billion

Return on equity (ROE) (Fiscal 2023)

**8.9** %

Return on invested capital (ROIC) (Fiscal 2023)

**8.3** %

Recurring profit (Fiscal 2023)

¥**261.3** billion

Liner & Logistics Business

Liner Trade

¥**67.8** billion

Air Cargo Transportation

¥**5.7** billion

Logistics

¥**25.9** billion

Bulk Shipping Business

Automotive

¥**105.8** billion

Dry Bulk

¥**18.0** billion

Energy

¥**46.3** billion





## Stability

Shareholders' equity (Fiscal 2023)

¥**2,650.3** billionShareholders' equity ratio  
(Fiscal 2023)**62.3**%

Interest-bearing debt (Fiscal 2023)

¥**913.8** billion

Debt-to-equity ratio (Fiscal 2023)

**0.34** times

## Shareholder Value

Total shareholder returns (TSR)  
(Fiscal 2023)**979.6**%Cash dividends per share  
(Fiscal 2023)¥**140**Total acquisition of own stock  
(Fiscal 2023)¥**200.0** billionPrice-to-earnings ratio (PER)  
(End of fiscal 2023)**8.2** timesPrice-to-book ratio (PBR)  
(End of fiscal 2023)**0.7** times

## Unique Strengths

Years since foundation in 1885

**139** yearsNumber of Group employees  
(End of Fiscal 2023)**35,243**Cumulative number of NTMA\*1  
graduates (End of Fiscal 2023)**1,456**Investment in digital transformation  
and R&D\*2 (Fiscal 2023)¥**5.2** billionNumber of patents  
(End of Fiscal 2023)**225**

# PERFORMANCE REVIEW

\*1 NYK-TDG Maritime Academy, which opened in the Philippines in 2007

\*2 Digital transformation is based on head office results, and R&amp;D is based on consolidated results.

# Toward Corporate Value Enhancement

## Management Focused on Cost of Capital and Share Price

- Advancing the measures of the medium-term management plan
- Aiming for sustained improvement of ROE above the cost of shareholders' equity by enhancing capital efficiency and pursuing improvement with a focus on a price book-value ratio of 1.0 times

$$PBR = 1.0 + \frac{\text{Equity spread (ROE - Cost of capital)}}{\text{Cost of capital - Growth rate}}$$

		FY2023	FY2024	FY2025-FY2026
ROE Enhancement	Profitability improvement	Improving business efficiency and conducting portfolio management using ROIC (target: at least 6.5%)		
	Enhancement of shareholder returns	<ul style="list-style-type: none"> <li>• Enhancement of shareholder returns</li> <li>• Dividend payout ratio: 25% → 30%</li> <li>• Annual dividend per share of ¥140.0</li> <li>• Minimum dividend set at ¥100.0</li> <li>• Stock acquisition of ¥200.0 billion</li> </ul>	<ul style="list-style-type: none"> <li>• Dividend payout ratio of 30%</li> <li>• Annual dividend per share of ¥260.0</li> <li>• Additional stock acquisition of ¥100.0 billion</li> </ul> Note: All as of August 2024 announcement	—
	Balance sheet management	<ul style="list-style-type: none"> <li>• Transition bond issuance (second)</li> </ul>	Diversifying fundraising through green bonds and green loans, etc. Controlling shareholders' equity ratio (FY2024 65% → FY2026 57%)	
Enhancement of Growth Potential	Growth investment	<ul style="list-style-type: none"> <li>• Approximately ¥750.0 billion earmarked for investment, focusing on conversion to LNG fuel, decarbonization, M&amp;A, etc.</li> </ul>	Given cash generation capacity, raising investment ceiling from ¥1.2 trillion to ¥1.3 trillion Accelerating investment in human resources, R&D, and digital transformation	
Reduction of Cost of Capital	Volatility reduction	<ul style="list-style-type: none"> <li>• Securing long-term stable contracts in LNG carrier business</li> <li>• In the automotive business, using LNG-fueled vessels as a foothold to accumulate stable earnings</li> <li>• In the dry bulk business, conducting advanced control of exposure and using next-generation fuel ships as a foothold to accumulate stable earnings</li> <li>• In the logistics business, establishing a stronger earnings base less susceptible to market conditions through M&amp;A, etc.</li> </ul>		
	Strengthening of governance	<ul style="list-style-type: none"> <li>• Expediting decision-making process</li> <li>• Upgrading management of Group companies</li> <li>• Strengthening management of overseas organizations</li> </ul>	Continuously reforming governance structure Continuously strengthening Group management	
	Enhancement and expansion of disclosure	<ul style="list-style-type: none"> <li>• Launching Discover Our ESG Stories, a platform focused on both corporate value and frontline employees</li> </ul>	<ul style="list-style-type: none"> <li>• Enhancing transparency through change in disclosure segments</li> <li>• Extending the scope of human rights due diligence</li> <li>• Revising, expanding, and enhancing ESG Data Book</li> </ul>	<ul style="list-style-type: none"> <li>• Increasing and enhancing GHG emissions data</li> </ul>

### Change in Disclosure Segments

As of fiscal 2024, the method of presentation of disclosure segments was changed by dividing the "bulk shipping business," which has increased in scale, into the "automotive business," the "dry bulk business," and the "energy business."

For further understanding of its initiatives to enhance ROE and reduce the cost of shareholders' equity (reduce business volatility), NYK will continue increasing and enhancing disclosure.



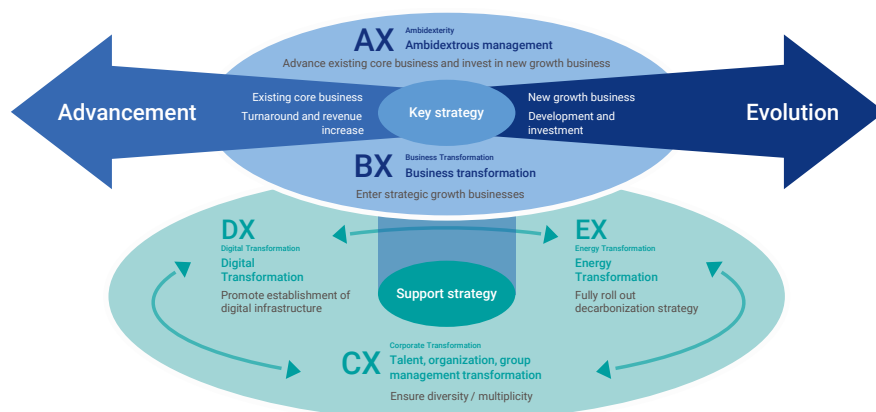
## Progress of the Medium-Term Management Plan

### Basic Policy

1. Make ESG core to the medium-term management plan—Create ESG Strategy Headquarters
2. Execute an active investment strategy to expand the business in growth areas
3. Accelerate decarbonization efforts based on the plan to achieve net zero by 2050
4. Further enrich human capital and corporate infrastructure

### Overview of Management Strategy

Our management strategy comprises two parts: a key strategy with core businesses and new businesses as the two pillars (AX and BX) and function strategies (CX, DX, and EX) supporting the key strategy. We will execute these five strategies, which we refer to as ABCDE-X, to heighten corporate value as much as possible.



### Progress in Relation to Management Indicators

	FY2022 results	FY2023 results	FY2024 forecast	FY2026	FY2030
<b>Recurring Profit</b>	¥1,109.7 billion	¥261.3 billion	¥410.0 billion	<b>¥270.0 billion</b>	¥340.0 billion
<b>Except for ONE</b>	¥339.4 billion	—	—	<b>¥150.0 billion</b>	¥160.0 billion
<b>ONE (Our Estimate)</b>	¥770.3 billion	—	—	<b>¥120.0 billion</b>	¥180.0 billion
<b>Net Income</b>	¥1,012.5 billion	¥228.6 billion	¥390.0 billion	<b>¥240.0 billion</b>	¥310.0 billion
<b>Shareholders' Equity Ratio</b>	66%	62%	65%	<b>57%</b>	Around 57%
<b>After Adjustment for Charter Fee Liabilities</b>	55%	53%	56%	<b>49%</b>	Around 50%
<b>ROIC</b>	35.7%	8.3%	6.9%	<b>6.5%</b>	Over 6.5%
<b>ROE</b>	48.3%	8.9%	9.3%	<b>10.2%</b>	Over 10%

Notes: 1. The forecasts in this financial plan are based on assumptions aligned with the March 7, 2023, announcement concerning the air cargo transportation business.

2. With respect to the (forecast) figures for fiscal 2024, recurring profit and net income are the forecast figures included in the announcement of first-quarter financial results in August 2024, and the items from shareholders' equity ratio through ROE are the forecast figures included in the announcement of fiscal 2023 full-year financial results in May 2024.

Material issues	Target	FY2021	FY2022	FY2023
<b>Safety</b>	Number of major accidents*1: 0 accidents	1 accident	2 accidents	3 accidents
<b>Environment*2</b>	GHG (Scope 1+2) Reduction of 45% (vs. FY2021, -Absolute corporate emissions targets) by FY2030	Scope 1+2: 12,724,086 (base year)	Scope 1+2: 11,331,299 (-11% vs. FY2021)	Scope 1+2: 11,473,705 (-9.8% vs. FY2021)
	Net Zero (Scope 1+2+3) by FY2050	Scope 1+2+3: 16,614,748	Scope 1+2+3: 14,595,322	Scope 1+2+3: 14,929,553
<b>Human Resources</b>	Women manager ratio of 30% by 2030	Non-consolidated: 14.0% Consolidated: 25.9%	Non-consolidated: 13.7% Consolidated: 25.2%	Non-consolidated: 13.6% Consolidated: 26.2%

\*1 Major accident: An accident that results in a fatality or that has a major social impact

\*2 Unit: ton-CO<sub>2</sub>e

## CEO MESSAGE

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**I will drive the enhancement of the NYK Group's corporate value through a business concept based on the Group's Mission of *"Bringing value to life."***

**Takaya Soga**

President, Representative Director,  
President and Chief Executive Officer,  
Group Chief Executive Officer



## A Year of Steady Results through a Range of Measures

### Appealing Growth Investment

Fiscal 2023, the year ended March 31, 2024, saw major changes in the external environment mainly due to geopolitical risks. In addition to the situation in Ukraine, tensions in the Middle East led to Suez Canal diversions, Panama Canal navigation was restricted due to climate change, and resource prices soared. Despite these conditions, the NYK Group's performance remained solid thanks to appropriate exposure management and ship allocation plans coupled with rigorous management of ship operations. In November 2023, we announced the NYK Group Decarbonization Story, a concrete road map for the realization of a decarbonized society. In line with this story, we have been working to improve the energy efficiency of our ships and to switch to alternative fuels. *NYK Report 2023* set out our transition from instilling ESG management to implementing it.

True to these words, we have been steadily working on the measures set forth in the current medium-term management plan. At the same time, fiscal 2023 was a year in which we made significant progress in collaboration and co-creation with external partners such as shipyards and fuel suppliers.

Recently, we have been receiving an increasing number of questions about our capital policy initiatives to improve the price-to-book ratio, responses to geopolitical risks, and the progress of decarbonization efforts. I feel that our true value is being questioned. We are being asked how, after our unprecedentedly favorable performances in fiscal 2021 and fiscal 2022, we will increase corporate value going forward and whether it is possible to do so. As stated in our medium-term management plan, our measures for shareholder returns, which are based on an awareness of improving capital efficiency, include the implementation of a ¥300.0 billion acquisition and retirement of treasury stock between fiscal 2023 and fiscal 2024, an increase in the dividend payout ratio and the minimum dividend amount, and steady investment for growth. Recent share price trends show that market capitalization has risen compared with that of the pre-COVID-19 period. However, I believe our market capitalization is not commensurate with our higher shareholders' equity and future earnings growth, indicating that we are not being fully understood by capital markets. We are thus taking a range of measures, such as aiming to raise ROE above the cost of shareholders' equity, growing profits, seeking an optimal balance sheet, and conducting business management based on return on invested capital (ROIC).



Fiscal 2024 will be an important year in which we closely review the results of the aforementioned measures. Similarly, we must rigorously evaluate the results of our decarbonization efforts. We are under six years away from 2030 and our target of achieving a 45% reduction in GHG emissions (Scope 1 + Scope 2) compared with the fiscal 2021 level. The NYK Group Decarbonization Story has attracted a great deal of interest from shareholders and investors due to its concreteness. We will steadily advance this plan, which will lead to business differentiation and enhanced profitability. Next, I would like to talk about our vision for 2050 from five perspectives.

### Aim of Ambidextrous Management

Ambidextrous management is one of the business strategies set out in our current medium-term management plan. While establishing a strong financial base in its existing core businesses, NYK will allocate profits to new growth businesses and pursue scale and quality in the Group as a whole. This strategy applies not only to “goods and money” but also to “people,” another important management resource in the Company. In Japan, where the population continues to decline, securing new personnel is not easy. The recruitment of personnel with specialized skills is even more difficult. For this reason, we have established NYK Digital Academy in-house, which is developing leaders who can take on the challenges of change. We will also continue reassigning personnel from core businesses to new businesses. In either case, one of our management tasks is to realize growth by forging ahead with efforts to both enhance operational efficiency and introduce labor-saving measures. These efforts will be supported by our digital transformation (DX) strategy.

DX goes beyond creating new business opportunities to also being very useful in fundamental

efforts aimed at increasing efficiency and saving labor. We believe that DX will help accelerate ambidextrous management. Moreover, NYK is improving operational efficiency in all kinds of divisions. In conjunction with these efforts, we are advancing initiatives to create high-quality services that do not require the presence of people. For example, with the aim of saving labor, we are conducting verification tests of autonomous ships, automating terminals and warehouses, and operating unstaffed gantry cranes. In Japan, where the population is expected to continue declining, the NYK Group’s efforts will certainly help address the problems of the maritime industry, such as the aging of crew members and port workers and the decreasing number of applicants for these jobs.

### Groundbreaking Initiatives That Advance the Maritime Industry

In 2015, as the officer in charge of the Automotive Transportation Headquarters (now the Automotive Business Division), I made the decision to work with a Japanese automaker to build liquefied natural gas (LNG)-fueled pure car and truck carriers. In first-time initiatives, failure is a risk. Nonetheless, given the significance of using environmentally friendly ships for transportation, representatives of said Japanese automaker and I began efforts to win over our respective in-house colleagues. Through collaboration across corporate boundaries, we were able to make the project a leading example for the maritime shipping industry. In addition, customers praised our initiatives that anticipated the future of transportation, including the ordering of LNG bunkering vessels to build an LNG fuel supply chain. Eight LNG-fueled pure car and truck carriers have already been delivered. Including ships under construction, the fleet has grown to comprise some 20 ships.





The ammonia-fueled vessels and ammonia gas carriers that we are currently working on are also examples of industry-leading co-creation. Neither LNG, methanol, ammonia, nor hydrogen can meet the future demand for marine fuel on their own. To achieve fuel conversion, we need companies that focus on methanol fuel as well as companies like ours that are researching ammonia and hydrogen. In the future, if we bring the results of our research together and share our know-how, it will be possible to make effective use of the resources of all involved parties. While the reluctance of engineers conducting research in the field to share their know-how with other companies is understandable, the benefits to be gained by the global spread of decarbonization technologies will far outweigh the benefits to be gained as a first mover.

### Pursuit of Further Significant Advances through New Businesses

Regarding new businesses, there are several key aspects to creating business opportunities. First of all, you must take advantage of your company's expertise and experience. At the moment, we are actively investing in the transportation of next-generation energy, such as liquefied CO<sub>2</sub>, ammonia, and hydrogen. We will use our own expertise to solve technical issues in the transportation of such energy. For example, in our project to build an ammonia-fueled ammonia gas carrier, the ships must be designed to prevent leaks from piping and tanks. Further, fail-safe measures to protect crew members' lives in the event of a leak are essential. In January 2024, we decided on the construction of our inaugural ammonia-fueled ammonia gas carrier. This decision was made after we determined that a level of safety and environmental friendliness sufficient for social implementation had been achieved. We reached this level by further

improving double and triple measures through the reflection of risk assessments and recommendations made from the perspective of crew members, mainly chief engineers and engineers.

Our expertise and experience will also be utilized in the space industry. We are proceeding with a business that will enable the launching of rockets from ships at sea through the use of a dynamic positioning system (DPS). Our DPS technology was developed in the offshore business and automatically holds ships at fixed points at sea. Moreover, the business will retrieve rockets. The idea for this business came from NYK Digital Academy, which I mentioned earlier. To ensure safety, the ship will be crewless. The technology needed for autonomous ship operations is precisely the focus of current R&D efforts in which the NYK Group is playing a leading role.

Another key aspect for the creation of business opportunities is the circular economy. The NYK Group is participating in the building of a large-scale value chain that extends from CO<sub>2</sub> separation and capture through to transportation and storage, as this is an effective way of realizing a decarbonized society. In 2022, we established a new company for the maritime shipping and storage of liquefied CO<sub>2</sub>. Our other initiatives include the development of a liquefied CO<sub>2</sub> carrier equipped with proprietary technologies that enable the stable transportation of liquefied CO<sub>2</sub> at ambient temperatures. Through liquefied CO<sub>2</sub> transportation, we intend to support projects related to carbon dioxide capture and storage (CCS) technology, which are being tackled around the world. If we look at matters from the perspective of the circular economy, I believe that many more business opportunities will become apparent.

## Brand Power of Navigation Officers and Engineers

The creation of new businesses in the offshore wind power value chain is set out in our medium-term management plan. In May 2024, we opened the Akita School of Wind and Sea, a training center for offshore wind power generation workers and for the crew members of crew transfer vessels used in offshore wind power operations in the training building of Akita Prefectural Oga Kaiyo Senior High School. The number of trainees is rising. We are also contributing to regional revitalization by attracting many trainees from outside the prefecture, which is spawning an influx of people to Akita. This initiative indirectly complements our business and may become one of our future recruitment strategies. Given our expertise, I believe that such education-related businesses have growth potential. Further, the NYK Group has accumulated a vast amount of data on everything related to ships. The Group is using this data to improve the efficiency of ship operations, prevent accidents, and develop autonomous ships. We are focusing on how to use this data to transform our businesses going forward.

In 2021, the former Automotive Transportation Headquarters launched the “Sail GREEN” brand as part of efforts to create new value related to carbon reduction and decarbonization. Since then, we have been expanding and enhancing our environmentally friendly services for finished vehicle logistics. When conducting sales activities for pure car and truck carriers together with personnel who are qualified captains, I have felt the overwhelming acceptance and trust that their explanations inspire in customers. The same is true in other divisions. It is my opinion that the technical skills of our navigation officers and engineers and their experience and expertise in relation to safety and quality—which have been cultivated over the approximately 140-year history of the Group—are the very source of our brand power.

## Effective Human Resource Investment and Group Management

Since my school days, I have enjoyed the tea ceremony. Created more than 400 years ago, the ceremony’s basic principles are expressed by the motto “harmony, respect, purity, and tranquility.” “Harmony” refers to mutual recognition, “respect” calls for respecting the dignity of others, “purity” means keeping one’s mind and surroundings pure, and “tranquility” is about remaining unperturbed by events. These principles can be applied to business management in the current era by recognizing individuality and diversity, respecting each other, creating a pure organization that does not tolerate misconduct, and acting with a strong determination not easily swayed by minor events. Although all these principles are important, I believe that “purity” stands out. In the context of corporate management, “purity” can be seen as referring to corporate governance. In my view, “purity” means that we cannot accomplish significant results if each employee pursues a different goal. I also interpret it as referring to the need for frameworks and systems that enable every employee to work with vitality.





For a company, generating profits and returning them to stakeholders is of course the critical mission. In addition, companies whose employees are excited about working toward a grand vision are better companies and the most productive. As with the DX strategy mentioned earlier, the corporate transformation strategy set forth in the medium-term management plan is a foundational strategy that supports ambidextrous management in terms of our personnel and organization.

Productivity enhancement is often seen as a part of DX. Going forward, however, the success or failure of productivity enhancement will depend on whether individual employees truly enjoy their work and whether companies can provide workplaces that foster such enjoyment. While the maritime shipping industry has hitherto sought generalists who are able to perform all manner of tasks on their own, in the future the industry will require specialization. The basic concept is for each employee to find their areas of

core competence in the course of their work and acquire other knowledge centered on these areas. Each person will take the initiative in thinking about their own growth as a generalist with areas of core competence. Our newly introduced position application system, the Global Challenge Program, is part of efforts in this regard. The NYK Group will establish systems that promote excellent personnel, regardless of nationality, gender, or language, so that the Group's more than 35,000 employees around the world can make major contributions to operations. As well as advancing the localization of Group company management, we will accelerate cross-border assignments, such as personnel exchanges between the Group's head office and overseas Group subsidiaries as well as among overseas Group subsidiaries. We believe that it has become more important than ever to shift from an approach entailing personnel assignment centered on Japanese employees toward one of assigning the right person to the right place on a

**I want our 35,000 employees to work with even greater excitement.**



global basis, whereby personnel who are suited to a job or function are appointed from around the world.

In the process of growing as a generalist with areas of core competence, employees may find that the characteristics they recognize in themselves differ slightly from the evaluations of their coworkers. If employees have more opportunities to objectively learn about their own characteristics, understand them, and have them understood, and if as a result employees are assigned to positions and roles that suit their characteristics, they will become even more motivated. With respect to personnel becoming more excited about work, I would like to encourage personnel to place even greater importance on direct communication with those around them.

### **“Bringing value to life” as the Starting Point of All Strategies**

We will strengthen existing businesses and pioneer new businesses. At first glance, this may seem like stating the obvious, but the combination of these two elements with our Mission of “Bringing value to life” will enable us to create a growth strategy that is unique and robust. To support people’s lives, in each era we create and deliver new value that meets society’s needs. No matter the era, our Mission always guides us in the right direction.

Through involvement in numerous frontline initiatives, I have learned many lessons that are applicable to business management today. For example, in my capacity as the manager of the first Asuka cruise ship, which was completed in 1991, I endeavored to establish the luxury cruise business in Japan from scratch. In 2010, my efforts focused on building a logistics service that would cater to demand stemming from the globalization of automotive production and transportation. One lesson has been that you should

devote 120% effort to rigorously thinking things through from all angles. Another is having the imagination to think beyond the task at hand.

Also, I have learned that you must have a broad view of the world and at times consider overall optimization rather than only focusing on increasing your company’s profits. I believe that these insights align with the integrity, innovation, and intensity of the NYK Group, all of which embody its Values.

In addition, we have stepped up initiatives for tackling environmental issues. In 1982, we began cooperating in research on the global distribution and circulation of greenhouse gas. The year 2007 saw the commencement of our participation in a mangrove planting program in Thailand. Since 2021, NYK has been supporting river restoration projects in the Philippines and cooperating with marine plastic analysis surveys and environmental DNA surveys. In May 2024, we opened Yu no Mori, an ambitious reforestation project in Gotemba, Shizuoka Prefecture. All of these projects are aimed at preserving the marine environment or restoring ecosystems. As a group with its origins in the maritime shipping industry, we are taking on the challenge of creating new corporate value by “giving back to the oceans.”

Please keep looking forward to the NYK Group’s evolving story of value creation and corporate transformation.

### **Takaya Soga**

President, Representative Director,  
President and Chief Executive Officer,  
Group Chief Executive Officer



**I will set out a road map for enhancing corporate value from both financial and ESG management perspectives.**

**Akira Kono**

Representative Director, Executive Vice-President, Executive Officer  
Chief Financial Officer  
Senior Assistant to the President  
Chief Executive of Management Planning Headquarters  
Chief Executive of ESG Strategy Headquarters

# CFO MESSAGE

## **Fiscal 2023 Performance Overview**

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In fiscal 2023, the year ended March 31, 2024, we did not achieve the level of performance of fiscal 2021 and fiscal 2022, when the market continued soaring due to the COVID-19 pandemic. If our performance in those two fiscal years is excluded, however, we achieved record-high profits in fiscal 2023, despite the emergence of

geopolitical risks and various other risks. I believe that this performance reflected the success of various initiatives we began before the pandemic. These include the accumulation of medium- and long-term contracts in the energy business and structural reform of the dry bulk business. The maritime shipping industry is subject to supply–demand cycles. Market volatility inevitably affects business performance. In the fiscal year under review, contributions to our performance were made not only by

efforts to accumulate stable earnings but also by the refinement of our ability to manage exposure\* so that it appropriately reflected the supply–demand situation. In addition, although the tendency is to view stable earnings as being the result of medium- to long-term contracts, we must not forget the roles of our constant strengthening of service quality and the relationships of trust we have cultivated with our customers over many years of business. Regardless of the length of

contract periods, NYK's strength lies in the endorsements it has earned from many customers thanks to such long-standing efforts.

\* Exposure refers to exposure to market fluctuation risk due to a mismatch between market demand and fleet capacity as supply.

## Fiscal 2024 Outlook

In fiscal 2024, freight rates are expected to remain steady, and our performance is likely to surpass that of fiscal 2023. Stable earnings continue to grow steadily. Even in the face of geopolitical risks and other changes in the external environment that are difficult to envision, we expect to be able to absorb downside risks related to our performance.

With regard to the expected earnings of each business, based on the disclosure of the first-quarter financial results in August 2024, the liner trade business is anticipated to post recurring profit of ¥183.0 billion (up ¥115.2 billion year on year). Although greater supply pressure is likely with the delivery of a series of new ships, the supply-demand balance is expected to tighten to some extent due to the impact of the Panama Canal and Suez Canal diversions and a gradual recovery in cargo movements. The logistics business, which comprises the forwarding and contract logistics businesses, is forecast to achieve recurring profit of ¥22.0 billion (down ¥3.9 billion year on year). Although a rise in handling volumes is likely in the ocean forwarding and air forwarding businesses, freight rates are expected to decline due to market conditions. On the other hand, the contract logistics business has been steadily growing by capturing demand in the United States and Europe. In fiscal 2024, the business is projected to continue performing solidly. The business is actively executing M&A and will continue working to increase scale and accumulate stable earnings.

In the dry bulk business, recurring profit is expected to be ¥198.0 billion (up ¥27.9

billion year on year). As for the automotive business, the cost of procuring shipping capacity has been rising recently amid tight supply and demand for such capacity. This business will continue to enhance ship utilization rates, steadily capture the high demand for transportation, and accumulate stable earnings. The dry bulk business is seeing market conditions trend toward recovery, and a performance above the level of fiscal 2023 is likely. The energy business is projected to continue performing firmly as transportation demand for crude oil, liquefied petroleum gas (LPG), and liquefied natural gas (LNG) is firm.

## Investment Plan: Progress and Issues

Our latest target is to invest a total of ¥1.3 trillion during the period of the medium-term management plan, which ends in fiscal 2026. As of the end of fiscal 2023, we have decided on project investments that amount to approximately ¥750.0 billion. Of this amount, the investment of 70% of the funds earmarked for core businesses and new technologies has been decided. Although determining 70% of the investments in just one year may seem fast, investment decisions are made in anticipation of the lead times required for shipbuilding, which takes several years from order placement through to delivery. For example, among new technologies, we are placing orders for new LNG-fueled vessels, mainly pure car and truck carriers. The LNG-fueled pure car and truck carriers that have already been completed have enabled us to gain the understanding of customers with respect to the environmentally friendly maritime shipping provided by these carriers. The new vessels to be completed going forward promise to further boost the Group's competitiveness.

Meanwhile, in addition to the rising price of ships and material prices due to global inflation, the recent depreciation of the yen against the U.S. dollar has led to an

increase in investment monetary amounts per project. We are not fixated on the ¥1.3 trillion investment target. We intend to review and manage the scale of investments on a case-by-case basis while keeping an eye on progress in relation to our performance plan and our ability to generate cash. As of the end of fiscal 2023, the shareholders' equity ratio stood at 62%. Even including off-balance-sheet lease assets (charter fee liabilities), the ratio was still above 50%. While taking into account the fact that profitability is increasing, we will consider what level of financial leverage to use.

Although investments are progressing well, I feel that we have not been able to adequately communicate to our stakeholders the scale, time frame, and speed of return on investments in decarbonization and new business fields. The scope of new businesses is broad, and their time lines vary depending on the nature of the business. However, we expect that these investments will begin contributing to earnings around 2027 at the earliest. A little more time will be required for ammonia-fueled ships and other projects that are at the verification stage. We expect such projects to contribute to earnings from 2030 onward. Further, I also recognize that the limited growth rate of our earnings relative to the scale of total assets is an issue. I would like to explain more carefully and clearly to our shareholders, investors, and other stakeholders how earnings will grow in tandem with investments and how we will improve capital efficiency.

## Cash Allocation Progress and Capital Efficiency Improvement

Our basic approach is to conduct business management with an awareness of the cost of capital and our share price. In other words, we will maximize profits and improve the efficiency of investments in line with our capital policy, thereby enhancing corporate value.



## I want to explain more carefully how earnings will grow in tandem with investments.

In light of our cash generation capabilities, in May 2024 we revised the scale of the funds of the cash allocation plan that was announced when we issued the medium-term management plan. We have set out operating cash flows of more than ¥1.1 trillion for the period and upwardly revised the respective amounts for acquisition of treasury stock and total dividends. Following on from a ¥200.0 billion acquisition of treasury stock in fiscal 2023, in May 2024 we announced a ¥100.0 billion acquisition of treasury stock. Our measures are intended to improve capital efficiency, raise return on equity (ROE), and improve the price-to-book ratio. Given that the cost of shareholders' equity is somewhat high, we want to reduce the weighted average cost of capital (WACC) and increase investment returns through the acquisition of treasury stock and the utilization of financial leverage. Further, operating cash flows include dividends received from equity-method affiliates. Dividend income reflects the portion that is currently highly likely to be received. Not all of the expected amount has been factored in. Mindful of the prospect of additional cash inflows, we will continue considering a better balance between investment scale and shareholder returns.

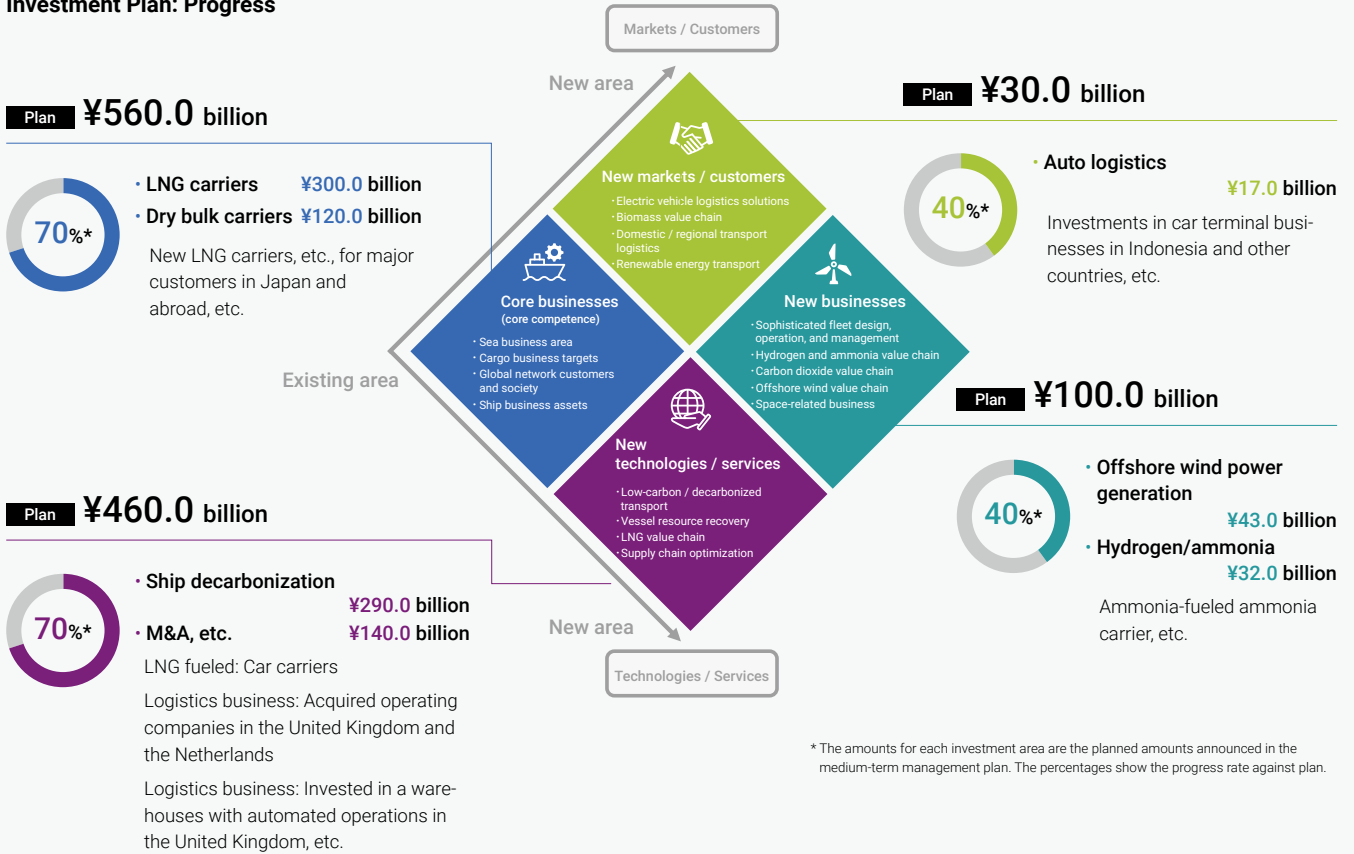
The Group has introduced return on invested capital (ROIC) as a means of improving investment efficiency, setting ROIC of 6.5% or higher as a Companywide

target in the medium-term management plan. While managing ROIC performance for each business, we are implementing specific measures to improve ROIC. In the investment decision-making process, we evaluate the balance sheet of each business as well as its internal rate of return and net present value. We are also in the process of replacing our core systems, which will further enhance risk and scenario analysis and strengthen monitoring capabilities. For investment projects related to decarbonization technologies and other environmental technologies, we utilize internal carbon pricing (ICP). By setting ICP unit prices at a higher level than those of our competitors, we will encourage the acceleration of environmental investments. Depending on the nature of investments, we currently use either ROIC or ICP for evaluation. Going forward, however, we aim to create a system enabling business monitoring and investment evaluation that take into account the carbon costs of each business. Collaboration between the ESG Strategy Headquarters and the Management Planning Headquarters will become even more important. As the leader of both headquarters, I am firmly committed to further elevating management efficiency in this regard.

### ESG Management and Corporate Value Enhancement

In fiscal 2023, we released three stories: the NYK Group ESG Story 2023, which is our third such story; the NYK Group Decarbonization Story; and the NYK Group CX (corporate transformation) Story, which is focused on enhancing human capital. In particular, the NYK Group Decarbonization Story includes extremely ambitious goals. Society as a whole cannot achieve carbon neutrality without decarbonizing logistics businesses, which support global supply chains. Based on an awareness of this issue, these goals reflect the belief that earnest efforts to reduce greenhouse gas emissions will lead to the Group's sustainable growth. The response from outside the Company has been very strong and has begun a major trend that is encouraging co-creation within the industry—a goal of the medium-term management plan. Also, in April 2024 the ESG Management Group, IR Group, and Corporate Communication Group began working closely together to raise the level of disclosure with a view to acquiring higher external evaluations of the Group's initiatives. In-house, as ESG management moves into the implementation phase, we will disseminate information that helps employees better understand how non-financial information can increase corporate value.

**Investment Plan: Progress**



**Cash Allocation**

(Billions of yen)

		Medium-Term Management Plan Four-Year Total	
		Original Target (Announced in March 2023)	Announced in May 2024
Cash In	Operating cash flows	Over ¥820	Over ¥1,100
	Financing cash flows	Over ¥610	Over ¥610
	Cash on hand	¥200	¥200
Cash Out*	Investments	¥1,200	Over ¥1,200 (Includes the repayment of loans to Nippon Cargo Airlines Co., Ltd. (NCA))
	Acquisition of treasury stock	¥200	¥300
	Normal dividends	¥230	¥270

\* Flexibly implementing additional shareholder returns based on consideration of investment opportunities and the business environment

As stakeholders' demands on companies become more diverse and complex, meeting such demands with limited resources requires prioritization and continuous organizational reform. Digital transformation will be a very important way of achieving this reform. The ESG Strategy

Headquarters and the Management Planning Headquarters will play extremely important roles in efforts aimed at enhancing corporate value. In addition to highly transparent disclosure both internally and externally, we will enhance dialogue even further. I hope that all of our stakeholders

eagerly anticipate the future evolution of the Group's ESG management. As we evolve, I would like to ask our shareholders, investors, and other stakeholders for their continued support.

# A PASSION FOR PLANETARY WELLBEING



## Going beyond the Scope of a Comprehensive Global Logistics Enterprise to Co-Create Value Required for the Future

Since its foundation in 1885, the NYK Group has supported industry and society through maritime shipping. To be a corporate group that is needed by society and which sustains growth in the future, we will continue to support society as an integral part of the transportation infrastructure while demonstrating leadership.



# SPECIAL FEATURE

The NYK Group's Growth Drivers

## Technological Capabilities and Human Resources

Based on its Mission of "Bringing value to life" and the material issues of its businesses, the NYK Group has cultivated service quality, problem-solving capabilities, and the NYK brand while keeping abreast of changes in society and industry. We will advance the current medium-term management plan and sustain growth by elevating these competitive advantages into technological capabilities and human resources that we continuously bolster as real strengths and growth drivers.

Bringing value to life.

**Our Value**  
Integrity, Innovation,  
and Intensity



**1962** Completed world's first large LPG carrier, Bridgestone Maru

**1985** Established Japan Marine Science Inc. Utilization of technologies and expertise cultivated in maritime shipping to develop consulting business in the maritime sector

**1986** Established Technical Development Center (renamed Logistics Technology Institute in 1995)

**1997** Established NYK Logistics Technology Institute as an independent organization based on Logistics Technology Institute

**2004** Established MTI Co., Ltd. Establishment through expansive reorganization of NYK Logistics Technology Institute

**2008** Developed Ship Information Management System (SIMS) Automatic collection of ship operations-related data

**2014** Began Big Data Utilization Project Utilization of data collected by SIMS

**2020** Delivered Kaguya, Japan's first LNG bunkering vessel  
Delivered Sakura Leader, Japan's first LNG-fueled pure car and truck carrier  
Opened the Remote Diagnostic Center, which utilizes AI systems that enable continuous monitoring and central management of conditions of engine plants of ships equipped with SIMS

**2017** Completed Engie Zeebrugge, world's first purpose-built LNG bunkering vessel

**2015** Completed Sakigake, Japan's first LNG-fueled tugboat

**2012** Launched the Innovative Bunker and Idle-Time Saving (IBIS) Project aiming to realize optimized and extremely economic vessel operations

**2014** More Than Shipping 2018 – Stage 2, Leveraged by Creative Solutions

**2003** NYK21 "Forward 120" Taking on challenge of becoming a truly global company

**1986** NYK21 Beginning to develop into comprehensive global-logistics enterprise

**2002** Started Global NYK Week Development of local employees

**1989** Established NYK-Fil Ship Management Inc.

**1998** Launched NAV9000, NYK's original safety promotion activities

**2006** Became first Japanese shipping company to begin in-house training of Japanese graduates of non-maritime colleges and universities as seafarers

**2007** Opened NYK-TDG Maritime Academy (NTMA) Establishment of maritime academy in the Philippines to enhance seafarer-training capabilities





**Leveraging individuality as a source of value and strength, we will become a truly global company that utilizes the talents of all employees to take on challenges.**



**Yasunobu Suzuki**

Managing Executive Officer  
Chief Human Resources Officer (CHRO)  
Deputy Chief Executive of General Affairs Headquarters

### **Transforming Homogenous Human Resource Development**

The NYK Group has remained the preferred choice of customers thanks to its operational quality, which has been cultivated through the continuous pursuit of safety. We have been growing by rolling out this quality globally.

Quality is created by personnel who continue refining it. In other words, we have had to maintain a workforce with the ability to provide quality services in all manner of situations. We have developed our human resources for this purpose. However, the NYK Group is now making a major change in its human resource development policy.

In its medium-term management plan, the Group has set out ambidextrous management as a goal. In addition to its traditional transportation services, the Group is currently participating in the field of service creation. Further, the Group is broadening its view of the ocean from a place for transportation to a place for work. Ships themselves can serve as a means of transportation as well as an instrument that can be utilized in businesses to fulfill objectives related to construction, operation, and management. Yasunobu Suzuki, who is chief human resources officer, explains his strong commitment to change.

“The trust that we have earned from our customers as a result of the track record and quality built up over the years is an important foundation for our existing businesses. We must continue to develop and enhance this trust. However, taking on the challenge of new businesses does not simply mean continuing the established approaches of existing businesses. We are likely to be involved in the establishment of new organizations such as joint ventures. To play fully active roles in these situations, we will need personnel who not only combine specialization with broad knowledge and experience but also have insight related to accounting, legal affairs, and other business management areas. Until now, to maintain quality in the form of safe, reliable cargo transportation,

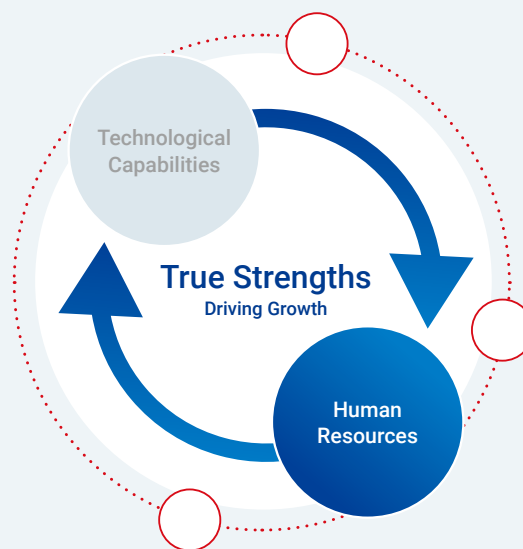
we have tended to emphasize homogeneity in our human resource development. Given our future growth strategy, we must change to the development of personnel who possess distinctive job performance skills.”

Since 2023, NYK has been reforming its career support system with the aim of developing business leaders (who possess distinctive job performance skills). Both internally and externally, we have communicated that our goal is to create a group of personnel who possess multiple distinctive job performance skills as well as knowledge and personal networks in the departments, countries, and regions where they can utilize their skills. In 2024, we finally began implementing concrete measures in this regard.

### Encouraging Group Employees to Create Career Stories

October 2023 saw the announcement of the NYK Group CX (corporate transformation) Story, which covers the entire Group. In addition to defining the five employee capabilities required for the realization of our management strategy, the story is structured around three concrete measures that are aimed at achieving our target organizational profile: Talent Development, Organization Development, and Enhancement of Governance.

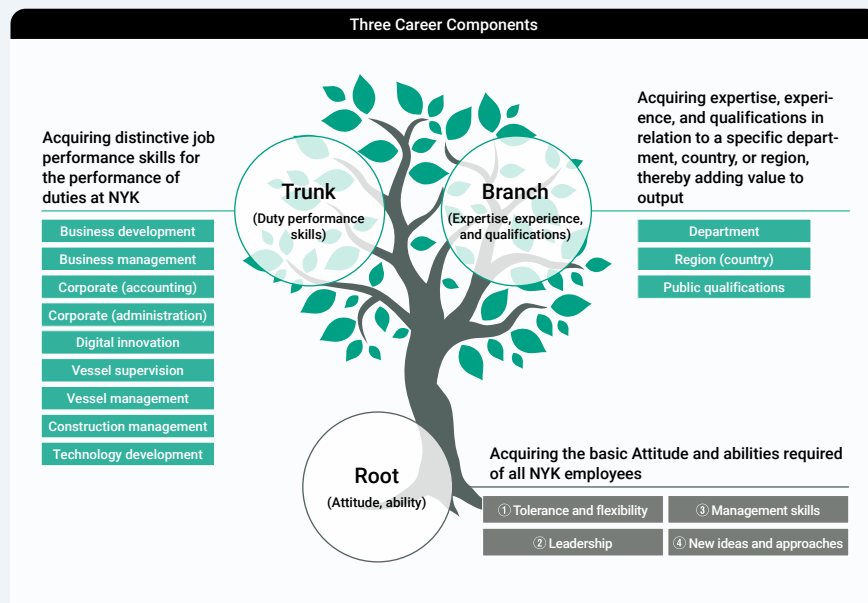
The NYK Group CX Story includes a wide range of measures, such as the hiring and training of specialized personnel and personnel transfers among Group companies, including overseas Group companies. However, the main aim is for employees to develop their careers autonomously. Suzuki explains that the foundation for this autonomy lies in each employee having their own career story. “Why do this? What do I want to be? How do I want to grow? I believe that by setting out their own growth story and taking ownership of their career development, each employee will realize personal growth and achieve their goals at work.”



Suzuki himself has in-depth experience of tackling major changes in organizations and their workforces. These include the establishment of NYK Bulkship (Atlantic) N.V. as well as the launch of Ocean Network Express Pte. Ltd. (ONE) and the accompanying transfer of existing container businesses. Recalling his experience, he emphasizes that the members of his multinational team have followed him because he has considered and communicated the story for the Company and the story for team members and steadfastly discussed matters with them.

For junior employees with limited work

experience, identifying their own distinctive job performance skills and envisioning a career story are challenging tasks. However, NYK has a bold job rotation system that allows employees to move not just between frontline operations and the head office but also between domains, regions, divisions, and Group companies. After personnel join the Company, rotations are carried out approximately every three years and continue through to the mid-career stage. Consequently, employees transfer to at least three positions in different fields over the course of 10 years, giving them a greater breadth of experience. Suzuki



# INTERVIEW

## SPECIAL FEATURE

explains the merits of job rotation. "As well as increasing experience, job rotation provides personnel with opportunities to realize and develop their own distinctive job performance skills through engagement with a wide range of people. In addition, job rotation expands an employee's network of personal contacts, making it easier to find collaborators and establish cross-divisional collaborations when tackling new tasks. I want employees to actively utilize autonomous career development."

In fiscal 2023, the Company established the Global Challenge Program, which publishes and seeks applicants for positions available throughout the Group. The program now includes overseas assignments, for which a certain degree of experience was a prerequisite, thereby providing more opportunities for junior employees to extend their learning. As of July 2024, the program has sought applicants on four occasions. We plan to steadily increase the number of in-house recruitment drives. In conjunction with these efforts, we will reform the company housing and overseas work systems to invigorate job rotation.

Moreover, we will increase the number of options for autonomous training. The training program, in which personnel uniformly participated until mid-career, has been changed to a system that allows employees

to take courses as needed regardless of age and within the context of their own career stories. Also, we have increased the number of available courses.

### Becoming a Truly Global Company That Leverages the Individuality of 35,000 Employees to Take On Challenges

In April 2024, the Global HR (Human Resources) Team was established within the Human Resources Group. The team has been tasked with promoting global inclusion by stepping up transfers. These efforts will encompass not only the existing practice of mainly transferring Japanese employees to overseas bases but also transfers of personnel from overseas bases to Japan as well as to other overseas bases. Suzuki is enthusiastic about this new approach. "Although the Group is engaged in businesses around the world, in reality it is a corporate group founded in Japan that has developed overseas based on Japanese methods. To grow from 'A Japanese Company Operating Globally' into a truly global company, we will establish the basis for the participation of local employees in business management in keeping

with the concept of 'A Global Company Headquartered in Japan.' We intend to focus even more on diversity and inclusion (D&I)."

Until now, our overseas network has been built on the foundation of our global containership business. Suzuki explains that the previous way of doing things stemmed from the fact that many of the Group's customers were Japanese companies, which enabled a limited number of head office employees to lead 35,000 Group employees. "However, the containership business has already been transferred to ONE. We have lost the network we once had. Rather than only providing transportation, we will also take on the challenge of establishing new businesses through co-creation with various stakeholders. But, to create new value beyond the boundaries of the maritime shipping and logistics businesses in an environment characterized by a chronic shortage of labor and great uncertainty over geopolitical and decarbonization trends, we must establish foundations that assign 'the right person to the right place' and empower everyone, regardless of nationality, to work with vitality." To this end, we have revised and strengthened the capabilities of our regional human resource organizations by introducing a system that promotes the transfer of local employees to

## Comments from participants in briefings on the NYK Group CX Story

Clear guidance and consistent direction on how to take this vision forward through our HR Organization.

The value lies in each member of the company and thanks to their contribution we can achieve great things. I really look forward to supporting in every phase of this transformation.

It is not easy to change mindset/culture/traditions, so to make the significant transformation from "A Japanese Company Operating Globally" to "A Global Company Headquartered In Japan" needs strong will and direction to carry out the CX Management vision and strategy.

There needs to be more specific steps in ensuring more diversity in HR globally and what NYK plans to do in strengthening horizontal management of NYK employees globally

Japan or to countries other than Japan. Also, global meetings on human resources will be held on a regular basis.

Since the announcement of the NYK Group CX Story, Suzuki has visited four overseas offices in New Jersey (the United States), London (the United Kingdom), Singapore, and Shanghai (China) to directly brief local employees of Group companies. In addition to communicating future policy measures, Suzuki emphasizes fostering the culture of a global corporate group. “What are we? I want to create a mission-oriented culture in which we can mutually enhance each other by considering the connection between the corporate philosophy of the NYK Group, ‘Bringing value to life,’ and our strategies and our own work.” The story was very well received, for all employees considering what value will mean in the future and finding value beyond the scope of a comprehensive global logistics enterprise. Strongly focused on their careers, our employees are increasingly looking forward to the imminent establishment of an environment that does not have boundaries and where all 35,000 employees will be able to play active roles.

In addition, garnering experience outside the Company is becoming even more important in creating new value. While we intend to accelerate cross-border assignments between the head office and Group companies, it is also necessary for Group companies to utilize their human capital for their own growth.

To support active transfers in the future, the Human Resources Group has begun rebuilding the system through which it cooperates with regional human resource organizations and Group companies. Not only through collaborations among the human resource divisions but also through collaborations that include other corporate divisions and business divisions, the Group will realize transfers based on skills and career aspirations and enhance its overall capabilities.



### Viewing Navigation Officers, Engineers, and Naval Architects as the Source of Our Strength and the Key to Transformation

NYK is progressing with the inclusion of navigation officers, engineers, and naval architects, who are the Company’s most differentiated form of human capital. In 2023, the Decarbonization Group, which belongs to the ESG Strategy Headquarters, led the preparation of the NYK Group Decarbonization Story, setting out the Group’s strategic direction in relation to decarbonization. The Decarbonization Group includes navigation officers and engineers who are involved in the formulation of international environmental regulations, conversant in the specialized field of practical operations that are compliant with regulations, and possess expertise in ship operations; naval architects who have developed ships; and personnel who have experience in ship investment and the analysis of internal carbon pricing (ICP) frameworks. By bringing together expertise covering a wide range of fields—ranging from trends in environmental regulations through to practical operations—to conduct repeated simulations, the team is able to refine ideas and set out a bold, detailed road map.

Navigation officers, engineers, and naval architects can play active roles in a broad array of fields. They can be immediately effective in new green businesses. By leveraging their expertise, the Company can improve the accuracy of data-driven efforts focused on operational efficiency as well as increase the effectiveness of digital transformation aimed at work efficiency. Suzuki stresses the importance of navigation officers, engineers, and naval architects. “In-house, we call this a ‘cross-domain’ approach. In various places, we want to realize the inclusion of groups of talented technicians so that they can make contributions that transcend organizational boundaries. Among our human capital, navigation officers, engineers, and naval architects are undeniably the source of our competitiveness. They are also a source of pride for us. Thanks to them, we are able to create new businesses. Through concrete achievements, we want to demonstrate that ambidextrous management is not merely pie in the sky.”

Based on global efforts to build each individual’s distinctive job performance skills and to create opportunities for learning and working, the NYK Group will advance into the next era with new strengths.

## INTERVIEW

# CX Story

The NYK Group has formulated its CX 2030 Vision, setting out the capabilities required of NYK Group colleagues to achieve said vision and its target status of the NYK Group for realizing its Group Vision: "We go beyond the scope of a comprehensive global logistics enterprise to co-create value required for the future by advancing our core businesses and growing new ones" Our CX Strategy organizes the initiatives that we will carry out during the current medium-term management plan period. To realize this vision, we will advance talent development and organization development. We will also carry out the

enhancement of governance, which will serve as a foundation for supporting both aspects.

Through these initiatives and the realization of the CX 2030 Vision, we aim to transform over the medium to long term from "A Japanese company operating globally" (where the organization operates globally, but key decisions are made in Japan) to "A global company headquartered in Japan" (where the headquarters is located in Japan, and the organization involves employees with diverse backgrounds in decision-making).

**Aiming to become "A Global Company Headquartered in Japan,"**  
**our diverse human resources will realize the co-creation of**  
**value needed in the future by striving to further develop core businesses**  
**and grow new businesses.**

## CX 2030 Vision

### Targets Status of Organization



A Group that encourages 35,000 Group employees to bring forth their best to take on challenges

### Five Capabilities Required in the NYK Group Going Forward



- 1 Supporting transformation with *gemba* (frontline) expertise
- 2 Innovating through new ideas and approaches
- 3 Thriving in strategic growth areas
- 4 Leading transformation powerfully
- 5 Building and operating businesses

## CX Strategies

### Talent Development

#### Promote D&I

##### Strategic Direction

- Plan to release D&I Policy during fiscal 2024
- Promote cross-border assignments among Group companies and foster diversity in the organization
- Create an environment where everyone can do their best regardless of gender or nationality
- Nurture a culture and improve a system where individual efforts are recognized and valued within the organization

#### Enhance Recruitment and Development, and Promote Cross-Domain Assignments

##### Strategic Direction

- Promote cross-domain assignments and support career development through assignments and participation in projects that cross work areas, countries, and regions
- Expand internal job postings within the Group and encourage participation to promote career development
- Prepare leaders of the next generation to take on Group management responsibilities strategically
- Promote localization of Group company management and decision-making with diverse perspectives by appointing local employees

### Organization Development

#### Strengthen the Global HR function

##### Strategic Direction

- Unify the direction of initiatives and strengthen functions by strengthening connections with four overseas regional HR functions

#### Advance Understanding of the Group's Mission

##### Strategic Direction

- Advance understanding of the connection between the Mission and the Group's history, strategy, and colleagues' own work

#### Improve Employee Engagement

##### Strategic Direction

- Improve the organization using an engagement survey of all Group employees

### Enhancement of Governance

Promote Localization of Group Company Management and Introduce Management Standards

**POINT**  
**1**

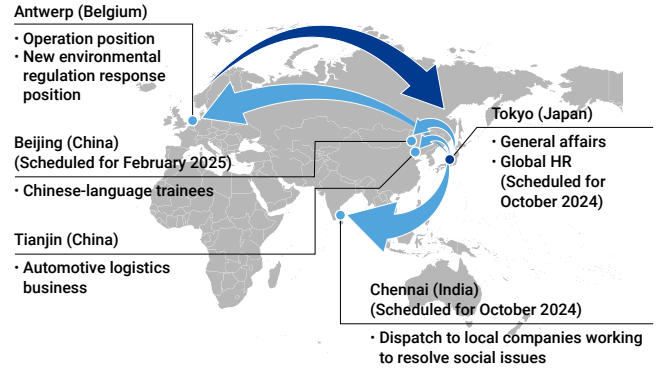
**▶ Promoting Cross-Domain Assignments**

Talent Development

**Promoting Career Development through the Global Challenge Program (Internal Job Posting System)**

The Global Challenge Program encourages career development by expanding opportunities for Group employees to take up challenges through a job posting system for diverse positions. Operating in parallel with NYK's internally operated assignment destination appeal system (a system that allows people to express their wish to transfer directly to their desired assignment destination to achieve a transfer), the program aims to increase employee engagement and promote career development.

The Global Challenge Program started operating in fiscal 2023 and has conducted a total of four job postings (as of July 2024). In the first fiscal year, the postings were conducted for employees of NYK, but from fiscal 2024 onward, we have started posting positions at the headquarters in Japan for local employees as well. Going forward, we will utilize our Global HR function to post opportunities for transfers between overseas Group companies.



**POINT**  
**2**

**▶ Strengthen the Global HR (GHR) Function**

Organization Development

To conduct personnel measures suitable for each region's employment and working environment, we have been following a policy of having each region develop career ownership under local guidance. Going forward, while continuing this policy, we will enhance our sense of unity as a global company and strengthen our system of coordinating with each region to realize the appropriate allocation and utilization of talent across the entire Group.

By sharing information on personnel and talent development between regions, we will invigorate our personnel strategies, such as the abovementioned Global Challenge Program, while also helping strengthen the personnel strategies in each region by deploying them within the Group. Through regular meetings, we will keep abreast of the status of talent and organizations in each region, identifying the Group's current issues and using them to propose and execute Groupwide talent and organizational strategies.



**Voice**

**Promoting Activities of Maritime Officer Graduates from NYK-TDG Maritime Academy (NTMA)\***



**Liel Reyes Gonzales**  
 Dry Bulk Fleet  
 Technical Team  
 Dry Bulk Marine Quality  
 Control Group

I graduated from NTMA and gained experience as a captain before my current position, which involves addressing dry bulk cost matters for NYK-owned and crew-related projects such as the Shipboard Life Improvement and Seafarers' Health Project. Cost matters include ascertaining and analyzing the operational status of vessels and budget preparation in coordination with different ship management companies, budget vs. actual analysis, and budget control. My experience managing voyages as a vessel master and studying accountancy before entering the maritime industry certainly helps me in my tasks. As a master, I have always felt that crew morale and motivation are key to safe and successful vessel operations. As a bridge between the head office and crew members, I strive to communicate well with the crew and keep them motivated by helping provide them with good living conditions and a safe working environment.

Other maritime officers who are NTMA graduates, are also working in various departments at the head office. However, there are not so many. I want to encourage the ambitions of young cadets at NTMA by telling them about career opportunities that exist after achieving the rank of master. The NYK head office operates mainly in Japanese, but progress is being made in using English in all office-related processes, day-to-day communications, etc., so that non-Japanese employees can easily navigate without assistance and freely express themselves without hesitation. I believe progress is being made on diversity as a global company.

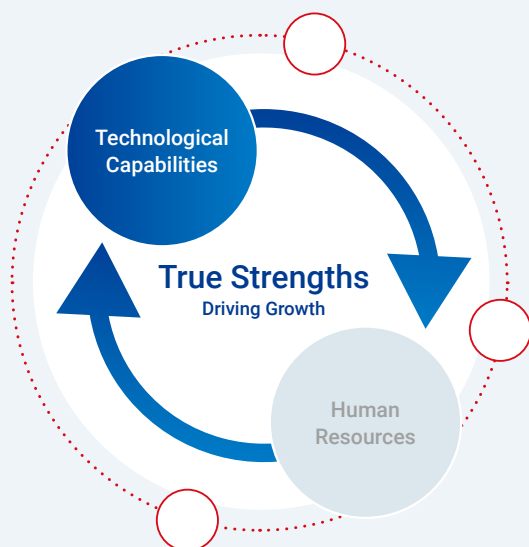
\* A maritime academy jointly operated in the Philippines by NYK and Transnational Diversified Group, a conglomerate that is the Company's strategic partner in the Philippines



### Nobuhiro Kashima

Senior Managing Executive Officer  
Chairman of Group IT Strategy Committee  
Chief Executive of Technical Headquarters  
(Chairman of Technology Strategy Committee)

**We will advance our technological capabilities into a new phase while visualizing technology strategies to plot the trajectory of future growth.**



### Technological Capabilities: Foundations That Create Our Competitive Advantages

It is no exaggeration to say that the history of the NYK Group's growth is one of technological development. In accordance with its Mission of "Bringing value to life," the Group has met the needs of the times by continuously pursuing ambitious initiatives to develop new ships and to transform its businesses. These initiatives have been based on shipping technology honed through a process of trial and error. The Company's ability to safely operate a diverse fleet of approximately 800 ships around the world and to engage in various businesses beyond the boundaries of the maritime shipping industry is supported by its extraordinary ship technologies and technologies for ship operations. These technologies, in turn, are underpinned by each employee's strong focus on safety. The aforementioned strengths have not only been essential for business continuity but have also contributed to the establishment of significant competitive advantages in the form of added value. The NYK name is now recognized globally. However, the way forward has not always been without challenges for the Company. For example, from its earliest days NYK was exposed to stiff competition from Western shipping companies. Another challenge was the shift from coal to oil fuel in the postwar period. Even in such testing times, NYK has consistently innovated to stay half a step ahead of society and industry and to create value through "delivery." These efforts have shaped the NYK of today.

For the past 10 years, the NYK Group has pursued strategies aimed at creating a cycle of technology-driven value creation. In a business environment subject to market fluctuations, owning a large amount of assets in the form of ships leads to the risk of business performance volatility. However, the Group has tried to find potential in the data that lies dormant in its assets.



Nobuhiro Kashima, who is chief executive of the Technical Headquarters, recalls these efforts. "We believed that the data we had on-site would be a source of future growth. Consequently, we have focused on using all kinds of data in efforts that leverage digital technologies and digital transformation to improve the productivity of existing businesses as well as in initiatives that are creating new green businesses aimed at decarbonization. Looking at our current accomplishments, I feel that we chose the right area to focus on at the outset." In April 2015, former NYK president and current senior advisor Tadaaki Naito promoted a "creative solutions" strategy, set out in the medium-term management plan released a year earlier. In response, the Company pursued initiatives aimed at finding hints in day-to-day frontline operations for solutions that would eliminate the 3Ms (*muda*, *muri*, and *mura*; or non-value-adding activities, excessive burdens, and unevenness in production or work activities) while continuously creating new value. To give concrete form to ideas derived from frontline operations, the Creative Solutions Group (now the Innovation Promotion Group) was established in 2015. Subsequently, the medium-term management plan announced in 2018—Staying Ahead 2022 with Digitalization and Green—called for the combination of the aforementioned initiatives with society's digitalization and decarbonization efforts to create value for the future in fields beyond transportation.

The various initiatives that emerged at this time continue to this day. With respect to enhancing technologies for ship operations, we have stabilized the offshore communication environment. This has enabled the sharing of data on ship operations, fuel efficiency, and sea conditions via common ship-land platforms such as NiBiKi\*1 and the Ship Information Management System (SIMS). This has also enabled the Remote Diagnostic Center in the Philippines to monitor engine plants 24 hours a day. Furthermore, we have developed SHINRAI,\*2

a system that enables integrated risk assessments and manages operational efficiency and safety. At present, based on the data acquired through these technologies for ship operations, we are accelerating the development of new ships and the creation of new business opportunities. By co-creating with many different companies, NYK is advancing toward the creation of new value chains. These initiatives are focused on such areas as autonomous ships, a Ship Data Center Co., Ltd. (ShipDC) concept based on the global standard Internet of Ships (IoS), offshore wind power, and the construction of ships that use low-carbon or decarbonized fuels.

### Technologies That Enable Businesses and Which Directly Contribute to Growth

For the NYK Group's growth strategies, the development of both technologies and businesses is more important than ever, meaning that the Technical Headquarters has an unprecedentedly large role to play. Kashima's policy, however, is simple.

"Technology strategies serve as the drivers of the growth strategies drawn up by each headquarters. When using technologies in the establishment of new businesses, our efforts must always align with the creation of value through 'delivery.' The NYK Group handles a wide range of cargo, from general consumer goods through to energy resources. Each headquarters faces different changes in conditions. While maintaining a deep understanding of the characteristics of each business, the Technical Headquarters must proceed in a unified manner that enables the Group as a whole to maximize business opportunities."

Although we have hitherto conducted R&D on several ideas for new businesses, in the end the ideas that have remained are for businesses similar to our existing businesses. Rather than reflecting a conservative culture, this tendency has probably

been determined by such considerations as whether the businesses would be related to the Group's strengths and whether cycles would be suited to technological capabilities. In decarbonization initiatives, which are attracting attention, the Group plans to focus on existing businesses. However, we plan to take an overall view of the supply chain and advance bold initiatives in upstream fields to capture new business opportunities as we have done in the offshore business.

"Although some technologies have already been commercialized, our new businesses are predominantly still at the experimental stage. Until now, our practice has been to repeatedly conduct technology verification tests premised on ensuring safe, reliable transportation and then select a method that is acceptable and reliable. This is natural for a company that has safety as its top priority. But, from now on unless we take risks and press ahead decisively as a pioneer, there will be no future for either the Company or the maritime shipping and logistics industries. The Technical Headquarters must evolve into an organization that acts as a leader for the entire Group."

In 2020, the Company changed the structure of its technology-related organizations. The groups responsible for all kinds of in-house technologies, such as the Marine Group, Technical Group, Innovation Promotion Group, and DX Promotion Group, were consolidated within the Technical Headquarters. By eliminating the sense of distance among the groups through their inclusion in the same headquarters, we will facilitate the cross-divisional application of technologies and increase the number of opportunities for personnel to propose ideas during trial-and-error phases and to share the latest technological information. In this way, we aim to establish significant foundations that both support and offer robust guidance in relation to ambidextrous management and business transformation. Four years have passed since the NYK Group adopted ESG management. With an

## SPECIAL FEATURE

appetite for taking on new challenges now well established among personnel, we are finally advancing decisively toward practical implementation. Aiming to play a role in supporting and guiding this practical implementation, the Technical Headquarters is focusing on reforming foundations while strengthening cooperation with businesses.

### Transformation into an Organization with a Risk-Taking, Bold Mindset

One aspect of our transformation has involved the reorganization of R&D processes. The criteria for evaluating business investments have been enhanced each year with quantitative yardsticks such as profitability and potential. On the other hand, the discussion of forward-looking investments in technologies under the same mechanism has had issues in relation to selection and other matters. To tackle unprecedented new technologies, a system (the R&D Committee) has been established in which the Management Planning Headquarters and the Technical Headquarters play a central role in discussions. Under this system, risks and returns are verified from multiple perspectives. Important matters that require decisions are reported to the Management Meeting as necessary. This meeting has already discussed several technology investment projects and is endeavoring to improve its discernment. The management side, which actually makes the decisions, also needs to be enhanced. Kashima explains his role. "The R&D Committee and other meetings receive proposals for projects in a variety of new technological fields. I feel that the content of these proposals is becoming increasingly challenging as the pace of technological innovation around the world accelerates. To help top management make appropriate decisions, I try to provide thorough, detailed explanations of technologies. At the same time, I focus on enabling us to have discussions that are based on a

common understanding by giving detailed briefings on the new initiatives of the Technical Headquarters at regular meetings and other meetings."

Kashima says that the utilization of external networks is also important.

"When creating new businesses, in-house ideas are our starting point. But, this inevitably limits the range of ideas available to us. To further the search for insight, the expansion of networks outside the Company is essential."

A common idea is to utilize corporate venture capital to co-create with start-ups that have unique technologies, but this approach also gives rise to a problem. The members of start-ups devote their lives to their technologies and business growth. However, as NYK personnel are replaced after a few years through job rotation, a divergence between their mindset and that of their start-up partners is inevitable. This leads to concern that co-creation initiatives may not continue. To overcome this problem, the NYK Group is envisioning a framework that would deepen collaboration with external parties. "The NYK Group includes MTI Co., Ltd., which specializes in R&D, and Japan Marine Science Inc., which is a consulting business. We are considering the possibility of establishing a strategic framework that would utilize these Group companies more effectively and thereby strengthen their respective advantages even more."

MTI is a spin-off of NYK's engineering organization and was established in 2004 as an independent Group company specializing in R&D. Today, MTI conducts R&D on the environment and maritime shipping while engaging in temporary exchanges of personnel with shipbuilders and ship equipment manufacturers. The company has accumulated a great deal of advanced knowledge. NYK will make effective use of Group companies to remain informed about a range of different possibilities.

Further, the Group uses the expertise of the Technical Headquarters in human resource development. In 2019, NYK Digital Academy was established as an in-house educational institution for teaching innovation-oriented thinking. The academy gives employees the opportunity to acquire skills essential for launching new businesses in an era of increasing uncertainty. "In the NYK Digital Academy program, participants learn business administration and design thinking while actually engaging in discussions with customers and partners and taking on the challenge of creating value and opening up markets. So far, new projects, such as a business engaged in the marine retrieval of rockets and an offshore data center business, have begun in earnest. I feel that the training program has proven to be effective." NYK will apply this business administration training program to a program for the development of digital transformation-focused personnel, which the Human Resources Group is currently considering. We will advance development of tomorrow's human resources that integrates digital literacy enhancement-based business process improvement with the creation of new businesses.

Kashima describes NYK's personnel. "Many of our employees are interested in not only benefiting customers but also improving society as a whole. For this reason, they all have a strong affinity with decarbonization initiatives and tackle them in earnest. On the other hand, if we do not make profits for ourselves, we will not be able to sustain such initiatives. I want to ensure that personnel have the capabilities to develop initiatives into viable businesses." We will combine our strengths in human resources and technologies in a more multifaceted manner to create a major driving force.

## Visualization of Technology Strategies to Plot the Trajectory of Future Growth

In fiscal 2024, all kinds of technology development projects are progressing at the same time. These include the completion of an ammonia-fueled tugboat, transportation of CO<sub>2</sub> in the carbon dioxide capture and storage (CCS) business, the maritime shipping of liquefied hydrogen, the use of methane as an alternative fuel to LNG, and the development of green methanol. However, the results of projects tasked with the new development of decarbonization-related technologies take a long time to become visible.

“Regarding future trends in decarbonization technologies, while the options for solutions have been narrowed down over the past few years, we are still at the stage of trial and error. Seeing what lies ahead is difficult. Many different initiatives are proceeding in parallel. There are also many behind-the-scenes activities that are difficult to see from the outside. I believe that the current phase is the hardest to explain

to investors and other external stakeholders in a readily understandable way.” Although these projects are making steady progress in their respective fields, Kashima is of the opinion that not being able to clearly show how the combination of these projects will strengthen business foundations and contribute to earnings is an issue. He feels that a clear presentation of the direction in which the Company should proceed, as well as an overview of the projects it is tackling, would enhance the Company’s ability to unify stakeholders and drive initiatives forward. “The NYK Group’s technology strategies are directly linked to the Company’s growth strategies. In fiscal 2024, the Technical Headquarters will take up the challenge of visualizing and presenting overall technology strategies in easy-to-understand ways.”

Let us envision and look forward to the technological strategies and the future that lie beyond our steady day-to-day efforts.

\*1 NIBIKI (NYK’s innovative Business information and Know-how initiative) is a common platform that digitalizes application and approval procedures within a safety management system. By simply following instructions and entering information in prescribed forms, crew members can submit reports or apply for approvals in compliance with the correct procedures. Through a system that automatically records and shares this information, reporting duties can be performed promptly and accurately.

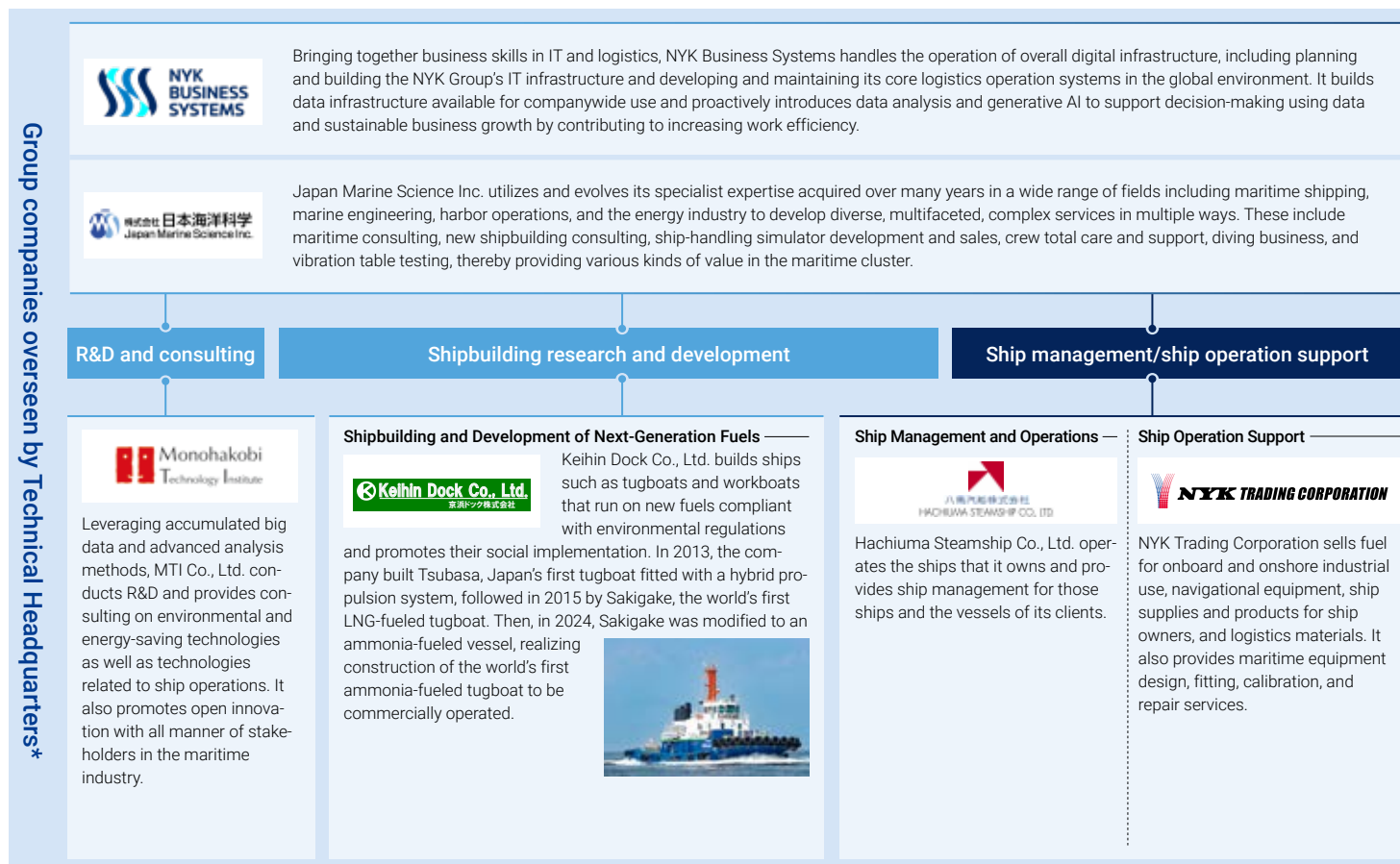
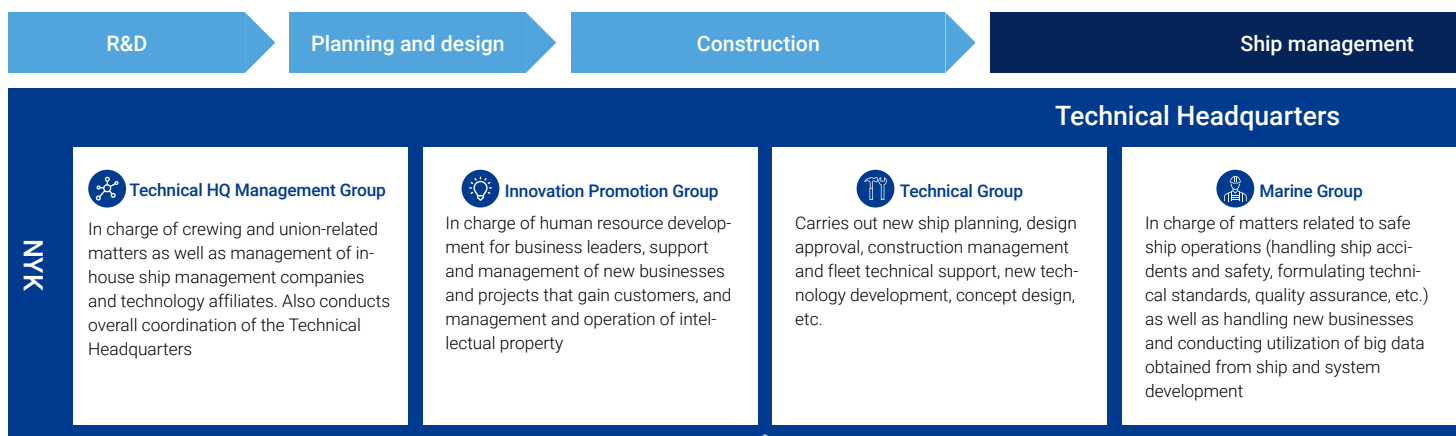
\*2 SHINRAI (Sustainable Hyperintelligent initiative by NYK for Risk profiling and Assurance Integrated system) quantitatively evaluates ships and ship management companies and monitors trends based on information obtained from NIBIKI, Port State Control (PSC) inspections, NAV9000 assessments, and other sources. By automatically collecting data, the system enables timely quantitative assessments as well as the use of data for trend monitoring and assessment and other measures that promote safe ship operations.



# Our Technological Capabilities for Co-Creating Value Required for the Future

## ▶ Concentrating the Diverse Technological Capabilities of the NYK Group

Ship-related technologies need not only to be developed but also refined to a point that ultimately enables safe ship operations by employees at sea and onshore. For this reason, real frontline ship operation expertise needs to be incorporated into the technology development stage, and that is why the NYK Group has developed diverse technologies organically, both at the Company and at Group companies rather than relying on outsourcing or M&A. By reforming and reorganizing these technologies and combining them with the expertise of external partners, we will accelerate the resolution of social issues, the evolution of new businesses, and the advancement of existing core businesses.



Group companies overseen by Technical Headquarters\*



Note: The companies presented here are Group companies overseen by the Technical Headquarters, in which NYK is the largest shareholder.

## SPECIAL FEATURE

### Our Technological Capabilities for Co-Creating Value Required for the Future



#### Ammonia-Fueled Vessel Development Project



## Ammonia-Fueled Vessel to Increase the NYK Group's Corporate Value and Create Social Value

The NYK Group is currently promoting a range of initiatives, having declared its intention to achieve net-zero greenhouse gas (GHG) emissions by 2050. One of these initiatives is the ammonia-fueled medium gas carrier (AFMGC), which is to be delivered in 2026. The development and social implementation of the world's first AFMGC will be a significant pillar of the Group's GHG emissions reduction and corporate value enhancement going forward. Moreover, it is expected to drive decarbonization of the maritime shipping sector while revitalizing Japan's maritime industry.

### Importance of Co-Creation for the Wider Adoption of Ammonia

The majority of demand for ammonia has conventionally been for use as a chemical raw material for fertilizer and other applications. However, due to its characteristic of not emitting CO<sub>2</sub> when combusted, expectations are rising for the use of ammonia in new fields such as a next-generation fuel for shipping and thermal power generation and as a hydrogen carrier.\* The Group has focused on ammonia as a solution to reduce GHG emissions in the maritime shipping sector and has been developing an AFMGC.

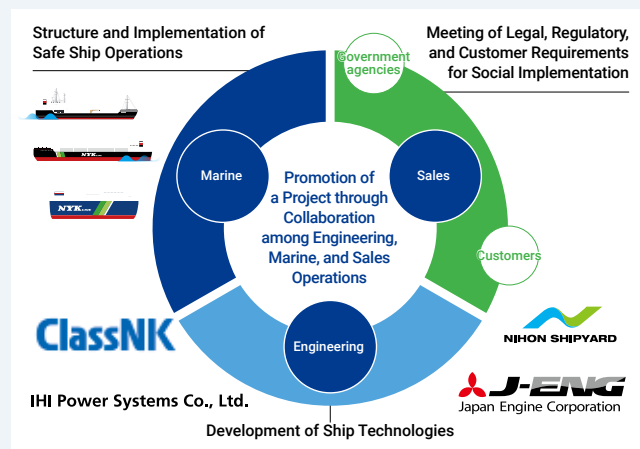
However, as there is no precedent for the use of ammonia as a marine fuel, the development itself is a world first. There is also no ammonia-fueled engine or prototype of an AFMGC. In addition, ammonia has the characteristics of being toxic, corrosive, and flame-retardant. To overcome these challenges and create a completely new vessel and engine, it was essential to collaborate with partner companies. Furthermore, beyond the physical elements of a vessel and engine, the project also requires the development of non-physical elements for safe operation. We are also expected to contribute to the establishment of international rules to support the wider adoption and expansion of ammonia-fueled vessels, which has required collaboration with government agencies.

### A Co-Creation Project through Collaboration among Engineering, Marine, and Sales Operations

To overcome these challenges, the Company is promoting a project undertaken by a team made up of members from across different professional fields that integrates engineering, marine and sales operations. The Technical Group, made up of naval architects, led the effort to develop the hull and engine, working together with partner shipyards and engine makers. In parallel, the Marine Group, comprising ship operation specialists, provided advice for safety specifications for safe operations and the creation of an operation manual. The Ammonia Fueled Vessel Development Team, in charge of sales, had the role of working on legal and regulatory compliance with government agencies and dealing with customers and others to assist the social implementation of the AFMGC developed with partner companies.

Ammonia-fueled vessels have drawn attention in various fields, and while there are high expectations for them from society, there are also

risks that come with using a new fuel. We have been addressing and resolving all manner of risks and challenges by combining diverse knowledge across different professions, companies, and industries. Through this unprecedented co-creation effort, we aim to achieve social implementation of a safe, secure AFMGC vessel.



### Enhancement of Corporate Value through Co-Creation

The AFMGC development project has involved an unprecedented number of diverse participants, which has had the effect of promoting the creation and development of new networks, particularly with partner companies. Such effects are the embodiment of the kind of co-creation that the NYK Group is aiming for. We believe they will form the foundation for new exploration going forward.

In addition, in this project the assigned personnel are engaged in numerous multifaceted discussions that range beyond their own fields of specialization, making it an excellent opportunity to develop human resources who can lead the exploration of new businesses.

Numerous hurdles remain to be overcome to realize social implementation of AFMGCs, and we are steadily carrying out testing and development. As pioneers in ammonia-fueled vessels, the NYK Group and its partners aim to enhance their corporate value by establishing a competitive advantage, while also creating social value in the form of a reduction in GHG emissions in the maritime shipping sector and the revitalization of Japan's maritime industry.

\* Substances that convert hydrogen into a state that is more manageable for transporting and substances containing hydrogen that can be efficiently transported.

## ▶ Leading Social Discussion and Accelerating Co-Creation for Implementation

The NYK Group is currently working to develop new technologies that have not existed in society before. Implementing these technologies requires not only technology development but also construction of social systems that enable participation by various stakeholders. It is important to increase the number of partners in our project and overcome challenges through various negotiations, such as aligning interests that include ship operation rules and safety standards.

Through proactive information dissemination, the Group has sought to draw attention to the advanced nature of its initiatives and the high level of its technological knowledge, and to lead the discussion through worldwide consultations, leveraging strong centrifugal force to invigorate co-creation and collaboration, including on global rulemaking. Through these initiatives, we are building the foundations for the Group's future and ultimately aim to contribute to the growth of Japan as a maritime nation.

### Recent Initiatives

#### ● Proactive Information Dissemination and Proposals for Issues

##### Exhibiting and Speaking at International Events

###### Panel Discussion at a COP28 Side Event

We spoke about the need for investment in the production of alternative fuels and collaboration throughout the entire supply chain, and initiatives for decarbonization, such as hydrogen strategies, as well as the current status and issues for ship-scrappping and other topics.



###### Others

- Gastech 2023
- Sea Japan 2024
- Asia and the Pacific Transport Forum held by the Asian Development Bank, etc.

##### Explanation and Discussion with Overseas Governments and Institutions

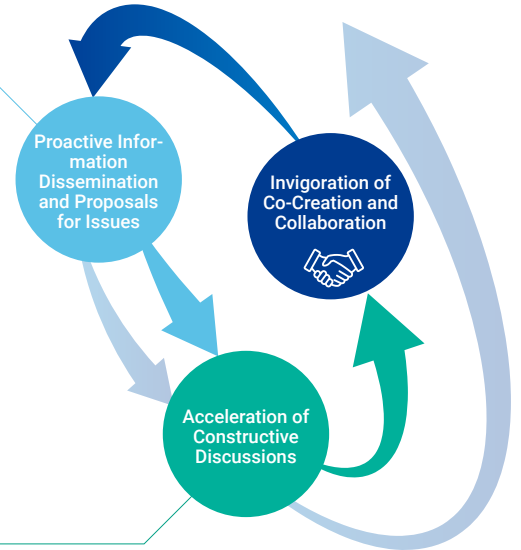
###### Meeting with Members of the German Parliament

Members of the German Committee on Transport sought to exchange information with NYK. We had a discussion about NYK's decarbonization strategies and the status of the ammonia fuel-related project.



###### Others

- Meeting on Climate Change and Gender Equality with the executive director of the UN Global Compact
- Exchange of opinions with the Norwegian prime minister and accompanying delegates
- Exchange of opinions with members of the Finnish Parliament



#### ● Acceleration of Constructive Discussions

##### Participation in Shipping Industry Rule-making

###### Support for the Japanese Government in Discussion at the International Maritime Organization

NYK Group companies participated in a discussion at the Maritime Safety Committee (MSC) of the International Maritime Organization (IMO) regarding the establishment of rules for autonomous ships to provide technical expertise for supporting the relevant government agency participating as the representative of Japan. We also have discussion with the Ministry of Land, Transport and Tourism and other relevant government departments beforehand in order to consolidate our opinions.

##### Participation in a Consortium and an NPO

###### Smart Freight Centre

The Company became a member of the international NPO Smart Freight Centre, which aims to reduce greenhouse gas emissions in the logistics sector.



###### North Pacific Green Corridor Consortium

NYK Bulk & Projects Carriers Ltd., an NYK Group company, participated as a core member in the non-profit consortium, which aims to decarbonize supply chains in Canada, Japan, and South Korea.



##### Increasing Discussions with Major Maritime Shipping Countries

###### Signing of an MOU with the Maritime and Port Authority of Singapore

The agreement covers cooperation on various initiatives including the use of clean ammonia fuel as marine fuel, digital transformation, and the development of maritime personnel.



## ═ Voice



**Minoru Matsubara**

Chief Sustainability Officer,  
Managing Executive Officer  
Responsible Investment Division  
Resona Asset Management  
Co., Ltd.

### Focus Points in the NYK Group's Initiatives and Expectations for the Future

The NYK Group's Vision has been articulated as "We go beyond the scope of a comprehensive global logistics enterprise to co-create value required for the future by advancing our core business and growing new ones."

When proclaiming a vision and forging a path forward, it is important to not only follow the rules but also change them for the better. Amid dramatic changes in society and the economic situation, in order to develop the NYK Group and society under the Vision with Integrity, Innovation, and Intensity (= Value), the Group must not only forge a path in accordance with the rules

but also make the rules and demonstrate the ability to lead even more than before. At a meeting with the Minister of the Environment at COP28 Dubai, I was very impressed by the NYK's powerful message for rulemaking and felt that it showed a high level of leadership ability.

The NYK Group's Mission, "Bringing value to life," shows its dedication to the value the Group brings to all living things and the environment while realizing prosperous lives and daily fulfillment for people around the world. I hope to see the NYK Group involve a large number of companies and stakeholders and exercise leadership from a higher perspective.

# Progress of Management and Business Strategies

Our key strategy is a business growth strategy that simultaneously implements existing core businesses and invests in the creation of new growth businesses. The key strategy entails ambidextrous management (AX) and business transformation (BX). Through the key strategy, the NYK Group aims to enhance the competitive advantages of its overall business. To support the key strategy, we are also pursuing strategies aimed at other types of transformation.

Our ESG management has moved into the implementation phase. Various initiatives are progressing toward full-scale social implementation and commercialization. We will further enhance our ability to advance strategies and maximize corporate value with the aim of realizing our Vision for 2030.



## Progress of Management Strategy (ABCDE-X)

Contribution to the Decarbonization of Society through Offshore Wind Power-Related Businesses

AX • BX × EX

Ambitious Initiatives Trialing New Fuels and Developing Next-Generation Fuel Ships

AX • BX × DX • EX

Ambitious Initiative for a Liquefied CO<sub>2</sub> Maritime Transportation and Storage Business

AX • BX × EX

Utilization of 3D Models to Improve the Efficiency of Ship Design

AX • BX × DX





**Ambitious Initiatives for the Development and Social Implementation of Autonomous Ships**

AX · BX × DX

**Expansion of the Logistics Business Value Chain**

AX · BX × DX

**Strengthening of the LNG Business and Contribution to Supply Stability**

AX · BX × DX

P.44 Liner & Logistics

P.56 Decarbonization Initiatives

**Ambitious Initiative for the Development of the Space Business**

AX · BX × DX

**Safe and Efficient Ship Operations through the Use of Data**

AX · BX × DX

**Ambitious Initiatives to Utilize the Capabilities of the Group's 35,000 Employees**

CX

Vol.14, Discover Our ESG Stories

P.22 SPECIAL FEATURE The NYK Group's Growth Drivers Technological Capabilities and Human Resources

[https://www.nyk.com/english/esg/does/stories/detail\\_14.html](https://www.nyk.com/english/esg/does/stories/detail_14.html)

Next page

Progress of Management Strategy (ABCDE-X)

Contribution to the Decarbonization of Society through Offshore Wind Power-Related Businesses

AX・BX

×

EX

Operation of a Crew Transfer Vessel and the Opening of a Training Center for Offshore Wind Power Generation Workers

In July 2023, at Ishikari Bay New Port we began operating Rera As, which is a crew transfer vessel (CTV) for offshore wind power operations and the first such vessel to be owned and operated by the NYK Group. The vessel has been certified by Nippon Kaiji Kyokai (ClassNK) as complying with the International Safety Management Code, which confirms that the vessel has established a ship safety management system meeting international standards. The vessel is also the first domestic CTV to receive a Wind Farm Support Vessel notation, which recognizes that the vessel is fully equipped with the facilities and manuals necessary for the safe transportation of workers. Also, in January 2024 NYK placed its first order with a Japanese shipyard for a CTV. By expanding our CTV fleet, we aim to play an active role in promoting sustainable energy.

With a view to meeting future growth in the domestic demand associated with offshore wind power, in April 2024 we opened the Akita School of Wind and Sea—a training center jointly operated with Nippon Marine Enterprises, Ltd.—in the training building of Akita Prefectural Oga Kaiyo Senior High School. We will provide basic safety training for offshore wind power generation workers and for crew members as well as simulator-based ship-handling training. Our aim is for approximately 1,000 personnel to complete this training each year. Moreover, we will arouse the interest of Akita Prefectural Oga Kaiyo Senior High School students and students of nearby elementary and junior high schools by opening the training center to them. In this way, we will contribute to local development and foster future maritime human resources.



The CTV Rera As



The ship-handling simulator used for training at the Akita School of Wind and Sea  
© Nozomi Takahashi (ozimoncamera)



Ambitious Initiatives Trialing New Fuels and Developing Next-Generation Fuel Ships

AX・BX

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DX・EX

Commencement of the Operations of an Ammonia-Fueled Tugboat

In August 2024, the ammonia-fueled tugboat Sakigake began operations in the Port of Yokohama. Sakigake was an LNG-fueled tugboat, which we converted to create the world's first commercial ammonia-fueled vessel. Based on co-creation with IHI Power Systems Co., Ltd., and ClassNK, in 2021 NYK began developing the ammonia-fueled tugboat as one of the Green Innovation Fund Projects of the New Energy and Industrial Technology Development Organization (NEDO). In developing the tugboat, we have steadily accumulated technologies and achieved world firsts. These include obtaining an approval in principle from ClassNK for an ammonia-fueled vessel, approval from ClassNK for an ammonia-fueled marine engine developed by IHI Power Systems, and realization of truck-to-ship ammonia bunkering. We will make use of the knowledge acquired through the social implementation of the tugboat in the construction of the ammonia-fueled ammonia gas carrier scheduled for completion in 2026. Through this initiative, we will promote ammonia-fueled vessels.



Sakigake, an ammonia-fueled tugboat which is converted from LNG-fueled tugboat

Ambitious Initiatives for the Development and Social Implementation of Autonomous Ships

AX・BX

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DX

Toward Social Implementation in the Second Stage of a Fully Autonomous Ship Project

NYK and NYK Group companies Japan Marine Science Inc., MTI Co., Ltd., and Kinkai Yusen Kaisha Ltd. are participating as members of the DFFAS+ (Designing the Future of Fully Autonomous Ships Plus) consortium in MEGURI 2040 Fully Autonomous Ship Project promoted by the Nippon Foundation. In the first stage, a demonstration trial of the operation of a fully autonomous ship between Tokyo Bay and Ise Bay was completed. The aim of the second stage is to achieve full-fledged practical implementation of the technologies developed for fully autonomous ships. With this in mind, the consortium will conduct a demonstration trial of ship-land operations utilizing four different types of coastal ships and fleet operation centers in two locations. The consortium aims to establish commercial operations utilizing the developed technologies. In addition, initiatives will be undertaken to move forward with the technology-related aspects of the project, such as establishing international standards for fully autonomous ship technologies and obtaining certification for the systems developed (including cooperation in the examination of certification schemes). Also, the project will help to establish a basis for social implementation by contributing to the formulation of laws, regulations, and rules.



A fleet operation center, which supports the remote operation of fully autonomous ships  
© The Nippon Foundation

## Ambitious Initiative for a Liquefied CO<sub>2</sub> Maritime Transportation and Storage Business

AX · BX

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EX

### Commencement of a Joint Study on Optimization of a CO<sub>2</sub> Liquefaction and Storage Process

Since establishing Knutsen NYK Carbon Carriers AS (KNCC) as a joint venture with the Knutsen Group\*<sup>1</sup> in 2022, we have been developing a liquefied CO<sub>2</sub> carrier with the aim of participating in the carbon capture, utilization, and storage value chain. There are three methods of liquefied CO<sub>2</sub> transportation: low pressure, medium pressure, and elevated pressure. Including technology jointly developed with Mitsubishi Shipbuilding Co. Ltd., the NYK Group has acquired approval in principle for all three methods. Among these methods, the elevated pressure method\*<sup>2</sup> is a proprietary technology of KNCC. In March 2024, JX Nippon Oil & Gas Exploration Corporation, NYK, and KNCC signed a memorandum of understanding on a joint study aimed at optimizing a carbon dioxide liquefaction and storage process that uses Cargo Tank Cylinders, a proprietary technology of KNCC. We will conduct optimization verification by the latter half of 2024 and work toward social implementation of a carbon capture, utilization, and storage value chain that encompasses CO<sub>2</sub> capture from factories through to liquefaction and temporary storage.



KNCC's demonstration facility  
(Cargo Tank Cylinders test rig)

\*1 The Knutsen Group is a Norway-based comprehensive shipping corporate group. NYK and the Knutsen Group are jointly engaged in the operations of NYK Offshore Tankers AS, one of the world's leading shuttle tanker operators.

\*2 The details of the design of the elevated pressure method have acquired a General Approval for Ship Application from Norwegian classification society DNV.

## Utilization of 3D Models to Improve the Efficiency of Ship Design

AX · BX

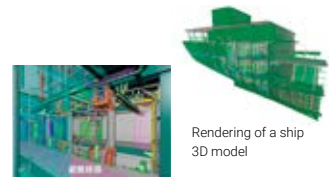
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DX

### Digital Transformation of Ship Life Cycles

In March 2024, NYK received 3D model-based approval from ClassNK for the basic design of a new multipurpose container ship. A collaborative system was utilized so that ClassNK was able to use its proprietary system to check 3D model data created by NYK. This new method streamlines design and approval by eliminating an information-sharing process that utilizes 2D drawings.

In May 2024, NYK, MTI, and Smert Design Co., Ltd. launched a trial for the utilization of 3D models in the initial design phase of ship construction. The trial is part of the Ship Design Streamlining Project by Front Loading,\*<sup>1</sup> a joint research project being advanced by the three companies. The trial aims to model 3D design information of existing similar ships and sister ships. With the aim of facilitating smooth decision-making, designs applicable to the new ship will be examined and discussed on the same system by the shipyard and the shipping company. The use of the same system makes communication easier and reduces the work and processes required for ship designs, which are becoming increasingly complex. Further, we plan to utilize 3D designs to establish a 3D model-based ship management tool that we refer to as "digital finished plans."\*<sup>2</sup> The conversion of finished plans from 2D drawings into 3D drawings promises not only to allow rapid understanding of drawings but also to promote the use of ship maintenance and management data for the digitally enabled management of ships.



Rendering of a ship's interior 3D model

\*1 This method gives priority to important decisions and design elements in the early stages of the design process. It reduces design changes in the later stages and increases quality and productivity.

\*2 This is a generic term for documents that are prepared based on the design drawings delivered upon completion of a ship. They include specifications, calculation sheets, equipment lists, and operation manuals.

## Ambitious Initiative for the Development of the Space Business

AX · BX

✕

DX

### Creation of New Value through a Ship-Enabled Space Business and the Utilization of Satellite Data

We are currently engaged in research and co-creation with various partners to commercialize an idea for launch-site ships that launch rockets from the ocean, which was proposed by employees training at NYK Digital Academy.\* By providing unprecedented services that integrate operations at sea and in space, we aim to participate in and contribute to the development of the space industry based on our competence as a comprehensive logistics company. In 2022, a joint proposal submitted by NYK and Mitsubishi Heavy Industries, Ltd. was accepted by the Innovative Future Space Transportation Program of the Japan Aerospace Exploration Agency (JAXA), and the three parties began joint research on the theme of marine retrieval of a reusable rocket. In April 2023, we established the Advanced Tech and Space Business Development Team. Our goal is to establish operations for the launch of rockets and the marine retrieval of reusable rockets. Ultimately, we want to create a new business that combines data from launched satellites with data from ship operations.

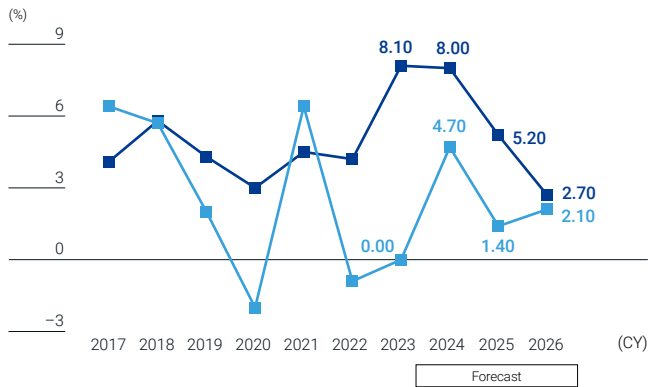


\* An NYK Group training program that develops business leaders who have insight into real customer needs and take the initiative to innovate and reform

# Environment Analysis

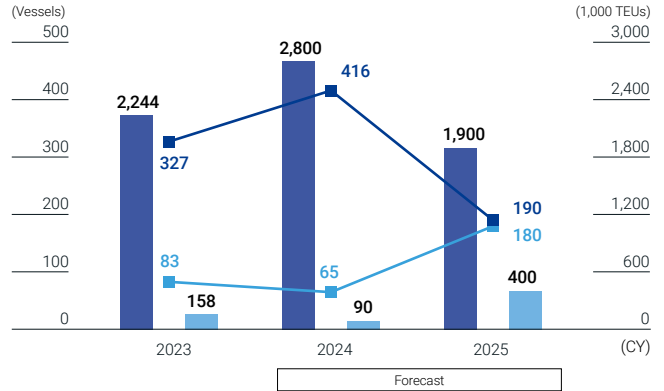
## Liner Trade

Increase in Seaborne Trade and Fleet Tonnage (YoY%)



Source: Created by NYK based on Drewry Maritime Research Container Forecaster Quarter 2, June 2024

Vessel Completion and Scrapping (As of July 31, 2024)



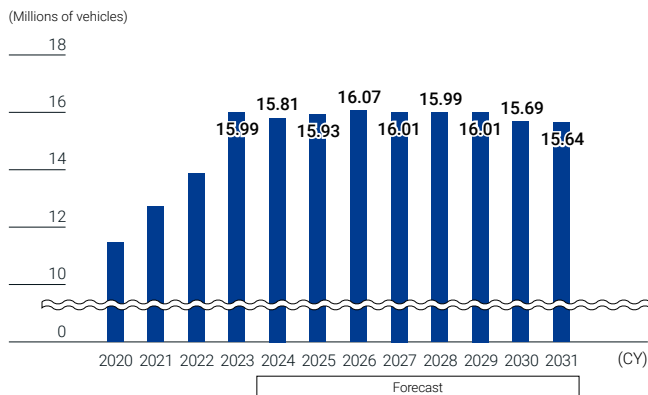
Source: Created by Research Group of NYK based on MDS, S&P Global, Drewry, and Clarksons Research

### Environment Analysis: Liner Trade Business

- Although the rapid increase in container cargo movements in 2021 slowed in 2022, they are expected rise again in 2024, mainly from Asia to North America, due to such factors as the Red Sea crisis.
- Completion of the record-breaking number of new container vessels ordered since 2020 is expected to begin in earnest from 2023, with completions reaching a peak in 2024.
- The scrapping of container vessels stagnated due to a shortage of container shipping capacity, which resulted from a steep increase in cargo volume, which was caused by stay-at-home demand during the COVID-19 pandemic, and from the detour of vessels to the Cape of Good Hope in response to the Red Sea crisis.
- Although the outlook for the Red Sea crisis is uncertain, the aging of fleets and the replacement of vessels with next-generation fuel ships could lead to more scrapping from 2025 onward.

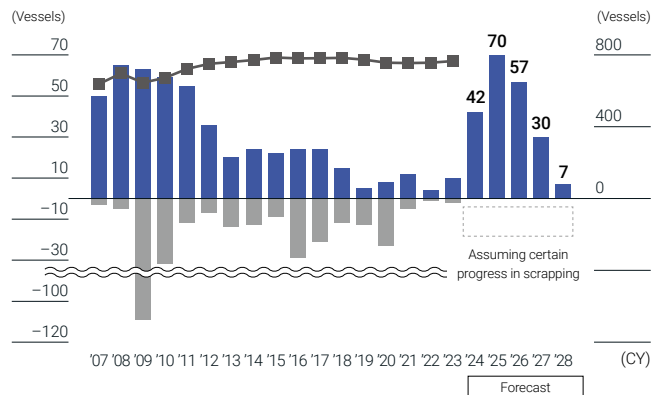
## Automotive Business

Worldwide Car Transportation Volume (Excluding Intra-Region Transportation)



Source: Created by NYK (including estimation)

Pure Car and Truck Carriers: Completed, Scrapped, and Operating Ships



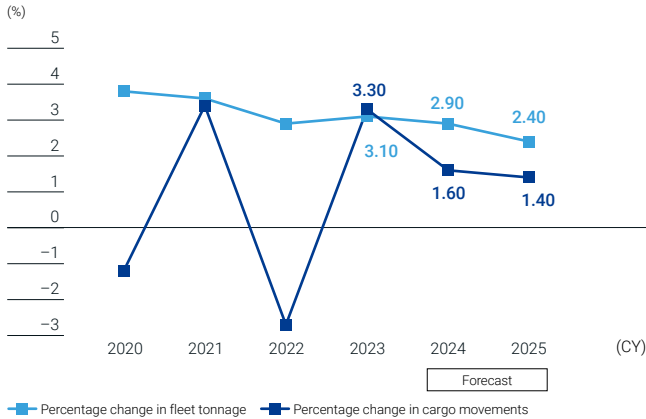
Source: Data by Clarksons (Graph is created by NYK)  
 Note: Includes vessels with capacities of less than 3,000 vehicles (69 ships as of April 2024)

### Environment Analysis: Automotive Business

- Shipping capacity supply–demand is tight due to strong transportation demand and a limited supply of shipping capacity.
- Many newbuild vessels are scheduled for completion in and after 2025. The shortage of shipping capacity could temporarily ease.
- Shipping capacity demand trends require careful monitoring due to logistical constraints—such as changes in shipping routes as a result of geopolitical risks and ships idling in various regions—as well as the impact of slow-steaming operations and other environmental measures.

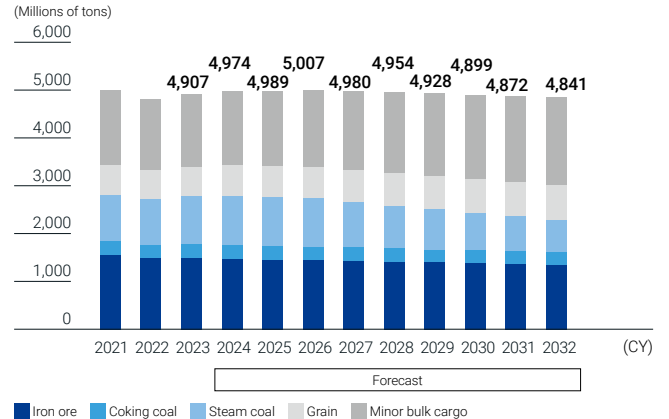
**Dry Bulk**

**Increase in Seaborne Trade and Fleet Tonnage**



Source: Created by NYK based on Clarksons Dry Bulk Trade Outlook (April 2024)

**Volume and Forecast of Dry Bulk Seaborne Trade**



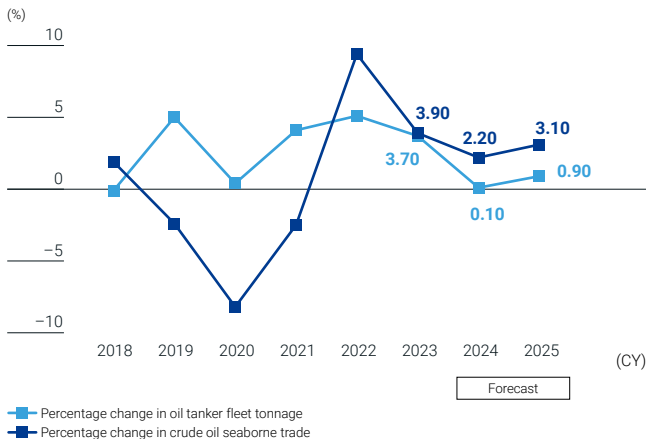
Source: Up until 2022 prepared by NYK and from 2023 onward estimated by NYK

**Environment Analysis: Dry Bulk Business**

- For respective ship sizes, the pressure from excess capacity supply is limited. Although there are ships on order from 2024 onward, the ratio of ships on order is lower than that of other ship types.
- Business conditions are expected to remain favorable. While orders for new-ship construction are at a low level, in fiscal 2025 and beyond some number of aging vessels may exit from the market. Also, firm demand for iron ore and coking coal is expected.

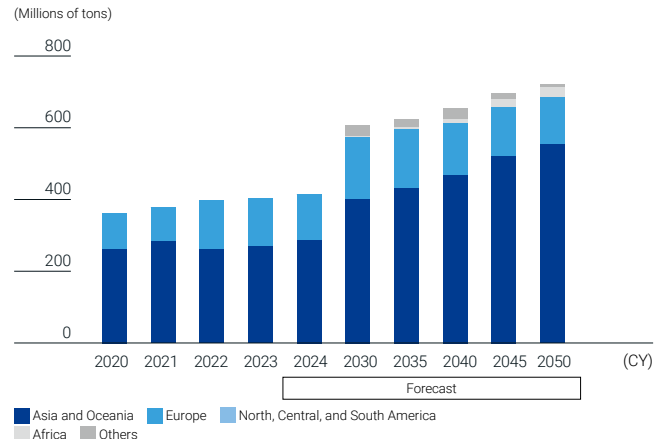
**Energy**

**Increase in Seaborne Oil Trade and Fleet Tonnage**



Source: Created by NYK referring to Clarksons Oil & Tanker Trades Outlook (May 2024)

**LNG Transactions and Demand Forecast**



Source: Created by NYK with reference to S&P Global Commodity Insights "LNG Supply Demand Gap (January 2024)"

**Environment Analysis: Energy Business**

- With respect to supply and demand related to crude oil trade, growth in demand is expected to surpass growth in supply over the short to medium term.
- Demand for LNG is expected to remain strong, especially in Asia.
- Population growth and economic development are likely to lead to moderate growth in demand for energy transportation, centered on emerging countries. However, careful monitoring of structural changes is required. These include the progress of decarbonization and the increase in renewable energy.

# LINER & LOGISTICS HEADQUARTERS

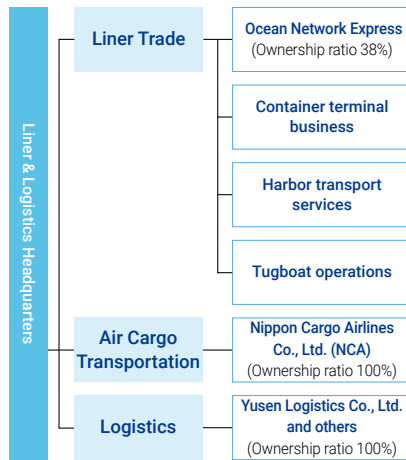
As part of social infrastructure and the core business of the Group, we aim to deliver sustainable growth through earnings power.

Takuji Banno

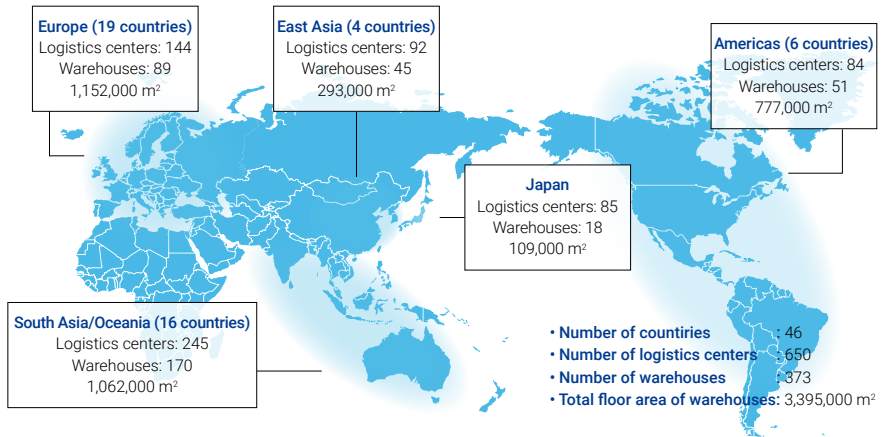
Managing Executive Officer  
Chief Executive of Liner & Logistics Headquarters



## Business Model of Liner & Logistics Business



## Logistics Center Locations (As of March 31, 2024)



## Strategic Points and KPIs of ONE 2030 Medium-Term Management Plan



Major KPIs			
Long-term ROE target	Decarbonization targets	Fleet scale (Fiscal 2030 target)	Investment (Fiscal 2024–Fiscal 2030)
10% or more	• Emissions intensity, Scope 1 (by 2030) <b>70%</b> reduction	3 million TEU level	US\$25 billion to US\$35 billion
	• Absolute emissions, Scope 1+2+3 (by 2050) <b>Net-zero GHG emissions</b>	Net profit (Fiscal 2030 target) US\$3.8 billion	Dividend payout ratio (Fiscal 2024–Fiscal 2026) Over 30% Special dividend at US\$3 billion level

## Summary of Fiscal 2023

The Liner & Logistics Headquarters oversees business that includes container ships, logistics, air cargo, tugboats, and harbor operations, with global operations mainly handling general consumer goods. In fiscal 2023, earnings grew along with rising freight market rates from the third quarter onward. The rise reflected a tighter demand and supply balance due to the impact of longer lead times as shipping was obliged to detour around the Suez Canal following unrest in the Middle East and due to an increase in the number of waiting days at the Panama Canal due to tightened transit restrictions. In North America, the economy remained resilient, and we were able to capture the demand for North America-bound cargo particularly from China.

## Business Policy for Fiscal 2024

### Liner Trade

There is no change to the outlook for continued growth in transportation demand for general consumer goods as the global population increases. However, a surge in delivery of new vessels has continued since the autumn of 2023, and is expected to continue in fiscal 2024, with the possibility of an oversupply of fleet capacity. This trend is expected to continue until 2025–2026; however, the demand–supply balance is expected to be gradually restored as ship scrapping that had been held up during the COVID-19 pandemic accelerates in response to tightening of environmental regulations. Since the number of container shipping companies has decreased, and discipline within the alliance has become easier to maintain, we no longer operate with the expectation of making a loss. In addition, each container shipping company is stepping up initiatives for efficient operations, such as slow-steaming. Given this environment, Ocean Network Express Pte. Ltd. (ONE) aims to increase its fleet scale to the 3 million TEU (twenty-foot equivalent unit) level, backed by world-class earnings capability, establish global services to

steadily capture demand, and accelerate investments for decarbonization in order to achieve more sustainable growth in line with its medium-term management plan, ONE 2030, announced in March 2024. ONE will prioritize growth investments while conducting agile shareholder returns based on the status of internal reserves each year and working to optimize the balance sheet.

### Logistics

Under its medium-term management plan, the NYK Group has positioned its logistics business as a growth engine that makes up the core of the Group's global network. From the perspective of building a business portfolio based on the shipping business with its rapid market fluctuations, the logistics business is expected to provide a stable contribution in terms of profitability. Yusen Logistics Co., Ltd. (YLK) operates the air and ocean freight forwarding businesses, as well as contract logistics, supply chain solutions, and customs clearance and land transportation operations. The company is firmly capturing demand centered on North America, where business conditions are favorable, and is steadily accumulating profits. With freight rates returning to previous levels after spiking during the COVID-19 pandemic, the forwarding business is unlikely to see the profit levels of the past few years, but we will continue to steadily generate profits in fiscal 2024, mainly in the contract logistics business, where stable earnings are expected to continue. The business of delivering items to people will continue, and we must firmly capture demand and grow the logistics business. Under the Group's medium-term management plan, we have set a special investment quota of ¥140.0 billion by fiscal 2026, which also includes the logistics business. There are limits to how much further growth can be achieved organically, and we will therefore continue to make necessary investments in fiscal 2024.

### Coastal Shipping and Harbor Transport

In addition to ONE and YLK, the division includes companies that support the

Group's domestic logistics services, such as Kinkai Yusen Kaisha Ltd., which handles coastal shipping operations using roll-on roll-off ships, as well as companies involved in freight importing and exporting services in Japan, such as on-site services around ports and inland transportation of shipping containers. In this business area, the problem of labor shortages will undoubtedly emerge going forward, and GHG emissions reduction activities are also expected to advance rapidly. The Company will utilize the knowledge it has cultivated in the oceangoing business to help find solutions to these social issues and contribute to the sustainable growth of the logistics business in Japan.

# AUTOMOTIVE BUSINESS DIVISION

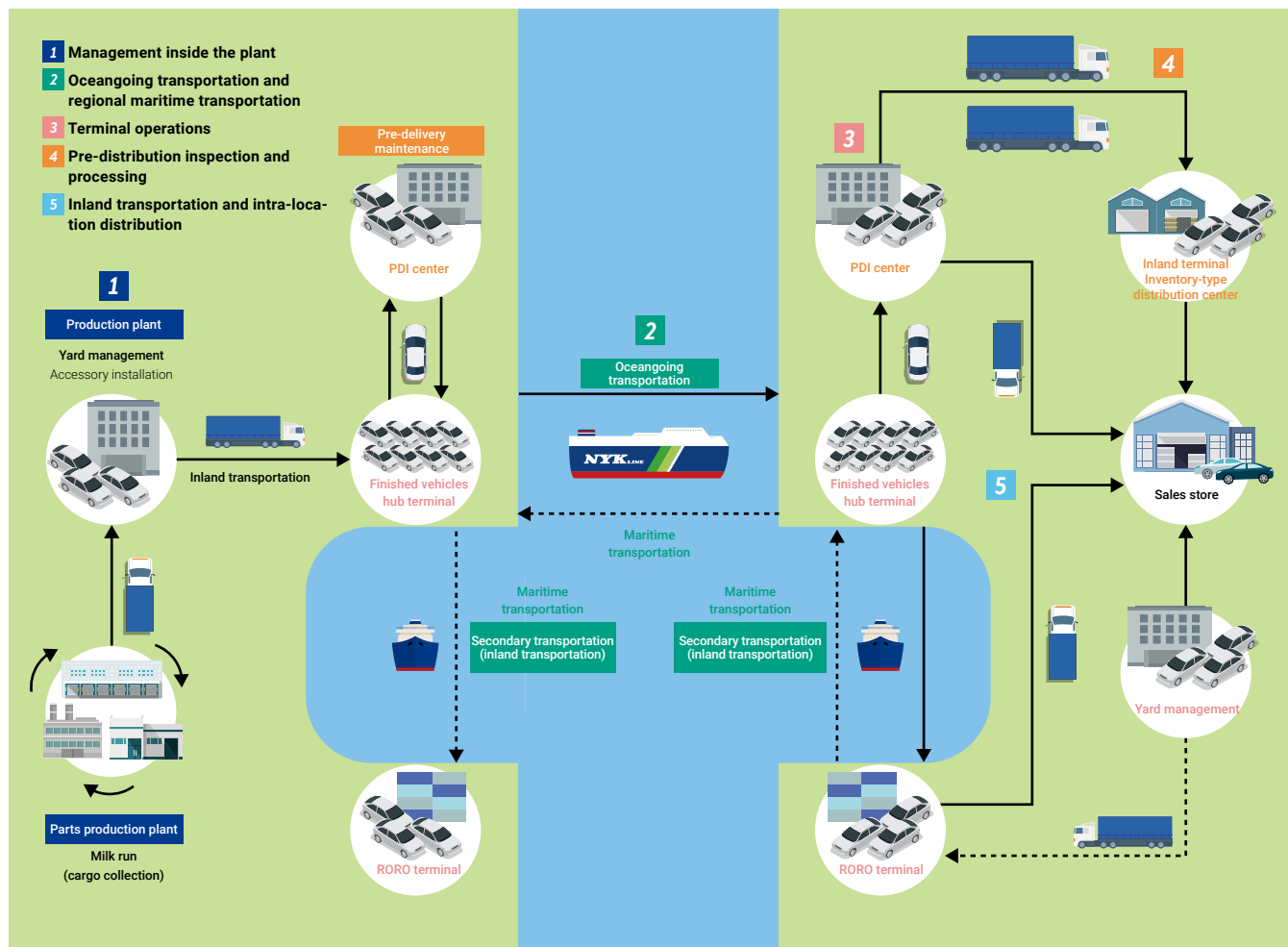
We will stay one step ahead of the rapidly changing automotive industry in our environmental response and provide a wide range of solutions.

Yutaka Ikeda

Managing Executive Officer  
Chief Executive of Automotive Business Division



## Automotive Business Value Chain





## Summary of Fiscal 2023

The Automotive Business Division is committed to its mission of delivering vehicles safely and reliably to every corner of the world and is engaged in key management goals focused on four S.

### Key Management Goals for the Automotive Business: four S

Solution	<p><b>Quality Improvements in three areas: ships, ship operations, and material handling</b></p> <ol style="list-style-type: none"> <li>1. Thorough deployment and sharing of information</li> <li>2. Promotion of DX and safe navigation in ship operations</li> <li>3. Continuation of activities to increase frontline capabilities</li> <li>4. Establishment of fire prevention measures</li> </ol>
Sustainability	<p><b>Implementation of GHG emissions reduction measures</b></p> <ol style="list-style-type: none"> <li>1. Increased deployment of LNG-fueled vessels</li> <li>2. Promotion of slow-steaming operations</li> <li>3. Use of biofuels and energy-saving devices fitted to ships</li> <li>4. Environmental impact reduction measures at business sites</li> </ol>
Synergy	<p><b>Strengthening of customer services and development sales</b></p> <ol style="list-style-type: none"> <li>1. Maintenance of a highly profitable cargo collection system</li> <li>2. Business expansion through collaboration between car carriers and automotive logistics</li> <li>3. Proactive reorganization of customer portfolio</li> <li>4. Fleet maintenance to support flexible services</li> </ol>
Strength	<p><b>Increase in organizational capabilities</b></p> <ol style="list-style-type: none"> <li>1. Continuation of workplace environment improvement activities</li> <li>2. Companywide human resource development in Japan and overseas</li> <li>3. Continuation of activities to maintain and improve governance</li> <li>4. Continuation of divisional internal improvement activities</li> </ol>

In the automotive industry, transport demand has been unstable over the past few years due to the impacts of the COVID-19 pandemic and a shortage of semiconductors. However, in fiscal 2023, these impacts were mostly resolved, and strong transport demand has resulted in a chronic shortage of fleet capacity in pure car and truck carriers. In maritime shipping, we were faced with the issue of having to detour around the Suez Canal due to the turbulent

situation in the Middle East in the second half of fiscal 2023. Nevertheless, the division managed to steadily accumulate the number of vehicles transported by implementing smooth and seamless ship allocation plans and operations. This was achieved through coordination with customers based on numerous, direct discussions within headquarters and close communication with the front lines. Furthermore, in fiscal 2023, all eight initial orders for LNG-fueled pure car and truck carriers finally appeared in our fleet. We have acquired medium- to long-term transport contracts ranging from five to ten years for all eight vessels. As public awareness of Scope 3 GHG emissions increases, there is a palpable sense of growing interest among customers for medium- to long-term contracts for vessels powered by next-generation fuels. In the automobile logistics business, earnings grew rapidly after the completion of several years of efforts to liquidate unprofitable businesses and reallocate resources into areas where growth is expected. The automotive industry is currently undergoing significant changes regarding technology, distribution networks, and sales methods. Amid these changes, the division is currently examining new investment in the automobile logistics business, since it is extremely important to the further expansion of its business activities. Going forward, we will make full use of our new terminals and logistics centers to expand our business opportunities.

## Business Policy for Fiscal 2024

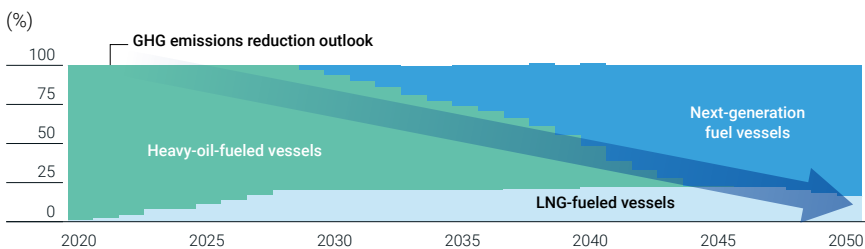
We will continue working on our four management goals focused on four S. Among

these, we plan to focus especially on three key issues. The first is building structures and systems to enable continuous provision of high-quality services in the event of a supply chain disruption amid increasing global geopolitical risks. In fiscal 2023, the division leveraged its organizational capability to achieve outstanding results in ship allocation planning and business planning. However, we are constantly aware of the potential for a situation beyond what we have envisaged, and we will further enhance our organizational capabilities and proposal capabilities to ensure that we can assist customers even in the event of an emergency.

The second issue is sales activities that look ahead to the elimination of supply shortages. In fiscal 2024, we expect fleet capacity shortages to continue; however, new ships ordered by each company are expected to be completed around 2025, which could rapidly reverse the supply shortage. We expect to be able to balance this to a degree by promoting scrapping and slow-steaming, and the division will minimize the impact of market fluctuations by working to acquire medium- to long-term contracts centered on vessels powered by next-generation fuels. Furthermore, in the past few years, demand for electric vehicles has risen around the world, and although the temporary overheating of demand has subsided, cargo volumes are expected to increase over the long term. We will therefore continue our initiatives for safety and quality in their transportation.

The third issue is our environmental response. In addition to using biofuels and next-generation fuels, the Group will make every effort to reach its GHG emissions reduction goals through a range of initiatives, including the removal of materials adhered to hulls and the use of high-efficiency energy-saving devices. We also expect a significant effect from slow-steaming. Thus, despite difficulties due to restrictions on logistics such as a detour around the Suez Canal and transit restrictions on the Panama Canal, we will encourage even greater coordination between sales representatives and voyage operators to enhance our ability to produce creative solutions.

### Car Carrier Portfolio (Road Map for 2050 under the Current Medium-Term Management Plan, by Type of Fuel)



# DRY BULK DIVISION

Leading business transformation with a more sophisticated business model.

Hiroaki Nishiyama

Managing Executive Officer, Chief Executive of Dry Bulk Division



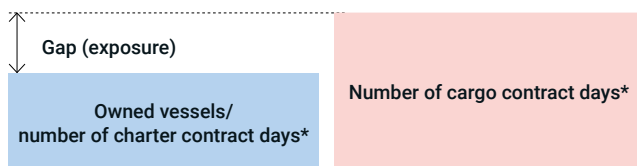
## Dry Bulk Division Main Overseas Offices (As of March 31, 2024)



## Four Strategies of Dry Bulk Division

- 1 Enhancing the sophistication of exposure management and market forecasting
- 2 Evolving into a non-asset dry bulk business
- 3 Strengthening the specialized carrier business to build up long-term stable profits
- 4 Participating in supply chains beyond the maritime shipping industry

## Management of Market Fluctuation Risk

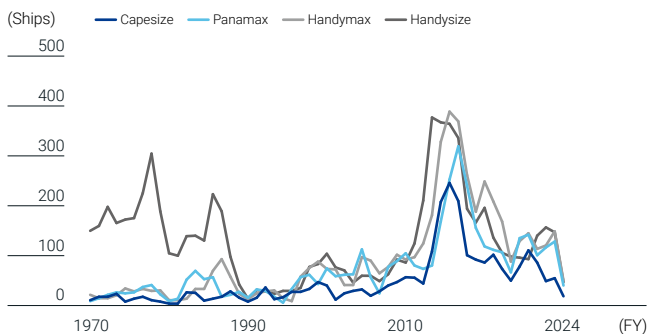


\* Market-linked contracts (index-linked charter contracts) are not included in the number of contract days.

- ① For a specific period in the future, income and expenditure fluctuate in line with maritime transport market conditions for the number of days in the gap.
- ② We calculate and track the number of exposure days for each future period and monitor to ensure it is within an appropriate range.
- ③ If necessary, we adjust the number of exposure days to an appropriate value using measures such as FFA\* transactions.

\* Freight forward agreement. A derivative transaction targeting the charter rate index for a specific period in the future

## Numbers of Completed Vessels by Type



Source: Clarkson Research Services

## Summary of Fiscal 2023

With a fleet of approximately 450 vessels ranging from coastal ships of 10,000 tons or less to 300,000 ton-class oceangoing ships, the Dry Bulk Division caters to demand of approximately 5 billion tons per year, providing cargo transportation services that support people's lives around the world. We define the Group's Mission, "Bringing value to life," as delivering value even to the customers of our customers, and we are working to realize this ideal through the Four Strategies of Dry Bulk Division and our ESG strategy. To provide value to many customers operating their businesses in regions around the world, the division is working together to promote the abovementioned strategies under the concept of "on the same page."

In fiscal 2023, dry bulk freight market rates fell below initial expectations for a time, but the success of the above strategies enabled us to steadily accumulate earnings. To manage our exposure, we have created and refined management methods to sharpen a picture of our exposure and established a system for judging whether or not to make important strategic business investments based on a highly precise assessment of risk. In the dry bulk business, we aggressively promoted medium-term charter contracts of two years or longer to stably secure ships with high environmental performance, which are increasingly in demand. In the past, the market price risk of long-term charters and owned ships weighed on the division's earnings at times. However, by changing our policy to one of concluding new contracts for a certain number of ships, we consider that we have achieved satisfactory results from the perspective of contributing to achieving GHG emissions reduction targets and increasing profitability through fuel efficiency. Regarding accumulating long-term stable profits, in an environment where customers' business structures are changing, thus requiring us to provide flexible transportation services, by placing advance orders for LNG-fueled vessels and proposing the added value of minimizing environmental impact to customers, we have managed to conclude

stable long-term contracts. Moreover, regarding participating in supply chains beyond the maritime shipping industry, we increased our opportunities for concrete dialogue with many customers by having a deeper discussion about how to approach the transportation of reduced iron, which is expected to increase in the future, from a perspective of decarbonization. All of these measures have room for further development, and we intend to continue them.



SG Ocean, an LNG-fueled capesize bulk carrier (with an LNG dual-fuel engine)

## Business Policy for Fiscal 2024

In fiscal 2024, we intend to continue promoting our strategies from fiscal 2023.

The number of new ships on order for dry bulkers in the global market is currently at quite a low level. Iron ore demand in China is strongly rooted, and demand for coking coal used for steelmaking is also expected to remain solid. Under these conditions, the freight market rate is expected to remain favorable to a certain degree, albeit with some fluctuation. However, it would be better to avoid making an easy assumption that demand will continue in the future, and we will apply fixed-point observations even more rigorously.

Regarding our ESG strategy, we are working on diverse measures on various front lines, such as sales, operations, and charters, to contribute to society by realizing ESG on all front lines. First, as a division that operates a large fleet of vessels, ensuring safety during voyages is our duty to crew members, port workers and material handlers around the world, and ultimately to all of society. We will therefore operate our business giving highest priority to safe operations and making this a major premise. Next, we are focusing on initiatives to reduce GHG emissions. There are a

number of obstacles to be overcome to reach our emissions reduction target, but we are determined to resolve social issues and achieve a competitive advantage in the future by steadily building on our results.

In addition, the division was first among the Company's divisions to proactively increase productivity. For example, with regard to DX, we have mainly followed the autonomous ideas of people engaged on the ground to streamline existing operations, introduce measures to create resources that generate new value, and promote the development of digital tools. Over the past two years, we have realized nearly 120 tools and ideas, and by continuing to pursue productivity gains throughout the division, we will create value to be delivered to customers.

Finally, we are committed to providing occasions for sharing the NYK Group's Mission and strategies and enabling free and open communication in order to promote a host of measures, such as those mentioned above, throughout the entire division. For example, we hold town hall meetings inside the division and provide time for management-level personnel to have intensive discussions. Through measures such as these, we are making a focused effort to create an environment that will enable each individual working in the division to take ownership and achieve their full potential.

# ENERGY DIVISION

We will accelerate our advanced initiatives, looking ahead to the energy value chain of the future.

Hironobu Watanabe

Managing Executive Officer, Chief Executive of Energy Division



## Energy Value Chain Portfolio Strategy

Exploration	Prospecting and drilling	Development	Production and storage	Regional transportation	Purification/ Liquefaction/Storage	Transportation	Customer
Seismic/ Research vessel	Drillship	LNG upstream business		Shuttle tanker	Floating LNG (FLNG) unit	LNG carriers	LNG floating storage and regasification unit (FSRU)/LNG floating storage unit (FSU)
		Floating production, storage, and offloading (FPSO) unit	Floating storage and offloading (FSO) unit		LNG mid-stream business	Tankers (crude oil/LPG/chemicals)	LNG bunkering
		Ammonia and hydrogen production				Ammonia-fueled ammonia gas carrier	
					Ammonia floating storage	Coastal ammonia transportation	Ammonia floating storage
						Liquefied CO <sub>2</sub> transportation	Ammonia bunkering
						MCH* transportation	Tidal and sea current power generation

■ Introduced 
 ■ Under consideration 
 ■ Introduced (green business) 
 ■ Under consideration (green business)

\*MCH: Methylcyclohexane

## Summary of Fiscal 2023

Under the Group's medium-term management plan, the Energy Division is positioned to execute a business strategy with two pillars: advancing existing businesses and developing new growth businesses. With regard to existing businesses, we steadily accumulated contracts and projects mainly in the LNG business and offshore business. Furthermore, with favorable conditions for LPG and chemical product carriers, the division achieved solid results overall.

In new businesses, we commenced operation of a crew transfer vessel (CTV) in Ishikari Bay as a business related to offshore wind power. In the next-generation fuel-related business, we launched full-scale initiatives to commercialize ammonia fuel, following on from our steadily developing LNG-fueled vessel and LNG-fuel supply businesses. In August 2024, we delivered the world's first ammonia-fueled vessel, a commercial ammonia-fueled tugboat. In line with the concept of "co-creation" set out in the medium-term management plan, we are working on initiatives in a consortium with external organizations such as engine manufacturers, shipbuilders, and classification societies.

## Business Policy for Fiscal 2024

Natural gas pipelines from Russia to Europe have been disrupted by Russia's invasion of Ukraine, driving changes in the previous pattern of trade, such as an increase in shipments of LNG from the United States to Europe. In addition, uncertainty around the demand and supply of energy has increased due to the impacts of a detour around the Suez Canal due to turbulence in the Middle East and transit restrictions in the Panama Canal due to water shortages.

Under these conditions, the importance of stable energy supplies centered on fossil fuels remains completely unchanged, while in the long-term scenario, decarbonization and a transition to clean energy are also in progress and will require us to develop and



LPG carrier also able to carry ammonia "Gas Garnet"  
(Vessel equipped with LPG dual-fuel engine)



Newly built CTV, "Rera As"

expand our initiatives even further to respond to this business environment.

In fiscal 2024, under our division target of "Bringing energy safely and more cleanly to all," we will continue to make safe transport our top priority, while aiming to support energy demand and promoting the transportation of existing conventional energy sources as well as carbon reduction and decarbonization. We will also aim to expand new zero-emission and renewable energy-related businesses. We will promote these initiatives while remaining closely attuned to our customers' needs. Specifically, in our existing businesses, in addition to LNG, which continues to see strong demand, we will position LPG and chemical products as key domains, responding reliably to transportation demand and continuing to accumulate stable revenues. At the same time, we will promote the decarbonization of transportation.

In new businesses, we will steadily conduct initiatives in the offshore wind power-related business in Japan while looking at initiatives overseas, including M&A. In the ammonia-related business, we will promote construction of ammonia-fueled ammonia gas carriers, with a plan to develop ammonia gas transportation into a

major business of the division following the coal transportation business. With the transport business at our core, we will look in the future to contribute to the construction of a value chain from upstream ammonia production to downstream supply. In the CO<sub>2</sub>-related business, we will leverage the Group's patents in CO<sub>2</sub> capture and storage technologies and proceed to commercialize them.

The Energy Division will continue to provide value across the entire energy value chain through the two pillars of its existing businesses and new businesses, aiming to implement ambidextrous management and expand business earnings.



## Progress in Promoting ESG Management: Moving from Awareness Building toward Practical Implementation

### Continuing Evolution of ESG Management

In April 2020, we established a president-led framework for the promotion of ESG management. Since then, the NYK Group has been strengthening the framework in step with the progress of ESG management and accelerating the enhancement of strategies and the implementation of measures.



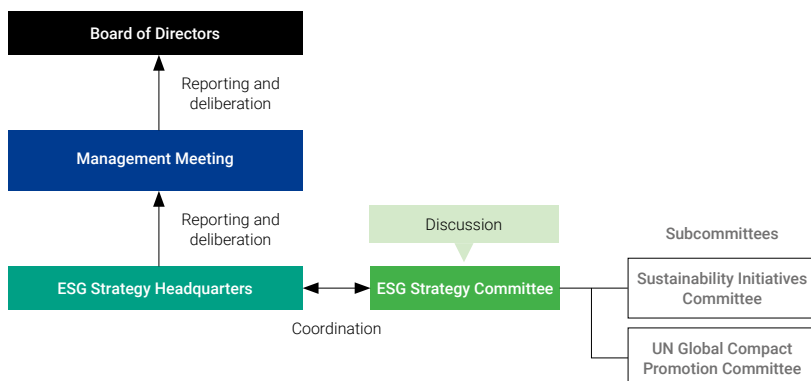
### Main Agenda Items of the ESG Management Committee and the ESG Strategy Committee

Fiscal 2021	Fiscal 2022	Fiscal 2023
ESG Management Committee	ESG Management Committee	ESG Strategy Committee
Held four times	Held four times	Held nine times
<ul style="list-style-type: none"> <li>Decision to participate in the Ship Recycling Transparency Initiative*</li> <li>Discussions for setting Groupwide KPIs</li> <li>Content review for the long-term GHG reduction targets of oceangoing businesses</li> <li>Content review for the NYK Group ESG Story 2022</li> </ul>	<ul style="list-style-type: none"> <li>Content review for the TCFD Report</li> <li>Discussions for the establishment of the human rights policy</li> <li>Discussions for GHG emissions reductions</li> <li>Report on the global engagement survey</li> <li>Sharing of KPI-based results and the progress of initiatives</li> </ul>	<ul style="list-style-type: none"> <li>Discussions on material issues</li> <li>Content review for the NYK Group ESG Story 2023</li> <li>Content review for the NYK Group Decarbonization Story</li> <li>Discussions on renewal of the SDG comparison table</li> <li>Discussions on disclosure of non-financial information in the annual securities report</li> <li>Sharing of KPI-based results and the progress of initiatives</li> </ul>

\* A platform for enhancing the transparency of disclosures on ship recycling

### Decision-Making Process in ESG Management

To incorporate the discussions of the ESG Strategy Committee into the decision-making process, the ESG Strategy Headquarters reports the agenda and schedule of ESG Strategy Committee meetings to the chief executives of all headquarters as appropriate. Feedback from these chief executives is then reflected in the agenda. In the ESG Strategy Committee, discussions are conducted from a cross-divisional viewpoint, and conclusions are reached. Conclusions on important issues are submitted via the ESG Strategy Committee to the Management Meeting and the Board of Directors for deliberation.



#### Roles of the ESG Strategy Headquarters

- Formulating ESG management policy, setting goals, and practicing KPI management
- Leading the practical implementation of ESG management

#### Roles of the ESG Strategy Committee

- Conducting cross-divisional discussions on Companywide ESG issues and reaching conclusions on overall strategy and specific measures
- Sharing and discussing the latest ESG-related information pertaining to businesses

#### Roles of Subcommittees

##### Sustainability Initiatives Committee

Deliberating on the adoption of proposals submitted by employees

##### UN Global Compact Promotion Committee

Promoting measures and establishing systems at the Company and its Group companies based on the United Nations Global Compact

## Activities of ESG Navigators

The NYK Group has introduced an ESG Navigators system to provide foundations for the practical implementation of ESG management. As of August 2024, a total of 107 ESG Navigators were leading ESG management-related discussions and initiatives in respective departments.

### Examples of departments' initiatives in fiscal 2023

1. Participation in customer-organized social contribution activities at ports
2. Development and utilization of sustainable novelty goods
3. Implementation of an ESG idea competition by crew members and awarding of prizes
4. Organization of workshops to promote mutual understanding among teams
5. Establishment of a business operations annual MVP system to heighten engagement
6. Creation and enhancement of headquarters-specific ESG booklets and portal websites
7. Organization of events that enable small groups to have informal conversations on ESG-related topics (management with general employees and among general employees)

### Key Message



**Keito Tachiwa**

ESG Navigator  
Global Mineral  
Resources Group

In fiscal 2023, we compiled concerns and requests related to ESG management within the department and established corresponding ESG targets. We viewed reducing group members' workloads and enhancing our understanding of overseas customers' frontline operations as issues and advanced initiatives accordingly. To reduce workloads, we have promoted digital transformation and begun using several new tools. Other initiatives have included switching the language used in meetings and manuals to English, increasing the opportunities for personnel to speak regardless of their nationality, and accelerating the sharing of insight and expertise among personnel. As a result, I feel that personnel, including those working at overseas Group companies, are working together with a greater sense of unity than ever before. As for enhancing our understanding of customers' frontline operations, I believe that it is important to visit the site in person, so I participated in a community contribution event organized by an overseas customer and interacted with more than 650 people. I have realized that our management of ship operations and delivery of cargo to customers support the day-to-day life of local communities, and I have been able to reaffirm the significance and mission of my department's work. This has enabled me to tackle my day-to-day operations with a wider outlook. Also, we are actively collaborating with a start-up that provides a robot-enabled washing service for hulls and verifying the fuel-saving benefits. In fiscal 2024, as well as activities to further enhance communication between onshore and offshore operations, I will actively participate in ESG-related workshops and pass on the knowledge gained to the rest of the department.

## Development of the NYK Group ESG Story Overseas

In February 2024, based on the NYK Group ESG Story 2023 and the NYK Group Decarbonization Story, in-person town hall meetings were held for local employees to promote dialogue and mutual understanding within the NYK Group. A total of 850 people participated.

### Key Messages



**Samantha Dowsett-Browse**

Portfolio Manager  
NYK Business System Europe

#### Q. What are the challenges in expanding ESG management globally?

There are challenges around stakeholder engagement, integration of new and existing systems, communication, and cost. To manage these challenges, it is crucial to ensure that new ESG tools are interoperable with existing financial and non-financial reporting systems. Implementing automation tools and AI for ESG data to streamline the process. Whilst there is a cost in making changes to implement ESG technically and operationally, the long-term benefits of improved sustainability, compliance, and stakeholder trust could outweigh the initial expenditures.



**Ken Donnelly**

Senior Vice President of NGA RORO  
Business Management Group & CIO  
NYK Group Americas Inc.

#### Q. What are your plans for ESG management?

One of our objectives is for each employee to identify and implement at least one ESG activity. Our approach is for each person to think more about ESG. The activity can include engagement across Group companies, across regions, even with our customers and vendors. Even if we start small, we get our employees engaged in an ESG mindset as part of their day-to-day business activities with the hope that things snowball into larger and more beneficial initiatives later.

#### Feedback from Participants in Town Hall Meeting

- I agree with the Group's concerted efforts to create the future.
- I thought tackling ESG issues would be difficult for a corporate division. However, I am glad to say that this dialogue has clarified the action we need to take.
- I hope that this type of session will be held in person once or twice a year.
- I would like NYK to share more and more good examples of ESG management with other regions. I think this will lead to the creation of new ideas in other regions.
- I want to know more about the global projects and new businesses that the NYK Group is implementing in the environmental aspect.
- I would like to know more about GHG emissions reduction methods in land transportation and warehousing.

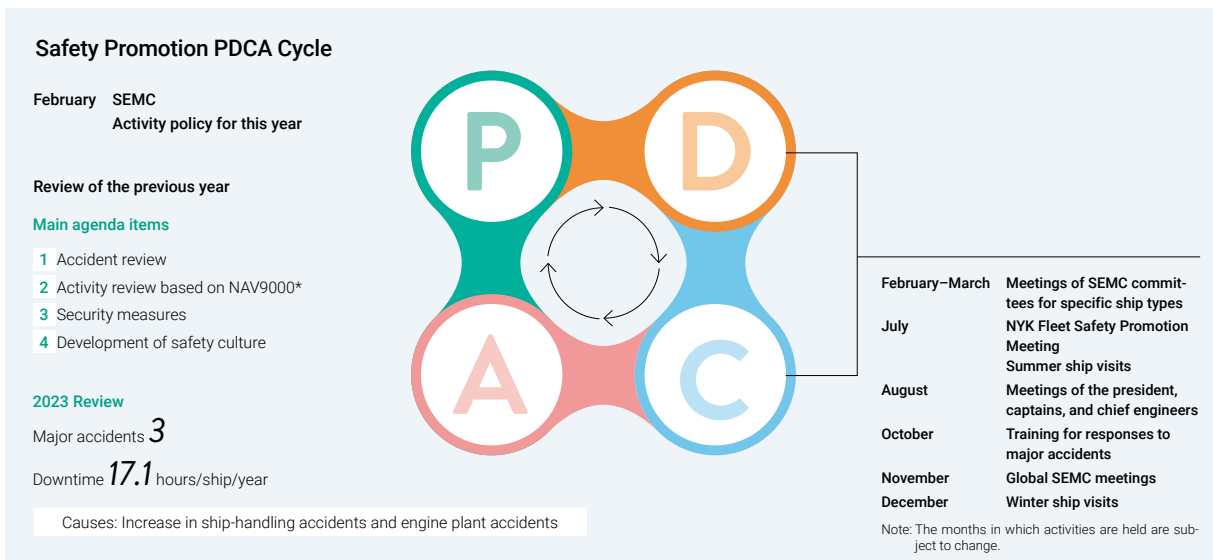


## Governance to Ensure Safety

Safety is our top priority in ESG management. We believe that safety underpins trust, and without trust, there is no business. Based on this philosophy, the NYK Group has established a system aimed at the elimination of major accidents. Under this system, we are pursuing multifaceted efforts to ensure safe ship operations. In this section of the report, we not only introduce our safety promotion activities but also explain how we apply governance to ensure safety.

### From Planning through to Improvement: Safety Promotion Activities Based on a PDCA Cycle

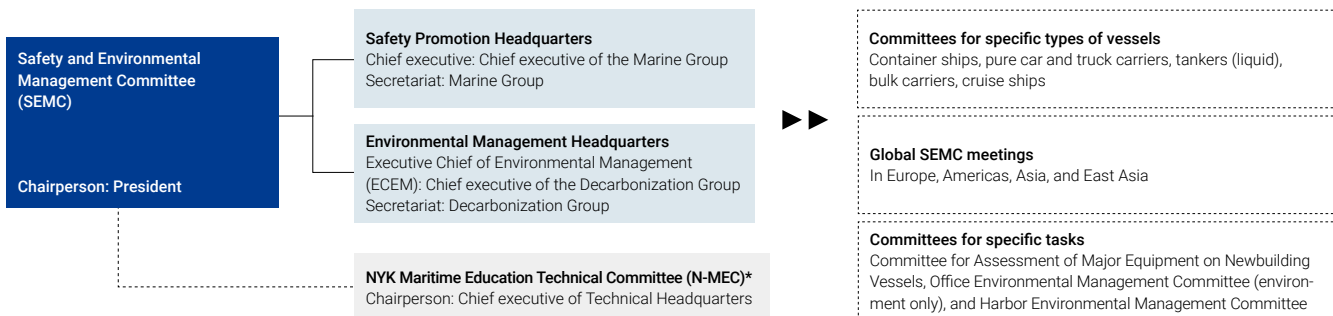
Every February, the NYK Group holds a meeting of the Safety and Environmental Management Committee (SEMC), which is chaired by the president, to review the year's activities. Based on this review, the committee discusses the activities planned for the coming year. In response to the conclusions reached in these discussions, meetings of committees for specific ship types are held. Action plans are formulated according to the characteristics of each ship type. Beginning from July, Companywide ship visits are conducted. In parallel with such activities in frontline operations, dialogues are held with shipowners and ship management companies. In this way, the NYK Group advances a plan-do-check-act (PDCA) cycle throughout the year to reconfirm and enhance safety awareness across the entire Group.



\* This original standard is aimed at meeting responsibilities to ensure the safety of human life and safe ship operations and to protect the environment. The standard covers approximately 1,500 items, including international regulations, industry standards, and industry good practices and measures that NYK has accumulated to prevent accidents from recurring and to ensure that customers' requirements are met.

### Safety and Environmental Measures Advancement System

We have established a president-led system that ensures safety activities—which are categorized according to ship types, regions, and tasks—are incorporated into operations.



\* Committee for education, training, and development of crew members



## Never Forgetting Accidents

On July 2, 1997, Diamond Grace\* ran aground in Tokyo Bay. To ensure that we always remember the lessons of this accident, since 1998 we have conducted the Remember Naka-no-Se safety campaign every July and August. During this period, the senior management team and other related employees visit ships to further mutual understanding of safe ship operations. In addition, as part of the campaign we hold an annual NYK Fleet Safety Promotion Meeting to reaffirm the importance of safe ship operations with shipowners, ship management companies, and other partner companies in Japan and overseas. Moreover, we hold annual meetings of the president, captains, and chief engineers, enabling all participants to exchange opinions. Further, we foster a culture of safety through activities that promote interactive communication. For example, onshore and offshore personnel take an e-learning program that is based on video reenactments of the accident.

\* The crude oil tanker Diamond Grace, operated by NYK, contacted the west edge of Naka-no-Se shoal in Tokyo Bay, causing approximately 1,550 kiloliters of crude oil to spill into the sea.



Senior Managing Executive Officer Nobuhiro Kashima (left) receiving an explanation of the J-Marine NeCST ship navigation support tool and the integrated information and bridge system

## Measures to Prevent Anchor-Dragging Accidents in Extreme Weather

Due to frequent extreme weather events worldwide in recent years, the number of accidents in which anchored ships are swept away by gusty winds or strong tides (dragging anchor) and collide with port facilities or other ships is trending upward. In 2023, the NYK Group experienced an accident when gusts swept away a ship that was engaged in cargo-handling operations. The accident occurred despite the implementation of long-standing gust countermeasures.

Given this fact, we are rigorously enhancing safety awareness in onshore and offshore operations. As part of these efforts, we are preparing scenarios for unexpected gusts and using safety campaigns to reaffirm the importance of information sharing between onshore and offshore personnel.

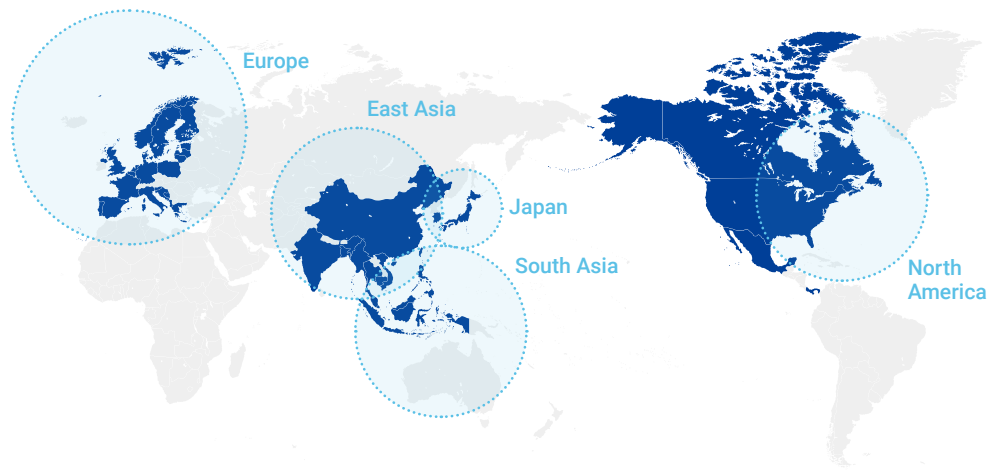
## 2024 Safety Activity Policy—Focus More on the Front Lines!

Based on the 2023 review, in 2024 we aim to step up ship-visiting activities and reduce ship-handling accidents and engine plant accidents. Specifically, we will extend the scope of ship-visiting activities, which have been focused on Japan until now, to include operations globally. These visits are conducted in summer and winter as part of safety campaigns. We will increase opportunities for face-to-face dialogue and raise safety awareness even further.

**2024 Safety Targets**

**Eliminate major accidents and reduce downtime to at most 10 hours/ship/year**

### Regions and Countries in Which Ship Visits Are Planned in 2024





## Decarbonization Initiatives

The pursuit of decarbonization initiatives is an important mission. We are advancing them not only to protect the environment but also to sustain growth as a company, maintain our competitiveness, and create a better future for society as a whole. Through ambitious decarbonization initiatives, the NYK Group will provide innovative solutions and continue to globally contribute to the realization of a sustainable society.

# STRATEGY



### Decoupling Business Growth from Environmental Impact

**Takuya Koizumi**

General Manager  
Decarbonization Group

The significance of the NYK Group's decarbonization initiatives stems from an urgent need to address the ongoing problem of global climate change, which is a risk that could profoundly impact the world's economy, society, and environment, and in some cases even its security. There is no time to spare in formulating and implementing climate change countermeasures. The responsibility of the maritime shipping industry is particularly significant as it plays a central role in global trade and is indispensable for the day-to-day lives of people worldwide. As well as contributing to environmental protection, the acceleration of the NYK Group's decarbonization initiatives is an essential step toward the realization of a sustainable society.

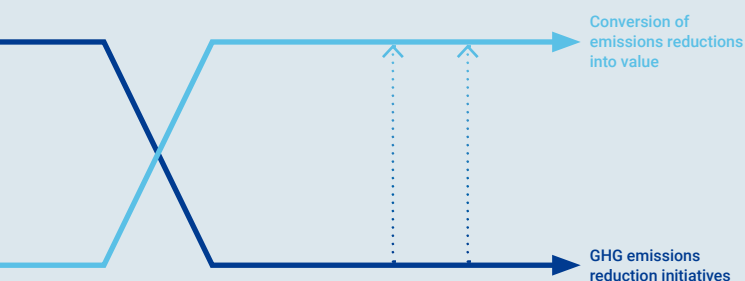
Although the transition to a decarbonized society will not be easy, humanity no longer has the time to wait and see. Rather than setting goals that are within reach, we must set ambitious goals that may or may not be attainable. We must then face the necessity of vigorous advancement toward these goals. In other words, making excuses as to why we cannot do something is no longer acceptable. Instead, we must adopt a mindset that focuses on how things can be done, and we must continue considering this question as we work hard and take action. Amid such uncertainty, the courage to set goals and

take on ambitious initiatives will enable us to take large strides toward the future.

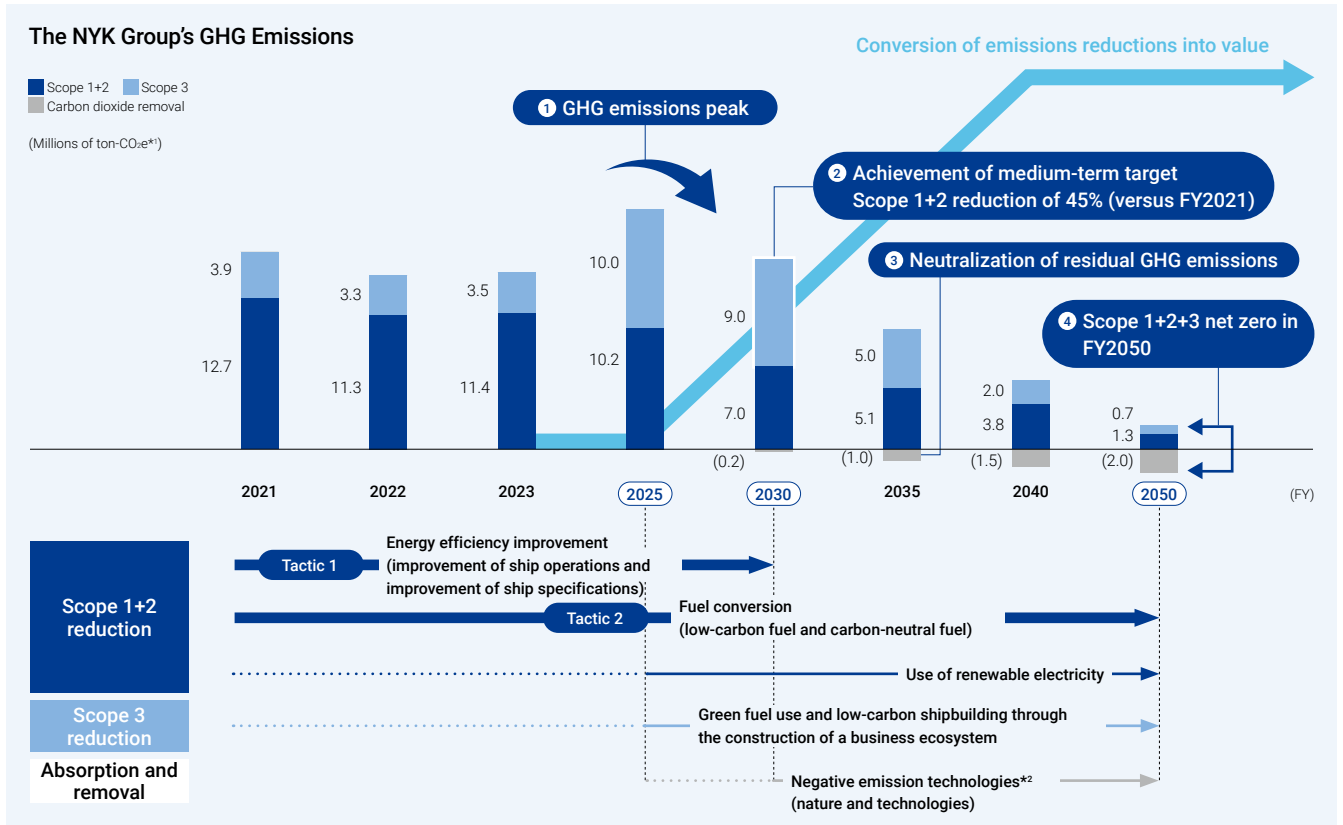
Against this backdrop, in November 2023 we announced the NYK Group Decarbonization Story. This story sets the new, extremely ambitious decarbonization target of reducing the NYK Group's Scope 1 and Scope 2 emissions by 45% compared with their fiscal 2021 level. Moreover, our ultimate target is to reach net-zero emissions by fiscal 2050, including Scope 3 emissions. To achieve the aforementioned targets, we will need to take all kinds of measures. These will include maximizing energy efficiency, using such alternative fuels as biofuels and ammonia, and utilizing carbon credits. In addition, we will pursue a multifaceted, all-round approach to decarbonization. As well as investing in R&D and technological innovation, we will build cooperative relationships with industries, governments, nongovernmental organizations, and research institutions and participate in various forms of co-creation with our customers, investors, suppliers, and Group companies.

Meanwhile, the transition to a decarbonized society will bring business opportunities by creating new markets and customer demand to which we can cater and by allowing us to strengthen our competitive advantages. For example, the provision of new service menus for customers who require transportation services with low environmental impact will only be realized by the first movers in the advancement of environmental measures. Thus, being in the vanguard will be a source of differentiation from competitors. In addition, the development of carbon-neutral fuels, as well as the improvement of the efficiency of ship operations by using energy-saving technologies and digital technologies, has the potential to spur the creation of new technologies and business models. Such advances could become a growth engine of the NYK Group in the coming generation.

While maintaining and increasing its activities as part of society's infrastructure, the NYK Group will make low-carbon and decarbonized operations a competitive advantage. Aiming to seize the opportunities for growth that accompany social transformation, the Group will position this decoupling of business growth and environmental impact as its core strategy and forge ahead with decarbonization initiatives.



## Scenario for Achieving Net Zero



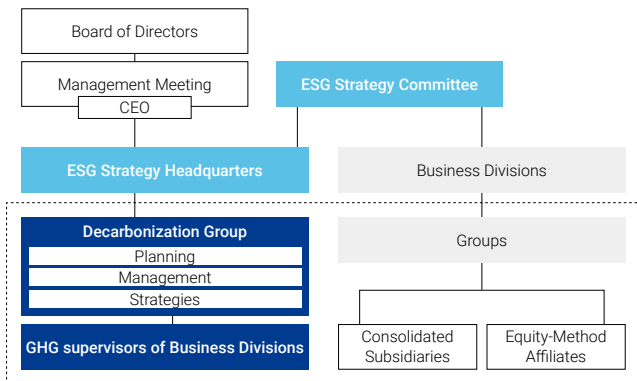
\*1 CO<sub>2</sub>e: CO<sub>2</sub> equivalent \*2 Generic term for technologies that capture and remove CO<sub>2</sub> in the atmosphere or ocean

## Promotion System and Process

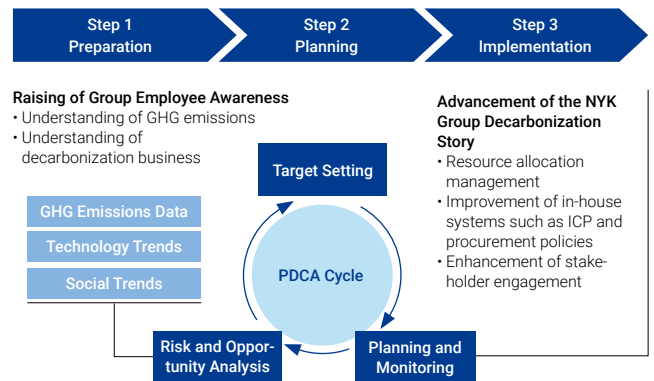
We have adopted a system based on a center of excellence. This approach separates policymaking and business execution. The Decarbonization Group, which belongs to the ESG Strategy Headquarters, is in charge of Companywide strategies, supports implementation by business divisions, monitors the progress of said implementation, and proposes improvements. We also assign GHG supervisors in each business division and manage the initiatives of their respective divisions.

Our strategies are of course advanced based on a plan-do-check-act (PDCA) cycle that entails analyzing risks and opportunities and monitoring the progress of initiatives. Moreover, emphasis is placed on preparatory phases, during which the understanding and awareness of Group employees as well as a healthy sense of urgency are fostered through workshops and in-house training.

### Promotion System



### Process



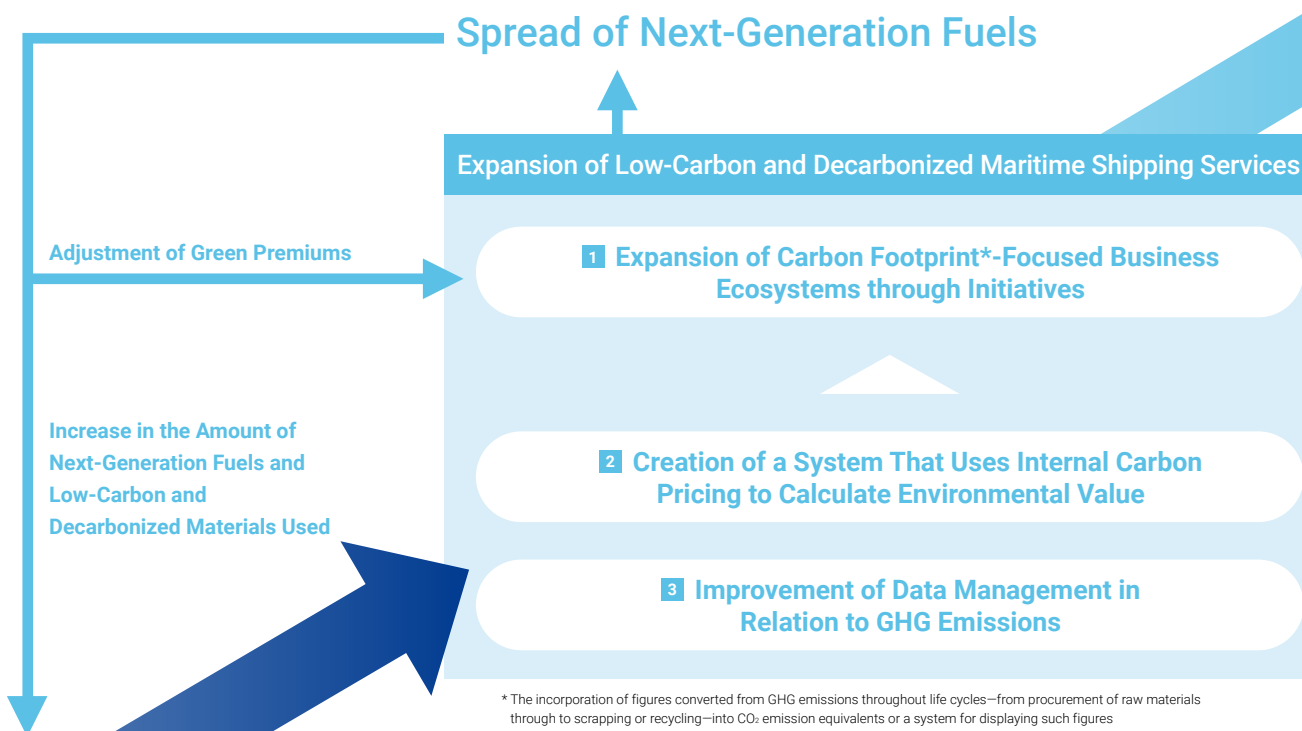


## Overview of Our Decarbonization Strategy

We will tackle initiatives aimed at realizing net-zero GHG emissions. By rolling out these initiatives in the form of low-carbon and decarbonized maritime shipping services, the NYK Group will accelerate the decarbonization of society and enable the growth of the Group.

The NYK Group expects that its wide-ranging rollout of low-carbon and decarbonized maritime shipping services will increase the use of next-generation fuels and popularize them in society, leading to a gradual adjustment of green premiums. As a result, a broader range of companies throughout society will gain access to next-generation fuels. This will, in turn, further expand associated business ecosystems. By increasing the scale of rollouts of low-carbon and decarbonized maritime shipping services, the NYK Group aims to accelerate the pace of both its own corporate growth and society's decarbonization.

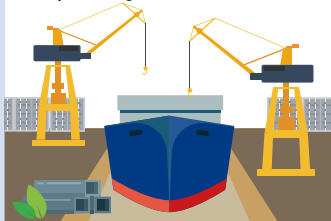
The spread of next-generation fuels will also increase the Group's ability to procure next-generation fuels as well as low-carbon and decarbonized materials in the course of business operations, thereby bringing the Group closer to the achievement of net-zero emissions.



## Initiatives Aimed at Net-Zero Emissions

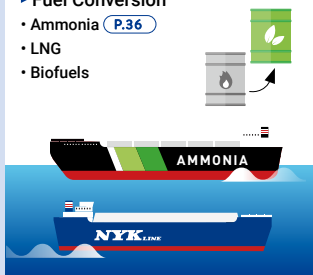
### GHG Emissions Reductions

► Use of Low-Carbon and Decarbonized Materials in Shipbuilding



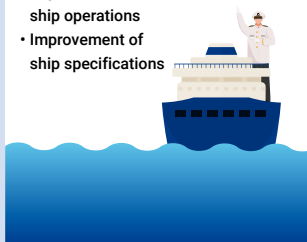
► Fuel Conversion

- Ammonia (P.36)
- LNG
- Biofuels



► Energy-Efficiency Improvement

- Improvement of ship operations
- Improvement of ship specifications



► Clean Scrapping of Ships

- Environmentally friendly ship recycling



# Acceleration of Social Decarbonization Growth of the NYK Group



## Creating Systems That Involve External Stakeholders

**Jun Kato**

Manager,  
Decarbonization Promotion Team  
Decarbonization Group

Measures to address climate change and other initiatives to transform society and make it sustainable are progressing. As part of these changes, new value is being created in logistics in general, including maritime shipping. In preparing the NYK Group Decarbonization Story, we considered the aforementioned trends as well as the use of indicators and regulations to measure this value and the establishment of free and reliable data distribution to support transformation.

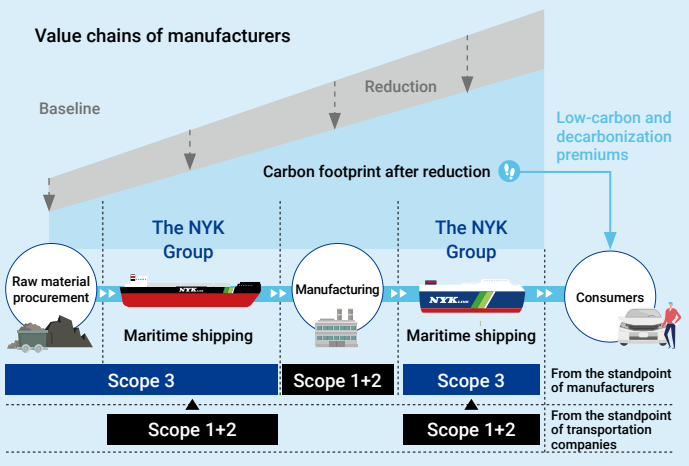
Initiatives for the sustained corporate growth of the NYK Group should focus on three important goals. First, we must seize opportunities to participate in business ecosystems that comprise like-minded partners, as exemplified by the Green Corridors initiative. Our second goal is the creation of environmental value based on carbon footprints. Third, we need to support this value creation by enhancing data management related to GHG emissions.

Life cycle assessments, which evaluate the environmental impact of products throughout their supply chains and over their entire lives—from material procurement, manufacturing, transportation, and sale to use and scrapping—are becoming more widespread as a new yardstick. Therefore, the decarbonization of logistics, which is integrated into a wide variety of supply chains, is an urgent task.

The NYK Group is giving priority to the reduction of direct emissions (Scope 1) from business operations. These efforts center on fuel conversion and energy-efficiency improvements. We also want to promote the decarbonization of society as a whole. To this end, with respect to the upstream and downstream emissions of other companies (Scope 3), we will set organizational boundaries, gradually strengthen engagement, analyze the current status of GHG emissions, establish targets, prepare reduction plans, and realize proactive disclosure. Through a series of initiatives to convert emissions reductions into value, the NYK Group aims to utilize low-carbon and decarbonized operations as a competitive advantage that drives sustainable growth.

NYK Group Decarbonization Story

<https://www.nyk.com/english/esg/envi/decarbonization/>



Absorption and Removal	Reduction Contributions
<ul style="list-style-type: none"> <li>▶ Negative emission technologies</li> <li>• CO<sub>2</sub> absorption through reforestation</li> <li>• Removal of CO<sub>2</sub> in the sea</li> </ul>	<ul style="list-style-type: none"> <li>▶ CO<sub>2</sub> capture and storage and CO<sub>2</sub> transportation</li> <li>▶ Offshore wind power generation</li> </ul>
<p>Removal of CO<sub>2</sub> in the sea: CO<sub>2</sub> is captured and neutralized.</p> <p>Reforestation: CO<sub>2</sub> is absorbed by trees, releasing O<sub>2</sub>.</p>	<p>Offshore wind power generation: Wind turbines generate clean energy.</p> <p>CO<sub>2</sub> capture and storage/transportation: CO<sub>2</sub> is captured and transported via a ship.</p>



## Expanding Low-Carbon and Decarbonized Maritime Shipping Services

To accelerate the transition to a decarbonized society, we are simultaneously pursuing a variety of initiatives. We will build new social infrastructure by co-creating with various stakeholders to implement and test hypotheses and refine them into sustainable systems that are compatible with society.

### 1 Expansion of Carbon Footprint-Focused Business Ecosystems through Initiatives

In switching to alternative fuels, the construction of business ecosystems that include not only fuel suppliers but also shippers is important. NYK Bulk & Projects Carriers Ltd. (NBP) is currently expanding a co-creation system through the utilization of the Chilean Green Corridors Network Project. In November 2023, NBP and Chilean state-owned copper producer CODELCO began studying the building of up to 15 ammonia-fueled Handymax bulk carriers, beginning from the second half of the 2020s. In February 2024, Chilean ammonium nitrate producer Enaex S.A. and NBP concluded a memorandum of understanding on joint research in relation to the feasibility of supplying green ammonia to ammonia-fueled vessels. This initiative will build a supply chain that makes, uses, and transports ammonia by linking Chile—which is an ammonia producer—with Japan and other countries of the Far East.

Also, in April 2024 NYK became a member of the Smart Freight Centre, an Amsterdam-based nonprofit organization that aims to reduce GHG emissions in the logistics sector. Together with overseas shipping companies and classification societies, we aim to establish a standard model for the calculation of GHG emissions from roll-on, roll-off ships and invigorate a carbon footprint-focused business ecosystem. Further, NYK and the Global Centre for Maritime Decarbonisation (GCMD) have jointly launched Project LOTUS, which is tasked with analyzing the impact of biofuels on engine performance and fuel delivery systems. GCMD has more than 100 participating partners and is based in Singapore, the world's largest bunkering hub. The project's aim is to spread knowledge of biofuel conversion to participating companies and lower the barriers to the adoption of low-carbon technologies. To this end, the project will establish guidelines for safe performance and calculate total costs, including the cost of maintenance during operations.



Ceremony for the conclusion of a memorandum of understanding with Enaex in Santiago, Chile



Joint launch of Project LOTUS with the nonprofit organization GCMD



### 2 Creation of a System That Uses Internal Carbon Pricing to Calculate Environmental Value

The NYK Group has introduced an internal carbon pricing (ICP) system, which assigns an in-house price to carbon that is used to encourage the advancement of decarbonization, identify profit opportunities and risks, and guide investment decisions. Through the use of ICP to link financial information and GHG emissions, we will visualize the value of emissions reductions, thereby realizing added value. Furthermore, we will standardize evaluation criteria across departments and projects to improve decarbonization governance and promote sound decision-making. ICP is reviewed every six months.

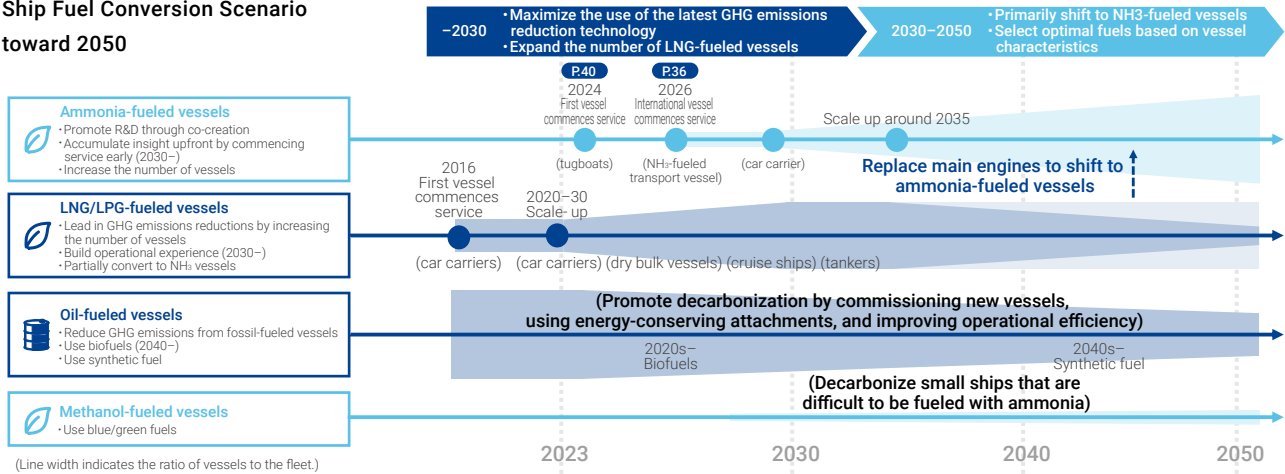
### 3 Improvement of Data Management in Relation to GHG Emissions

Management that accurately ascertains GHG emissions volumes provides important evidence when using carbon footprints and ICP. The NYK Group currently calculates Scope 1, 2, and 3 emissions and obtains assurance from a third-party verification organization. In 2023, with the support of NTT DATA Japan Corporation we established a system that compiles each category of Scope 3 data on a monthly basis. As a result, we can now quantitatively analyze GHG emissions, including Scope 3 emissions. With the aim of compiling more-accurate primary data on GHG emissions from ships, we are considering the practical application of satellite observation to gather data on emissions volumes.

## Advancing Initiatives Aimed at Net-Zero Emissions

To achieve net-zero emissions, fuel conversion is critical. By introducing ammonia-fueled vessels and other next-generation fuel ships beginning from fiscal 2030 onward, we will accelerate GHG emissions reductions. Until then, we will move forward with the conversion to LNG and biofuels as a bridge solution that achieves our medium-term targets.

### Ship Fuel Conversion Scenario toward 2050



### Introducing LNG-Fueled Vessels and Expanding the Fuel Supply System

As of June 2024, we have placed orders for 35 LNG-fueled vessels, 20 of which have already been completed. As the number of LNG-fueled vessels that we can offer increases, in 2022 we established KEYS Bunkering West Japan Ltd. to strengthen relationships with customers and to augment the LNG fuel supply system. In March 2024, we introduced the first LNG bunkering vessel to operate in Japan's Kyushu and Setouchi regions. Going forward, we will help build a global value chain for LNG-fueled vessels.



LNG bunkering vessel KEYS Azalea

### Using Biofuels for Existing Ships

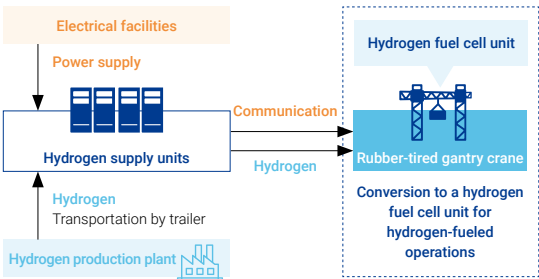
We have confirmed the safety of biofuel use through short-term demonstration tests conducted since 2019. We are currently involved in a range of efforts aimed at resolving such issues as engine failures arising from the long-term use of biofuels, the quality of biofuels during long-term storage, and fuel procurement. In September 2024, we installed test engines to evaluate the safety of biofuels. By verifying the durability of the engines and testing biofuels derived from various raw materials, we will increase the number of usable biofuels and accelerate their practical application.



Long-term biofuel test run on board Tenjun, a very large crude oil tanker

### Advancing Onshore Decarbonization Initiatives

We are working on a demonstration test to convert the power for cargo-handling machinery used at ports from diesel engines to hydrogen fuel cells. In May 2023, NYK concluded a five-way agreement with the Tokyo Metropolitan Government's Bureau of Port and Harbor, MITSUI E&S Co., Ltd., Iwatani Corporation, and UNI-X NCT Corporation, and a decision was made to conduct a project at the Oi Container Terminal. Through the conversion of cargo-handling machinery, the implementation of operations, and the establishment of a hydrogen supply system, the project will endeavor to promote the use of hydrogen in ports and harbors. NYK will continue working with stakeholders with the aim of achieving carbon-neutral container terminals in the ports of Tokyo and Kobe by 2040.



## Strengthening the Management Foundation

### Directors (As of June 19, 2024)



**Eiichi Takahashi**

Director,  
Audit & Supervisory  
Committee Member

**Hiroshi Nakaso**

Outside Director,  
Audit & Supervisory  
Committee Member,  
Independent Director

**Eiichi Tanabe**

Chief Outside Director,  
Independent Director

**Keiko Kosugi**

Director,  
Audit & Supervisory  
Committee Member

**Akira Kono**

Representative Director,  
Executive Vice-President  
Executive Officer

**Hitoshi Nagasawa**

Chairman, Director





**Takaya Soga**

President,  
Representative Director,  
President and  
Chief Executive Officer

**Yutaka Higurashi**

Director,  
Senior Managing  
Executive Officer

**Nobukatsu Kanehara**

Outside Director,  
Independent Director

**Tatsumi Yamada**

Outside Director,  
Audit & Supervisory  
Committee Member,  
Independent Director

**Satoko Shisai**

Outside Director,  
Independent Director

**Satoko Kuwabara**

Outside Director,  
Audit & Supervisory  
Committee Member,  
Independent Director

## Strengthening the Management Foundation



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.  
Yuichi 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

## Strengthening the Management Foundation

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

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**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

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**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



## Strengthening the Management Foundation

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

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**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.

## Corporate Governance

The NYK Group is working to increase its corporate value by further improving its management foundation. This section explains the Group's initiatives to enhance its governance and management.

### Enhancing Corporate Governance

#### The NYK Group's Governance Characteristics

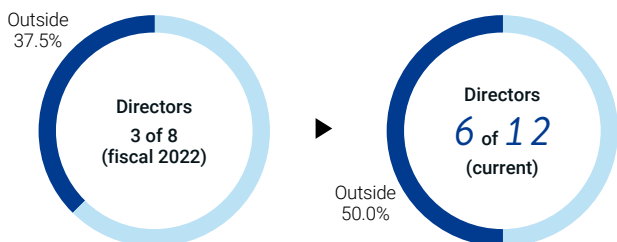
<b>Organizational Design</b>	Company with Audit & Supervisory Committee (Since June 2023)
<b>Advisory Committees</b>	Nomination Advisory Committee and Compensation Advisory Committee
<b>Term of Office of Directors</b>	One year (directors who are not Audit & Supervisory Committee members) Two years (directors who are Audit & Supervisory Committee members)
<b>Compensation Plan</b>	Basic compensation, performance-based monetary compensation, and performance-based stock compensation

#### History of Initiatives to Enhance Governance

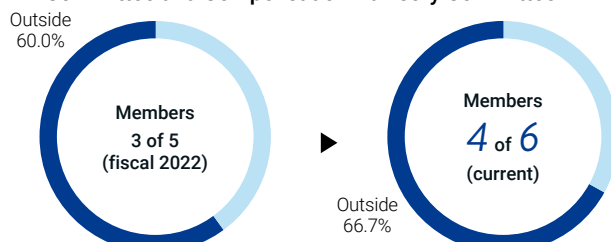
##### Initiatives over the past 10 years

- 2015 Established Corporate Governance Guidelines
- 2016 Established Nomination Advisory Committee and Compensation Advisory Committee  
Introduced performance-based stock compensation plan
- 2018 Appointed an outside advisor in charge of evaluation and analysis, etc., related to Board of Directors effectiveness
- 2020 Revised decision-making process  
Established the Management Meeting
- 2022 Introduced the performance-based monetary compensation plan
- 2023 Transitioned to a Company with Audit & Supervisory Committee

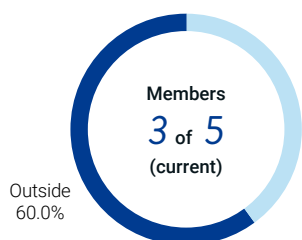
Ratio of Outside Directors



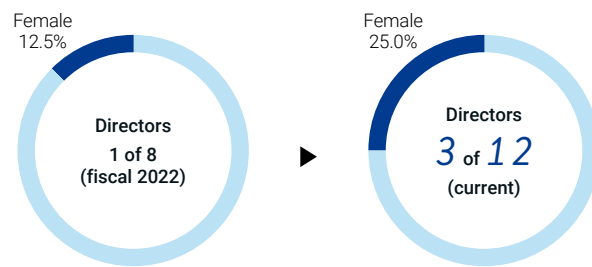
Ratio of Outside Members on the Nomination Advisory Committee and Compensation Advisory Committee



Ratio of Outside Members on the Audit & Supervisory Committee

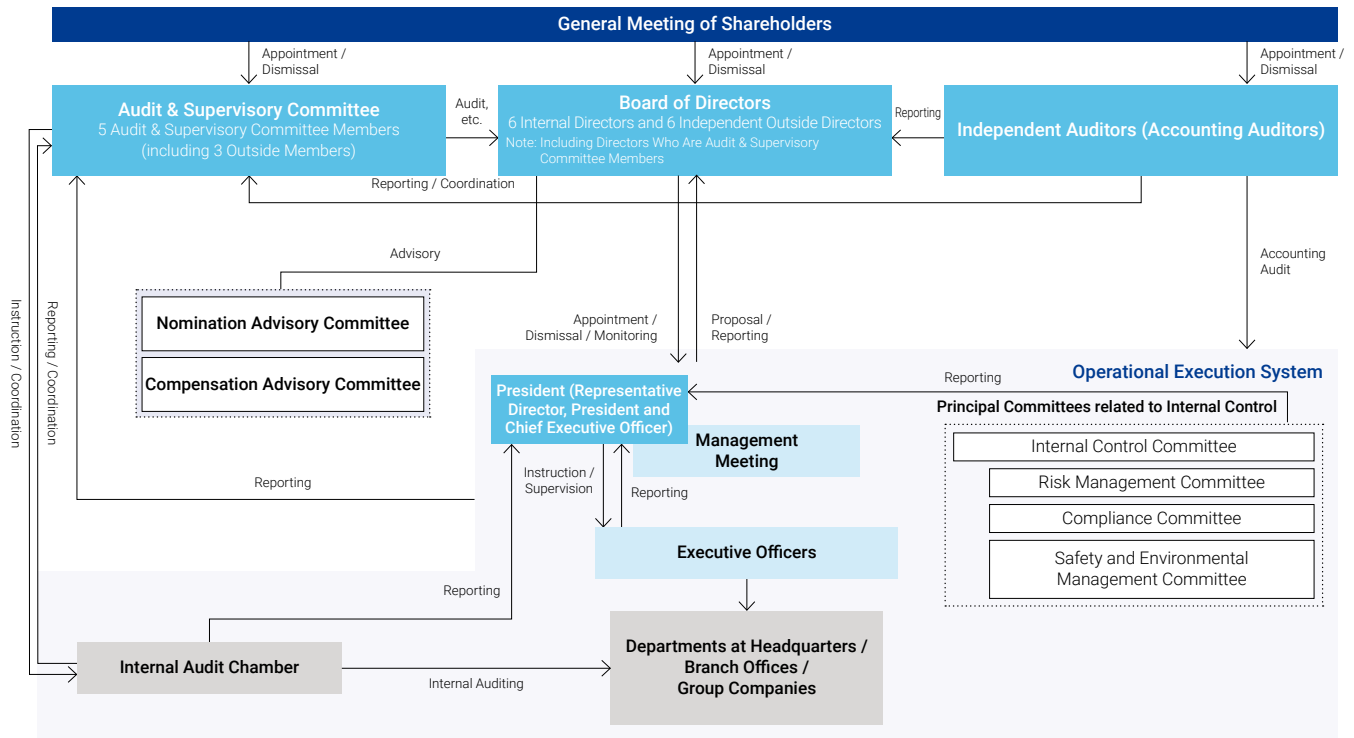


Ratio of Female Directors





**NYK's Corporate Governance Organizational Structure (As of June 19, 2024)**



**About the Company with Audit & Supervisory Committee**

**Characteristics**

Voting rights within the Board of Directors

- Audit & Supervisory Committee members have voting rights as directors.

Right to express opinions in the General Meeting of Shareholders

- The Audit & Supervisory Committee has the right to express opinions on the appointment, dismissal, resignation, compensation, etc., of directors who are not Audit & Supervisory Committee members.

Composition of the Audit & Supervisory Committee

- The Audit & Supervisory Committee shall have three or more members, with the majority being outside directors.
- Audit & Supervisory Committee members shall not be required to be full-time members.

Term of office of Audit & Supervisory Committee members

- Two years

**Role of Audit & Supervisory Committee members**

- Auditing of directors' execution of duties.
- Exercise of authority pertaining to the appointment and dismissal of Audit & Supervisory Committee members and the independent auditors and compensation for the independent auditors.


**Role of Audit & Supervisory Committee members**

- Attendance at Management Meeting and Meetings of Executive Officers, etc., and proactive collection of information.
- Sharing of information with other Audit & Supervisory Committee members and independent outside directors (excluding directors who are Audit & Supervisory Committee members).


Directors and Executive Officers

As of June 19, 2024; number of shares held as of March 31, 2024


**Directors**



**1 Hitoshi Nagasawa**  
Chairman, Director  
1980 Joined NYK  
2023 Chairman, Director  
Number of shares held:  
290,793




**2 Takaya Soga**  
President, Representative Director,  
President and Chief Executive Officer  
1984 Joined NYK  
2023 President, Representative Director,  
President and Chief Executive  
Officer  
Number of shares held:  
50,422




**3 Akira Kono**  
Representative Director,  
Executive Vice-President, Executive Officer  
1984 Joined NYK  
2023 Representative Director, Executive  
Vice-President Executive Officer  
Number of shares held:  
58,636


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**4 Yutaka Higurashi**  
Director,  
Senior Managing Executive Officer  
1985 Joined NYK  
2022 Director, Senior Managing Executive  
Officer  
Number of shares held:  
93,154




**5 Eiichi Tanabe**  
Chief Outside Director,  
Independent Director  
Chair, Nomination Advisory Committee  
Chair, Compensation Advisory Committee  
2019 Independent Outside Director  
Number of shares held:  
9,836




**6 Nobukatsu Kanehara**  
Outside Director, Independent Director  
2023 Independent Outside Director  
Number of shares held:  
130

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**7 Satoko Shisai** New Appointment  
Outside Director, Independent Director  
2024 Independent Outside Director  
Number of shares held:  
0


**Directors Who Are Audit & Supervisory Committee Members**



**8 Eiichi Takahashi**  
Director, Audit &  
Supervisory Committee Member  
1982 Joined NYK  
2021 Audit and Supervisory Board  
Member  
2023 Director, Audit & Supervisory  
Committee Member  
Number of shares held:  
121,803




**9 Keiko Kosugi**  
Director, Audit &  
Supervisory Committee Member  
1989 Joined NYK  
2023 Director, Audit & Supervisory  
Committee Member  
Number of shares held:  
14,572




**10 Hiroshi Nakaso**  
Outside Director, Audit &  
Supervisory Committee Member,  
Independent Director  
2020 Independent Outside Audit and  
Supervisory Board Member  
2023 Independent Outside Director, Audit  
& Supervisory Committee Member  
Number of shares held:  
1,313

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**11 Satoko Kuwabara**  
Outside Director, Audit &  
Supervisory Committee Member,  
Independent Director  
2020 Independent Outside Audit and  
Supervisory Board Member  
2023 Independent Outside Director, Audit  
& Supervisory Committee Member  
Number of shares held:  
3,744



**12 Tatsumi Yamada**  
Outside Director, Audit &  
Supervisory Committee Member,  
Independent Director  
2023 Independent Outside Director, Audit  
& Supervisory Committee Member  
Number of shares held:  
643

**Executive Officers**

**Senior Managing Executive Officer**

Nobuhiro Kashima

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**Managing Executive Officers**

Yutaka Ikeda	Hiroaki Nishiyama	Hisaya Higuchi
Hironobu Watanabe	Takuji Banno	Yasunobu Suzuki

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**Executive Officers**

Yuko Tsutsui	Patrick Brennan Jr.	Kenichiro Sutoh	Toshi Nakamura	Hiroaki Ohashi
Shinichi Yanagisawa	Shogo Terajima	Mie Sugano	Yasuyuki Takahashi	Takashi Yamamoto
Katsuhiko Haruna	Tsutomu Yokoyama	Tomotaka Aso	Takeshi Kondo	Nobuaki Sumida
Atsuhiko Kurosawa	Ryutarou Okuzawa	Hiroyuki Noma	Yasushi Yamamoto	Carl-Johan Hagman

## Attendance at Board of Directors' Meetings, Etc.

Name	Position in the Company	Number of Years as Director	Attendance at Board of Directors' Meetings in Fiscal 2023	Attendance at Audit & Supervisory Committee in Fiscal 2023	Nomination Advisory Committee (Attended / Convened)	Compensation Advisory Committee (Attended / Convened)	Outside
Hitoshi Nagasawa ◇	Chairman, Director	13	100% (16 / 16)	—	● (6 / 6)	● (5 / 5)	
Takaya Soga ◇	President, Representative Director, President and Chief Executive Officer	2	100% (16 / 16)	—	● (6 / 6)	● (5 / 5)	
Akira Kono ◇	Representative Director, Executive Vice-President Executive Officer	1	100% (12 / 12)	—	—	—	
Yutaka Higurashi ◇	Director, Senior Managing Executive Officer	4	100% (16 / 16)	—	—	—	
Eiichi Tanabe ◇	Chief Outside Director, Independent Director	5	100% (16 / 16)	—	Committee Chair (6 / 6)	Committee Chair (5 / 5)	●
Nobukatsu Kanehara ◇	Outside Director, Independent Director	1	100% (12 / 12)	—	● (5 / 5)	● (3 / 3)	●
Satoko Shisai ○	Outside Director, Independent Director <b>New Appointment</b>	0	—	—	● (—)	● (—)	●
Eiichi Takahashi ◇	Director, Audit & Supervisory Committee Member	1	100% (12 / 12)	100% (11 / 11)	—	—	
Keiko Kosugi ○	Director, Audit & Supervisory Committee Member	1	100% (12 / 12)	100% (11 / 11)	—	—	
Hiroshi Nakaso ◇	Outside Director, Audit & Supervisory Committee Member, Independent Director	1	92% (11 / 12)	91% (10 / 11)	—	—	●
Satoko Kuwabara ○	Outside Director, Audit & Supervisory Committee Member, Independent Director	1	100% (12 / 12)	100% (11 / 11)	—	—	●
Tatsumi Yamada ◇	Outside Director, Audit & Supervisory Committee Member, Independent Director	1	100% (12 / 12)	100% (11 / 11)	● (5 / 5)	● (3 / 3)	●

\* The target period for attendance is from April 1, 2023 to March 31, 2024. For directors and committee members appointed on June 21, 2023, the attendance from that date onward is presented.

◇ Male ○ Female

### Discussion at Board of Directors Meetings

#### Main items discussed in fiscal 2023

- Impact on the Company's business from the situation between Russia and Ukraine, and response
- Evaluation of the effectiveness of the Board of Directors
- Further development of materiality
- Setting of new GHG reduction targets
- New medium-term management plan for Ocean Network Express Pte. Ltd.
- Implementation of cybersecurity measures
- NYK Group CX Story stipulating human resource and organizational strategies

- Report to Board of Directors on important matters in business execution
- Examination of the purpose and significance of holding strategic shareholdings

#### Main items to be discussed in fiscal 2024

- Geopolitical risks
- Capital policy
- Optimization of business portfolio
- Status of risk management and internal control in business
- Revision of executive compensation plan

### Evaluation of Effectiveness of the Board of Directors

#### **Evaluation of Effectiveness of the Board of Directors and Issues for Fiscal 2024**

Since fiscal 2015, the Company has continued to conduct a self-evaluation survey on all directors with the aim of further improving the effectiveness of the Board of Directors. In addition, in fiscal 2023, interviews by third-party advisors were conducted based on the results of the survey.

#### **1) Summary of the Fiscal 2023 Evaluation**

In fiscal 2023, we conducted a survey consisting of 17 questions under five topics, which were selected taking into account third-party advisers' opinions. The five topics were (1) composition and operations of the Board of Directors, (2) management strategies and business strategies, (3) corporate ethics and risk management, (4) performance monitoring and evaluation and compensation of the management, and (5) dialogues with shareholders. In addition, the survey covered the necessity of a forum for discussions only by outside directors as well as operations of the Board of Directors and other meetings after the transition to a company with Audit & Supervisory Committee. Furthermore, interviews by third-party advisors were conducted with the aim of bringing clarity to and obtaining an in-depth understanding of the recognized issues and comments gained from the survey, as well as clarifying measures to further improve the effectiveness of the Board of Directors by obtaining opinions on improvement measures and any other matters.

#### **2) Results of Evaluation of Effectiveness**

##### **i. Overview**

As a result of discussions based on the survey results and interviews, it was determined that the Board of Directors was functioning appropriately and its effectiveness was ensured. In fiscal 2023, in regard to (1) composition and operations of the Board of Directors in particular, improvement was observed by the arrangement of opportunities to explain the details of discussions at the Management Meeting to outside directors and the administration of the Board of Directors by the chairperson with the understanding of perspectives of outside directors through participating in a briefing to them on matters to be submitted to the Board of Directors, and the effectiveness of the Board of Directors was enhanced. On the other hand, the Company has recognized that, in relation to (3) corporate ethics and risk management, amid a sense of ethics in society significantly changing, comments by outside directors from an external perspective are important and the Company needs to implement further improvement of corporate culture with the Board of Directors proactively engaging in this theme.

##### **ii. Initiatives in Fiscal 2023**

###### **• Transition to a Company with Audit & Supervisory Committee**

Pursuant to a resolution passed at the Ordinary General Meeting of Shareholders on June 21, 2023, the Company transitioned from a company with Audit & Supervisory Board to a company with Audit & Supervisory Committee with the aim of working to strengthen monitoring functions, in addition to speeding up decision-making by delegating the decision-making authority for important business execution to the executive directors. Through this transition, we

intended to improve the effectiveness of the Board of Directors by allocating more time for deliberation by the Board of Directors of matters that lead to the growth in corporate value, such as medium- to long-term management strategies, allocation of management resources, business portfolio, sustainability, and handling significant business risks. Regarding the evaluation of the transition, the Company has noted some views that not enough information has been accumulated with only one year since the transition. However, the Company has found no negative views and recognized that the Board of Directors is on its way to further improvement of the effectiveness. Furthermore, the Company has recognized that there is room for improvement in setting an agenda to further take advantage of a company with Audit & Supervisory Committee, while noting that the Board of Directors had deeper discussions by giving priority in deliberations to matters related to medium- to long-term management strategies and sustainability, such as new strategic targets for decarbonization and human resource strategies.

###### **• Issues of Diversity and Human Resource Strategies, etc.**

##### **Recognized in Fiscal 2022**

Based on CX strategies aimed at further enhancement of human capital, transformation of Group management, and enhancement of governance, which was presented in the medium-term management plan announced in March 2023, the Company formulated the NYK Group CX Story, which showed the history of the NYK Group and its target state as well as the CX 2030 vision and an overview of the strategy. Its action plan was also formulated. The Board of Directors held deeper discussions based on the above strategy and other materials and gave the executive side a direction to work to further evolve them, integrating opinions presented at the discussions.

##### **3) Initiatives in Fiscal 2024**

By utilizing the characteristics of a company with Audit & Supervisory Committee, the Company will continue to speed up decision-making and further strengthen monitoring functions. Regarding setting an agenda, for which the Company recognized that there is room for improvement, by clarifying the annual plan through carefully selecting an agenda and timing of its discussion and securing sufficient time for discussions in advance, the Company will effectively work on matters with a high priority. In particular, the Company plans to take up matters such as the financial condition and investment plans of the NYK Group; capital policies based on factors such as market trends; a structure for responding to geopolitical risks that became apparent due to factors such as tense situations in Russia, Ukraine, and the Middle East; and corporate ethics and risk management, which were recognized as issues by the evaluation of the effectiveness of the Board of Directors. In addition, as the target period of the performance-based stock compensation plan for current directors, etc., (excluding directors who are Audit & Supervisory Committee members) will end at the end of fiscal 2024, we plan to discuss a new compensation plan to improve a compensation plan for directors, etc., taking this opportunity.

## Compensation Plan

### Executive Compensation (Performance-Based Stock Compensation Plan)

The Company introduced a performance-based stock compensation plan in fiscal 2016 to provide a highly transparent and objective executive compensation plan.

In fiscal 2022, the Company partially revised the details of said plan with a view to further accelerating ESG management and establishing shared interests between executives and shareholders over the medium to long term.

#### Overview of the Performance-Based Stock Compensation Plan

Persons eligible under the performance-based stock compensation plan	<ul style="list-style-type: none"> <li>Directors who concurrently serve as executive officers, the Board of Directors' chairman not serving concurrently as chairman and executive officer, and executive officers excluding certain concurrent executive officers who reside in Japan</li> </ul>	
Applicable period for the performance-based stock compensation plan	<ul style="list-style-type: none"> <li>Three fiscal years from April 1, 2022 to March 31, 2025</li> <li>In the event that the trust term is extended, each three fiscal-year period afterward</li> </ul>	
Upper limit to the amount of trust money contributed by the Company	<ul style="list-style-type: none"> <li>A total of ¥1.6 billion over three fiscal years (including trust expenses, etc.)</li> </ul>	
Upper limit to the number of Company shares, etc., to be acquired by directors and method for acquiring the Company's shares	<ul style="list-style-type: none"> <li>The upper limit for the total number of shares shall be three million shares per three-year period (however, this shall be based on the number of shares after the stock split conducted on October 1, 2022, the number before the stock split being 1 million.), and the ratio of the number of shares issued (as of March 31, 2022, after excluding treasury stock) shall be approximately 0.6%</li> <li>The Company's shares shall be acquired from the stock market to avoid dilution</li> </ul>	
Method for calculating the number of Company shares, etc., to be acquired by directors	<ul style="list-style-type: none"> <li>The calculation shall be divided into a role-fixed portion and a performance-based portion</li> <li>Indices for calculating the number of shares in the performance-based portion: the Company's total shareholder return (TSR), including dividends, and the Company's own ESG indices based on its ESG policy</li> <li>The performance-based coefficient shall vary between 0.0 and 2.0 depending on the degree of achievement of the following indices               <ol style="list-style-type: none"> <li>Stock price indices: Relative TSR (compared with TOPIX growth rate and competitors' TSR)</li> <li>Non-financial indices: Status of progress on materiality initiatives for safety, the environment, and human resources, based on the NYK Group ESG Story, and status of compliance discussed qualitatively and quantitatively, with degree of achievement comprehensively evaluated by the Compensation Advisory Committee and determined by the Board of Directors</li> </ol> </li> </ul>	
Timing of the delivery, etc., of Company shares, etc., to directors	Role-fixed portion	After the conclusion of each fiscal year but with a three-year transfer restriction after delivery
	Performance-based portion	After the conclusion of three fiscal years

### Executive Compensation (Performance-Based Monetary Compensation Plan)

In fiscal 2022, the Company introduced a performance-based monetary compensation plan with a separate budget for basic compensation. The purpose of the plan is to increase the short-term incentives for directors and executive officers to contribute to earnings and provide a mechanism for helping increase corporate value.

#### Overview of the Performance-Based Monetary Compensation Plan

Persons eligible for the performance-based monetary compensation plan	<ul style="list-style-type: none"> <li>Directors concurrently serving as executive officers and executive officers excluding certain concurrent executive officers</li> </ul>
Upper limit to the amount of compensation under the performance-based monetary compensation plan	<ul style="list-style-type: none"> <li>¥300.0 million per fiscal year</li> </ul>
Details of business result achievement conditions	<ul style="list-style-type: none"> <li>Performance-based indices shall be consolidated recurring profit and consolidated return on equity</li> <li>In principle, the base values for measuring the degree of achievement of performance-based indices shall be the targets defined in the Company's medium-term management plan</li> <li>The performance-based coefficient shall vary between 0.0 and 2.0 depending on the degree of achievement of each index</li> </ul>
Timing of monetary payments to directors	<ul style="list-style-type: none"> <li>After the conclusion of each fiscal year</li> </ul>

#### Compensation Plan for Directors (Excluding Directors Who Are Audit & Supervisory Committee Members), etc.

Basic compensation	Performance-Based Monetary Compensation	Performance-Based Stock Compensation
¥510 million/year	¥300.0 million/year	¥1.6 billion/3 years

Note 1: Of the total amount of basic compensation of up to ¥510 million per year, the total amount for outside directors shall not exceed ¥150 million per year.

Note 2: The amount of performance-based stock compensation is the maximum amount of trust money to be contributed by the Company.

Note 3: Executive officers who meet certain requirements are eligible under the performance-based monetary compensation plan and the performance-based stock compensation plan. The maximum amount shown above is the maximum amount for all eligible persons under the plans, including said executive officers.

Note 4: This does not include those who are ineligible under the performance-based stock compensation plan due to non-residence in Japan.

Information regarding executive compensation

<https://www.nyk.com/english/profile/gvn/action/>

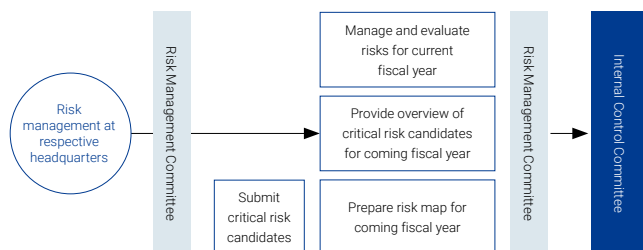
## Risk Management

In accordance with its risk management policy and rules, the Group convenes twice yearly meetings of the Risk Management Committee, which assesses and receives reports regarding progress in managing critical risks that could have a significant impact on the Group's business management, and reports findings to the Board of Directors. Chaired by the president and comprising chief executives and the deputy chief executive of the ESG Strategy Headquarters, the Risk Management Committee identifies critical risks based on qualitative and quantitative evaluations of the business divisions, which have the best understanding of the essential nature of the business, and reports from each headquarters, determines the headquarters responsible for advancing countermeasures for each critical risk, and promotes risk reduction activities for the entire Group.

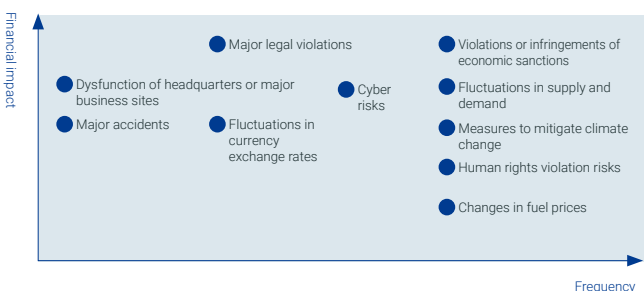
### Most Critical Risks and Critical Risks

Each year, the Risk Management Committee identifies the most critical risks among the critical risks as risks that could have a significant impact on the continuity of the Group's businesses. These include compliance risks, major accidents and other operational risks, cyber risks, and risks related to damages caused by natural disasters and measures to mitigate climate change. In addition, critical risks that could significantly affect the Group's business management include strategic risks, market fluctuation risks, operational risks, financial and accounting risks, and human rights risks, as well as risks from infectious diseases such as COVID-19.

### Risk Management System



### Risk Map



## Response to Human Rights Risks

The Company started a human rights project in 2022. In accordance with the United Nations Guiding Principles on Business and Human Rights, we are promoting various initiatives to respect the basic human rights of all people and realize a society that acknowledges and respects diverse values and different cultures. These include formulating a human rights policy, building internal frameworks, and carrying out human rights due diligence.

We have conducted impact assessments of businesses identified in this workshop through interviews with rights holders since 2022 and disclosed information about the content of these assessments and our initiatives for improvement on the Company's website.

At a workshop held prior to carrying out human rights due diligence, we promoted understanding of human rights risks that could cause or contribute to human rights violations in value chains involving the Company.

In addition to these initiatives, we have proactively conducted education and awareness-raising regarding human rights through e-learning and training.



Human Rights Initiatives

<https://www.nyk.com/english/esg/social/activities/>

**Introduction to "Discover Our ESG Stories"**

[https://www.nyk.com/english/esg/does/stories/detail\\_11.html](https://www.nyk.com/english/esg/does/stories/detail_11.html)

## Information Security

The NYK Group continuously reinforces multilayered defenses in readiness for cyberattacks, which are becoming more sophisticated and diverse. However, given that the perfect defense is infeasible, the Group is also developing countermeasures focused on cyber resilience, thereby enabling rapid recovery from damages. Moreover, the Group is putting in place “zero trust” countermeasures, which are not reliant upon the boundary defenses of the networks used when introducing cloud computing or telecommuting.

Specifically, the Group will introduce security functions such as a multi-factor authentication (MFA) system and an endpoint detection and response (EDR) system to the entire Group, while introducing cloud systems to reduce risks caused by malfunctions or disasters as well as a global security operation center (GSOC) to monitor IT equipment on land and at sea worldwide around the clock 365 days of the year. These systems are designed to minimize damages by rapidly detecting and countering hacks. Further, in regions worldwide the Group has established computer security incident response teams

(CSIRTs) that coordinate with each other globally. By promptly sharing and managing information not only with IT departments but also with other departments when an incident occurs, the teams underpin a system that enables the members of senior management to make decisions appropriately.

On the governance front, the Group regularly updates its information security regulations to respond to new technologies such as AI and works to ensure security by sharing said regulations throughout the Group.

All of these initiatives rest upon the foundation of Group employees’ security literacy. To increase this literacy generally for the Group, we are regularly conducting (1) e-learning using an education platform, (2) cyberattack countermeasure drills, and (3) global security assessments.

Risk Management

<https://www.nyk.com/english/profile/gvn/risk/>

## Group Management Structure

With the overarching objective of enhancing its corporate value, the NYK Group is promoting further improvements in Groupwide governance.

### 1 Group Companies in Japan

The Company aims to maintain a system for overseeing directors’ business execution and ensuring consistency in the judgment criteria during audits, such as dispatching auditors to each Group company. Furthermore, the Company conducts specialized training and provides expert business support to Group companies and so forth to promote Groupwide strengthening of corporate governance functions, and aims to increase the level of operations throughout the Group. In addition, to maintain a transparent management structure, the Group will centrally manage the appointment and compensation determination process for management at Group companies and

maintain its effectiveness. Based on the Groupwide governance built through these initiatives, the Group will make maximum use of its capabilities and promote unified, efficient management.

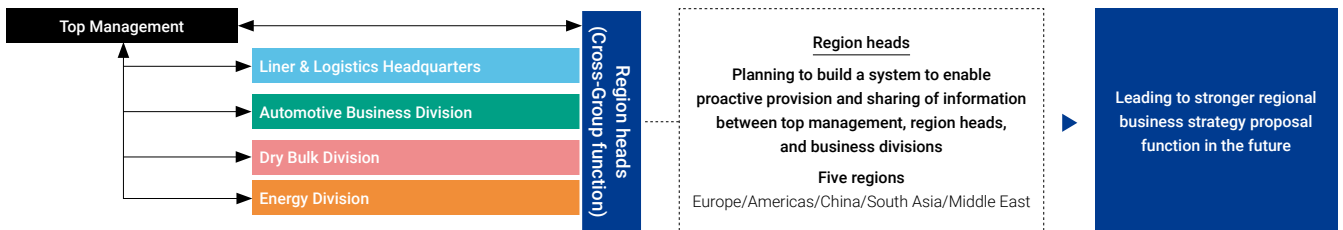
#### Support Measures for Group Companies (Example)

1. Provision of training opportunities
2. Consultation on handling of various laws and regulations
3. Acceptance of corporate consultations
4. IT security measures

### 2 Group Companies Overseas

In April 2024, the Company established NYK Group region heads in five regions: Europe (London), the Americas (Secaucus), China (Shanghai), South Asia (Singapore), and the Middle East (Dubai). In April 2022, we had established region heads in South Asia and the Middle East, and the NYK Group will now have five NYK Group

region heads to gather information and strengthen and deepen regional strategies. In addition, the region heads will work closely with Group companies and business units to promote flexible regional business development.





Message from the Officer in Charge of Compliance

We will create a corporate culture in which everyone is highly aware of and responsible for compliance.

**Kenichiro Sutoh**

Executive Officer  
Deputy Chief Compliance Officer

**Strong Focus on Compliance**

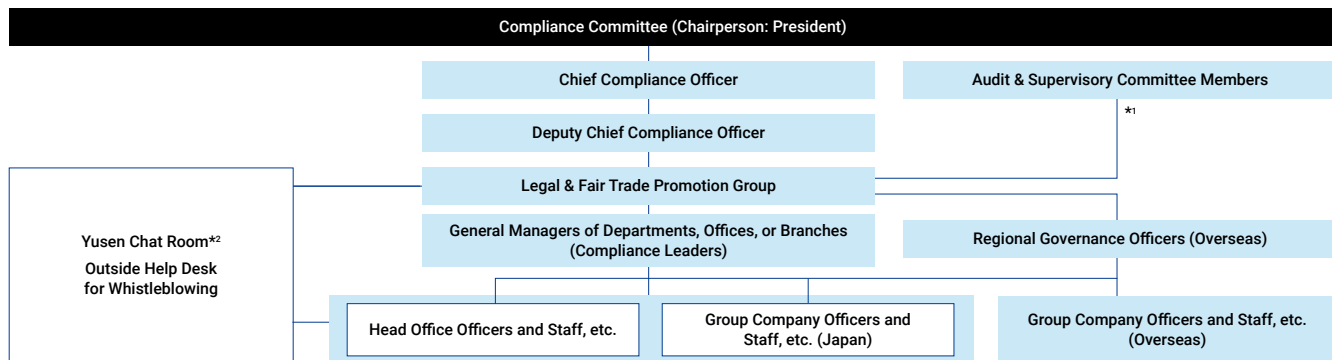
In fiscal 2023, a compliance awareness survey targeting our officers and employees was conducted by a specialized outside organization. Compared with a sample of companies that have similar business scale, NYK returned above-average results for all survey items. In particular, the survey found that awareness of compliance has been effectively instilled among officers

and employees, including understanding of the Group’s Mission and awareness of compliance systems. We attribute this awareness to our unique culture of objectively viewing one’s own actions in light of our Mission, Vision, and Value.

On the other hand, compliance cannot be achieved solely through the efforts of individuals. Organizational efforts to create conditions that make the occurrence of compliance violations unlikely are

indispensable. The NYK Group promotes compliance through two organizations: the Compliance Committee and the Executive Committee Overseeing Thorough Law Compliance. The former formulates the Group’s compliance promotion policies and plans for initiatives and evaluates these initiatives. Meanwhile, the latter is responsible for analyzing the progress of the Group’s compliance activities. These two organizations work together to implement a

**The NYK Group’s Compliance System**



\*1 Reports to a full-time Audit & Supervisory Committee member periodically and as required

\*2 This is a consultation contact point for NYK Group employees to discuss concerns about compliance. Such reports are received by five employees (three men and two women) and one outside lawyer.



plan–do–check–act (PDCA) cycle for the advancement of the Group’s compliance. In addition, with respect to the Board of Directors, the chief compliance officer reports all compliance incidents that occur in the Group, submits regular reports on compliance activities, and receives timely and appropriate supervision from the Board of Directors.

Like most companies, the focuses of the Group’s compliance activities range from violations of social norms, such as harassment, through to laws and statutory regulations. However, the Group has established strict reporting standards for three types of laws with respect to which it views compliance as being of particular importance, namely, competition laws, sanction laws, and anti-corruption laws. Meanwhile, one of the Group’s whistleblowing systems is the Yusen Chat Room, which serves as a primary help desk for receiving reports. The contact point is staffed by NYK personnel and has been in operation for more than 20 years. A feature of the Yusen Chat Room is that widespread awareness of it in the Group helps lower the barrier to whistleblowing.

## Initiatives to Strengthen Compliance

Since alleged violations of antitrust laws came to light in 2012, the Group has been rigorously identifying potential risks, conducting practical compliance training, and implementing cycles that improve risk sensitivity and on-site action not only in the Automotive Business Headquarters involved but in all divisions. The risk-related cases reported in the process of implementing these cycles have included erroneous words and actions on the part of supervisors, which were pointed out by junior personnel. We feel that the various measures we have taken are leading to real actions. Further, we aim to pass on and update the lessons learned from past failures related to violations of antitrust laws so that they do not fade from our

institutional memory. To this end, in 2022 we launched a training program that gives participants a vivid sense of the decisions and dilemmas of those involved at the time and asks participants to think about what they would have done in the same situation. We are conducting the training in stages for different employee ranks. Ultimately, all employees will participate in the program. The response from participants has been incredibly significant. We have found that they really want an opportunity to accurately grasp the information and think it through for themselves. This training has led us to conduct training based on cases other than those related to antitrust laws. We have also begun training that focuses on past business investment choices. The significant response to all of these training programs gives a sense of the strong awareness of compliance in our culture.

In addition, we are moving forward with initiatives focused on respect for human rights, which also aligns with the promotion of ESG management. Since fiscal 2022, members of in-house organizations involved in compliance promotion have been participating in a human rights project, which the ESG Strategy Headquarters is advancing. The project members directly visit sites that could be negatively impacting the human rights of workers, such as ship scrapping sites and logistics bases in emerging countries. Through dialogue and proposals, the members attempt to resolve the issues encountered. I believe that this initiative is important from the perspective of increasing sensitivity to human rights risks within the Group.

## Tasks Going Forward

Addressing harassment is one of our tasks going forward. Although there are currently few incidents of harassment, the aforementioned compliance awareness survey revealed that many employees feel that they have seen or heard harassment around them. I view this both as indicating

a high level of harassment awareness in the organization as a whole and a generational gap regarding communication methods and common sense. In response to this result, we will strengthen cooperation not only with human resource divisions but also with on-site organizations to take measures in relation to employees’ day-to-day activities more directly. Through training programs, we will give priority to establishing a common knowledge of harassment, aligning the perspectives of employees, and developing and internalizing appropriate measures. In addition, based on the assumption that a gap in understanding and awareness of compliance still exists not just in relation to harassment but in other areas, we will strongly encourage the sharing and updating of awareness and knowledge to ensure that management is aware of and complies with the rules and behavioral norms that frontline personnel comply with as a matter of course, and vice versa. We are also revising our approaches to penalties and information sharing in-house.

Establishing a common awareness of compliance globally is also an issue to be addressed. Each region has its own autonomous management. To raise the level of compliance and, ultimately, governance throughout the Group in this context, Yusen Logistics Co., Ltd., which is the largest Group company, and the Group’s four region heads have launched a collaborative initiative. This initiative involves the establishment of a center of excellence.\* As circumstances differ from region to region, raising awareness of compliance globally is not easy. Nonetheless, I believe that consensus building—based on acknowledgment of these differences and discussions aimed at setting target standards—will certainly encourage each region to take responsibility for ensuring the penetration of compliance throughout the Group.

\* The establishment of a body that consolidates resources and knowledge in a single location to enable the promotion of cross-organizational efforts

## Financial and Non-Financial Information

### Main Consolidated Financial and Non-financial Information

Accounting period (FY)	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019
<b>Results of Operations:</b>						
Revenues	¥ 2,401,820	¥ 2,272,315	¥ 1,923,881	¥ 2,183,201	¥ 1,829,300	¥ 1,668,355
Operating profit (loss)	66,192	48,964	(18,078)	27,824	11,085	38,696
Recurring profit (loss)	84,010	60,058	1,039	28,016	(2,052)	44,486
Profit (loss) attributable to owners of parent	47,591	18,238	(265,744)	20,167	(44,501)	31,129
Capital expenditures	199,343	115,791	155,993	200,443	170,776	139,232
Depreciation and amortization	101,045	103,347	92,004	87,839	89,713	104,057
<b>Financial Position at Year-End:</b>						
Total assets	2,569,828	2,244,772	2,044,183	2,071,636	2,001,704	1,933,264
Interest-bearing debt	1,098,357	940,576	945,391	983,432	1,046,182	1,049,853
Shareholders' equity	810,311	773,678	522,471	551,887	487,432	462,664
<b>Cash Flows:</b>						
Operating activities	136,448	142,857	27,924	89,090	45,260	116,931
Investing activities	26,755	(46,895)	(144,612)	(137,994)	(132,292)	(54,867)
Financing activities	(199,007)	(160,260)	1,952	17,587	62,715	(61,733)
<b>Per-Share Data:</b>						
Basic net income (loss)	93.5	35.8	(524.1)	39.9	(87.9)	61.5
Equity	1,592.62	1,520.70	1,032.65	1,090.74	963.09	913.47
Cash dividends applicable to the year	23	20	–	10	7	13
Dividend payout ratio	24.9%	55.8%	–	25.1%	–	21.7%
<b>Management Indicators:</b>						
Return on invested capital (ROIC)	3.3%	3.6%	(15.1%)	3.1%	(0.2%)	3.7%
Return on equity (ROE)	6.2%	2.3%	(41.0%)	3.8%	(8.6%)	6.6%
Debt-to-equity ratio (DER) (times)	1.36	1.22	1.81	1.78	2.15	2.27
Shareholders' equity ratio	31.5%	34.5%	25.6%	26.6%	24.4%	23.9%
<b>Non-Financial Information:</b>						
GHG emissions (ton-CO <sub>2</sub> e)	21,349,624	21,174,221	21,887,394	20,984,431	14,142,058	13,412,790
Downtime (hours)	14.2	18.4	11.0	23.9	19.3	19.4
Number of Group employees (persons)	33,520	34,276	35,935	37,820	35,711	34,857

Note 1: The dividend payout ratio has not been stated when loss attributable to owners of parent has been recorded.

Note 2: GHG emissions are total values for Scope 1 + Scope 2. Calculation standards were changed as of fiscal 2023. Figures for fiscal 2014 through fiscal 2022 have been adjusted accordingly. From fiscal 2018 onward, the three major Japanese shipping companies integrated their container shipping businesses, and the resulting business was excluded from the scope of consolidation. Therefore, the figures do not include emissions from container ships.

Note 3: The Company uses operational downtime due to accidents or trouble to measure the achievement of safe ship operations and is working to reduce downtime to at most 10 hours per operating ship per year (<https://www.nyk.com/english/esg/social/sea/>). The standard for aggregating downtime changed from fiscal years to calendar years from 2020. Data for 2020 has a partial overlap with 2019 (January to March 2020).

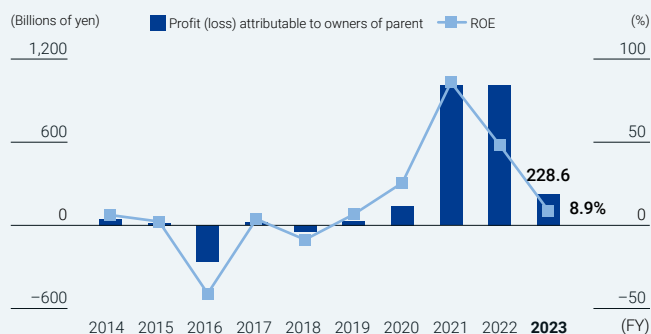
Note 4: The per-share data on this page in this 10-year summary takes into consideration the effect of a reverse stock split conducted on October 1, 2017 (1-for-10 shares of common stock) and a stock split conducted on October 1, 2022 (3-for-1 shares of common stock). (Net income is rounded to one decimal place, net assets are rounded to two decimal places, and annual cash dividends are rounded to the nearest yen.)

Note 5: ROIC = (Operating income after tax + Extraordinary profit & loss after tax + Equity in earnings of affiliates + Dividend income) ÷ (Invested capital).

#### Revenues

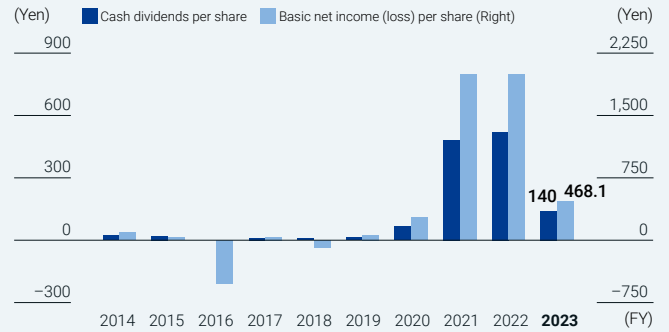


#### Profit (Loss) Attributable to Owners of Parent / ROE

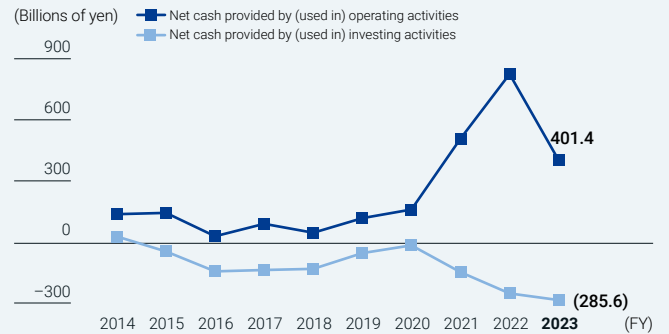


FY2020	FY2021	FY2022	FY2023
(Millions of yen)			
¥ 1,608,414	¥ 2,280,775	¥ 2,616,066	¥2,387,240
71,537	268,939	296,350	174,679
215,336	1,003,154	1,109,790	261,341
139,228	1,009,105	1,012,523	228,603
101,778	205,140	198,865	335,816
98,803	101,596	121,658	141,605
(Millions of yen)			
2,125,480	3,080,023	3,776,797	4,254,770
951,143	808,299	694,091	913,806
625,332	1,713,713	2,478,641	2,650,371
(Millions of yen)			
159,336	507,762	824,853	401,414
(16,871)	(148,571)	(252,964)	(285,631)
(125,483)	(237,535)	(581,203)	(163,420)
(Yen)			
274.9	1,991.3	1,993.7	468.1
1,234.42	3,381.43	4,877.55	5,772.50
67	483	520	140
24.3%	24.3%	26.1%	29.9%
11.7%	47.1%	35.7%	8.3%
25.6%	86.0%	48.3%	8.9%
1.52	0.47	0.28	0.34
29.4%	55.6%	65.6%	62.3%
11,699,499	12,724,086	11,331,299	11,473,705
17.1	20.0	15.6	17.1
35,057	35,165	35,502	35,243

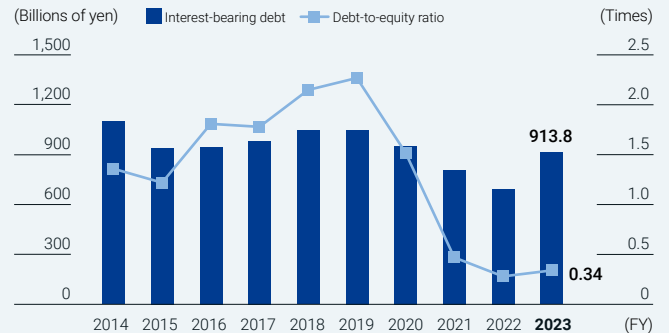
Cash Dividends per Share / Basic Net Income (Loss) per Share



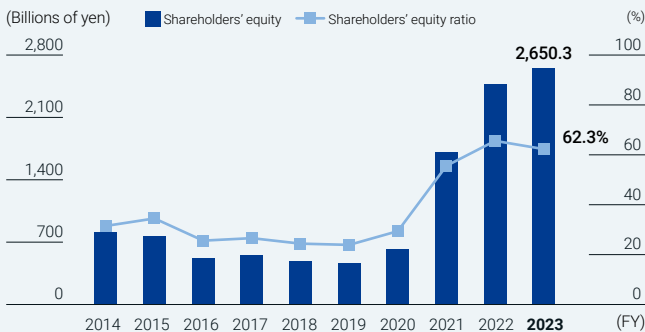
Cash Flows



Interest-Bearing Debt and Debt-to-Equity Ratio (Gross)



Shareholders' Equity / Shareholders' Equity Ratio



Ratings

(As of July 31, 2024)

Rating Company	Type of Rating	Rating
Japan Credit Rating Agency, Ltd. (JCR)	Long-Term Issuer Rating (Outlook)	AA- (Stable)
	Bond Rating	AA-
Rating and Investment Information, Inc. (R&I)	Issuer Rating (Outlook)	A (Positive)
	Long-Term	A
	Short-Term	a-1
Moody's	Issuer Rating (Outlook)	Baa3 (Stable)

## Financial and Non-Financial Information

### Main Financial Information by Business Segment

Accounting period (FY)	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019
<b>Revenues:</b>						
Liner Trade	¥ 696,352	¥ 706,366	¥ 585,904	¥ 691,433	¥ 286,339	¥ 202,248
Air Cargo Transportation	99,110	91,101	81,919	97,826	56,750	75,157
Logistics	486,919	496,509	461,361	512,332	525,826	476,326
Bulk Shipping	995,851	902,291	717,729	795,606	841,358	819,807
Automotive	-	-	-	-	-	-
Dry Bulk	-	-	-	-	-	-
Energy	-	-	-	-	-	-
Others	-	-	-	-	-	-
Real Estate	9,504	9,781	9,439	7,941	7,617	7,346
Other Business Services	170,607	147,015	146,614	172,300	188,158	165,690
Cruises	49,802	-	-	-	-	-
Elimination and Corporate	(106,327)	(80,751)	(79,087)	(94,238)	(76,751)	(78,220)
Consolidated Total	2,401,820	2,272,315	1,923,881	2,183,201	1,829,300	1,668,355
<b>Recurring Profit (Loss):</b>						
Liner Trade	9,807	(321)	(12,716)	10,874	(26,401)	13,442
Air Cargo Transportation	699	1,585	2,631	1,811	(15,969)	(15,583)
Logistics	10,794	11,869	7,650	2,382	7,728	4,721
Bulk Shipping	60,082	46,595	(4,168)	9,643	33,791	44,187
Automotive	-	-	-	-	-	-
Dry Bulk	-	-	-	-	-	-
Energy	-	-	-	-	-	-
Others	-	-	-	-	-	-
Real Estate	3,257	3,379	12,079	2,659	2,747	2,564
Other Business Services	(596)	(53)	(1,496)	3,167	3,082	1,773
Cruises	2,117	-	-	-	-	-
Elimination and Corporate	(2,153)	(2,997)	(2,940)	(2,522)	(7,031)	(6,619)
Consolidated Total	84,010	60,058	1,039	28,016	(2,052)	44,486
<b>Assets:</b>						
Liner Trade	499,804	419,247	401,983	405,307	361,893	296,981
Air Cargo Transportation	56,221	47,597	53,004	77,362	64,122	63,205
Logistics	274,382	250,303	255,189	277,919	281,834	281,608
Bulk Shipping	1,501,200	1,338,549	1,269,346	1,256,094	1,285,305	1,269,819
Real Estate	56,835	63,542	56,266	58,854	57,328	54,948
Other Business Services	414,123	251,326	209,981	195,238	171,748	159,032
Cruises	44,273	-	-	-	-	-
Elimination and Corporate	(277,012)	(125,795)	(201,587)	(199,141)	(220,530)	(192,330)
Consolidated Total	2,569,828	2,244,772	2,044,183	2,071,636	2,001,704	1,933,264
<b>Depreciation and Amortization:</b>						
Liner Trade	17,660	20,173	17,646	13,770	11,754	11,668
Air Cargo Transportation	2,595	2,160	2,360	2,825	4,485	4,006
Logistics	8,043	8,202	7,175	8,355	9,088	19,881
Bulk Shipping	68,688	68,942	61,223	59,404	60,465	65,982
Real Estate	1,090	1,118	1,056	1,259	1,285	1,355
Other Business Services	1,387	2,916	2,543	2,244	2,672	1,216
Cruises	1,800	-	-	-	-	-
Elimination and Corporate	(220)	(166)	(1)	(19)	(37)	(53)
Consolidated Total	101,045	103,347	92,004	87,839	89,713	104,057

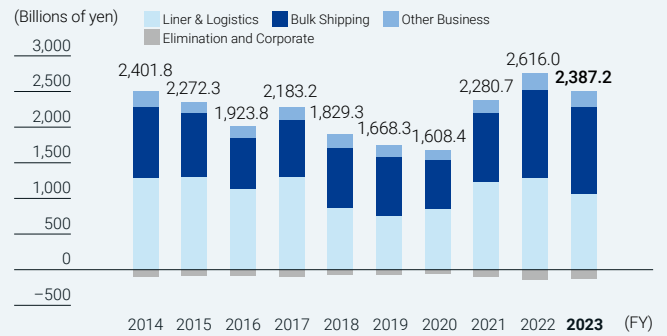
Note 1: Since fiscal 2015, "Cruises" has been included in "Other Business Services." Figures before changes to business segment classifications have not been restated.

Note 2: Due to a change in the method of calculating interest and other amounts attributable to each segment as of fiscal 2023, the recurring profit (loss) of each segment for fiscal 2022 has also been restated based on the changed measurement method. Consolidated totals and revenues are not affected.

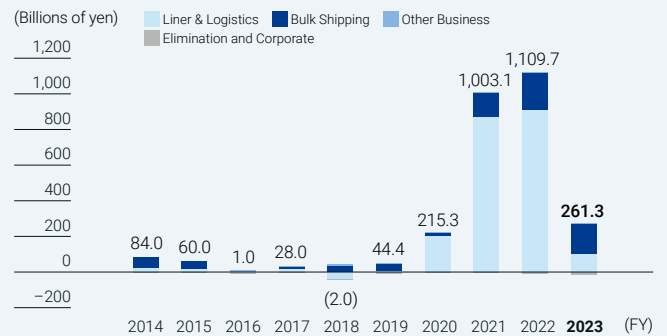
Note 3: As of fiscal 2024, the presentation of disclosure segments was changed. The "bulk shipping business" was divided into the "automotive business," the "dry bulk business," and the "energy business." The "real estate business" and "other business services" were consolidated into "others." For fiscal 2023, figures by segment for revenues and recurring profit (loss) after said changes have also been included. Due to the effect of adjustments such as the elimination of inter-segment transactions, there are some discrepancies between the figures for each segment and the totals for fiscal 2023.

FY2020	FY2021	FY2022	<b>FY2023</b>
			(Millions of yen)
¥ 170,537	¥ 190,552	¥ 200,705	¥ 192,353
122,459	188,731	218,095	161,186
561,234	847,492	862,446	702,299
681,564	974,556	1,240,816	1,231,654
-	-	-	490,902
-	-	-	573,331
-	-	-	173,372
-	-	-	222,683
6,884	4,207	3,352	3,127
129,789	170,405	234,512	219,604
-	-	-	-
(64,055)	(95,169)	(143,863)	(122,984)
1,608,414	2,280,775	2,616,066	2,387,240
140,821	734,245	790,637	67,891
33,281	74,068	61,556	5,758
27,049	58,727	54,284	25,950
18,605	139,100	210,440	170,296
-	-	-	105,855
-	-	-	18,040
-	-	-	46,393
-	-	-	3,627
2,584	2,127	1,323	1,593
(2,251)	(1,231)	592	2,033
-	-	-	-
(4,754)	(3,884)	(9,044)	(12,183)
215,336	1,003,154	1,109,790	261,341
428,685	945,345	1,379,232	1,409,631
65,535	141,904	135,103	130,927
348,707	418,931	473,901	513,834
1,271,637	1,497,120	1,754,550	2,235,788
52,400	27,764	26,562	30,266
173,614	221,454	247,344	350,632
-	-	-	-
(215,099)	(172,497)	(239,897)	(416,311)
2,125,480	3,080,023	3,776,797	4,254,770
9,891	9,818	9,771	9,468
3,232	5,651	9,427	9,933
19,913	21,003	25,130	31,402
63,293	63,356	75,506	88,452
1,366	702	534	531
1,159	1,109	1,331	1,852
-	-	-	-
(53)	(46)	(43)	(34)
98,803	101,596	121,658	141,605

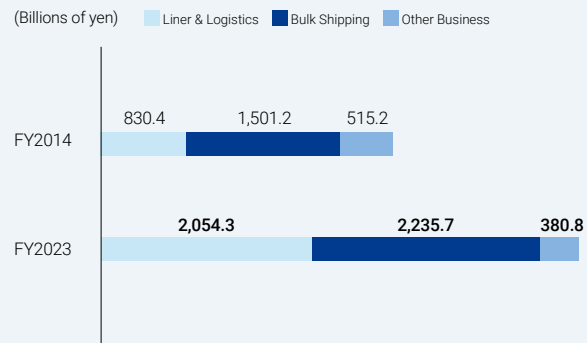
## Revenues



## Recurring Profit (Loss)



## Assets

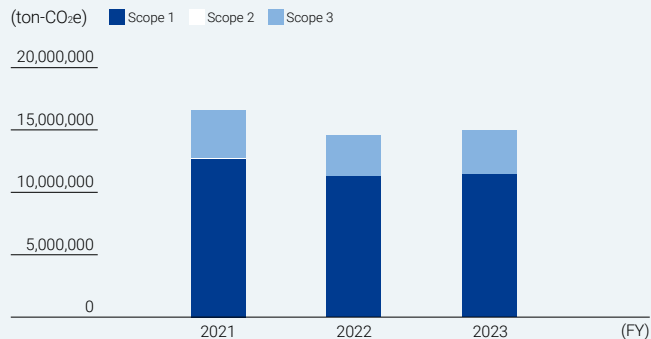


## The NYK Group (Includes NYK Headquarters)

### GHG Emissions by Scope

Note: Rounded down to the nearest whole number

GHG-related	Units: ton-CO <sub>2</sub> e			
Overall output	FY2021	FY2022	FY2023	Ratio in FY2023 (%)
Scope 1	12,678,695	11,255,044	<b>11,410,363</b>	<b>76.4%</b>
Scope 2	45,391	76,255	<b>63,342</b>	<b>0.4%</b>
Scope 1+2	12,724,086	11,331,299	<b>11,473,705</b>	—
Scope 3	3,890,661	3,264,023	<b>3,455,848</b>	<b>23.1%</b>
Scope 1+2+3	16,614,748	14,595,322	<b>14,929,553</b>	—
Emissions from biofuel (from ships)	—	—	<b>15,230</b>	—



Note 1: The scope of aggregation includes headquarters and consolidated subsidiaries.

Note 2: CO<sub>2</sub>e: CO<sub>2</sub> equivalent

Note 3: GHG emissions data for Scope 1, Scope 2, Scope 3, and biofuel has been verified by a third-party organization. Verification Report (<https://www.nyk.com/english/esg/envi/data/>)

Note 4: Emissions data for Scope 2 is calculated on a market basis.

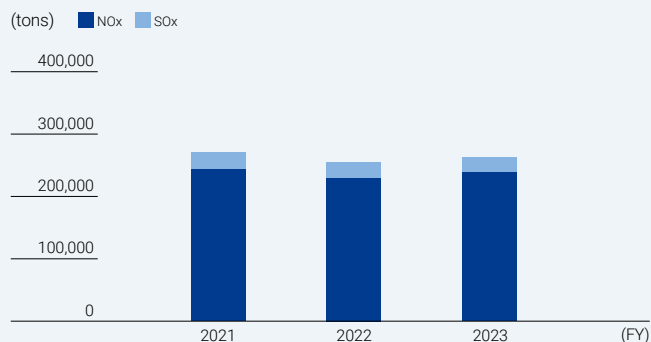
Output breakdown	Subcategory	FY2021	FY2022	FY2023
Scope 1	Ships	10,708,996	10,123,951	<b>10,224,932</b>
	Aircraft	1,721,397	964,063	<b>1,048,651</b>
	Others	248,301	167,029	<b>136,779</b>
	Total	12,678,695	11,255,044	<b>11,410,363</b>
Scope 2 – Market basis		45,391	76,255	<b>63,342</b>
Scope 2 – Location basis		49,010	77,710	<b>67,375</b>
Scope 3	Category 1	1,887,367	1,486,233	<b>1,347,827</b>
	Category 2	255,143	197,887	<b>482,457</b>
	Category 3	1,730,934	1,552,422	<b>1,585,711</b>
	Category 5	16,379	19,827	<b>29,792</b>
	Category 6	678	7,404	<b>9,877</b>
	Category 7	157	247	<b>183</b>
	Total	3,890,661	3,264,023	<b>3,455,848</b>
Emissions from biofuel	Ships	—	—	<b>15,230</b>

Note 1: Scope 2 emissions are calculated on a market basis inside Japan and on a location basis overseas.

Note 2: In fiscal 2022, a renewable energy certificate was used to offset the electricity used at the Yokohama Branch and the NYK Maritime Museum (234,641 kWh).

### NO<sub>x</sub> and SO<sub>x</sub> Emissions

Other than GHGs			
Output (from ships)	FY2021	FY2022	FY2023
NO <sub>x</sub>	243,726	229,722	<b>238,244</b>
SO <sub>x</sub>	26,970	25,216	<b>24,994</b>



## Energy and Resource Consumption Amounts

GHG-related					
Input breakdown	Subcategory	Unit	FY2021	FY2022	FY2023
Scope 1	Heavy oil A (MDO)	Tons	30,415	27,219	143,986
	Heavy oil C	Tons	3,184,649	2,979,644	2,972,183
	Gas oil (ships)	Tons	159,484	173,779	69,341
	LNG (ships)	Tons	5,620	14,387	41,530
	Jet fuel	Kl	699,024	391,486	423,584
	Gasoline	Kl	71,860	9,058	3,602
	Kerosene	Kl	52	49	32
	Diesel	Kl	23,285	49,408	41,418
	LPG	Tons	511	375	2,547
	Natural gas	m <sup>3</sup>	8,624,448	7,460,194	7,834,651
	Private power generation derived from renewable energies	MWh	—	5,970	8,874
Scope 2-related	Electricity	MWh	119,880	162,030	146,029
	Electricity derived from renewable energy	MWh	—	—	15,722
Scope 3-related	Waste (office)	Tons	5,679	6,831	10,142
Biofuel	Electricity	Tons	—	—	6,287
	Ships				

Note: Electricity consumption in Japan is calculated on a market basis. CO<sub>2</sub> emissions volume from electric power consumption for each fiscal year has been calculated using the coefficients for each electricity provider (actual figures for each fiscal year) published by the Ministry of the Environment.

Other than GHGs					
Input from offices	Unit	FY2021	FY2022	FY2023	
Water	m <sup>3</sup>	292,510	863,697	339,188	
Paper	Kg	636,903	1,007,991	1,021,337	

## The NYK Group (Includes NYK Headquarters) As of the end of each company's fiscal year

### Employee Demographics

Number of employees of consolidated companies (long-term employees, employees on contracts of more than six months)

		FY2021	FY2022	FY2023
<b>Number of employees</b>	<b>Total (a)</b>	35,165	35,502	<b>35,243</b>
<b>By region</b>	Japan	7,837	7,900	<b>8,006</b>
	Europe	8,640	8,544	<b>8,398</b>
	South Asia	12,446	12,322	<b>12,329</b>
	North America	2,075	2,236	<b>2,057</b>
	East Asia	2,888	2,875	<b>2,750</b>
	Oceania	185	189	<b>187</b>
	Central and South America	1,094	1,436	<b>1,516</b>
<b>Number of employees promoted to director by region*1</b>	Japan			
	Men	174	180	<b>173</b>
	Women	6	7	<b>8</b>
	Europe			
	Men	86	75	<b>104</b>
	Women	15	7	<b>14</b>
	South Asia			
	Men	100	116	<b>129</b>
	Women	18	23	<b>16</b>
	North America			
	Men	23	26	<b>12</b>
	Women	4	4	<b>2</b>
	East Asia			
	Men	28	22	<b>29</b>
	Women	1	1	<b>4</b>
	Oceania			
	Men	5	5	<b>5</b>
	Women	0	0	<b>0</b>
	Central and South America			
	Men	12	9	<b>15</b>
	Women	3	4	<b>5</b>

\*1 Local employees. Excludes employees seconded from headquarters and other organizations

### Employee Diversity

		FY2021	FY2022	FY2023
<b>Number of non-Japanese seafarers*1</b>	<b>Total (b)</b>	10,788	10,622	<b>11,190</b>
<b>Ratio of women employees (%)</b>		37.0	37.9	<b>37.7</b>
<b>Ratio of women managers*2 (%)</b>		25.9	25.2	<b>26.2</b>

\*1 From fiscal 2022, the aggregation standard was changed. In conjunction with this, the figures for fiscal 2021 have been revised.

\*2 Managers or higher

			FY2021	FY2022	FY2023
<b>Ratio of management by region and gender*1 (%)</b>	Japan	Men	91.1	90.1	<b>90.0</b>
		Women	8.9	9.9	<b>10.0</b>
	Europe	Men	71.0	68.0	<b>64.5</b>
		Women	29.0	32.0	<b>35.5</b>
	South Asia	Men	59.5	64.0	<b>62.8</b>
		Women	40.5	36.0	<b>37.2</b>
	North America	Men	66.4	67.4	<b>67.3</b>
		Women	33.6	32.6	<b>32.7</b>
	East Asia	Men	65.1	63.9	<b>61.4</b>
		Women	34.9	36.1	<b>38.6</b>
	Oceania	Men	86.7	82.4	<b>79.4</b>
		Women	13.3	17.6	<b>20.6</b>
	Central and South America	Men	72.5	71.9	<b>75.0</b>
		Women	27.5	28.1	<b>25.0</b>
<b>By gender</b>	Men		22,438	22,372	<b>22,286</b>
	Women		12,727	13,130	<b>12,957</b>
<b>New hires</b>	Total		6,260	6,579	<b>4,730</b>
	Men		3,679	4,116	<b>2,938</b>
	Women		2,581	2,463	<b>1,792</b>
<b>Ratio of voluntary resignations (%)</b>			14.8	14.1	<b>11.7</b>

\*1 Local employees who are managers or higher. Includes employees seconded from headquarters and other organizations

### Number of Group Employees (Including Non-Japanese Seafarers)

	FY2021	FY2022	FY2023
<b>Total (a + b)</b>	45,953	46,124	<b>46,433</b>

### Occupational Health and Safety

	FY2021	FY2022	FY2023
<b>Lost-time injury (LTI) rate (%)*1</b>	2.00	2.52	<b>2.54</b>
<b>Number of work-related deaths</b>	1	2	<b>1</b>
<b>Mortality rate (%)</b>	0.00	0.01	<b>0.00</b>

\*1 Calculation method: (Number of work-related accidents requiring leave) / (Total working hours) × 1,000,000. Total working hours are calculated as 2,000 hours per person.



## NYK Headquarters

### Employee Demographics

			FY2021	FY2022	FY2023
<b>Number of employees</b>	<b>Total</b>		1,800	1,852	<b>1,863</b>
<b>By gender</b>		Men	1,479	1,523	<b>1,525</b>
		Women	321	329	<b>338</b>
<b>Long-term employees</b>	Office workers (excludes navigation officers and engineers at office locations)	Men	766	791	<b>797</b>
		Women	246	242	<b>249</b>
	Navigation officers and engineers	Men	577	586	<b>588</b>
		Women	19	21	<b>22</b>
<b>Fixed-term employees</b>	Office workers	Men	127	139	<b>132</b>
		Women	51	60	<b>60</b>
	Seafarers	Men	6	4	<b>4</b>
		Women	0	0	<b>0</b>
<b>Non-fixed-term employees*1</b>	Office workers	Men	3	3	<b>4</b>
		Women	5	6	<b>7</b>
	Seafarers	Men	0	0	<b>0</b>
		Women	0	0	<b>0</b>
<b>Long-term employees, fixed-term employees, and non-fixed-term employees</b>	Office workers (excludes navigation officers and engineers at office locations)		1,198	1,241	<b>1,249</b>
	Navigation officers and engineers		602	611	<b>614</b>
<b>Average age*2 (years old)</b>	Office workers (excludes navigation officers and engineers at office locations)		41.2	41.0	<b>40.6</b>
	Navigation officers and engineers		38.8	39.2	<b>39.4</b>
<b>Age range*2</b>	Office workers (excludes navigation officers and engineers at office locations)	Under 30	195	189	<b>190</b>
		30–49	509	546	<b>587</b>
		50 and older	308	298	<b>269</b>
	Navigation officers and engineers	Under 30	139	143	<b>147</b>
		30–49	335	335	<b>330</b>
		50 and older	122	129	<b>133</b>
<b>New hires*3</b>	Total		66	87	<b>89</b>
<b>New-graduate hires</b>	Total		54	56	<b>62</b>
	Office workers (excludes navigation officers and engineers at office locations)	Men	19	22	<b>20</b>
		Women	10	7	<b>16</b>
	Navigation officers and engineers	Men	22	24	<b>24</b>
Women		3	3	<b>2</b>	
<b>Mid-career hires</b>	Total		12	31	<b>27</b>
		Men	11	25	<b>21</b>
		Women	1	6	<b>6</b>
<b>Ratio of mid-career hires*4 (%)</b>			18.2	35.6	<b>30.3</b>
<b>Rate of turnover within three years after hire*5 (%)</b>	Office workers (excludes navigation officers and engineers at office locations)		0.9	0.0	<b>0.6</b>
	Navigation officers and engineers		1.4	6.7	<b>6.3</b>
<b>Ratio of voluntary resignations*6 (%)</b>			1.6	2.1	<b>1.4</b>
<b>Turnover rate at NYK*7 (%)</b>			3.9	4.5	<b>3.3</b>

\*1 Employees who converted to employment contracts with no fixed period

\*2 Excludes fixed-term employees and employees who converted to employment contracts with no fixed period

\*3 New graduates and mid-career hires

\*4 From fiscal 2022, the indication standard was changed. In conjunction with this, the figures for fiscal 2021 have been revised.

\*5 Calculation method: Number of new graduates and mid-career employees hired in the previous three fiscal years who resigned in each fiscal year / Number of new graduates and mid-career employees hired in the previous three fiscal years

\*6 Calculation method: Number of employees who resigned at their own request in each fiscal year / Total number of long-term employees at the end of each fiscal year

\*7 Calculation method: Number of employees who resigned in each fiscal year / Total number of long-term employees at the end of each fiscal year

## Employee Diversity

		FY2021	FY2022	FY2023
<b>Ratio of women employees (%)</b>	Office workers (excludes navigation officers and engineers at office locations)	24.3	23.4	<b>23.8</b>
	Navigation officers and engineers	3.2	3.5	<b>3.6</b>
<b>Ratio of female recruits, nonconsolidated (%)</b>	Office workers (excludes navigation officers and engineers at office locations)	26.8	21.7	<b>34.9</b>
	Navigation officers and engineers	12.0	11.1	<b>7.7</b>
<b>Ratio of women managers*<sup>1</sup> (%)</b>	Office workers (excludes navigation officers and engineers at office locations)	14.0	13.7	<b>13.6</b>
	Navigation officers and engineers	0.4	0.4	<b>0.4</b>
<b>Percentage of female executives (%)</b>	Directors* <sup>2</sup>	25.0	25.0	<b>25.0</b>
	Executive officers or above	11.1	13.5	<b>13.5</b>
<b>Employment ratio of people with disabilities (%)</b>		1.9	2.0	<b>2.1</b>
<b>Employees union membership rate*<sup>3</sup> (%)</b>	Office workers (includes navigation officers and engineers)	83.9	84.4	<b>87.8</b>
	Seafarers (excludes captains)	100.0	100.0	<b>100.0</b>
<b>Ratio of collective bargaining rights holders (%)</b>		100.0	100.0	<b>100.0</b>

\*<sup>1</sup> Calculation method: Women managers / Total managers

\*<sup>2</sup> Fiscal 2021 and fiscal 2022 data includes Audit & Supervisory Committee members.

\*<sup>3</sup> Japanese employees (navigation officers and engineers) are members of the All Japan Seamen's Union,\* except for captains.

\* All Japan Seamen's Union: The union is the only industrial labor union in Japan formed by people working in the Japanese maritime-related industry.

Note: Because the collection of racial or ethnic data is legally prohibited or restricted in some countries, we do not collect or disclose information on the percentage of all workers involved in our business activities by race or ethnicity.

## Occupational Health and Safety (Includes Fixed-Term Employees)

		FY2021	FY2022	FY2023
<b>Number of occupational accidents*<sup>1</sup></b>	Total	2	2	<b>2</b>
	Office workers (including navigation officers and engineers at office locations)	0	0	<b>1</b>
	Seafarers	2	2	<b>1</b>
<b>Lost-time injury (LTI) rate*<sup>2</sup> (%)</b>		0.41	0.82	<b>0.40</b>
<b>Number of work-related deaths</b>	Total	0	0	<b>0</b>
	Office workers (including navigation officers and engineers at office locations)	0	0	<b>0</b>
	Seafarers	0	0	<b>0</b>
<b>Number of lost days caused by occupational accidents</b>	Total	71	9	<b>7</b>
	Office workers (including navigation officers and engineers at office locations)	0	0	<b>7</b>
	Seafarers	71	9	<b>0</b>
<b>Health checkup participation percentage (%)</b>		98.1	99.1	<b>99.6</b>
<b>Percentage of employees who smoke (%)</b>		12.4	11.2	<b>11.8</b>
<b>Presenteeism*<sup>3</sup> (%)</b>		18.6	17.2	<b>18.0</b>
<b>Non-statutory working hours per month (hours)</b>		23.5	19.1	<b>18.3</b>

\*<sup>1</sup> Excludes commuting accidents / Major occupational accidents while working on board include falls, pinches, frostbite (burns), etc.

\*<sup>2</sup> Employees working at headquarters, including navigation officers and engineers\* who are working at office locations, seconded employees from Group companies, and contractors for business consignment, etc.  
Calculation method: (Number of work-related accidents requiring leave) / (Total working hours) × 1,000,000

\*<sup>3</sup> A condition in which an employee goes to work with some illness or symptoms, resulting in reduced work performance and productivity. The percentage was calculated using each employee's evaluation of their work performance over the past four weeks, with 100% being the performance they would be able to perform when they are not sick or injured.

\* Navigation officers and engineers either hold a seafaring license or are in the process of acquiring one at a maritime college.

## Employee Support Systems

		FY2021	FY2022	FY2023
Average number of days of paid leave taken*1		17.4	18.8	<b>18.8</b>
Average ratio of paid leave taken (%)		61.3	67.1	<b>67.0</b>
Number of employees who took maternity leave*2		20	15	<b>8</b>
Average ratio of employees who took maternity leave (%)		100.0	100.0	<b>100.0</b>
Number of employees who used parental leave program	Total	53	64	<b>57</b>
	Men	37	52	<b>50</b>
	Women	16	12	<b>7</b>
Ratio of employees who used parental leave program (%)	Total	68.8	76.2	<b>76.0</b>
	Men	60.7	72.2	<b>73.5</b>
	Women	100.0	100.0	<b>100.0</b>
Ratio of employees who returned to work after taking parental leave (%)		91.0	100.0	<b>100.0</b>
		(Number of employees who left the Company: 1)		
Retention rate of employees who used parental leave program (%)		100.0	100.0	<b>100.0</b>
Number of employees who used shortened working-hour program	Total	8	4	<b>6</b>
	Men	0	0	<b>0</b>
	Women	8	4	<b>6</b>
Number of working mothers*3		87	75	<b>71</b>
Number of employees who used family-care leave program*2	Total	1	0	<b>0</b>
	Men	1	0	<b>0</b>
	Women	0	0	<b>0</b>
Ratio of employees who returned to work after taking family-care leave (%)		100.0	Not applicable	<b>Not applicable</b>
Retention rate of employees who used family-care leave program (%)		100.0	Not applicable	<b>Not applicable</b>

\*1 Excludes seafarers and employees currently seconded to other companies / Includes paid summer and winter holidays

\*2 Total number of users, excluding those who left the Company

\*3 Mothers with children in compulsory education or younger / Excludes mothers on maternity or parental leave

## Education

		FY2021	FY2022	FY2023
Average number of hours employees participated in training programs	Company average	61.5	60.2	<b>77.6</b>
	Office workers (includes navigation officers and engineers at office locations)*1	16.9	18.1	<b>26.5</b>
	Seafarers	230.5	226.7	<b>290.7</b>
Average expenditure on educational and training programs per employee (yen)	Company average	228,750	235,398	<b>342,888</b>
	Office workers (includes navigation officers and engineers at office locations)*2	113,006	122,497	<b>164,255</b>
	Seafarers	667,968	682,969	<b>1,088,656</b>

\*1 Excludes workers trained outside the Company

\*2 Programs for office workers trained inside or outside the Company

## Corporate Data (As of March 31, 2024)

### Established

September 29, 1885

### Paid-in Capital

¥144,319,833,730

### Employees

Consolidated: 35,243 (NYK and consolidated subsidiaries)

Non-consolidated: 1,863 (1,249 office workers  
(excluding seafarers); 614 seafarers)\*

\* The non-consolidated number of employees includes employees currently assigned to domestic and overseas Group companies.

### Headquarters

3-2, Marunouchi 2-chome

Chiyoda-ku, Tokyo 100-0005, Japan

Telephone: +81-3-3284-5151

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

### Common Stock

Number of authorized shares:

895,065,000 shares

Number of issued and outstanding shares:

510,165,294 shares

(including 50,642,025 shares of treasury stock)

### Stock Exchange Listing

Prime Market of the Tokyo Stock Exchange

### Share Registrar and Management of Special Accounts

Mitsubishi UFJ Trust and Banking Corporation

Contact Information:

Stock Transfer Agency,

Mitsubishi UFJ Trust and Banking Corporation

P.O. Box No. 29, New Tokyo Post Office, 137-8081

Toll-free: 0120-232-711

### Method of Public Notice

The Company's public notices are available through electronic distribution.

Website: <https://www.nyk.com/ir/stock/koukoku/>

However, in the event that electronic distribution is impossible, due to an accident or other unavoidable circumstances, the Company's public notices will appear in the *Nihon Keizai Shimbun* published in Tokyo, Japan.

### American Depositary Receipts (ADR)

Symbol: NPNYY

CUSIP: 654633304

Exchange: OTC

Ratio (ADR: shares of common stock): 5:1

Depository:

BNY Mellon Shareowner Services

P. O. Box 43006

Providence, RI 02940

Toll-free:

(Within the U.S.) 888-BNY-ADRS (888-269-2377)

(From overseas) 1-201-680-6825

Website: <https://www.adrbnymellon.com/>

Email: [shrrelations@cpushareownerservices.com](mailto:shrrelations@cpushareownerservices.com)

## ► Guide to Disclosure Information

### NYK Report 2024

#### IR Information <https://www.nyk.com/english/ir/>



Annual Securities Report, Financial Statements, Corporate Governance Report, Business Reports



IR Fact Book



IR Data Book

#### ESG Information <https://www.nyk.com/english/esg/>



NYK Group ESG Story



NYK Group Decarbonization Story

**Discover Our ESG Stories**  
Focusing on aspects of operations that standard disclosure cannot completely convey, these stories give a real sense of the initiatives that the NYK Group is advancing day-to-day as well as the thoughts of the personnel involved in them.



ESG Data Book

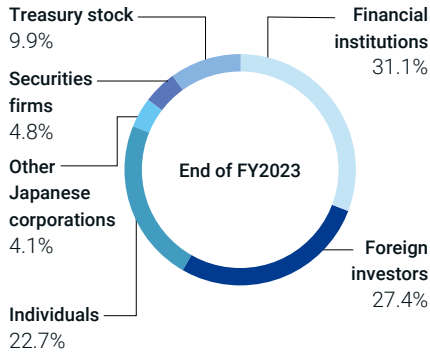
### NYK Report 2024 Editorial Policy

This is the 12th edition of the NYK Report, an integrated report designed to present the Group's management strategies. Strongly focused on the sustainable growth of society, industry, and the Group, these strategies are driving an array of initiatives aimed at addressing environmental, social, and governance (ESG) issues. *NYK Report 2024* features in-depth analysis of the strengths of the Group and reaffirms the sources of its growth. At the same time, we describe the details and progress of management strategies based on the medium-term management plan and outline our measures in response to social changes. In this way, the report offers a full account of the Group's management and execution capabilities.

### Target Readers

The envisioned readers of this report are all those who have an involvement with the NYK Group, including investors, customers, shareholders, business partners, and Group employees as well as members of local communities, nonprofit organizations, and nongovernmental organizations, students, members of evaluation organizations, researchers, and corporate social responsibility and ESG managers.

► Shareholder Composition

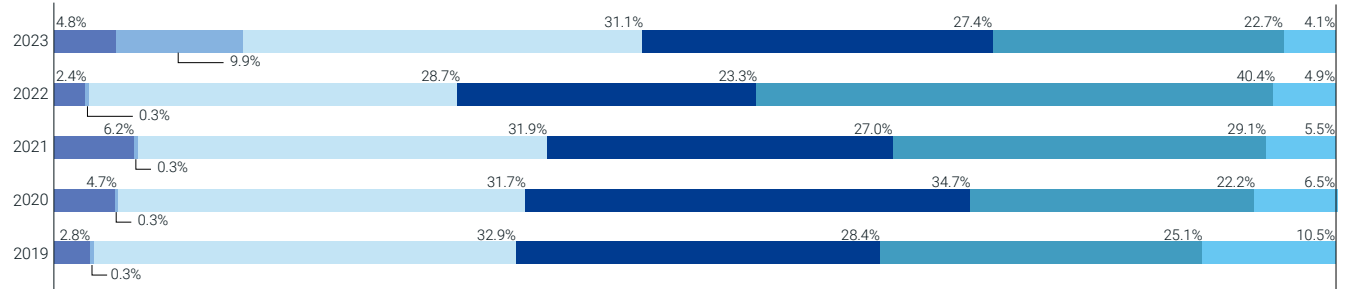


► Principal Shareholders (As of March 31, 2024)

Name	Number of shares held
THE MASTER TRUST BANK OF JAPAN, LTD. (Trust Account)	90,187,900
Custody Bank of Japan, Ltd. (Trust Account)	27,130,357
STATE STREET BANK WEST CLIENT - TREATY 505234	9,810,836
JPMorgan Securities Japan Co., Ltd.	9,245,215
MEIJI YASUDA LIFE INSURANCE CO.	8,273,778
MITSUBISHI HEAVY INDUSTRIES, LTD.	6,155,793
STATE STREET BANK AND TRUST COMPANY 505103	5,579,132
SSBTC CLIENT OMNIBUS ACCOUNT	5,211,123
Goldman Sachs Japan Co., Ltd. BNYM	5,087,898
The Nomura Trust and Banking Co., Ltd. (Investment Trust Account)	5,081,300

► Shareholder Composition

(End of fiscal year)

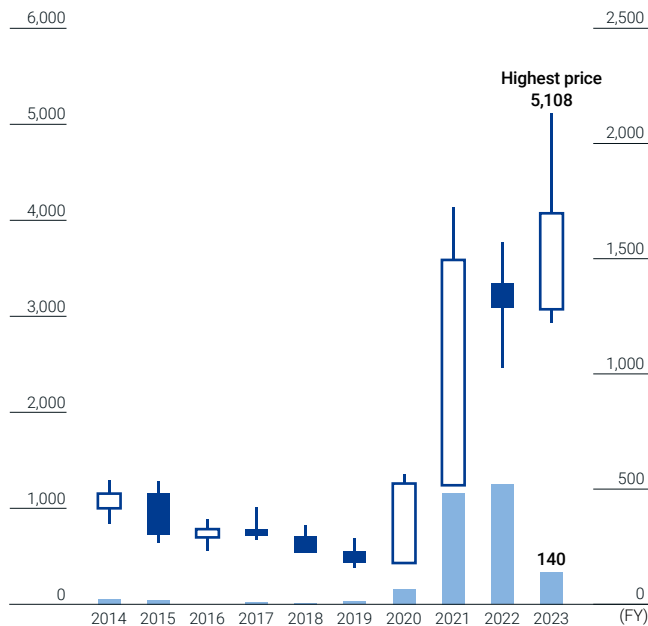


► Stock Price Range and Trading Volume

The figures take into consideration the effect of a reverse stock split conducted on October 1, 2017 (1-for-10 shares of common stock) and a stock split conducted on October 1, 2022 (3-for-1 shares of common stock).

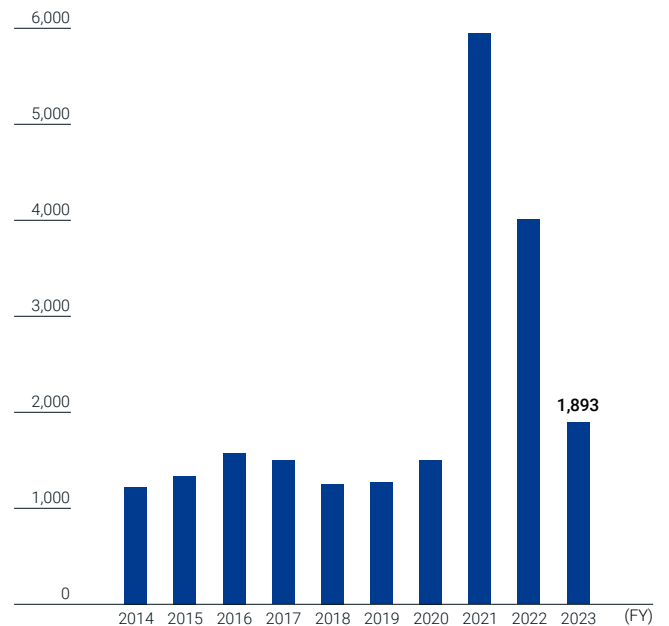
Stock Price

(Yen) ■ Stock Price



Trading Volume

(Million shares)



Evaluation by Society

► Inclusion in Socially Responsible Investment Indexes

NYK has been selected for 22 consecutive years (as of July 2024) for inclusion in the FTSE4Good Index Series, a leading global SRI index, and is also a constituent of the MSCI Nihonkabu ESG Select Leaders Index. Additionally, NYK has also been selected for inclusion in all six SRI indices for Japanese equities used by the General Pension Investment Fund (GPIF) (as of July 2024).



THE INCLUSION OF Nippon Yusen Kabushiki Kaisha IN ANY MSCI INDEX, AND THE USE OF MSCI LOGOS, TRADEMARKS, SERVICE MARKS OR INDEX NAMES HEREIN, DO NOT CONSTITUTE A SPONSORSHIP, ENDORSEMENT OR PROMOTION OF Nippon Yusen Kabushiki Kaisha BY MSCI OR ANY OF ITS AFFILIATES. THE MSCI INDEXES ARE THE EXCLUSIVE PROPERTY OF MSCI. MSCI AND THE MSCI INDEX NAMES AND LOGOS ARE TRADEMARKS OR SERVICE MARKS OF MSCI OR ITS AFFILIATES.

Other Financial Institutions



Morningstar Japan ex-REIT Gender Diversity Tilt Index

► Assessments in Relation to Climate Change

In relation to climate change, NYK was recognized by Climate Disclosure Project (CDP) as an "A-List" company—the highest evaluation—for a fourth consecutive year.

Further, for the fourth year in a row, NYK was selected as a "Supplier Engagement Leader," the highest recognition awarded, based on a supplier engagement rating conducted by CDP.



► Other Evaluations

We will empower women and advance other initiatives based on respect for diversity and inclusion (D&I) and endeavor to strengthen the utilization of human resources in pursuit of work environments that are employee-friendly and rewarding. In conjunction with these efforts, we will fulfill our social responsibilities, including those related to environmental and governance issues, while seeking sustained growth.



Digital Transformation Stock for 2024



On May 27 2024, NYK was selected as a 2024 "Digital Transformation (DX) Stock" by Japan's Ministry of Economy, Trade and Industry, the Tokyo Stock Exchange, and Japan's Information-Technology Promotion Agency. This selection reflected favorable evaluation of our digital transformation initiatives. NYK has been working on business transformation through digital technology, such as developing 3D models and drawings to simplify the ship design and approval process in ship-building, adopting the SIMS3 ship information management system to transmit operational IoT data from ships to shore every minute, and implementing the Starlink satellite communication service for exchanging and utilizing data on ships and land.

**Initiatives**

**► Climate Change and Decarbonization**

- Mærsk Mc-Kinney Møller Center for Zero Carbon Shipping
- Japan Climate Initiative
- Challenge Zero, the Japan Business Federation (Keidanren)
- Task Force on Climate-related Financial Disclosures (TCFD)
- International Shipping GHG Zero Emission Project
- Getting to Zero Coalition
- Global CCS Institute
- GX League
- Global Centre for Maritime Decarbonisation (GCMD)

September 2023

Methane Abatement in Maritime Innovation Initiative (MAMII)

April 2024

Smart Freight Centre

April 2024

North Pacific Green Corridor Consortium



**► Next-Generation Fuels**

- Hydrogen Council
- Japan Hydrogen Association (JH2A)
- Clean Fuel Ammonia Association

Hydrogen Council



CLEAN FUEL AMMONIA ASSOCIATION  
一般社団法人 クリーン燃料アンモニア協会

**► Biodiversity**

- World Wide Fund for Nature (WWF)
- Japan Business Federation Biodiversity Declaration
- Japan and Biodiversity Partnership of the Japan Business Federation
- ANEMONE Consortium

December 2023

The Taskforce on Nature-related Financial Disclosures Forum (TNFD Forum)



April 2024

COI-NEXT



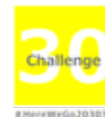
**► General Sustainability**

- United Nations Global Compact
- World Business Council for Sustainable Development (WBCSD)



**► Human Capital and D&I**

- Human Capital Management Consortium
- 30% Club Japan
- #Here We Go 203030, the Japan Business Federation (Keidanren)



**► Maritime Industry**

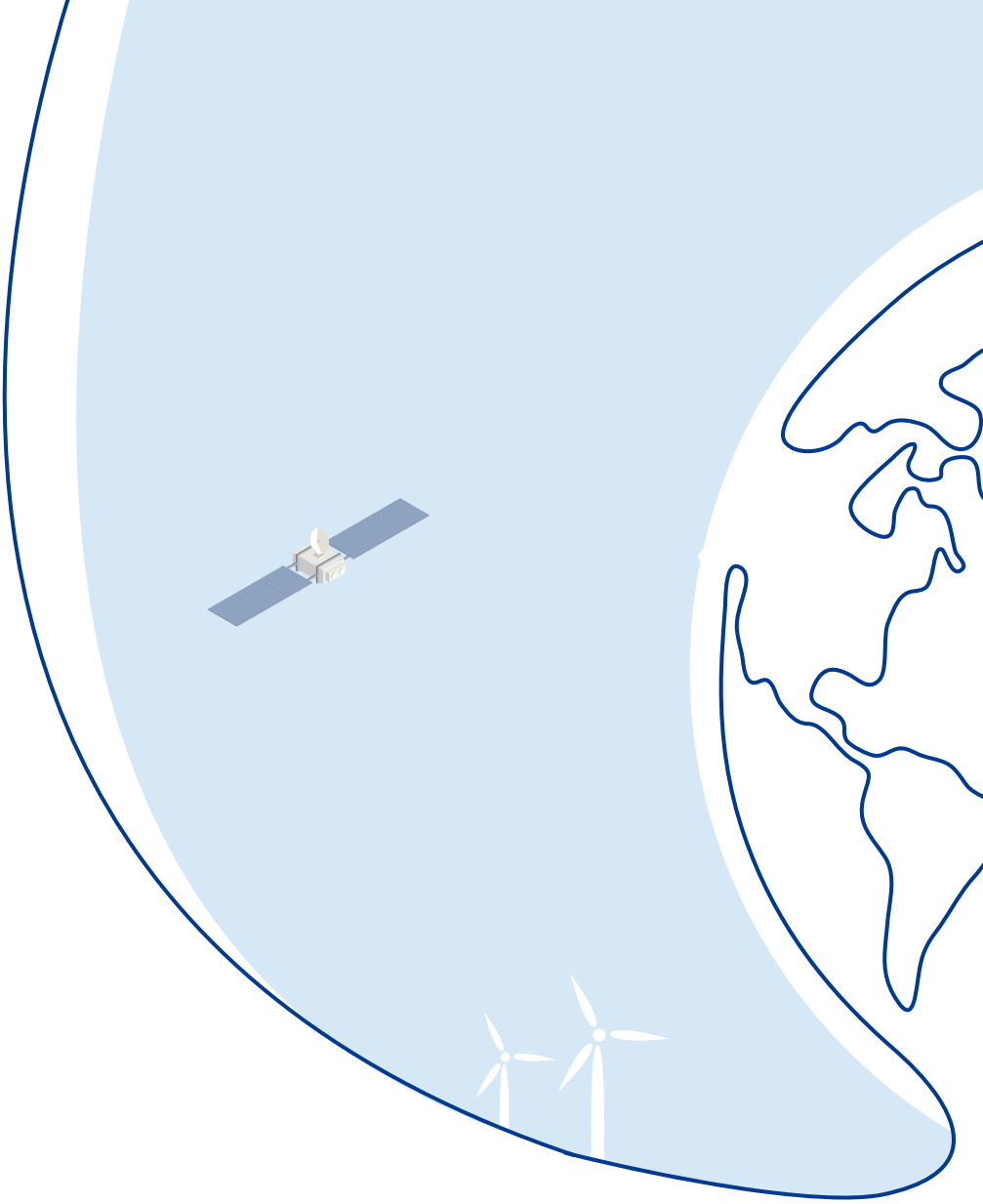
- Ship Recycling Transparency Initiative (SRTI)
- Global Maritime Forum
- Sustainable Ocean Principles, the United Nations Global Compact (UNGC)



Sustainable Ocean Principles

Co-Creation with Various Initiatives

<https://www.nyk.com/english/esg/concept/initiatives/>



**NYK**LINE  
NIPPON YUSEN KAISHA

3-2, Marunouchi 2-chome,  
Chiyoda-ku, Tokyo 100-0005, Japan  
Telephone: +81-3-3284-5151  
Website: <https://www.nyk.com/english/>



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