



SECOND PARTY OPINION

NYK LINE

GREEN/TRANSITION FINANCE FRAMEWORK

Prepared by: DNV Business Assurance Japan K.K.

Location: Kobe, Japan

Date: 25th January 2024

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Executive Summary

Nippon Yusen Kabushiki Kaisha, also known as NYK Line (hereinafter, "NYK") is one of the world's leading shipping companies, founded in 1885. Currently, the NYK Group runs the liner & logistics business, bulk shipping business, and other businesses.

The NYK Group established the "NYK Group ESG Story" in February 2021 to promote ESG management that enables both maximization of earnings and social/environmental sustainability concurrently. The "NYK Group ESG Story" sets out important issues (materiality), priority targets (action plans) including the environment, and has also promoted initiatives related to contributions to the SDGs. In promoting these initiatives, the NYK Group has positioned the climate transition strategy that the NYK Group intends to achieve GHG emission reduction targets of International Maritime Organization (IMO), which is an international organization in the shipping industry, and the Ministry of Land, Infrastructure, Transport and Tourism's (Maritime roadmap), etc., and NYK Group's GHG emission reduction targets, as well. In November 2023, under the theme "Co-Creation for the Future", the "NYK Group ESG Story 2023" was formulated and published, setting out growth strategies and non-financial targets based on the NYK Group's materialities (material issues) of "safety," "environment," and "human resources," as well as "governance" as a basis. At the same time, the "NYK Group Decarbonization Story," which sets out the Group's decarbonisation strategy and GHG emission reduction targets for 2050, was also published.

The NYK Group intends to raise green/transition finance for activities to realize decarbonisation strategy and achieve GHG emission reduction targets as an opportunity to disseminate the NYK Group's environmental efforts to its stakeholders.

The NYK Group has revised the "NYK Green/Transition Bond Framework" formulated in 2021 and has newly established "NYK Green/Transition Finance Framework" (hereinafter, the "Framework") in order to carry out this green/transition finance in a manner that conforms to the internationally recognized framework (handbook, principles, guidelines, etc.).

DNV Business Assurance Japan K.K. (hereinafter, "DNV"), as an external reviewer, evaluated the eligibility of the Framework.

Specifically, DNV provided the eligibility evaluation for the Framework against the following handbook, principle and guidelines which are widely recognized:

- **Climate Transition Finance Handbook**
(International Capital Market Association, 2023, hereinafter CTFH)
- **Basic Guidelines on Climate Transition Finance**
(Financial Services Agency, Ministry of Economy, Trade and Industry, Ministry of the Environment, 2021, hereinafter CTFBG)
- **Green Bond Principles**
(International Capital Market Association, 2021, hereinafter GBP)
- **Green Bond Guidelines**
(Ministry of the Environment, 2022, hereinafter GBGLs)
- **Green Loan Principles**
(Loan Market Association (LMA) and others, 2023, hereinafter GLP)
- **Green Loan Guidelines**
(Ministry of the Environment, 2022, hereinafter GLGLs)

The executive summary of the eligibility evaluation results for the four core common elements defined by CTFH, CTFBG, GBP/GBGLs, and GLP/GLGLs as follows.

(1) Four common elements of CTFH/CTFBG (disclosure elements)

CTF-1. Fundraiser's Climate Transition Strategy and Governance:

The transition strategy of the Fundraiser NYK Group is based on the transition pathway including GHG emission reduction targets, which is consistent with the environmental goals set by IMO, the Ministry of Land, Infrastructure, Transport and Tourism, etc. In addition, as governance and disclosure related to execution of the finance, an internal system and an information disclosure process based on TCFD* has been established. Furthermore, the contribution to the SDGs, which will be described later, is also taken into consideration. These are disclosed within the framework and satisfy the disclosure elements of CTF-1.

* TCFD: Task Force on Climate-related Financial Information Disclosure

CTF-2. Business model environmental materiality:

The planned transition strategies and transition pathway are associated with the NYK Group's priority targets and materiality. These are disclosed within the Framework and satisfy the disclosure elements of CTF-2.

CTF-3. Climate transition strategy to be science-based including targets and pathways:

NYK's transition strategy is defined by science-based targets and pathways. Specifically, NYK applies GHG emission reduction targets set by IMO and Ministry of Land, Infrastructure, Transport and Tourism as described in CTF-1, in addition to the long-term targets, the short- and medium-term targets, the process to achieve the targets, and environmental benefits of the target project are the criteria for evaluation. It is qualified and quantified along with the baseline for the evaluation. These are disclosed through the Framework or second-party opinion and satisfy the disclosure elements of CTF-3.

CTF-4. Implementation transparency:

NYK has established an internal management system and process for determining basic investment plans for executing transition strategies. Specifically, a ship decarbonization investment plan has been developed for 2030, taking into account CTF-1 to CTF-3. This investment plan identifies the assets/technologies and amounts to be invested in. These are disclosed through the Framework etc., or this Second Party Opinion and satisfy the disclosure elements of CTF-4.

(2) Four common elements of GBP/GBGLs and GLP/GLGLs

GBP/GLP-1. Use of Proceeds:

NYK defines the eligibility criteria for the use of proceeds as green/transition projects that meet the requirements of transition strategies and related frameworks. Specifically, it refers to project, to directly and indirectly contribute to and support the fuel conversion and technology innovation of ships and vessels, and projects related to the energy efficiency of equipment related to the ships and vessels operation and renewable energy. The proceeds will be used for capital investment, R&D, business development/operation, working capital, or multiple of these projects as new financing and refinancing of new or existing expenditures. These projects have been evaluated that they will have clear environmental benefits on the transition strategy, and are expected to contribute to the SDGs. These processes are in compliance with GBP/GLP-1.

GBP/GLP-2. Process for Project Evaluation and Selection:

NYK ensures that the green/transition projects meet the GBP/GLP-1 eligibility criteria and do not conflict with the pre-defined exclusion criteria in the Framework. Specifically, the ESG Management Group, Decarbonization Group and the Finance Group evaluate and select projects based on a comprehensive analysis of finance, technology, and market environment, and the final decision is made by the executive officer in charge of finance. These processes are in compliance with GBP/GLP-2.


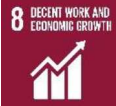




GBP/GLP-3. Management of Proceeds:

The Finance Group manages the proceeds for each project using the internal system and forms. The proceeds will be allocated within two years from issuance. In addition, the unallocated amounts of the proceeds are managed in cash or cash equivalents until the allocation. If green/transition finance is executed under this Framework in the future, it will be disclosed in statutory documents etc. prior to execution or clearly stated in relevant contractual documents.

GBP/GLP-4. Reporting:

NYK plans to report on the status of proceeds allocation and environmental benefits (impacts) through NYK Group website until the full amount of the proceeds is allocated. This includes the allocated amount, unallocated amount (new/refinancing), allocated project outline, GHG emission reduction amount or ratio (%) and other qualified indicators and quantified value of environmental benefits for each project category. For ongoing projects, progress and expected environmental benefits will be reported. Any major changes in transition strategies, pathways, allocation plans or performance will also be reported in a timely manner or in the reporting. In the case of loans, however, the method and scope of reporting on the allocation status of proceeds and environmental benefits (impacts) will be determined at the request of the lender.

Table-1 NYK Green/transition Bond Nominated Projects

Project Classification *1		Category *2*3	Project Overview & Target Activities		Contribution to SDGs
01	Offshore Wind Power *1	- Renewable Energy	- Self-elevating platform (SEP)	Target activities: -Capital investment -R&D funds -Business development -Operation funds -Working capital, etc	
02	Green Terminal *1		- Crew transport vessel (CTV)		
03	Ammonia-fueled vessel *1	- Fuel Conversion	- Ammonia-fueled ammonia gas carrier and tugboat		
04	Hydrogen-fueled vessel *1	- Technology Innovation	- Introduction of ships equipped with high-power hydrogen fuel cells		
05	LNG-fueled vessel	- Clean Transportation	- LNG-fueled vessel		
06	LNG-bunkering vessel	- Technology Innovation	- LNG-bunkering vessel		
07	LPG-fueled vessel	- Clean Transportation	- LPG-fueled vessel		
08	Operation efficiency & optimization	- Energy efficiency	- Technology development that contributes to operational efficiency and optimization		

* 1 Project 01 to 04 have been evaluated as green project.

* 2 Projects that have been confirmed to be eligible as green projects can be incorporated into green bond, and in addition, they are admitted by CTFBG to be incorporated as part of transition bond.

* 3 Projects that are currently categorized as transition projects can be regarded as green projects due to the application and application of future technological innovations (e.g., application of green fuel, achievement of performance that meets CO₂ emission standards as a green project, etc.)

DNV has confirmed that the Framework meets the criteria required by the relevant handbook, principles and guidelines and is eligible by evaluation based on related documents and information provided by NYK including the Framework.

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Revision history

Revision No.	Date of Issue	Main Changes
0	1 July 2021	Initial
1	25 January 2024	Changes in application criteria <ul style="list-style-type: none"> - Climate Transition Finance Handbook 2023 (updated) - Green Bond Guidelines 2022 (updated) - Green Loan Principles 2023, Green Loan Guidelines 2022 (newly added) Revised in line with the NYK Group ESG Story 2023 and the revised NYK Green/Transition Finance Framework

Disclaimer

Our assessment relies on the premise that the data and information provided by Issuer to us as part of our review procedures have been provided in good faith. Because of the selected nature (sampling) and other inherent limitation of both procedures and systems of internal control, there remains the unavoidable risk that errors or irregularities, possibly significant, may not have been detected. Limited depth of evidence gathering including inquiry and analytical procedures and limited sampling at lower levels in the organization were applied as per scope of work. DNV expressly disclaims any liability or co-responsibility for any decision a person or an entity may make based on this Statement.

Statement of Competence and Independence

DNV applies its own management standards and compliance policies for quality control, in accordance with ISO/IEC 17021:2011 - Conformity Assessment Requirements for bodies providing audit and certification of management systems, and accordingly maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. We have complied with the DNV Code of Conduct¹ during the assessment and maintain independence where required by relevant ethical requirements. This engagement work was carried out by an independent team of sustainability assurance professionals. DNV was not involved in the preparation of statements or data included in the Framework except for this Statement. DNV maintains complete impartiality toward stakeholders interviewed during the assessment process.

¹ DNV Code of Conduct is available from DNV website (www.DNV.com)

I Introduction

i. About the Fundraiser

Nippon Yusen Kabushikikaisha, also known as NYK Line (hereinafter, “NYK”) is one of the world's leading shipping companies, founded in 1885. Currently, the NYK Group runs the liner & logistics business, bulk shipping business, and other businesses.

ii. NYK’s Environmental Initiatives

The NYK Group established the "NYK Group ESG Story" in February 2021 and has promoted ESG management that enables both maximization of earnings and social/environmental sustainability concurrently. In November 2023, under the theme "Co-Creation for the Future", the “NYK Group ESG Story 2023” was formulated and published, setting out growth strategies and non-financial targets based on the NYK Group's materialities (material issues) of “safety,” “environment,” and “human resources,” as well as “governance” as a basis. At the same time, the “NYK Group Decarbonization Story,” which sets out the Group's decarbonisation strategy and GHG emission reduction targets for 2050, was also published. NYK publishes its ESG activities including the roadmap toward decarbonization and its achievements on its website.

The “NYK Group ESG Story” sets out important issues (materiality), priority targets (action plans) including the environment, and has also promoted initiatives related to contributions to the SDGs.

As the engine for implementing ESG management, NYK also established an ESG Strategy Headquarters in April 2023, comprising the ESG Management Group and the Decarbonization Group, which discusses ESG management plans and strategies at the ESG Strategy Committee and then makes management decisions at the Management Meeting and Board of Directors.

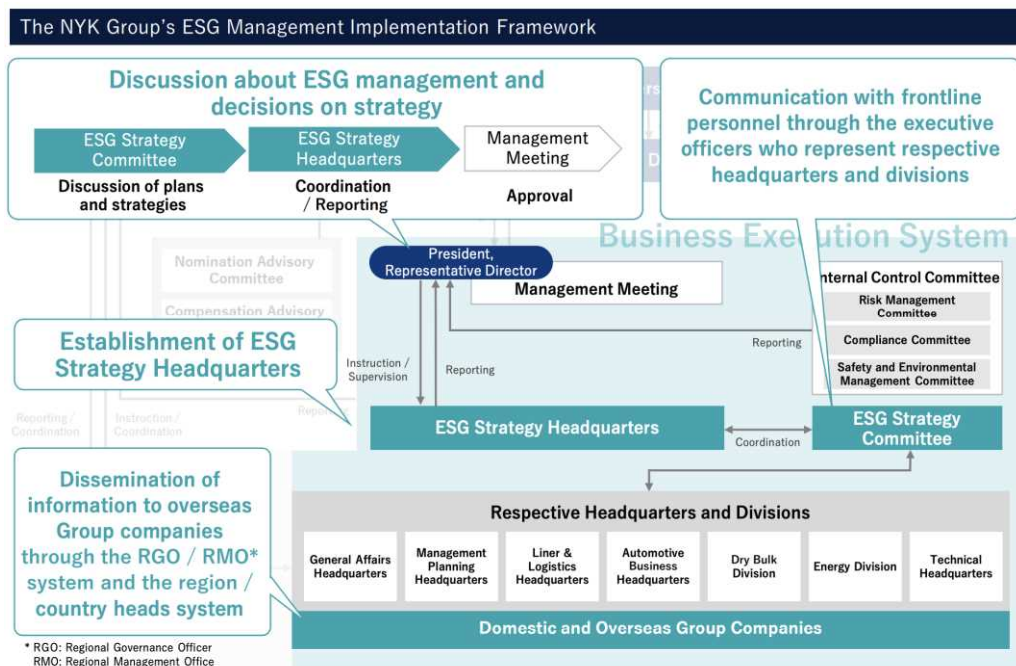


Figure-1 The NYK Group’s ESG Management Implementation Framework

iii. About the Framework

To progress environmental initiatives, the NYK Group implements green/transition finance as fundraising which promote activities aimed at achieving the environmental goals of the international Maritime Organization (IMO), an international organization in the shipping industry, and the Ministry of Land, Infrastructure, Transport and Tourism, etc.*¹, and the NYK Group positions these kinds of fundraising as an opportunity to inform NYK Group initiative to stakeholders. The NYK Group has established the “NYK Green/Transition Finance Framework” (hereinafter, the “Framework”) to implement it in a manner that meets the internationally established framework.

This Framework focuses on promoting the green/transition strategy and achieving the environmental targets set out in the “NYK Group ESG Story 2023” and the “NYK Group Decarbonization Story” published in November 2023, and is a revised version of the “NYK Green/Transition Bond Framework” formulated in 2021. This Framework will be available for the NYK Group's future green/transition finance implementation. The framework that the NYK Group specifically referred to when formulating this Framework is described in Section II (3) below.

*1: “Initial IMO GHG Strategy” and “Roadmap to Zero Emission from International Shipping” prepared by JSTRA, MLIT (Ministry of Land, Infrastructure, Transport and Tourism), and other maritime organizations.

iv. Fundraiser’s Contribution to the SDGs

Figure-2 shows the overall image of NYK Group’s efforts toward SDGs.





















Table-2 shows the major SDGs related to this green/transition finance.

The NYK Group is working to resolve the issues of the 10 out of 17 targets in order to contribute to the achievement of SDGs through its business activities. This green/transition finance is directly and indirectly contributing to energy, industry and technology innovation, and climate change.



Figure-2 NYK Group’s initiatives for SDGs

Table-2 Relationship between ESG approaches and SDGs
(SDGs that correspond to priority themes and activities related to green/transition finance)

Main Themes	Main activities	SDGs
Green Business	<ul style="list-style-type: none"> Offshore wind power and tidal power LNG fuel supply business 	    
Innovation	<ul style="list-style-type: none"> The concept ship NYK SUPER ECO SHIP 2050 (NYK SES 2050) 	    
Safe operation and reduction of Environmental burden	<ul style="list-style-type: none"> Employment of IoT, big data, AI, and other digital technologies Adherence to environmental regulations and reductions in CO₂ emissions 	    
Conversion to next-generation fuels	<ul style="list-style-type: none"> Low carbonization of marine fuels Decarbonization 	    

v. Fundraiser’s Transition Strategy for Decarbonization

(1) Strategies by sector (industry) at the international/national/regional level

Figure-3 shows the outlines of IMO’s GHG emission reduction pathway. IMO focuses on measures for emission reduction, by design and technology (reduction of fuel consumption), improvement of operation efficiency technological innovation and fuel conversion (introduction of low-carbon/zero-carbon fuel) and various technologies, and agreed on indicators corresponding to short- and medium-term targets and long-term targets, and worked towards achieving them.

In March 2020, The Ministry of Land, Infrastructure, Transport and Tourism, as well as the shipping, shipbuilding, and marine maritime industries, research institutes, and public institutions have collaborated to create a “Roadmap to Zero Emission from International Shipping” (Sponsored by Japan Ship Technology Research Association). This roadmap shows Japan’s efforts (international treaty formulation, technological development) in a manner consistent with the goals of IMO.

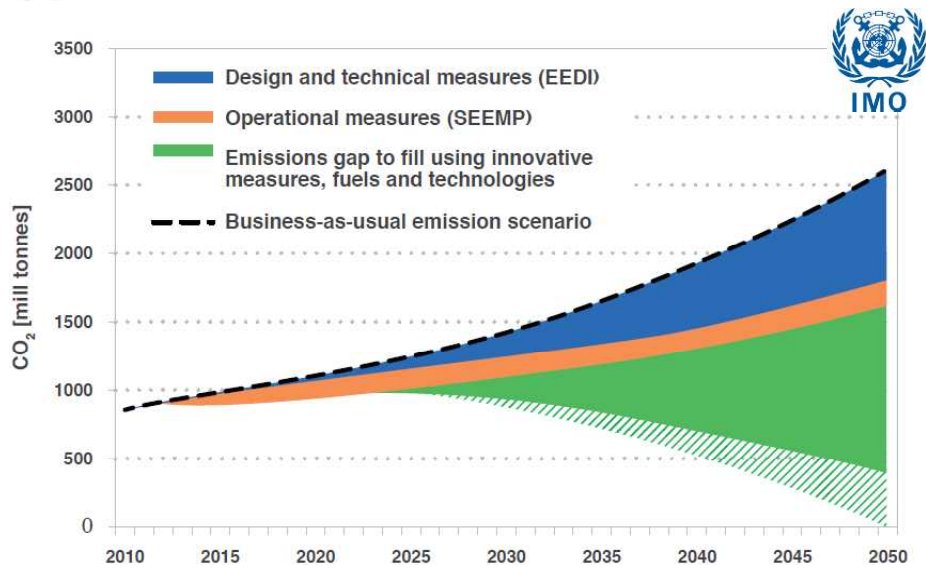


Figure-3 IMO's GHG emission reduction pathway^(*1)

IMO: International Maritime Organization
GHG: Green House Gas

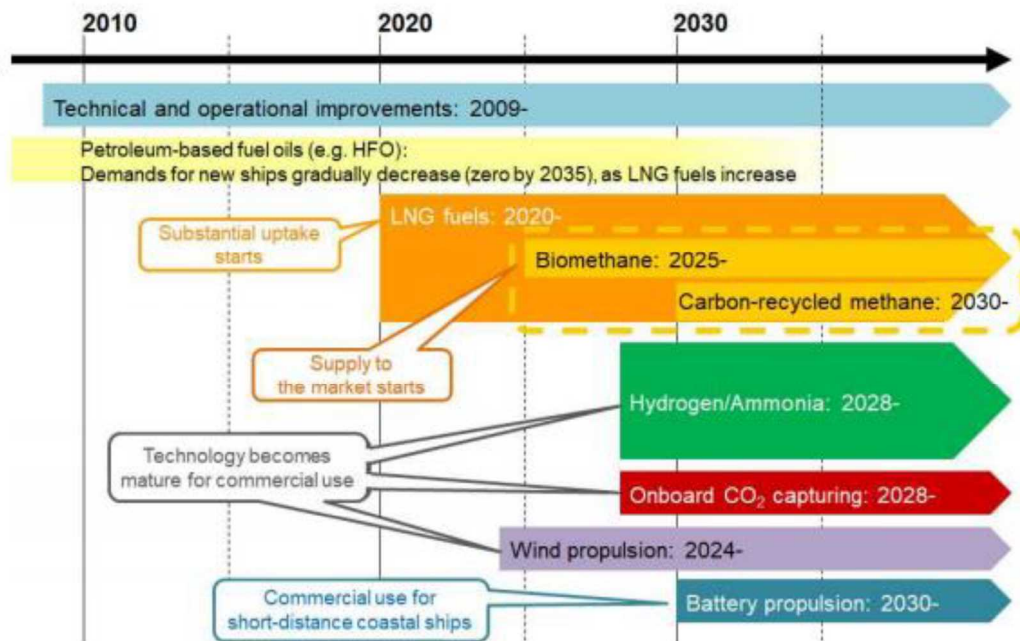


Figure-4 Roadmap to Zero Emission from International Shipping^(*1)

(*1) Figure-3 and Figure-4 are both based on the IMO GHG Strategy (2018).

IMO initiated a review to revise the strategy in 2021 and adopted the "2023 IMO GHG Strategy" in July 2023, which includes new and strengthened GHG reduction targets, including "zero GHG emissions by around 2050."

Figure-5 shows the GHG emission reduction targets agreed in the "2023 IMO GHG Strategy."

Addressing climate change

Over a decade of regulatory action to cut GHG emissions from shipping

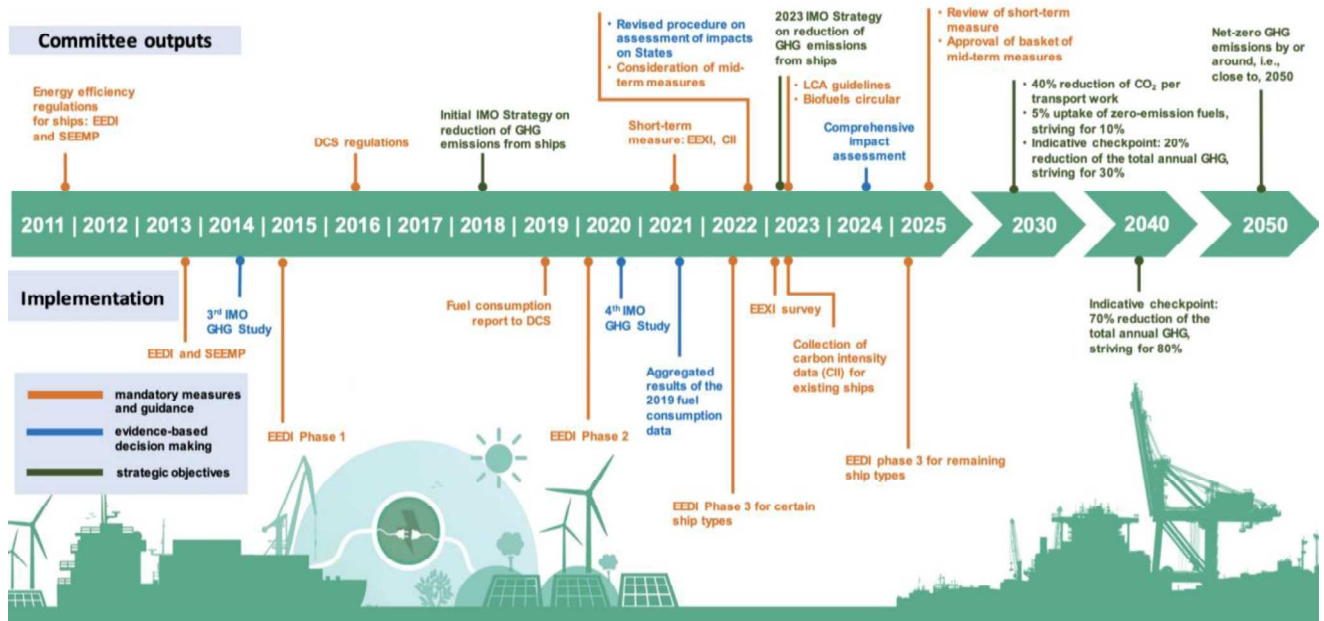


Figure-5 GHG emission reduction targets from ships in the 2023 IMO GHG Strategy

(Reference: <https://www.imo.org/en/MediaCentre/HotTopics/Pages/Cutting-GHG-emissions.aspx>)

(2) Strategies of NYK

The NYK Group positions the activities to contribute to the above-mentioned IMO and the MLIT GHG emission reduction targets, and the activities aimed at achieving the NYK Group's GHG emission reduction targets as its transition strategies. The NYK Group has set GHG emission reduction targets, including fuel conversion, as part of its core business low and decarbonization strategy and has been working to achieve these targets. NYK has established and published the "NYK Group Decarbonization Story" and the "NYK Group ESG Story 2023" as transition strategies that are consistent with the GHG reduction strategies in the "2023 IMO GHG Strategy" and aim to achieve results beyond these GHG emission reduction targets. Specifically, the short- and medium-term targets are a 45% reduction in NYK Group Scope 1+2 emissions (total) by fiscal 2030 (compared to fiscal 2021) and a long-term target of NYK Group Scope 1+2+3 net zero by fiscal 2050. While IMO has a target of a 40% reduction in CO₂ emissions per shipment volume in 2030, the NYK Group has a GHG emission reduction target of a 45% reduction in total emissions, which is more ambitious than IMO's GHG emission reduction target.



Figure-6 The NYK Group's GHG emission reduction target

The NYK Group received SBT certification for its GHG emission reduction targets and has been working toward achieving it. The new GHG reduction targets set this time are also being prepared for SBT certification based on the 1.5°C scenario by the end of fiscal 2023.

The NYK Group plans to take two approaches to achieve the 2050 net zero target: "GHG emission reduction" and "GHG removal" (See Figure-7). For "GHG emission reduction," the NYK Group aims to reduce GHG emissions from its existing fleet by improving day-to-day operations and energy efficiency through 2030. From 2030, the NYK Group will build a resilient fleet portfolio by steadily introducing alternatively fueled vessels that also mitigate environmental impacts other than GHG emissions (See Figure-8 and Figure-9).

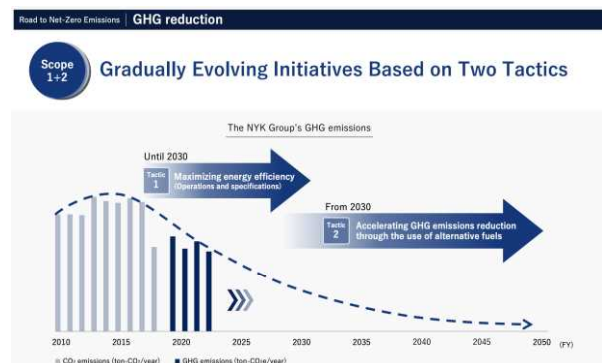
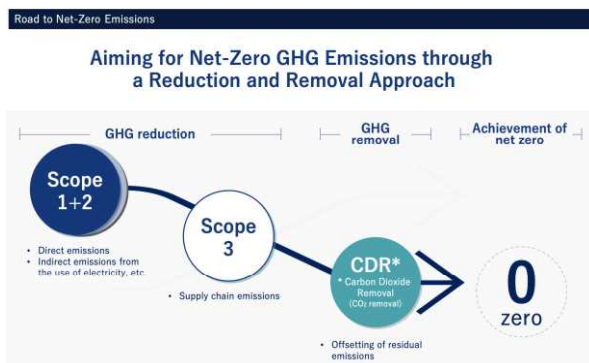


Figure-7 Road to Net Zero Emissions Figure-8 Two tactics to reduce GHG emissions

Since 2030, the NYK Group also plans to address GHG removal through investments in forest funds etc., to cover residual GHG emissions that are difficult to shift to zero emissions (See Figure-10).

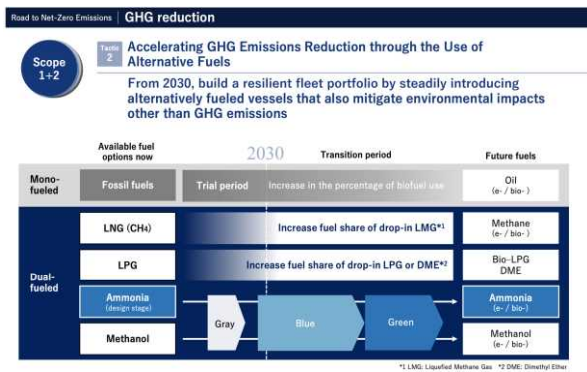


Figure-9 Accelerating GHG emissions reduction through the use of alternative fuels

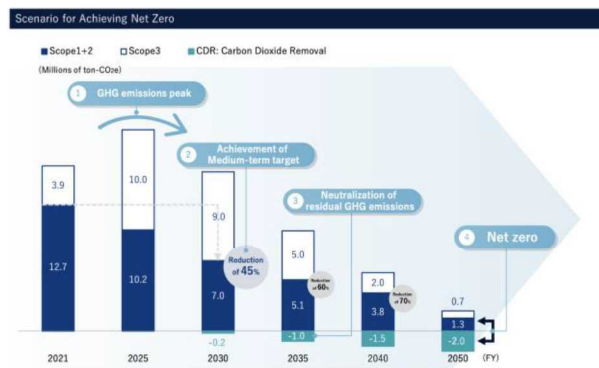


Figure-10 Scenario for achieving net zero

Furthermore, the NYK Group plans to take on the challenge of the renewable energy field with the aim of creating a new core business for the NYK Group, leveraging expertise and technological competence accumulated over many years and its global network, and to contribute to the global construction of a hydrogen and ammonia supply chain that will contribute to reducing GHG emissions. With this in mind, the NYK Group will participate in R&D on the transportation of hydrogen and ammonia and move forward with the development of value chains for new energy (See Figure-11).

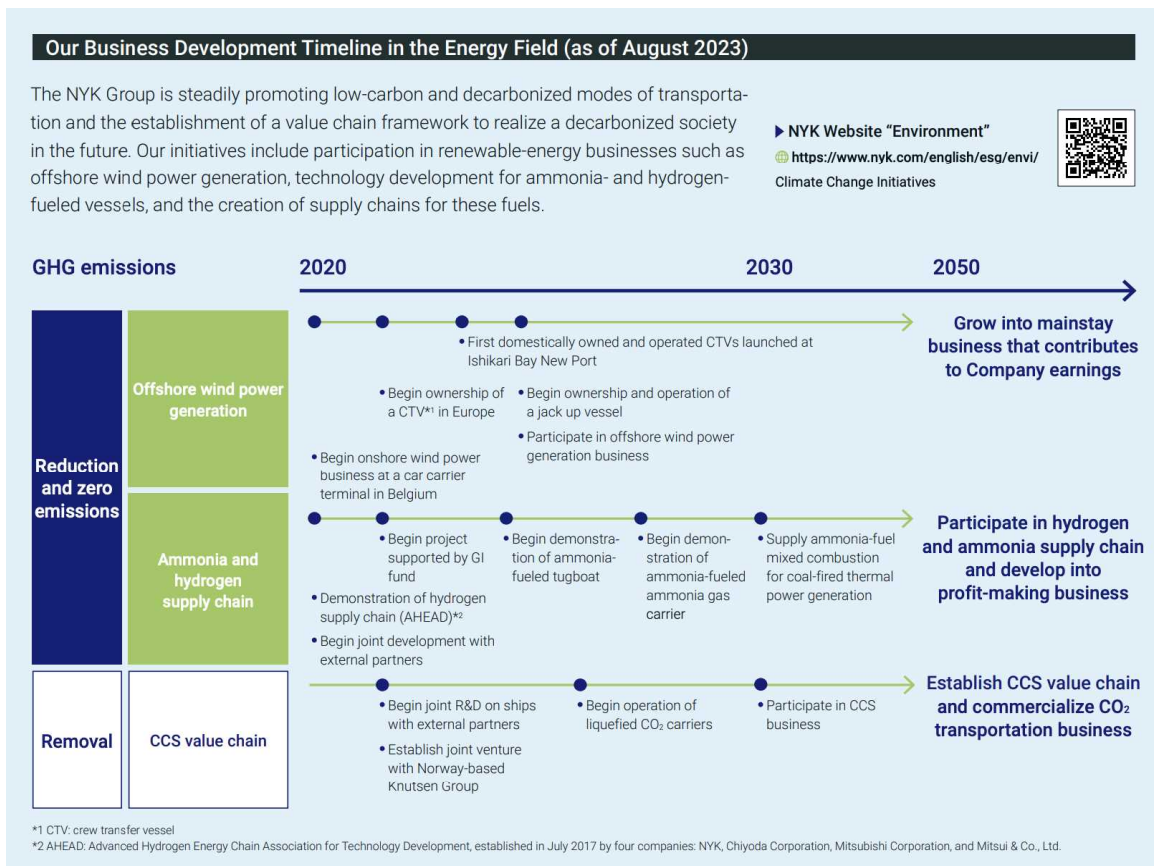


Figure-11 Business development timeline in the energy field (as of August 2023)

In its “Medium-Term Management Plan Sail Green, Drive Transformations 2026,” published in March 2023, the NYK Group announced its intention to actively conduct upfront investment toward a decarbonized society by 2030 (See Figure-12).

EX - Vessel decarbonization investment towards 2030



- Actively invest upfront in responding to societal demands towards becoming a decarbonized society

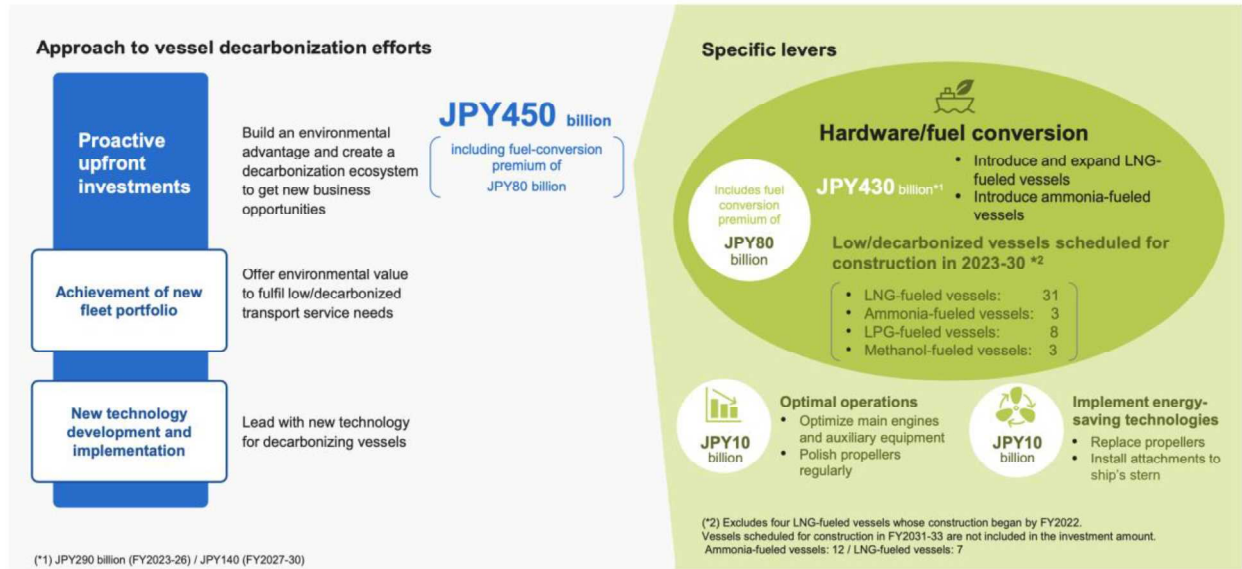


Figure-12 Vessel decarbonization investment towards 2030

The overall picture and details of these initiatives are disclosed in the “NYK Group ESG Story 2023” etc.



II Scope and Objectives

NYK has commissioned DNV to conduct an eligibility assessment of the “NYK Green/Transition Finance Framework.” The objective of DNV’s assessment is to implement an assessment to confirm that NYK meets the identified criteria of the standards CTFH, CTFBG, GBP/GBGLs, and GLP/GLGLs described below and applicable CBS related technical standards and other relevant criteria or guidelines (refer to the following), and to provide the Fundraiser with independent second-party opinion on the eligibility of the Framework.

DNV, as an independent external reviewer, has identified no real or perceived conflict of interest associated with the delivery of this Second Party Opinion for NYK.

In this paper, no assurance is provided regarding the financial performance of the green/transition finance, the value of any investments, or the long-term environmental benefits of the transaction.

(1) Scope of review

The review assessed the following elements and confirmed their alignment with the gist of GBP/GLP:

- | | |
|--|--|
| <input checked="" type="checkbox"/> Use of Proceeds | <input checked="" type="checkbox"/> Process for Project Evaluation and Selection |
| <input checked="" type="checkbox"/> Management of Proceeds | <input checked="" type="checkbox"/> Reporting |

(2) Role(s) of review provider

- | | |
|---|--|
| <input checked="" type="checkbox"/> Second-party opinion | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification | <input type="checkbox"/> Rating |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

(3) Standards/guidelines to be applied

No.	Standards/guidelines	Scheme owner	Applied level ^{*1*2}
1.	Climate Transition Finance Handbook (CTFH)	International Capital Market Association (ICMA), 2023	Apply
2.	Basic Guidelines on Climate Transition Finance (CTFBG)	Financial Services Agency, Ministry of Economy, Trade and Industry, Ministry of the Environment, 2021	Apply
3.	Green Bond Principles (GBP2021)	International Capital Market Association (ICMA), 2021	Apply
4.	Green Bond Guidelines (GBGLs)	Ministry of the Environment, 2022	Apply
5.	Green Loan Principles (GLP)	LMA and others, 2023	Apply
6.	Green Loan Guidelines (GLGLs)	Ministry of the Environment, 2022	Apply
7.	Climate Bonds Standard version 3.0 (CBSv3.0) (Sector criteria)	Climate Bonds Initiative, 2019	Refer (applicable technical standards)
8.	Green and Social Bonds: A High-Level Mapping to the Sustainable Development Goals	International Capital Market Association (ICMA), 2020	Refer
9.	Handbook Harmonized Framework for Impact Reporting	International Capital Market Association (ICMA), 2021	Refer

*1: Apply: Eligibility for all four core common elements to each handbook, principle and guideline was evaluated

*2: Refer: all or part of the related content was considered based on the green project and execution plan

III Responsibilities of NYK and DNV

NYK has provided the information and data used by DNV during the delivery of this review. DNV's statement represents an independent opinion and is intended to inform NYK and other interested stakeholders in the finance as to whether the established criteria have been met, based on the information provided to us. In our work we have relied on the information and the facts presented to us by NYK. DNV is not responsible for any aspect of the nominated projects and assets referred to in this opinion and cannot be held liable if estimates, findings, opinions, or conclusions are incorrect. Thus, DNV shall not be held liable if any of the information or data provided by NYK's management and used as a basis for this assessment were not correct or complete.



IV Basis of DNV's Opinion

To provide as much flexibility for the Fundraiser, NYK as possible, DNV has adapted its green/transition finance assessment methodologies, which incorporates the requirements of the CTFH, CTFBG, GBP/GBGLs, and GLP/GLGLs, to create a NYK Green/Transition Finance Eligibility Assessment Protocol (hereinafter, the "Protocol"). See Schedule-2 and Schedule-3. The Protocol is applicable to CTFH, CTFBG, GBP/GBGLs, and GLP/GLGLs based green/transition finance.

Our Protocol includes a set of suitable criteria that can be used to underpin DNV's opinion. The overarching principle and guidelines behind the criteria are that a green/transition finance should "provide an investment opportunity with transparent sustainability credentials" and "enable capital-raising and investment for new and existing projects with environmental benefits."

As per our Protocol, the criteria against which the green/transition finance has been reviewed are grouped into four common elements, represented by CTFH, CTFBG, GBP/GBGLs, and GLP/GLGLs:

(1) Four elements of CTFH and CTFB (disclosure elements)

- **Element One: Fundraiser's climate transition strategy and governance**
The financing purpose should be for enabling the Fundraiser's climate transition strategy.
- **Element Two: Business model environmental materiality**
The planned climate transition trajectory should be relevant to the environmentally-material parts of the Fundraiser's business model.
- **Element Three: Climate transition strategy and targets to be science-based**
The Fundraiser's climate transition strategy should reference science-based targets and transition pathways.
- **Element Four: Implementation transparency**
Market communication in connection with the offer of a financing instrument which has the aim of funding the Fundraiser's climate transition strategy should also provide transparency of the underlying investment program.

(2) Four elements of GBP/GBGLs and GLP/GLGLs

- **Principle One: Use of Proceeds**
The Use of Proceeds criteria are guided by the requirement that a fundraiser of a green finance must use the proceeds to eligible projects. The eligible projects should produce clear environmental benefits.
- **Principle Two: Process for Project Evaluation and Selection**
The Project Evaluation and Selection criteria are guided by the requirements that a fundraiser of a green finance should outline the process it follows when determining eligibility of an investment using green finance proceeds, and outline any impact objectives it will consider.
- **Principle Three: Management of Proceeds**
The Management of Proceeds criteria are guided by the requirements that a green finance should be tracked within the fundraising organization, that separate portfolios should be created when necessary and that a declaration of how unallocated proceeds will be handled should be made.



- **Principle Four: Reporting**

The Reporting criteria are guided by the recommendation that at least Sustainability Reporting to the bond investors or lenders should be made of the allocation status of proceeds and that quantitative and/or qualitative performance indicators should be used, where feasible.



V Work Undertaken

Our work constituted a comprehensive review of the available information, based on the understanding that this information was provided to us by the Fundraiser in good faith. We have not performed an audit or other tests to check the veracity of the information provided to us. The work undertaken to form our opinion included:

Green/Transition Finance Framework assessment

- Creation of the fundraiser-specific Protocol, adapted to the purpose of the green/transition finance, as described above and in Schedule-2 and Schedule-3 to this Assessment;
- Assessment of documentary evidence provided by the Fundraiser on the finance and supplemented assessment by a high-level desktop research. These checks refer to current assessment best practices and standards methodology;
- Discussions with the Fundraiser and review of relevant documentation;
- Documentation of findings against each element of the criteria.



VI Findings and DNV's Opinion

DNV's findings and opinion are as below.

As (1), CTF-1 to CTF-4 presents findings and DNV's opinion on the four common disclosure elements of CTFH and CTFBG to be applied in green/transition finance. See Schedule-2 for details.

As (2), the findings and DNV's opinion on four common elements of GBPs/GBGLs and GLP/GLGLs are presented. See Schedule-3 for details.

(1) Findings and DNV's opinion on four common elements of CTFH/CTFBG (disclosure elements)

CTF-1 Fundraiser's climate transition strategy and governance

DNV has confirmed that the Framework is consistent with the NYK Group's transition strategy and that the methods for achieving the transition target are consistent with efforts below the 1.5°C goal agreed in the Paris Agreement.

Specifically, the NYK Group's transition strategy is ambitious and goes beyond the environmental targets set by IMO, the Ministry of Land, Infrastructure and Transport, etc., which are consistent with the Paris Agreement. Short- and Medium-term targets has also set in absolute values regarding GHG emission reduction, and specific tactics toward achieving the targets has been identified. The NYK Group's transition strategy also includes specific investment targets and amounts, and the internal carbon price (ICP) is used to calculate the cost of GHG emission reductions. Furthermore, as governance and disclosure related to execution, an internal system has been established and an information disclosure process based on TCFD* has been established (see Figure-1).

* TCFD: Task Force on Climate-related Financial Information Disclosure

In addition, the contribution to the SDGs, which will be described later, is also taken into consideration.

These are disclosed in the Framework etc. and satisfy the disclosure elements of CTF-1 specified in CTFH2023 (see Figure-2 and Table-2).

CTF-2 Business model environmental materiality

DNV has confirmed that the business activities planning climate transition are the core businesses of the NYK Group, providing environmental and social achievements and contributions, and support the driving force of the commercial business.

NYK Group's planned transition strategies and transition pathways are associated with the NYK Group's priority targets and materiality, and contribute to significant environmental impacts from a qualitative and quantitative perspective. These are based on scenario analysis using TCFD.



These are disclosed within the Framework etc. and satisfy the disclosure elements of CTF-2 specified in CTFH2023.

CTF-3 Climate transition strategy and targets to be science-based

DNV has confirmed that NYK Group's transition strategy was quantified and built based on identified specific technology and investment plan for sustainable GHG emission reductions. The transition pathway shown to reduce GHG emission is to aim to achieve the 1.5°C goal.

Specifically, NYK's transition strategy is defined by evidence-based targets and pathways. Specifically, in addition to the long-term targets consistent with GHG emission reduction targets of IMO, the Ministry of Land, Infrastructure and Transport, etc., as described in CTF-1, the short- and medium-term targets, the process of achieving the targets, and environmental benefits of the target project are indexed and quantified together with the baseline that serves as the evaluation criteria. The short- and medium-term targets (a 45% reduction of total GHG emissions in Scope 1+2 in fiscal 2030 compared to fiscal 2021), which are set to achieve the long-term targets (Scope 1+2+3 net zero in fiscal 2050), are set in absolute values. The GHG emission results included in the disclosure covers the main categories of Scope 3 in addition to Scope 1+2 and is reliable, having been verified by a third-party verification body.

These are disclosed through the Framework etc. or second-party opinion and satisfy the disclosure elements of CTF-3 specified in CTFH2023.

CTF-4 Implementation transparency

DNV has confirmed that the investment and deployment plans related to the NYK Group's transition strategy include consensus building on investments made so far and future investments and expenditures. The investment plan included in the transition strategy has identified the areas and technologies to be invested in, including alternative fuels, and the adoption of alternative fuels will result in the phasing out/abolition of vessel navigation that does not comply with the transition strategy. The investment plan has also been developed using a calculated internal carbon price (ICP), which is reliable.

DNV also reviewed the Framework and the "NYK Group ESG Story" and confirmed that the execution was transparent and that the NYK Group explained and agreed on the relevance of the execution. Specifically, NYK has established an internal management system and process for determining basic investment plans for executing transition strategies, and it was confirmed that the investment plans are executed through this internal management system and process. Specifically, a ship decarbonization investment plan has been developed for 2030, taking into account CTF-1 to CTF-3. This investment plan identifies the assets/technologies and amounts to be invested in.

These are disclosed through the Framework etc. or second-party opinion and satisfy the disclosure elements of CTF-4 specified in CTFH2023.



(2) Findings and DNV’s opinion on four common elements of GBP/GBGLs and GLP/GLGLs

GBP/GLP-1 Use of Proceeds

NYK defines the criteria applied to eligible projects (green/transition project) which meet transition strategy and relevant handbook, principle and guidelines, etc.

Specifically, it refers to projects to directly and indirectly execute and support the fuel conversion and technological innovation of ships, and projects related to energy saving of equipment related to ship operation and renewable energy.

DNV has confirmed that NYK will allocate the net proceeds from the green/transition finance, excluding expenses, as new investment and refinancing for capital investment, operating expenses, and R&D related expenses for green/transition eligible projects that meet the investment plan for executing the NYK Group’s transition strategy.

These are typical business transformation and qualified project categories such as CTFH, CTFBG, GBP/GBGLs, and GLP/GLGLs. These projects have been evaluated as having clear environmental benefits on the transition strategy, and are expected to contribute to the SDGs. These processes are in compliance with GBP/GLP-1.

“Renewable energy business” *1

“Fuel Conversion” *2

“Energy Saving Business” *1

“Technology Innovation” *2

“Clean Transportation” *1

“Development and provision of products and services in new fields” *2

*1 Typical green eligible project classifications illustrated by GBP/GBGLs, GLP/GLGLs, etc. Projects that are currently confirmed eligibility as green projects can be incorporated into green finance and are also permissible in the CTFBG to be incorporated as part of transition finance.

*2 A typical transition project that meets the transition strategy of the fundraiser in CTFBG and is exemplified as a business transformation that contributes to the realization of the Paris Agreement. Projects that are currently classified as transition-eligible projects may become green projects due to the application of future technological innovations (e.g., application of green fuel, achievement of performance that meets GHG emission criteria as a green project, etc.) New sector products and service development and supply are relevant to the projects listed in Table-3 entirely.

Nominated projects included in the Green/Transition Finance Framework are classified into the eight green/transition projects shown in 01 to 08 in Table-3 below, and the proceeds will be used for capital investment, R&D funds, business development funds, business operating funds, working capital, etc.

Next page and Schedule-2 show the overview of the green/transition projects.

Table-3 NYK Green/transition finance nominated projects



Project		Category	Project Overview & Target Activities	
01	Offshore Wind Power *1	- Renewable Energy	- Self-elevating platform (SEP) - Crew transport vessel (CTV)	Target Activities: - Capital investment - R&D funds - Business development - Operation funds - Working capital, etc.
02	Green Terminal *1		- New construction and expansion of green terminals	
03	Ammonia-fueled vessel *1	- Fuel Conversion - Technology Innovation	- Ammonia-fueled ammonia gas carrier and tugboat	
04	Hydrogen-fueled vessel *1	- Clean Transportation	- Introduction of ships equipped with high-power hydrogen fuel cells	
05	LNG-fueled vessel	- Fuel Conversion - Technology Innovation	- LNG-fueled vessel	
06	LNG-bunkering vessel	- Clean Transportation	- LNG-bunkering vessel	
07	LPG-fueled vessel	- Clean Transportation	- LPG-fueled vessel	
08	Operation efficiency & optimization	- Clean Transportation - Energy Efficiency	- Technology development that contributes to operational efficiency and optimization	

* 1 Project 01 to 04 have been evaluated as green project.

Use of proceeds categories as per GBP:



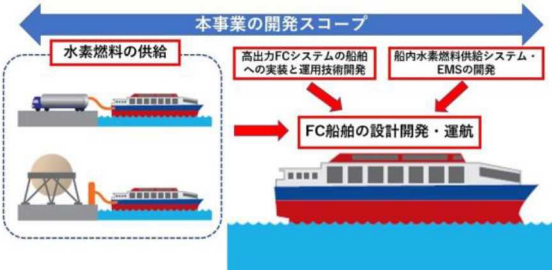
- Renewable energy
- Pollution prevention and control
- Terrestrial and aquatic biodiversity conservation
- Sustainable water resources and wastewater management
- Eco-efficient products, production technologies and processes
- Other (*please specify*): A project based on the Fundraiser's transition strategy (transition project)
- It is undecided at the time of issuance, but is expected to be line with the GBP/GLP classification or other eligible areas not listed in the GBP/GLP at present: A project based on the Fundraiser's transition strategy (transition project)
- Energy efficiency
- Sustainable management of living natural resources
- Clean transportation
- Climate change adaptation
- Green buildings with regional, national or internationally recognized standards and certifications

Table-4 Green/transition finance representative project example (1/3)

No.	Project Category	Green/transition finance nominated projects (Example)	
01	Offshore wind (Dedicated support ship)		<p>Self-elevating platform (SEP) (Assets and projects that are essential for installing offshore wind power generation equipment. Used as dedicated equipment)</p>
			<p>Crew transfer vessel (CTV) (Assets and projects that are essential for installing offshore wind power generation equipment. Used as dedicated equipment)</p>
02	Green Terminal	 <p>Example of installation of wind power generation and solar panel to the terminal</p>	<p>New establishment and expansion of green terminals (Wind power generation, solar panel installation, LED introduction, etc.)</p>

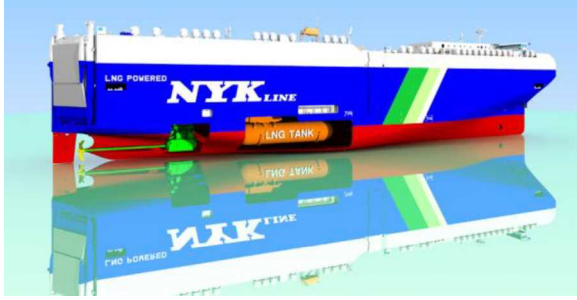



(These are typical project examples, and does not show the direct application of the images and figures to be posted to the project.)

Table-4 Green/transition finance representative project example (2/3)

No.	Project Category	Green/transition finance nominated projects (Example)	
03	Ammonia-fueled vessel	 <p>AFAGC* Appearance image</p>  <p>Ammonia-fueled tugboat Appearance image</p>	<p>Ammonia-fueled vessel Example: Ammonia-fueled ammonia gas carrier (R&D) and tugboat (research and design of ship hulls and fuel supply system, verification of operating methods, etc. Conducted through joint research with other companies) * AFAGC: Ammonia-fueled ammonia gas carrier</p>
04	Hydrogen-fueled vessel	 <p>本事業の開発スコップ</p> <p>水素燃料の供給</p> <p>高出力FCシステムの船舶への実装と運用技術開発</p> <p>船内水素燃料供給システム・EMSの開発</p> <p>FC船舶の設計開発・運航</p>	<p>Hydrogen-fueled vessel Example: Demonstration project for practical use of a ship equipped with high-power hydrogen fuel cells</p> <p>Outline of the demonstration project</p> <ol style="list-style-type: none"> 1. Implementation of high-power FC for ships and development of operation technology 2. Development of onboard hydrogen fuel supply system / equipment, development of energy management system (EMS) combining FC and storage battery 3. Development of hydrogen fuel supply system 4. Ship application, design and development

(These are typical project examples, and does not show the direct application of the images and figures to be posted to the project.)

Table-4 Green/transition finance representative project example (3/3)

No.	Project Category	Green/transition finance nominated projects (Example)		
05	LNG-fueled vessel	 <p>LNG-fueled car carrier (image)</p>	<p><Vessel Particulars> Gross tonnage: 73,500 tonnes Fuel: LNG Length overall: about 199.95 m Breadth: about. 38.00 m Total car capacity: 7,000 units</p> <p><Environmental impact> Compared to conventional vessels of the same size, it is designed to significantly reduce CO₂.</p>	
06	LNG-bunkering vessel	 <p>LNG-bunkering vessel (Ship-to-Ship method) (image)</p>	<p>Example: Ship-to-Ship (A method in which an LNG fuel supply vessel is attached (sideways) to an LNG-fueled vessel moored at a quay / pier or an anchored LNG-fueled vessel to supply LNG fuel)</p>	
07	LPG-fueled vessel	 <p>LPG-fueled VLGC (image) VLGC: Very Large Gas Carrier</p>	<p><Outline of Vessel> Gross tonnage: 50,000 tonnes Fuel: LPG Length overall: about 230.00 m Breadth: about 37.20 m Tank capacity: 84,000 m³</p> <p><Environmental impact> Compared to conventional vessels of the same size, it is designed to significantly reduce CO₂.</p>	
08	Operation efficiency & optimization	 <p>NYK SUPER ECO SHIP 2050 Operation efficiency & optimization (image)</p>		<p>Operation efficiency & optimization Contribution to GHG emission reduction by improving ships (hardware) and operations (software). Technical collaboration with NYK Group, shipbuilding companies, marine equipment manufacturers, ship class associations, and various other partners based on the concept ship NYK SUPER ECO SHIP 2050.</p>

(These are typical project examples, and does not show the direct application of the images and figures to be posted to the project.)



GBP/GLP-2 Process for Project Evaluation and Selection

NYK confirms that the green/transition project meets the GBP/GLP-1 eligible criteria and does not conflict with the pre-defined exclusion criteria in the Framework. Specifically, the ESG Management Group, the Decarbonization Group, and the Finance Group evaluate and select projects based on a comprehensive analysis of finance, technology, and market environment, and the final decision is made by the executive officer in charge of finance.

Evaluation and selection:

- | | |
|---|---|
| <input checked="" type="checkbox"/> Conforms to the Fundraiser's achievement of environmental contribution goals | <input checked="" type="checkbox"/> Documented process to determine that projects fit within defined categories |
| <input checked="" type="checkbox"/> The project is eligible for use of proceeds by green finance and transparency is ensured. | <input checked="" type="checkbox"/> Documented process to identify and manage potential ESG risks associated with the project |
| <input checked="" type="checkbox"/> The project is evaluated and selected based on the published standard summary. | <input type="checkbox"/> Other (<i>please specify</i>): |

Information on Responsibilities and Accountability:

- | | |
|--|---|
| <input checked="" type="checkbox"/> Evaluation/selection criteria subject to external advice or verification | <input checked="" type="checkbox"/> In-house assessment |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

GBP/GLP-3 Management of Proceeds

The proceeds will be credited to the NYK Group's account, and then the Finance Group will manage the allocation for each project using the following internal system and internal control process.

- The Finance Group registers and manages in a predetermined internal system based on the report of the allocation status to eligible projects from the business division. Allocation status is identified for each eligible project.
- As an internal control process, the Finance Group organizes the allocation status annually and reports it to the Chief Financial Officer (CFO) for approval.

This internal system and internal control process can track and confirm over the redemption period, and the proceeds will be managed appropriately.

The proceeds will be allocated within two years of issuance. In addition, the amount of proceeds will be managed in cash or cash equivalents in the same amount as the unallocated proceeds until the allocation.

If green/transition finance is executed under this Framework in the future, it will be disclosed in statutory documents etc. prior to execution or clearly stated in relevant contractual documents.

Tracking of proceeds:

- Some or all of the proceeds by green finance that are planned to be allocated are systematically distinguished or tracked by the Fundraiser.
- Disclosure of intended types of temporary investment instruments for unallocated proceeds
- Other (*please specify*):

Additional disclosure:

- | | |
|--|---|
| <input type="checkbox"/> Allocations to future investments only | <input checked="" type="checkbox"/> Allocations to both existing and new investments |
| <input checked="" type="checkbox"/> Allocation to individual expenditures | <input type="checkbox"/> Allocation to a portfolio of expenditures |
| <input type="checkbox"/> Disclosure of portfolio balance of unallocated proceeds | <input checked="" type="checkbox"/> Other (<i>please specify</i>): The amount of existing investment and new investment and loan of the business subject to green/transition finance allocation will be disclosed in the annual report. |

GBP/GLP-4 Reporting

NYK plans to report on the allocation status and environmental benefits (impacts) on the NYK Group website until the full amount of the proceeds is allocated. The report includes the allocated amount, unallocated amount (finance/refinance), project outline, GHG emission reduction amount or ratio (%) for each project category. Also, it will include relevant indicators and quantified environmental benefits for each project category. For ongoing projects, progress and expected environmental benefits will be included. In addition, if there is a significant change in the transition strategy or pathway, allocation plan or project implementation status (e.g., interruption of the project that started allocation, significant postponement on a yearly basis, sale or retirement, etc.), NYK will report it in a timely manner or in the reporting. In the case of loans, however, the method and scope of reporting on the allocation status of proceeds and environmental benefits (impacts) will be determined at the request of the lender.

<Allocation status>

- Allocated amount
- Balance of unallocated amount and its management
- Approximate amount of the proceeds being used for refinancing

<Environmental benefits> *Any or all of the followings will be disclosed.

Project		Reporting Item
01	Offshore Wind Power	<ul style="list-style-type: none"> • Introduction record (number of vessels) and specifications of SEP and CTV • Location, cardinal numbers and capacity (kW) of introduced offshore wind power generation
02	Green Terminal	<ul style="list-style-type: none"> • Cardinal numbers and capacity (kW) of introduced wind power generation • Capacity of Solar PVs (kW)
03	Ammonia-fueled vessel	<ul style="list-style-type: none"> • Numbers and main specifications of ammonia-fueled vessels
04	Hydrogen-fueled vessel	<ul style="list-style-type: none"> • Numbers and main specifications of Hydrogen fuel cell vessels
05	LNG-fueled vessel	<ul style="list-style-type: none"> • Number and main specifications of LNG-fueled vessels • GHG emissions (mt/ship/year) • GHG/CO₂/Sox/NOx emission reduction amount or ratio compared to the case of using HFO (heavy fuel oil)
06	LNG-bunkering vessel	<ul style="list-style-type: none"> • Number and main specifications of LNG-bunkering vessels • GHG emissions (mt/ship/year) • GHG/CO₂/Sox/NOx emission reduction amount or ratio compared to the case of using HFO (heavy fuel oil)
07	LPG-fueled vessel	<ul style="list-style-type: none"> • Number of LPG-fueled vessels • Main specifications • GHG emissions (mt/ship/year) • GHG/CO₂/Sox emission reduction amount or ratio compared to the case of using HFO (heavy fuel oil)

08	Operation efficiency & optimization	<ul style="list-style-type: none"> • GHG/CO₂/Sox emission reductions or ratios before and after the introduction of equipment and systems compared to standard operations
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Allocation status reporting:

- Project-by-project
 - On a project portfolio basis
 - Linkage to individual bond(s)
 - Other *(please specify)*:
- Information reported:**
- Allocated amounts
 - Green finance share of total investment
 - Other *(please specify)*:
- Frequency:**
- Annual
 - Semi-annual
 - Other *(please specify)*:

Impact reporting (environmental benefits):

- Project-by-project
 - On a project portfolio basis
 - Linkage to individual bond(s)
 - Other *(please specify)*:
- Frequency:**
- Annual
 - Semi-annual
 - Other *(please specify)*:
- Information reported (expected or ex-post):**
- GHG Emissions / Savings
 - Energy Savings
 - Other ESG indicators *(please specify)*:

Means of Disclosure:

- Information published in financial report (NYK Integrated Report)
- Information published in sustainability report
- Information published in ad hoc documents
- Other *(please specify)*: NYK Report or website
- Reporting reviewed (if yes, please specify which parts of the reporting are subject to external review):

VII Assessment Conclusion

On the basis of the information provided by NYK and the work undertaken, it is DNV's opinion that the NYK Green/Transition Finance Framework meets the criteria established in the Protocol and that it is aligned with the following stated definition or purpose within the CTFH, CTFBG, GBP/GBGLs, and GLP/GLGLs.

"provide an investment opportunity with transparent sustainability credentials"

"enable capital-raising and investment for new and existing projects with environmental benefits"

DNV Business Assurance Japan K.K.

25th January 2024



Thomas Leonard

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About DNV

Driven by our purpose of safeguarding life, property and the environment, DNV enables organisations to advance the safety and sustainability of their business. Combining leading technical and operational expertise, risk methodology and in-depth industry knowledge, we empower our customers' decisions and actions with trust and confidence. We continuously invest in research and collaborative innovation to provide customers and society with operational and technological foresight.

With our origins stretching back to 1864, our reach today is global. Operating in more than 100 countries, our 16,000 professionals are dedicated to helping customers make the world safer, smarter and greener.

Disclaimer

Responsibilities of the Management of the Issuer and the Second-Party Opinion Providers, DNV : The management of Issuer has provided the information and data used by DNV during the delivery of this review. Our statement represents an independent opinion and is intended to inform the Issuer management and other interested stakeholders in the Bond as to whether the established criteria have been met, based on the



information provided to us. In our work we have relied on the information and the facts presented to us by the Issuer. DNV is not responsible for any aspect of the nominated assets referred to in this opinion and cannot be held liable if estimates, findings, opinions, or conclusions are incorrect. Thus, DNV shall not be held liable if any of the information or data provided by the Issuer's management and used as a basis for this assessment were not correct or complete



Schedule-1 NYK Green/Transition Finance Nominated Project

The green projects listed in the table are green/transition finance candidates that have been evaluated for eligibility at the time of pre-issuance eligibility assessment (as of June 2021). In the future, if additional green/transition projects are included in the finances issued under the NYK Green/Transition Finance Framework, eligibility will be evaluated in advance by the Fundraiser, and if necessary, DNV will evaluate them in a timely manner.

Project		Category ^{*2*3}	Project Overview & Target Activities
01	Offshore Wind ^{*1} Power		<ul style="list-style-type: none"> - Self-elevating platform (SEP) - Crew transfer vessel (CTV) Dedicated facility required to install offshore wind power generation
02	Green Terminal ^{*1}	- Renewable Energy	<ul style="list-style-type: none"> - New establishment and expansion of green terminals A project that contributes to reducing CO ₂ emissions by introducing renewable energy equipment and energy-saving equipment into the terminal for completed vehicle
03	Ammonia-fueled vessel ^{*1}	- Fuel Conversion - Technology	<ul style="list-style-type: none"> - Ammonia-based ammonia gas carrier and tugboat A project that contributes to the realization of an international shipping roadmap aiming for GHG zero emissions using ammonia and hydrogen fuel as energy sources in the future
04	Hydrogen-fueled vessel ^{*1}	- Innovation - Clean Transportation	<ul style="list-style-type: none"> - Introduction of ships equipped with high-power hydrogen fuel cells
05	LNG-fueled vessel	- Fuel Conversion	<ul style="list-style-type: none"> - LNG-fueled vessel Efforts for fuel conversion phase (introduction of low-carbon fuel) shown in the roadmap from international shipping. Includes projects related to ship fuel conversion (LNG, LPG) and fuel supply vessels that support it.
06	LNG-bunkering vessel	- Technology - Innovation	<ul style="list-style-type: none"> - LNG-bunkering vessel
07	LPG-fueled vessel	- Clean Transportation	<ul style="list-style-type: none"> - LPG-fueled vessel
08	Operation efficiency & optimization	- Clean Transportation - Energy efficiency	<ul style="list-style-type: none"> - Development of ship construction technology (lightening & stability, propulsion efficiency, alternative fuel equipment) that contributes to high operational efficiency & optimization, digital solution development, etc.

*1 Project categories 01 to 04 are projects that have been confirmed to be eligible as green project.

*2 Projects that have been confirmed to be eligible as green projects can be incorporated into green finance in the future, and CTFBG allows them to be incorporated as a part of transition finance.

*3 Projects that are currently classified as transition projects may become green projects due to the application of future technological innovations (e.g., application of green fuel, achievement of performance that meets CO₂ emission standards as a green project, etc.).



Schedule-2 Climate Transition Finance Eligibility Assessment Protocol

The checklists below are DNV assessment protocol created for NYK Green/Transition Finance Eligibility Assessment based on the disclosure requirements of CTFH2023.

The "confirmed documents" in the Work Undertaken include public or private documents (materials inside the Fundraiser) etc., and are provided by NYK as evidence of eligibility judgment for DNV.

*"Issuer" and "investor" may be read as "fundraiser" and "lender" respectively in the disclosure requirements below etc. as appropriate.

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
1	Issuer's Climate Transition Strategy and Governance	<p>The green, sustainability or sustainability- linked financing should be directed toward enabling an issuer's GHG emissions reduction strategy in alignment with the goals of the Paris Agreement.</p> <p><i>Recommended information and indicators:</i></p> <ul style="list-style-type: none"> a long-term, science-based target to align with the goals of the Paris Agreement; relevant and credible interim science- based targets in the short and medium-term on the trajectory towards the long-term goal, in line with the relevant regional, sector, or international climate change scenarios; disclosure on an issuer's transition plan or climate transition strategy. This should include specific itemization of the main levers 	<p>Confirmed documents</p> <ul style="list-style-type: none"> - Framework - NYK Group Decarbonization Story - NYK Group ESG Story 2023 - IMO GHG Strategy, Ministry of Land, Infrastructure, Transport and Tourism Maritime Roadmap - NYK Report (Integrated Report) <p>Interviews with stakeholders</p>	<p>The green/transition finance is geared towards the realization of NYK Group's broader environmental strategy, represented by NYK Group's transition strategy, which focuses on achieving 2050 carbon neutrality and science-based fiscal 2030 GHG emission reduction targets, in line with the goals of the Paris Agreement.</p> <p>i) Long-term GHG emission reduction targets (2050 Scope 1+2+3 net zero) are set and disclosed in the "NYK Group Decarbonization Story" and the "NYK Group ESG Story 2023," and are consistent with the goals of the Paris Agreement.</p> <p>ii) NYK has set a short- and medium-term goal of a 45% reduction in total Scope 1+2 emissions in fiscal 2030 (compared to fiscal 2021). DNV has confirmed in the "NYK Group Decarbonization Story" and the "NYK Group ESG Story 2023" that this short- and medium-term goal is on track towards the set long-term targets and is based on relevant and credible scientific evidence.</p> <p>iii) DNV has confirmed that the "NYK Group Decarbonization Story" and the "NYK Group ESG Story 2023" clearly</p>

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
		<p>towards GHG emissions reduction, such as a detailed capital expenditure (CapEx) plan and relevant technological implications (i.e., amounts to be spent, what carbon cost is considered for implementing such CapEx program, operational impacts, regulatory considerations, etc.);</p> <ul style="list-style-type: none"> • clear oversight and governance of an issuer's climate transition strategy, including management/board level accountability; and • evidence of a broader sustainability strategy to mitigate relevant environmental and social externalities, including 'just transition' considerations where appropriate, and contributions to the UN Sustainable Development Goals (UN SDGs). 		<p>identify the transition strategy of the NYK Group, and that the transition strategy includes the technologies to be used to achieve net zero, investment plans, and the use of ICP (internal carbon pricing) to calculate the cost of GHG emission reductions.</p> <p>iv) DNV has confirmed that oversight and governance of the transition strategy in the NYK Group are disclosed through the Framework and the NYK Report (Integrated Report).</p> <p>v) DNV has confirmed that the transition strategy clearly identified in the NYK Group Decarbonization Story contributes to the SDGs and takes into account just transition.</p>
2	Business model environmental materiality	<p>The climate transition strategy should be relevant to the environmentally material parts of an issuer's business model, taking into account potential future scenarios which may impact current determinations concerning materiality.</p> <p><i>Recommended information and indicators:</i></p> <p>Discussion on the materiality of the planned climate transition strategy may:</p>	<p>Confirmed documents</p> <ul style="list-style-type: none"> - Framework - NYK Group Decarbonization Story - NYK Group ESG Story 2023 - NYK Report (Integrated Report) 	<p>DNV has confirmed that NYK Group's transition strategy focuses on GHG emissions from its existing fleet through 2030 and aims to build a resilient fleet portfolio from 2030 by steadily introducing alternatively fueled vessels that also mitigate environmental impacts other than GHG emissions, and that it focuses on key environmental aspects of the NYK Group's business model. The NYK Group has incorporated its basic strategy into a business and investment plan with a time horizon up to 2050, and has validated it by estimating the financial impact using multiple scenarios.</p>

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
3	Climate transition strategy and targets to be science-based	<ul style="list-style-type: none"> be disclosed in the form of a materiality matrix made publicly available by an issuer or be covered in an issuer's annual reports; and address the materiality of climate-related eligible projects and/or KPI(s) on the overall emissions profile of an issuer. <p>Where Scope 3 emissions are expected to be material but are not yet identified or measured, a timeline for reporting should be disclosed.</p>	<p>Interviews with stakeholders</p>	<p>i) NYK Group materialities are identified based on their importance to the NYK Group and stakeholders. Specifically, 17 key themes have been identified in the three areas of safety, environment and human resources to realize the desired state.</p> <p>ii) Eligible projects focus on reducing GHG emissions from ship operations and contribute to the reduction of GHG emissions from the core business activities of the NYK Group.</p> <p>iii) DNV has confirmed that the GHG emission reduction targets set in the NYK Group include Scope 3, and that Scope 3 GHG emission results and reduction plans are disclosed in the NYK Group Decarbonization Story etc.</p>
		<p>An issuer's climate transition strategy should reference science-based targets and transition pathways. There is scientific guidance around the required rate of GHG emission reductions (the "GHG emissions reduction trajectory") to align the global economy with the goals of the Paris Agreement.</p> <p>The planned transition trajectory should:</p> <ul style="list-style-type: none"> be quantitatively measurable and aligned with the latest available methodology; be aligned with, benchmarked, or otherwise referenced to recognized third-party, science-based trajectories, where such trajectories exist; when third- 	<p>Confirmed documents</p> <ul style="list-style-type: none"> - Framework - NYK Group Decarbonization Story - NYK Group ESG Story 2023 - IMO GHG Strategy, Ministry of Land, Infrastructure, Transport and Tourism Maritime Roadmap - NYK Report (Integrated Report) - NYK website (environmental load data) 	<p>DNV has confirmed that the NYK Group has set a transition plan that is consistent with the science-based Paris Agreement and a transition trajectory that is consistent with the roadmap toward zero emissions of IMO, the Ministry of Land, Infrastructure, Transport and Tourism, etc.</p> <p>i) DNV has confirmed that the NYK Group's targets for GHG emission reductions are set in absolute values covering all scopes and are published along with the base year, past emissions and four milestones toward achieving the medium- and long-term targets.</p> <p>ii) DNV has confirmed that the NYK Group's GHG emission reduction targets were set based on the 1.5°C scenario and that the fact is disclosed in the NYK Report etc.</p> <p>iii) Specifically, the NYK Group has defined the following with regard to transition targets.</p>

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings						
		<p>party trajectories are not available, consider industry peer comparison and/or internal methodologies/historical performance;</p> <ul style="list-style-type: none"> be publicly disclosed (ideally in mainstream financial filings), including interim targets; and be supported by independent assurance or verification. <p><i>Strongly recommended information and indicators:</i></p> <ul style="list-style-type: none"> short, medium, and long-term GHG emission reduction targets aligned with the Paris Agreement; baseline year and historic emissions (including absolute emissions, where intensity metrics are the main indicator); scenario utilized and methodology applied (e.g., ACT, SBTi, IEA etc.). <p>When third-party trajectories are not available, industry peer comparison and/or internal methodologies/historical performance;</p> <ul style="list-style-type: none"> GHG emission objectives covering all scopes and most relevant sub-categories (Scopes 1, 2 and 3); 	<p>Interviews with stakeholders</p>	<table border="1" data-bbox="352 255 549 882"> <thead> <tr> <th data-bbox="352 689 480 882">Deadline</th> <th data-bbox="352 255 480 689">Target value</th> </tr> </thead> <tbody> <tr> <td data-bbox="480 689 549 882">Fiscal 2030</td> <td data-bbox="480 255 549 689">NYK Group Scope 1+2 45% reduction in GHG emissions (compared to fiscal 2021)</td> </tr> <tr> <td data-bbox="549 689 636 882">Fiscal 2050</td> <td data-bbox="549 255 636 689">NYK Group Scope 1+2+3 net zero</td> </tr> </tbody> </table> <p>These medium- and long-term targets and achievements are published in the NYK Report, together with the disclosure information recommended by TCFD.</p> <ul style="list-style-type: none"> iv) The disclosed GHG emission results have been verified by a third-party verification body. v) The NYK Group's medium- and long-term GHG emissions reduction targets shown in iii) are consistent with and beyond the goals of the Paris Agreement. vi) The medium-term (fiscal 2030) targets are expressed in absolute values, with fiscal 2021 set as the base year. vii) The NYK Group's transition strategy has been developed with reference to the IEA's multiple scenarios. viii) DNV has confirmed that GHG emission results are disclosed on NYK's website (environmental load data) etc. The disclosed information is in absolute values, covering Scope 1, 2, and 3. DNV has confirmed that the Scope 3 sub-categories currently covered by disclosure are 1, 2, 3, 5, 6, and 7, with sub-categories 1 and 3 being recognized as the most potentially relevant to the Scope 3 GHG emission reduction targets. DNV has also confirmed that NYK is working to improve the scope and accuracy of the Scope 3 GHG emission calculations, and that NYK plans to further improve them in the future. 	Deadline	Target value	Fiscal 2030	NYK Group Scope 1+2 45% reduction in GHG emissions (compared to fiscal 2021)	Fiscal 2050	NYK Group Scope 1+2+3 net zero
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Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
4	Implementation transparency	<ul style="list-style-type: none"> targets formulated in either intensity or absolute terms, noting, that where intensity targets are used, projections on the change to absolute emissions should also be provided; and where applicable, use of carbon capture technology as well as of high- quality and high-integrity carbon credits, and their relative contribution to the GHG emissions reduction trajectory in line with best industry practices (e.g., SBTi, VCMi and ICVCM). 	<p>Confirmed documents</p> <ul style="list-style-type: none"> - Framework - NYK Group Decarbonization Story - NYK Group ESG Story 2023 - NYK Report (Integrated Report) - NYK website (environmental load data) - Medium-Term Management Plan Sail Green, Drive Transformations 2026 <p>Interviews with stakeholders</p>	<ul style="list-style-type: none"> ix) As stated in vi), target values expressed in absolute values have been set. x) DNV has confirmed that the NYK Group plans to take two approaches; “GHG emission reduction” and “GHG removal” to achieve its GHG emission reduction targets.
		<p>Market communication regarding the offer of a GSS financing instrument intended to fund an issuer’s climate transition strategy should also be transparent, to the extent practicable, on the underlying investment program including capital and operational expenditures (CapEx and OpEx).</p> <p><i>Recommended information and indicators:</i></p> <ul style="list-style-type: none"> CapEx roll-out plan consistent with the overall climate transition strategy and climate science and discussion of how it informs CapEx decision-making within the organization; phase-out plan regarding activities/products incompatible 		<p>DNV has confirmed that the investment and deployment plan in relation to the NYK Group’s transition strategy includes investments made to date and future investments and agreements on expenditures. DNV has confirmed that the overall investment plan (investment amount) is to be implemented in line with the timeline. DNV has also reviewed the “NYK Group ESG Story” and has confirmed that the execution is transparent and that the justification for the execution has been explained and agreed by the NYK Group.</p> <ul style="list-style-type: none"> i) DNV has confirmed that the NYK Group’s Medium-Term Management Plan sets out specific areas and amounts of investment in ship decarbonization toward 2030. ii) DNV has confirmed that the Medium-Term Management Plan and the Decarbonization Story clearly identify the ship fuel conversion scenario and the roadmap for GHG emission reduction technologies and their application toward 2050 net zero.

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
		<p>with the climate transition strategy (when such activities or products are significantly harmful or display levels of performance inconsistent with science-based GHG emission reduction trajectories);</p> <ul style="list-style-type: none"> • green CapEx, for example those referenced under the eligible green project categories in the Green Bond Principles, as a percentage of total CapEx and how the ratio may be expected to evolve over time; • disclosure on the percentage of assets/revenues/ expenditures/divestments aligned to the various levers; • a qualitative and/or quantitative assessment of the potential locked-in GHG emission from an issuer's key assets and products; • assumptions on the internal cost of carbon; and • disclosure on adverse impacts on the workforce, community and surrounding environment, and related strategies used to mitigate those negative impacts. 		<p>iii) The plans presented in i) and ii) show specific investment amounts and changes in investment targets over time.</p> <p>iv) DNV has confirmed that the NYK Group's main assets and products (services) are ships and transport by ship used in the shipping business, and that the GHG emissions associated with these assets and provision of services are mainly quantified as NYK Group Scope 1 emissions and that information is disclosed.</p> <p>v) DNV has confirmed that the main assets of the NYK Group are existing or newly built ships and that the assessment of current and future GHG emissions relates to the navigation of these ships.</p> <p>vi) DNV has confirmed that the NYK Group has set internal carbon prices (ICP) for 2023-2026, 2027-2030, and beyond 2030, reflecting the real situations within the company and reflected them in its GHG emission reduction plans.</p> <p>vii) DNV has confirmed in the Decarbonization Story that an appropriate response to the changes arising from the implementation of the transition strategy is planned, including the provision of training programs on the safe handling of alternative fuels etc.</p>



Schedule-3 Green Finance Eligibility Assessment Protocol

The checklist below (GBP/GLP-1 to GBP/GLP-4) is a DNV assessment protocol created for the NYK Green/Transition Finance Eligibility Assessment based on the requirements of GBP/GBGLs and GLP/GLGLs. The "Confirmed documents" in the Work Undertaken include documents inside the Fundraiser and are provided by NYK as evidence of eligibility judgment for DNV.

In Schedule-3, it is referred to as GBP/GLP according to the practice, but this is the standard to be referred to in the case of financing that specifies the use of proceeds such as green and transition projects in transition finance that specifies the use of proceeds based on CTFH and CTFBG, including both green and transition contexts.

*"Issuer" and "investor" may be read as "fundraiser" and "lender" respectively in the disclosure requirements below etc. as appropriate.

GBP/GLP-1 Use of Proceeds

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
1a	Types of funds	<p>The types of green finance are classified into one of the following types defined by GBP/GLP.</p> <ul style="list-style-type: none"> • (Standard) Green/transition Finance • Green/transition Revenue Finance • Green/transition Project Finance • Other 	<p>Confirmed documents</p> <ul style="list-style-type: none"> - Framework <p>Interviews with stakeholders</p>	<p>Through the evaluation work, DNV has confirmed that NYK Green/Transition Finance falls into the following categories.</p> <ul style="list-style-type: none"> • (Standard) Green/transition Finance
1b	Green/transition Project Classification	<p>The key to a green/transition finance is that the proceeds will be used for a green project, which should be properly stated in the legal documents relating to the security.</p>	<p>Confirmed documents</p> <ul style="list-style-type: none"> - Framework - NYK green/transition project documents <p>Interviews with stakeholders</p>	<p>DNV has confirmed that NYK Green/Transition Finance aims to fund a wide range of green/transition projects focused on the NYK Group's environmental targets, as described in the Framework and Schedule-1. Specifically, all green/transition candidate projects listed in Schedule-1 are evaluated as conforming to the transition strategy, and the proceeds through the green/transition finance are planned to be transferred to one or more green/transition candidate projects.</p>

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings																		
				<p>Through the assessment, DNV concludes that the green/transition candidate projects will bring concrete and actual environmental benefits.</p> <table border="1" data-bbox="470 156 842 840"> <thead> <tr> <th>Project classification</th> <th>Category</th> </tr> </thead> <tbody> <tr> <td>01 Offshore wind power</td> <td>Renewable energy</td> </tr> <tr> <td>02 Green Terminal</td> <td></td> </tr> <tr> <td>03 Ammonia-fueled vessel</td> <td>Fuel conversion, technology innovation, Clean transportation</td> </tr> <tr> <td>04 Hydrogen-fueled vessel</td> <td></td> </tr> <tr> <td>05 LNG-fueled vessel</td> <td>Fuel conversion, technology innovation, Clean transportation</td> </tr> <tr> <td>06 LNG-bunkering vessel</td> <td></td> </tr> <tr> <td>07 LPG-fueled vessel</td> <td></td> </tr> <tr> <td>08 Operation efficiency & optimization</td> <td>Clean transportation, Energy efficiency</td> </tr> </tbody> </table>	Project classification	Category	01 Offshore wind power	Renewable energy	02 Green Terminal		03 Ammonia-fueled vessel	Fuel conversion, technology innovation, Clean transportation	04 Hydrogen-fueled vessel		05 LNG-fueled vessel	Fuel conversion, technology innovation, Clean transportation	06 LNG-bunkering vessel		07 LPG-fueled vessel		08 Operation efficiency & optimization	Clean transportation, Energy efficiency
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1c	Environmental benefits	All green projects to which the funds are used should have clear environmental benefits, the effects of which should be assessed by the issuer and, where possible, quantitatively demonstrated.	Confirmed documents - Framework - NYK green/transition project documents Interviews with stakeholders	The green/transition project will contribute to the targets based on the NYK Group's transition strategy, and will have environmental benefits such as CO ₂ emission reduction through low carbonization through the projects in the project classification and category shown in 1b. DNV has confirmed that the environmental benefits will be quantitatively evaluated as the amount of CO ₂ emission reduction and reported annually.																		
1d	Refinancing rate	If all or part of the proceeds are used or may be used for refinancing, the issuer will indicate the estimated ratio of the initial investment to the refinancing and, if necessary. Therefore, it is recommended to clarify which investment or project portfolio is subject to refinancing.	Confirmed documents - Framework - NYK green/transition project documents Interviews with stakeholders	The fundraiser plans to use all proceeds for new investment, refinancing, or both for eligible candidate projects included in Schedule-1, not decided prior to issuance. Through the annual report, DNV has confirmed that NYK plans to clarify the estimated amount (or ratio) of the proceeds which was allocated to refinancing.																		

GBP/GLP-2 Process for Project Evaluation and Selection

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
2a	Project selection process	<p>Green finance fundraisers should provide an overview of the process of qualifying projects for which green finance funding will be used. This includes (but is not limited to):</p> <ul style="list-style-type: none"> • The process by which the issuer determines that the project in question is included in the business category of a qualified green project. • Creation of criteria for eligibility of projects for which green finance funding will be used • Environmental sustainability goals 	<p>Confirmed documents</p> <ul style="list-style-type: none"> - Framework - NYK green/transition finance evaluation and selection protocol <p>Interviews with stakeholders</p>	<p>DNV has confirmed that the fundraiser has a process of determining the eligibility of the projects for which the proceeds of the green/transition finance are used and that the outline is specified in the Framework.</p>
2b	Issuer's Environmental and Social Governance Framework	<p>In addition to criteria and certifications, the information published by issuers regarding the green finance process also considers the quality of performance of the issuer's framework and environmental sustainability.</p>	<p>Confirmed documents</p> <ul style="list-style-type: none"> - Framework - NYK green/transition finance evaluation and selection protocol <p>Interviews with stakeholders</p>	<p>DNV has confirmed that the green/transition projects carried out by the fundraiser are consistent with their management and environmental policies and with the transition strategies, targets, and pathways.</p> <p>DNV has confirmed through the documents and interviews with related parties that NYK is working on the conservation of the surrounding environment in each related group when NYK operates and implements the project, and also regularly monitors or plans to carry out monitoring in the PDCA cycle.</p>

GBP/GLP-3 Management of Proceeds

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
3a	Tracking procedure-1	The net proceeds from of green finance should be managed in sub-accounts, included in sub-portfolio, or otherwise tracked. It should also be certified by the issuer in a formal internal process related to the issuer's investment and financing operations for the Green Project.	<p>Confirmed documents</p> <ul style="list-style-type: none"> - Framework - Accounting management rules, accounting management system <p>Interviews with stakeholders</p>	<p>The proceeds from the green/transition finance are incorporated into the common account of the fundraiser, and the allocation status of proceeds on a project-by-project basis can be tracked using the internal system, forms, etc.</p> <p>DNV confirmed the system actually used and related documents, etc., and has confirmed that the management status of the proceeds was proved based on them.</p>
3b	Tracking procedure-2	During the green finance redemption period, the balance of funds raised that is being tracked should be adjusted at regular intervals to match the amount allocated to eligible projects undertaken during that period.	<p>Confirmed documents</p> <ul style="list-style-type: none"> - Framework - Accounting management documents <p>Interviews with stakeholders</p>	<p>DNV has confirmed that the fundraiser plans to periodically (annually) review the balance of green/transition finance using the internal system, forms, etc. described in 3a during the period from issuance to redemption of green finance.</p>
3c	Temporary holding	If no investment or payment has been made in a qualified green project, the issuer should also inform the investor of the possible temporary investment method for the balance of unallocated proceeds.	<p>Confirmed documents</p> <ul style="list-style-type: none"> - Framework - Accounting management documents <p>Interviews with stakeholders</p>	<p>Through the confirmation process based on the fundraiser's internal system, forms, etc. and related business flow, DNV has confirmed that the balance of unallocated proceeds is recognized sequentially.</p> <p>DNV has confirmed through the Framework and assessment that the balance of unallocated proceeds is managed in cash or cash equivalents. DNV has also confirmed that the balance of unallocated proceeds will be clearly identified through the reporting on the allocation status of proceeds.</p>



GBP/GLP-4 Reporting

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
4a	Periodical Reporting	<p>In addition to reporting on the use of proceeds and the temporary investment of unallocated proceeds, the issuer will consider each project at least once a year for projects to which the green finance proceeds have been allocated, taking into account the following: A list of each project should be provided.</p> <ul style="list-style-type: none"> - Confidentiality and competitive considerations - Outline of each project, expected sustainable environmental and social effects 	<p>Confirmed documents</p> <ul style="list-style-type: none"> - Framework - NYK green/transition project documents 	<p>DNV has confirmed that the fundraiser will carry out an annual reporting of green/transition finance until the proceeds are allocated and will disclose information on the allocation status of proceeds, the projects to which the proceeds have been allocated and environmental benefits. (In the case of loans, however, the method and scope of reporting on the allocation status of proceeds and environmental benefits (impacts) will be determined at the request of the lender.)</p> <p>DNV has confirmed that the environmental benefits will be disclosed in any or all items specified in the following table within the scope of confidentiality and as long as reasonably practicable.</p> <p><Allocation status of proceeds></p> <ul style="list-style-type: none"> - Allocated amount - Balance and management method of unallocated proceeds - Approximate amount of the portion of the proceeds allocated to refinancing <p><Environmental benefits> * See the table below</p>

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