

# **Corporate Governance Guidelines**

Established on November 26, 2015

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Note 1) Paragraphs within a dotted box ( [ ] ) in the Guidelines will be updated automatically in accordance with changes, etc., of each policy and criteria, etc.

## Chapter I. General Provisions

### Article 1. Purpose of the Guidelines

The purpose of these Guidelines is to establish the principles relating to corporate governance of Nippon Yusen Kabushiki Kaisha (hereinafter, the “Company”) based on the provisions of the Companies Act, other laws and regulations and the Articles of Incorporation.

### Article 2. Definition, etc., of Corporate Governance

1. In the Guidelines, corporate governance refers to the set of systems, organizations or frameworks for making and executing business decisions of the Company and overseeing and supervising such activities, or operation thereof.
2. When establishing the systems, organizations or frameworks set forth in the preceding paragraph, or operation thereof, as well as making and executing business decisions, and overseeing and supervising such activities, the Company takes its relationships with shareholders and other stakeholders into account and maintains adequate transparency, fairness, swiftness and prudence.
3. The Company aims to achieve its sustainable growth and medium-to-long-term enhancement of corporate value by complying with corporate governance principles set forth in these Guidelines.

### Article 3. NYK Group Mission Statement

1. The Company formulates the NYK Group Mission Statement and the NYK Business Credo, and the Company and its Group companies establish and disclose the Code of Conduct as the rules of behavior.

#### *NYK Group Mission Statement*

Bringing value to life.

2. The Company establishes the NYK Group Values of “Integrity, Innovation and Intensity” (3I’s) as a way of preparing to realize the above Mission Statement and strives to instill these values.
3. The Board of Directors examines the status of compliance with the Code of Conduct regularly or when necessary.

## Chapter II. Relationships with Shareholders

### Article 4. Responsibilities of Directors, etc.

Directors, Audit and Supervisory Board Members and the management team acknowledge that they are entrusted with the management of the Company from the shareholders, and aim to achieve the Company’s sustainable growth and medium-to-long-term enhancement of corporate value to contribute to the common interests of shareholders, while ensuring appropriate collaboration with shareholders and other stakeholders.

### Article 5. Capital Policy and Strategic Shareholdings

1. Considering that capital policy would have a material impact on shareholders’ interests, the Company sets forth the basic capital policy as follows.

<<Basic Capital Policy>>

The Company positions Return On Invested Capital (ROIC) as a key management indicator and also emphasizes return on equity (ROE) and net income in efforts to improve them. In addition, while maintaining an appropriate capital structure, the company will increase growth investments and return profits to shareholders with an eye to capital efficiency, with the aim of increasing total shareholder return (TSR).

2. The Company sets forth the policy for strategic shareholdings as follows.

<<Policy for holding Strategic Shareholdings>>

Strategic shareholdings refer to the listed shares of other companies except for shares of affiliated companies that are held by the Company and considered appropriate as one of the methods of developing, maintaining and strengthening transactional and collaborative relationships. The Company may hold such strategic shareholdings.

In case the Company holds strategic shareholdings, it assigns a department in charge of managing each relevant share, and regularly examines and determines the appropriateness of acquisition and holding of such shares from the viewpoints of the purpose, significance and profitability of the strategic shareholdings.

The Company has been working on the reduction of strategic shareholdings. In line with the policy, the department in charge of managing the strategic shareholdings will continue to examine the medium-to-long-term economic rationality of holding strategic shareholdings in light of elements such as advantages and disadvantages, and explains the purpose and rationality of holding strategic shareholdings at the Board of Directors' meetings each year. Based on the explanation, the Board of Directors will examine the significance of holding individual strategic shareholdings and determine how it will reduce those shareholdings.

3. The Company sets forth the criteria for exercising voting rights of strategic shareholdings as follows.

<<Criteria for Exercising Voting Rights of Strategic Shareholdings>>

When exercising voting rights of strategic shareholdings, the Company shall decide to vote for or against agenda items by implementing assessment that each agenda item will not lead to the impairment of corporate value of an investee company and whether each agenda item will contribute to the enhancement of the Company's corporate value and the degree of such contribution. In particular, for proposals on the appropriation of surplus and the appointment of Directors and Audit and Supervisory Board Members, etc., individual criteria shall be established to consider whether the Company should approve or disapprove them.

4. The Company's policy for responding to companies holding shares of the Company for strategic purposes is as follows.

<<Response to Companies Holding Shares of the Company for Strategic Purposes>>

If a company holding shares of the Company for strategic purposes informs the Company that it will sell some or all of its shares of the Company, the Company shall not obstruct the sale by taking actions such as suggesting that the Company will reduce its existing transactions with the company holding shares of the Company for strategic purposes. Additionally, the Company shall not engage in transactions detrimental to the common interests of the Company and shareholders, which includes continuing transactions without fully verifying their economic rationality.

**Article 6. General Meeting of Shareholders**

1. The Company acknowledges that the General Meeting of Shareholders is the Company's highest decision-making body and an opportunity for constructive dialogue with shareholders. Taking shareholders' point of view, the Company will create an appropriate environment for exercising voting rights at the General Meeting of Shareholders.
2. Taking into consideration the perspectives such as the enrichment of constructive dialogue with shareholders and the provision of accurate information for that purpose, the Company holds the General Meeting of Shareholders avoiding the dates when general meetings of shareholders of Japanese companies are concentrated on.
3. In order to appropriately incorporate the intention of shareholders into management, the Board of Directors analyzes the status of votes in favor or against each agenda item at the General Meeting of Shareholders and if an agenda item is recognized as having a considerable number of opposing votes, the Board of Directors analyzes the reasons for the opposition and the causes for such a large number of opposing votes and considers response such as dialogue with shareholders.
4. When proposing to delegate some of the matters to be resolved at the General Meeting of Shareholders to the Board of Directors, the Company will consider the necessity of ensuring mobility and expertise in managerial decision-making.
5. If institutional investors holding shares of the Company in the name of a trust bank, etc., request in advance to exercise voting rights, etc., in place of the trust bank, etc., at the General Meeting of Shareholders, the Company will discuss with parties such as the shareholder registry administrator and lawyers to consider how to respond, taking into consideration laws and regulations, the Articles of Incorporation, the impact on the proceedings of the General Meeting of Shareholders, and other such factors.

**Article 7. Respect of Voting Rights**

The Company endeavors to create an environment in which all the shareholders can appropriately exercise their voting rights at the General Meeting of Shareholders. To that end, the Company takes the following measures.

- 1) To strive to provide appropriate information on agenda items of the General Meeting of Shareholders appropriately and provide information that supports appropriate decision making by shareholders concerning the content of the notice of convocation of the annual General Meeting of Shareholders and business reports.
- 2) To send out the notice of convocation of the annual General Meeting of Shareholders around three weeks before the date of the meeting. The Company discloses the notice and its English translation on its website, etc., as soon as it becomes available even if it is before the date of mailing.
- 3) To use the electronic platform for the exercise of voting rights and other electronic means for the exercise of voting rights and publish the English translation of the notice of convocation.

Article 8. **Ensuring the Rights and Equal Treatment of Shareholders**

1. In addition to the cases prescribed in the preceding article, the Company takes appropriate measures to substantially ensure the rights of shareholders, based on the idea that engaging corporate governance that places importance on shareholders will help improve corporate value. In addition, the Company strives to create an environment in which shareholders can appropriately exercise their voting rights at the General Meeting of Shareholders, the highest decision-making body and an opportunity for constructive dialogue, by taking measures such as facilitating exercise of voting rights and enhancing information disclosure.
2. The Company treats all shareholders substantially equally in accordance with the class and the number of shares held, and it does not grant special benefits or favors to specific shareholders.
3. The Company gives due consideration to prevent the unjust impairment of the rights of minority shareholders and foreign shareholders and respects them. The Company establishes and discloses the Share Handling Regulations, which specify how shareholders can exercise their voting rights.
4. When the Company implements capital policies such as a capital increase that would cause a change of control or large-scale dilution, the Company examines the necessity and rationality of such capital policies at the Board of Directors, takes appropriate procedures, and provides sufficient explanation to shareholders.

5. If the Company's shares become subject of a tender offer, the Board of Directors explains its opinions on the offer to shareholders and endeavors to ensure sufficient time and collect adequate information necessary for shareholders to make an appropriate decision. If the Company is subject to a tender offer and the Board of Directors recognizes concerns over conflict of interest, etc., and it is deemed necessary to take measures to secure the interests of general shareholders through fair procedures, the Company will establish a special committee based on the resolution of the Board of Directors, consisting of independent members, primarily Independent Outside Directors, Independent Outside Audit and Supervisory Board Members, and/or external experts. If a special committee is established, the Board of Directors will make decisions while paying the maximum respect to the opinions of the special committee.

**Article 9. Prevention and Prohibition of Transactions that Would Harm the Interests of Shareholders**

1. In order to prevent Directors, Audit and Supervisory Board Members and Executive Officers from engaging in transactions that would harm the common interests of shareholders by exploiting their positions, the Company establishes procedures for them to report the status of their concurrent positions as officers of other entities to the Board of Directors, and discloses the summary of such procedures.
2. Directors and Audit and Supervisory Board Members do not engage in conflict of interest transactions and competitive transactions that fall under provisions in each item of Article 356, Paragraph 1 of the Companies Act, unless they have obtained the approval of the Board of Directors as set forth in the Companies Act.

**Chapter III. Systems for Decision Making, Execution, Oversight and Supervision, and Operation of Such Systems**

**Article 10. Structure of the Board of Directors and the Audit and Supervisory Board**

1. The Company is a company with Board of Directors and Audit and Supervisory Board, and Audit and Supervisory Board Members and the Audit and Supervisory Board perform audits on the execution of duties by Directors.
2. The chairman of the Board of Directors strives to effectively and efficiently operate the Board of Directors by stimulating discussions in the Board of Directors' meetings, with the aim of fully ensuring the oversight and supervision of the decision making and execution of duties by the Board of Directors.
3. The Company formulates views on the balance of knowledge, experience and ability, diversity and size of the Board of Directors as a whole and discloses a skills matrix listing items such as the knowledge, experience, and abilities of Directors along with policies and procedures for the appointment of Directors. In addition, the reasons for nomination for all candidates for Directors and Audit and Supervisory Board Members shall be stated and disclosed in the reference materials of the notice of convocation of the annual General Meeting of Shareholders.
4. Recognizing that it is appropriate to ensure that the Board of Directors consists of an adequate number of Internal Directors who are familiar with the Company's business as well as a certain number of Independent Outside Directors (one third or more of the Directors), who can further help strengthen the supervisory function, the Company endeavors to appoint Independent Outside Directors who are expected to contribute to its sustainable growth and medium-to-long-term enhancement of corporate value.
5. The Company reflects proper evaluation of performance, etc., of the Company in the appointment and dismissal, and compensation, etc., of Directors or Executive Officers. When making resolutions on these matters at the Board of Directors, the Company provides sufficient

information and explanation to Independent Outside Directors in advance and obtains their appropriate involvement and advice at the Nomination Advisory Committee or the Compensation Advisory Committee, bodies where Independent Outside Directors form a majority and one of them serves as the chairman.

6. The Company has adopted an Executive Officers system. In the meantime, Executive Officers execute the authorized duties under the supervision of Representative Directors or Executive Directors. The Management Meeting consisting of Representative Director and Executive Director etc. is held for discussion on important matters including preliminary deliberations on proposals to the meeting of the Board of Directors.
7. 50% or more of the members of the Audit and Supervisory Board are comprised of Independent Outside Audit and Supervisory Board Members, who are selected from among persons who have a high level of expertise conducive to audits. The Company endeavors to appoint one or more Audit and Supervisory Board Members who have appropriate knowledge on finance and accounting.
8. Directors and Audit and Supervisory Board Members shall ensure that attendance to Board of Directors' meetings does not fall below 75%. Audit and Supervisory Board Members shall ensure that attendance to Audit and Supervisory Board meetings does not fall below 75%. The Company will publicly disclose the attendance of Directors and Audit and Supervisory Board Members, in addition to concurrent positions held by Directors and Audit and Supervisory Board Members.
9. In order to ensure that the Board of Directors and the Audit and Supervisory Board can fully perform their functions, the Company will ensure collaboration with Directors and Audit and Supervisory Board Members by establishing mechanisms for the internal audit department to report the status of internal audits as appropriate directly to inside and outside officers. In addition, the corporate planning department and the audit and supervisory board department will serve as a point of contact for Independent Outside Directors and Independent Outside Audit and Supervisory Board Members, and establish a system to provide appropriate information about the Company.

Article 11. **Responsibilities of the Board of Directors**

1. The Board of Directors bears the responsibility for the implementation of effective and efficient corporate governance and achievement of the Company's sustainable growth and medium-to-long-term enhancement of corporate value.
2. The Board of Directors makes decisions on execution of important duties prescribed in the laws and regulations, the Articles of Incorporation and the Rules of the Board of Directors, and oversees or supervises the execution of duties by Directors and Executive Officers.
3. The Board of Directors clearly establishes the scope of delegation to the management team concerning what judgements and decisions that Board of Directors itself will make, and what will be delegated to the management team.
4. The Board of Directors acknowledges that one of its commitments to shareholders is the medium-term management plan, and determines it after conducting constructive discussion at the formulation stage. If the Company fails to meet its performance targets, the Board of Directors will adequately analyze the cause and the measures taken by the Company and explain the results of analysis to shareholders and reflect them in the management plan for the next fiscal period and beyond.
5. The Board of Directors provides supervision to ensure timely and accurate information disclosure, formulates the basic policy for the development of the internal control system compliant with the Companies Act, and develops the internal control and risk management systems including those of the Group as a whole. The Board of Directors establishes the Internal Control Committee chaired by the President as an organization that deliberates on the status of operation of the internal control system, and supervises the status of operation of the internal control system through the Internal Control Committee.
6. The Board of Directors takes measures to ensure adequate time for audits to ensure high quality of audits.
7. The Board of Directors acknowledges the responsibilities of the outside accounting auditor toward shareholders and investors and takes appropriate response. In addition, it ensures adequate collaboration between the outside accounting auditor, Audit and Supervisory Board Members, the internal audit department, and Independent Outside Directors.
8. The Board of Directors takes measures to ensure an opportunity for interviewing the senior management, etc., at the request of the outside accounting auditor, with the aim of developing the Company's system for responding to indications by the accounting auditor of injustice, deficiencies or problems, etc., regarding the execution of operations by the Company.
9. The Board of Directors appropriately supervises the preparation and implementation of a successor plan for the President or the equivalent thereof, which are discussed and recommended to the Board of Directors by the Nomination Advisory Committee, where Independent Outside Directors form a majority and an Independent Outside Director serves as the chairman.
10. The Board of Directors acknowledges that addressing sustainability issues is an important management issue that not only reduces risk but also leads to profit-earning opportunities. From the perspective of the medium-to-long-term improvement of corporate value, the Board of Directors formulates a basic policy and establishes a system to actively and proactively work on these challenges. In addition, it effectively supervises these activities so that they contribute to the sustainable growth of the Company.

Article 12. **Operation of the Board of Directors, etc.**

1. The Board of Directors strives to cultivate a corporate culture which encourages uninhibited and constructive discussion and exchange of opinions, including raising of issues by Independent Outside Directors. In order to actively exchange opinions outside of the Board of Directors, discussion meetings consisting of Directors, Audit and Supervisory Board Members, and Chief Executives who are Executive Officers are held on a regular basis.

2. The method of operation, etc., of the Board of Directors is stipulated in the Rules on the Board of Directors. Chairman, President and other Representative Directors determine the schedule dates of the monthly Board of Directors' meetings and foreseeable agenda items for the meetings in advance to stimulate deliberation. The secretariat of the Board of Directors distributes reference materials to each Director and Audit and Supervisory Board Member adequately in advance of the dates of the Board of Directors' meetings, takes the time in advance to explain Board of Directors agenda items to Independent Outside Directors and Independent Outside Audit and Supervisory Board Members, and provides sufficient information about the agenda items.
3. The Board of Directors ensures adequate time necessary for deliberation of agenda items.

**Article 13. Assessment of the Board of Directors**

The Board of Directors conducts an analysis and assessment of the effectiveness of the Board of Directors as a whole and identifies related issues by referring to the self-assessment of each Director, etc., and discloses a summary of its results every year.

**Article 14. Access to Information, etc., by Directors**

1. Directors actively obtain information to fulfill their roles and responsibilities. They are allowed to request the President for provision of additional information when necessary, and obtain advice from outside experts at the Company's expense.
2. The Company will provide necessary support to Directors, mainly through the corporate planning department, the secretariat of the Board of Directors, in order to smoothly provide necessary information. The Company will conduct effectiveness evaluations to confirm whether or not the information and materials required by Directors are provided.

**Article 15. Independent Outside Directors**

1. To ensure the substantial independence of Outside Directors, the Company establishes and discloses independence criteria for outside officers separately set forth by the Board of Directors based on the independence criteria prescribed by the Tokyo Stock Exchange as well as the requirements for independent directors prescribed in the Companies Act. In addition, the Company appoints Independent Outside Directors with a wide range of knowledge or a high level of expertise, a high level of insight, a wealth of experience, and a proven track record in their field of origin in order to contribute to frank, lively, and constructive considerations at the Board of Directors. Those Independent Outside Directors shall include persons with management experience at other companies.
2. Independent Outside Directors provide advice to the Company from the standpoint of promoting the sustainable growth and medium-to-long-term enhancement of corporate value of the Company, based on their extensive knowledge and expertise as experts. Independent Outside Directors also oversee or supervise the execution of operations by the Company through important decision making of the Board of Directors and conflicts of interest between the Company and Directors or controlling shareholders, etc., and reflect the opinions of minority shareholders and other stakeholders in deliberation of the Board of Directors.
3. Independent Outside Directors obtain information on the status of internal audits through regular reports on internal audits at the Board of Directors' meetings or through collaboration with Audit and Supervisory Board Members.
4. Independent Outside Directors hold a meeting comprising solely of Independent Outside Directors and Independent Outside Audit and Supervisory Board Members, when necessary, on matters regarding the Company's corporate governance and execution of operations.
5. Independent Outside Directors elect the lead Independent Outside Director by a mutual vote. The lead Independent Outside Director works to develop systems for communication or coordination with the senior management, or collaboration with Audit and Supervisory Board Members and the Audit and Supervisory Board through the legal department of the Company or department for supporting Audit and Supervisory Board Members, and serves as the chairman of the meetings in the preceding paragraph.

**Article 16. Audit and Supervisory Board**

1. The Audit and Supervisory Board strives to enhance the effectiveness of audits by combining the information-gathering ability of full-time Audit and Supervisory Board Members and the independence of Independent Outside Audit and Supervisory Board Members.
2. The Audit and Supervisory Board establishes an effective audit system through means such as ensuring adequate time to perform audits necessary to ensure high quality of audits and sharing of necessary information with the outside accounting auditor, internal audit department and Independent Outside Directors. It also confirms whether the smooth provision of information required by Audit and Supervisory Board Members is ensured.
3. As criteria for appropriately appointing and evaluating candidates for outside accounting auditor, the Audit and Supervisory Board develops the Criteria for Evaluating Outside Accounting Auditors, and confirms and evaluates their independence and level of expertise. The Audit and Supervisory Board acknowledges the responsibilities of the outside accounting auditor toward shareholders and investors and takes appropriate response to ensure proper auditing.

**Article 17. Audit and Supervisory Board Members**

1. Audit and Supervisory Board Members fulfill their responsibilities by performing audits on the execution of duties of Directors and exercising their authority over appointment and dismissal of

Audit and Supervisory Board Members and the accounting auditor, and auditor compensation from an independent and objective standpoint.

2. Full-time Audit and Supervisory Board Members strive to create an environment for audits. In addition, they proactively gather information by participating in important meetings about the execution of duties such as Management Meetings and Meetings of Executive Officers, and endeavor to share information with other Audit and Supervisory Board Members and Independent Outside Directors.
3. The Company has established an Audit & Supervisory Board Office with dedicated staffs under the direction and control of the Audit and Supervisory Board Members. The Audit & Supervisory Board Office supports the operation of the Audit and Supervisory Board, provides information, and supports the auditing duties of Audit and Supervisory Board Members.

Article 18. **Independent Outside Audit and Supervisory Board Members**

The Company appoints Independent Outside Audit and Supervisory Board Members who meet the independence criteria of outside officers prescribed separately by the Board of Directors based on the independence criteria prescribed by financial instruments exchanges, in addition to requirements for Outside Audit and Supervisory Board Members prescribed in the Companies Act.

Article 19. **Compensation, etc., of Directors and Executive Officers**

With regard to the compensation for Directors (excluding Independent Outside Directors), and Executive Officers, the Company creates an environment for supporting appropriate risk-taking by establishing an incentive plan in which their compensation are linked to medium-to-long-term performance of the Company and shareholder value in accordance with objective and transparent procedures, with the aim of motivating the Directors and Executive Officers to promote sustainable growth of the Company. The Company discloses its policy and procedures for deciding the compensation of Directors and Executive Officers.

Article 20. **Whistle-blowing System**

1. The Company and its Group companies create a system for whistle-blowing to enable employees, etc., to pass along information or serious doubts about illegal or inappropriate behavior or information disclosure without worrying about the risk of suffering a disadvantage, and to ensure that the information or doubts conveyed are examined objectively and utilized appropriately.
2. The Board of Directors realizes the development of the system in the preceding paragraph and supervises the status of its operation.
3. As one of the efforts for creating the said system, the Company sets up a whistle-blowing helpline independent from the management team, such as the Yusen Chat Room where other employees and outside lawyers provide consultation and dedicated external service providers, and establishes rules for keeping identities of whistle-blowers secret and prohibiting disadvantageous treatment of whistle-blowers.

**Chapter IV. Measures for the Sustainable Enhancement of Corporate Value**

Article 21. **Medium-Term Management Plan**

The Company formulates the plan for developing business bases and medium-term management plans that include policies related to business portfolio, etc., necessary for future corporate growth at the Board of Directors, with the aim of enhancing its corporate value in the medium- to long-term in accordance with the NYK Group Mission Statement. This plan is amended as necessary. The Company also discloses this plan to shareholders and investors.

Article 22. **Training of Directors and Audit and Supervisory Board Members**

The Company establishes the following basic policy for training of Directors and Audit and Supervisory Board Members.

Upon the assumption of office by Directors and Audit and Supervisory Board Members, including Independent Outside Directors and Independent Outside Audit and Supervisory Board Members, the Company shall provide them with an opportunity for acquiring the necessary knowledge about the business, finance, organization and other matters of the Company and to properly understand the roles and responsibilities required for Directors and Audit and Supervisory Board Members, including legal obligations.

The Company shall provide them with subsequent training to update such knowledge as deemed necessary.

The Board of Directors shall confirm whether these actions are being taken as appropriate.

**Article 23. Diversity of Human Resources**

To achieve sustainable growth and strengthen the Company, it is important to have diverse human resources and to appropriately reflect various viewpoints in decision-making. Accordingly, the Company will establish a division in charge of diversity and inclusion to promote the expansion of diversity, including the promotion of active participation of women, foreign nationals, and mid-career hires.

**Article 24. Sustainable Growth**

1. The Company acknowledges that its achievement of sustainable growth and creation of medium-to-long-term corporate value are the results of contributions by stakeholders, including shareholders, employees, customers, business partners, creditors and local communities, and endeavors to maintain good relationships with these stakeholders. In order to continue to be chosen by stakeholders, the Company makes decisions from a long-term perspective with the yardstick of “ESG,” and differentiates existing businesses, expands business domains, and contributes to social and environmental issues by investing management resources such as people, goods, money, and data. In addition, the Board of Directors as well as Directors and Executive Officers strive to create a corporate culture and climate that respect the rights and social positions of stakeholders and ethics for sound business activities within the Company.
2. The Company acknowledges that social and environmental issues, etc., are deeply connected to its sustainable growth and responding to such issues is the important part of risk management. Based on such recognition, the Company develops a system for dealing with challenges posed by such issues and actively discloses relevant information.

**Chapter V. Information Disclosure and Dialogue with Shareholders and Investors**

**Article 25. Information Disclosure and Transparency**

1. Regarding information disclosure, the Company promptly, accurately and fairly conveys easy-to-understand and specific information with high added-value for shareholders and other stakeholders.
2. The Company discloses information in English to a reasonable extent for the convenience of overseas investors.
3. The Board of Directors sets and discloses targets for profitability and capital efficiency in formulating management strategies and management plans.
4. The Company appropriately discloses its sustainability initiatives when disclosing its management strategy.
5. The Company collects and analyzes the necessary data on the impact of climate change-related

risks and profit-earning opportunities on its business activities and earnings, etc., and discloses information satisfying demand of investors and shareholders in quality and quantity.

The Company's IR policy: <https://www.nyk.com/english/ir/manage/policy/>

Article 26. **Dialogue with Shareholders and Investors**

For shareholders' requests for dialogue, the Company formulates the following "Policy for Promoting Constructive Dialogue with Shareholders and Investors" to respond to them in order to contribute to the Group's sustainable growth and medium-to-long-term enhancement of corporate value.

<<Policy for Promoting Constructive Dialogue with Shareholders and Investors>>

**(Persons Who Engage in Dialogue with Shareholders and Investors)**

President and Chief Financial Officer (CFO) supervise the overall dialogue with shareholders and investors, and make every effort to achieve constructive dialogue with them. President and CFO also set up the IR department and assign an Executive Officer in charge. Dialogue with shareholders and investors, is carried out by the aforementioned persons, or persons designated by the aforementioned persons (including Directors, Outside Directors, and Audit and Supervisory Board Members), to a reasonable extent, in view of requests of shareholders and investors, and their main concerns which they want to discuss at interviews.

**(Internal System for Supporting Dialogue)**

The Company strives to develop a system to organically link relevant departments by means such as holding discussion regularly among each relevant department in the Company, including IR, corporate planning, finance, accounting, legal and sales departments, in order to contribute to constructive dialogue with shareholders and investors.

**(Initiatives for the Enhancement of Methods of Dialogue)**

In addition to the General Meeting of Shareholders and individual interviews, the Company strives to enhance constructive dialogue through various activities, including briefing sessions, in view of concerns of shareholders and investors, from medium-to-long-term viewpoints.

[Main activities]

- 1) Holding financial results briefings for institutional investors and publishing briefing materials and summaries of questions and answers on the website
- 2) Holding roundtable meetings with the President for institutional investors
- 3) Interviews with domestic and overseas investors conducted by the IR department
- 4) Briefing sessions for individual investors
- 5) Information disclosure on the website, including results presentation meeting video streaming, integrated reports and financial results (“*kessan tanshin*”), etc.

**(Internal Feedback)**

CFO and Executive Officer in charge of the IR department report opinions, interests and concerns, etc., of shareholders and investors, which are gained through dialogue to the management team regularly and in a timely manner at the Board of Directors’ meetings. The IR department provides feedback across the Company as appropriate to share information.

**(Management of Insider Information)**

With regard to the management of insider information upon holding dialogue with shareholders and investors, the Company formulates regulations for the management of material facts by officers and employees, etc., and strives to ensure information management.

**(Understanding Shareholder Composition)**

The Company regularly monitors the shareholder composition.

Article 27. **Functions as Asset Owner**

1. The Company operates the pension fund in accordance with the rules it sets forth. In light of the fact that the management of corporate pension reserves affects the stable asset formation of employees as well as the financial condition of the Company, the Company allocates those with expertise and capabilities in pension management to the management of its pension funds, and makes use of external training continuously. The Company also hires external advisors as necessary to supplement specific knowledge. On the operational side, the asset management committee monitors the operating status regularly.
2. Pension funds are invested mainly passively. There is no conflict of interest between the beneficiaries of the corporate pension and the Company. The exercise of voting rights for the stocks held is based on the beneficiaries' interests.

## **Chapter VI. Other**

### **Article 28. Revisions**

Changes in the Guidelines are subject to the resolution of the Board of Directors.

### **Supplementary Provision**

Article 1. The Guidelines shall take effect from November 26, 2015.

Established on November 26, 2015

Amended on April 1, 2018

Amended on April 1, 2020

Amended on June 29, 2020

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