

<b>Name</b>	NYK Unsecured Corporate Bonds No.40 (Green Bonds)
<b>Issue Date</b>	May 24, 2018
<b>Pricing Date</b>	May 18, 2018
<b>Maturity</b>	5 years
<b>Issue Amount</b>	10 billion yen
<b>Coupon Rate</b>	0.290%
<b>Use of Proceeds</b>	<p>Investment toward mainly new, but including existing (refinancing) projects indicated in NYK's "Roadmap for Environmentally Friendly Vessel Technologies," such as (1) LNG-fueled ships, (2) LNG bunkering vessels, (3) ballast water treatment equipment, and (4) SOx (sulfur oxides) scrubber systems.</p> <p><b>More Information :</b>  <a href="#">Roadmap for Environmentally Friendly Vessel Technologies</a></p>
<b>Framework</b>	<p>&lt;Green Bond Framework&gt;</p> <p>1. Use of proceeds</p> <p>NYK's medium-term management plan (formulated in 2018) comprises the company's medium- to long-term environmental (CO2 emission reduction) targets.</p> <p>NYK has a long-term roadmap for environmentally friendly vessel technologies. Each project that is to use proceeds of the bonds is considered based on its contribution to achieve the targets and its contribution to achieving the roadmap goals.</p> <p><b>More Information :</b></p> <p>➤ <a href="#">NYK's medium-term management plan (formulated in 2018)</a></p> <p>(1) LNG-fueled vessels</p> <p>A vessel powered by liquefied natural gas (LNG) used as fuel. Compared to conventional heavy oil, LNG fuel emits 30 percent less carbon dioxide (CO2), almost no sulphur oxides</p>

(SO<sub>x</sub>) or particulate matter (PM), and up to 80 percent less nitrogen oxides (NO<sub>x</sub>).

(2) LNG bunkering vessels

A vessel that provides LNG to LNG-fueled ships.

(3) Ballast water management systems

Ships use ballast water to provide stability during a voyage. Usually, seawater is pumped into the tank when cargo is unloaded, and the seawater is then discharged at another port when cargo is loaded. Ballast water treatment equipment treats marine species carried in ships' ballast water and contributes to preserving biodiversity by preventing the transfer of aquatic organisms that could harm the marine environment.

(4) SO<sub>x</sub> scrubber system

A system that uses seawater and chemicals to remove sulfur from ship exhaust gases.

2. Process for project evaluation and selection

NYK considers a set of criteria when evaluating and selecting candidate green projects.

3. Management of proceeds

The net proceeds of the bonds will be allocated to the eligible projects. Unallocated proceeds will be kept in the form of cash or cash equivalents.

4. Monitoring and reporting

NYK will disclose the allocation of proceeds to eligible projects, along with positive environmental impacts, on the company's website and through the NYK Reports (Integrated Report) annually. NYK will publish the results of a post issuance review by a third-party annually until the net proceeds of the green bonds are fully allocated.

<b>Credit Rateings</b>	A (Japan Credit Rating Agency, Ltd.)
<b>Third-party Evaluation On Eligibility</b>	➤ <a href="#"><u>SECOND PARTY OPINION ON THE SUSTAINABILITY OF NYK'S GREEN BOND</u></a>
	<p>NYK's green bonds were given approval as "a model case for green bond issuance in fiscal year 2018" by the Ministry of the Environment, Japan (MOEJ) and have been confirmed to be in alignment with the Green Bond Guidelines*<sup>1</sup> issued by the MOEJ and its contractors.</p> <p>*<sup>1</sup>Green Bond Guidelines Guidelines, formulated and announced by the MOEJ in March 2017 with due consideration to consistency with the Green Bonds Principles, that provide issuers, investors, and other market participants with illustrative examples of specific approaches and interpretations tailored to the characteristics of Japan's bond market.</p>

## Monitoring and reporting

### Third-party Evaluation

- [POST ISSUANCE REVIEW OF THE MANAGEMENT OF NYK'S GREEN BOND ISSUED IN MARCH 2020](#)
- [POST ISSUANCE REVIEW OF THE MANAGEMENT OF NYK'S GREEN BOND ISSUED IN MARCH 2021](#)

### Report on Use of Proceeds

All proceeds of the bond has been allocated in October 2020.

- Allocated to LNG-related investments (LNG-fueled vessels, LNG bunkering vessel): ¥8.6 billion
- Allocated to regulation compliance-related investments (scrubbers, ballast water management systems): ¥1.4 billion
- Percentage used for refinancing related to the above: 24%

### Impact Report

	FY2018	FY2019
(1) LNG-fueled vessels	1 ship	2 ships
GHG emissions	35,730 mt per ship per year	
GHG reduction rate	21%	
CO2 reduction rate	30%	
NOx reduction rate	30%	
SOx reduction rate	99%	
(2) LNG bunkering vessels	1 ship	1 ship
GHG emissions	3,647 mt per ship per year	
GHG reduction rate	15%	
CO2 reduction rate	30%	
NOx reduction rate	76%	
SOx reduction rate	99%	
(3) BWMS	1 ship	2 ships
Volume managed	348,000 mt per ship per year	
(4) SOx scrubber	—	9 ships
SOx reduction rate	86% per ship	

\*The period in the Impact Report is from April 1 to March 31.

\*The number of vessels above shows the cumulative number of vessels the proceeds have been allocated to and does not include ones under construction.

\*The figures regarding environmental benefits are based on annual impact assumption model, of which formalized in Vigeo Eiris' Second Party Opinion.

\*Emissions of unburnt methane through handling and combustion of LNG are taken into consideration when calculating overall GHG emissions and its reduction rate.

\*LNG-fueled vessels have no involvement in the controversial activities analyzed by Vigeo Eiris.

## **Others**

NYK participates in a shipping industry working group established by the Climate Bonds Initiative<sup>\*2</sup> and cooperates in formulating evaluation criteria for green bonds issued by shipping companies.

### <sup>\*2</sup>Climate Bonds Initiative

The Climate Bonds Initiative: The Climate Bonds Initiative is an international, investor-focused not-for-profit working to mobilize bond markets for climate change solutions. The Initiative also provides a journal of record for relevant bond issuance, develops green bond evaluation criteria such as the Climate Bonds Standard, and provides policy proposals to government, finance, and industry sectors.

- [NYK Receives Ministry of Environment Award](#)
- [NYK Receives Green Bond Award at 2018 Sustainable Finance Awards](#)
- [NYK Receives Award for Innovation at Environmental Finance Bond Awards 2019](#)

## **Related Press Release**

- [NYK to Issue Green Bonds](#)
- [NYK Received a Second-party Opinion and MOEJ's confirmation](#)