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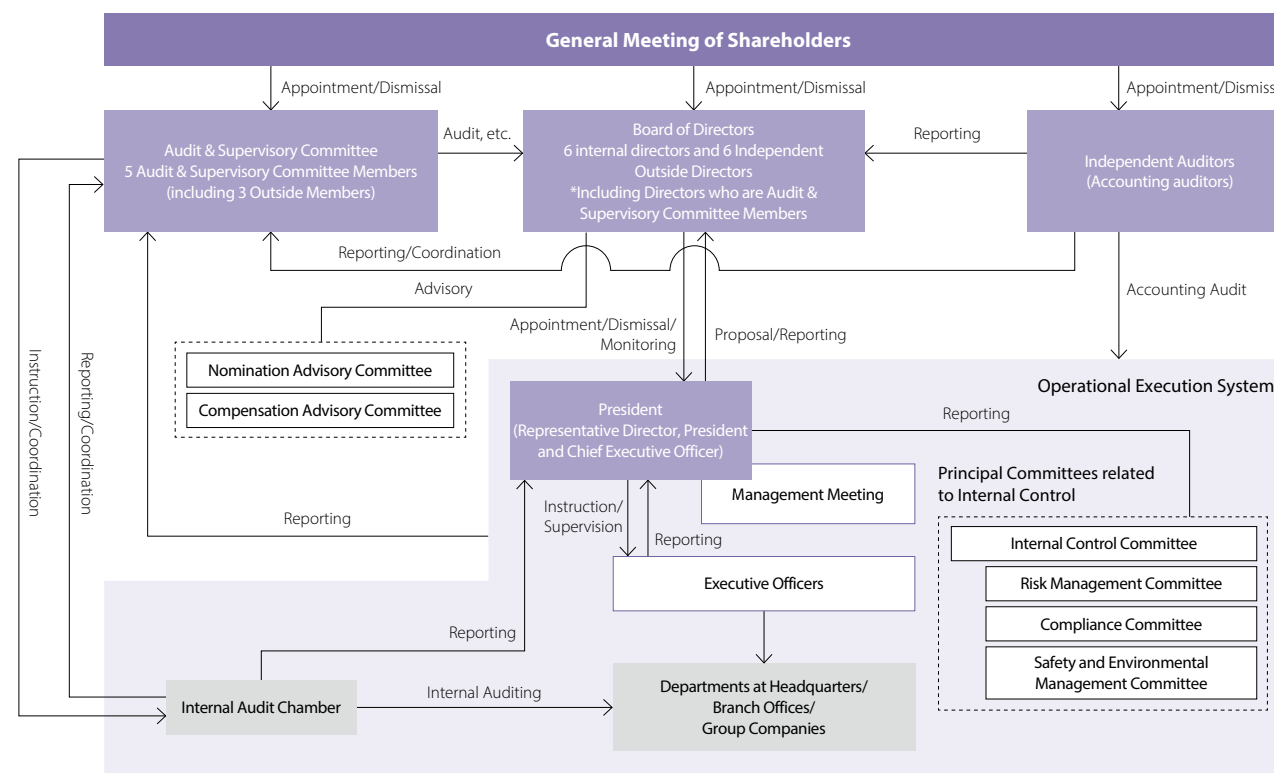
Basic Views on Corporate Governance

The Company ensures the transparency and efficiency of its management and strives to build and maintain an appropriate management structure to earn the trust of its shareholders, investors, customers, suppliers, communities, employees of the Company and the NYK Group, and other stakeholders and to meet their expectations. Regarding its organizational form, the Company transitioned to a Company with Audit & Supervisory Committee in June 2023. By delegating decision-making authority for important business execution to the Executive Directors, the Company has built a structure for responding swiftly to dramatic changes in the business environment, and Executive Officers, in addition to the Executive Directors, execute the business of the Company under the resolution and supervision of the Board of Directors. In addition to the Board of Directors and the Nomination Advisory Committee and Compensation Advisory Committee, the Independent Outside Directors attend important committees and conferences, make recommendations related to governance and internal control, participate in activities at discussion meetings among directors, and visit business sites in and outside Japan.

The Company's basic framework and views of corporate governance are set forth in the "Corporate Governance Guidelines," which are disclosed on the website of the Company.

[Link](https://www.nyk.com/english/sustainability/pdf/concept/policy004en.pdf) For more information, click on the link below.
<https://www.nyk.com/english/sustainability/pdf/concept/policy004en.pdf>

Corporate Governance Organizational Structure of the Company (As of June 19, 2024)



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Recent Major Initiatives to Strengthen the Organizational Structure

> Changes in Organizational Design

- Transitioned to a Company with Audit & Supervisory Committee as of the Ordinary General Meeting of Shareholders held on June 21, 2023
- Strengthening of the monitoring function of the Board of Directors, and delegating authority to the executive directors to speed up decision-making
- Introduction of planned agenda setting to enable focused deliberations on matters that will lead to longer-term corporate value enhancement

> Revision of Board of Directors structure

- Six out of twelve are Independent Outside Directors

Recent Major Initiatives to Implement ESG Management

> Changes in Structure

- Established the ESG Strategy Headquarters
- Changed the name of ESG Management Promotion Committee to ESG Strategy Committee. The committee is composed of executive officers and group managers representing each division and an external expert to strategically discuss a wide range of ESG-related themes

[Link](https://www.nyk.com/english/sustainability/concept/attempt/) For more information, click on the link below.
<https://www.nyk.com/english/sustainability/concept/attempt/>

> Reflection in Executive Compensation System

- Introduced ESG indicators as one of the indicators for performance-based stock compensation

History of Enhancing Governance

| Year | Details |
|------|---|
| 2002 | Introduced Committee of Corporate Officers to strengthen operational execution system |
| 2006 | Established Advisory Board |
| 2008 | Abolished Advisory Board, appointed two outside directors Shortened the term of office of directors from two years to one year |
| 2010 | Filed notification of independent directors and auditors as stipulated by stock exchanges in Japan for all four outside directors and outside audit and supervisory board members |
| 2015 | According to the Principles of the Japan's Corporate Governance Code, the Company prepared the following <ul style="list-style-type: none"> Corporate Governance Guidelines Our Views on Size, Balance and Diversity of the Board of Directors Policies and Procedures for the Appointment and Nomination of Directors, Audit and Supervisory Board Members and Corporate Officers Independence Criteria for Recommendation of Candidates for Outside Directors and Audit and Supervisory Board Members Policies and Procedures for Determining the Compensation for Directors, Audit and Supervisory Board Members and Corporate Officers |
| 2016 | Increased outside directors by one member to 3, and decreased the total number of directors by one to 12 (decreased internal directors by two) Introduced a performance-based stock compensation plan for directors and corporate officers of the Company (excluding outside directors and audit and supervisory board members of the Company) Established the Nomination Advisory Committee and the Compensation Advisory Committee Conducted a non-anonymous self-evaluation survey of all directors including outside directors, and of all audit and supervisory board members including outside members, regarding the effectiveness of the meetings of the Board of Directors |
| 2017 | Decreased the total number of directors by one to 11 (decreased internal directors by one) Established the position of chief outside director Reviewed the items for reporting to the Board of Directors, etc., and implemented measures to further stimulate discussions |
| 2018 | Appointed an outside advisor in charge of tabulation and analysis, etc. of self-evaluations of the effectiveness of the Board of Directors Decreased the total number of directors by two to 9 (decreased internal directors by two) |
| 2019 | Decreased the total number of directors by one to 8 (decreased internal directors by one) Established the Governance Committee |
| 2020 | Revised decision-making process and established Management Meeting to ensure flexible decision-making. Changed naming conventions (changed from corporate officer to executive officer) and changed position and prominence of Board of Executive Officers |
| 2021 | Established the ESG Management Promotion Committee |
| 2022 | Introduction of the performance-based monetary compensation plan Changed Policies for Determining Compensation for Directors following the Amendment of the Compensation Plan Partially revised the details of a performance-based stock compensation plan |
| 2023 | Transitioned to a Company with Audit & Supervisory Committee to improve effectiveness and strengthen monitoring function of the Board of Directors, and the ratio of independent outside directors has been increased to 50% |

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Enhancing the Effectiveness of the Board of Directors

Organizational Design Innovation

> Separation of Management and Executive Side

The Company aims to speed up decision-making by delegating authority for important matters concerning business execution to executive directors and to improve the effectiveness of the Board of Directors by extensively discussing at Board of Directors' meetings ways to improve corporate value, such as medium- to long-term management strategies, allocation of management resources including investment in human resources and intellectual property, execution of business portfolio-related strategies, sustainability, and response to major risks.

Under the business execution system, the Management Meeting, comprising executive officers such as the Chairman, CEO and the Chief Executives of Headquarters, deliberates on important matters related to business execution, including matters to be discussed by the Board of Directors, with decisions thereafter being made by the CEO, an executive director, to whom decision-making authority has been delegated.

Board of Directors-related data (as of June 19, 2024)

| Related Data | |
|---|--|
| Maximum Number of Directors Stipulated in Articles of Incorporation | 16 |
| Term of Office Stipulated in Articles of Incorporation | 1 year (Directors who are not Audit & Supervisory Committee member) 2 years (Directors who are Audit & Supervisory Committee members) |
| Chairman of the Board of Directors | Chairman, Director |
| Number of Directors | 12 |
| Of which, the number of Independent Outside Directors | 6 |
| Ratio of Female Directors | 25% (3 out of 12 directors) |

> Established Audit & Supervisory Committee

The Company aims to have a Board of Directors comprising at least one-third independent outside directors and an Audit & Supervisory Committee with a majority of independent outside directors with the aim of strengthening the supervisory function over management by making effective use of said committee. Furthermore, the Audit & Supervisory Committee is composed of directors who are Audit & Supervisory Committee members with the authority to vote at Board of Directors' meetings in order to strengthen the monitoring function of the Board of Directors.

> Activities of Nomination Advisory Committee and Compensation Advisory Committee

To enhance the transparency and objectivity of the deliberation process for officer nominations and compensation, the Company has established the Nomination Advisory Committee and the Compensation Advisory Committee as advisory committees to the Board of Directors, both having a majority of independent outside directors and being chaired by outside directors. The two committees discuss key matters regarding the appointment, dismissal, and compensation of directors (excluding directors who are Audit & Supervisory Committee members) and executive officers and provide reports or proposals to the Board of Directors.

[Link](#) For more information, click on the link below.

> Rules on the Nomination Advisory Committee

<https://www.nyk.com/english/sustainability/pdf/concept/policy009en.pdf>

> Rules on the Compensation Advisory Committee

<https://www.nyk.com/english/sustainability/pdf/concept/policy010en.pdf>

Nomination Advisory Committee and Compensation Advisory Committee Members and Their Attendance in Fiscal 2023

| | Designation | Name | Nomination Advisory Committee | Compensation Advisory Committee |
|------------------|--|--------------------|-------------------------------|---------------------------------|
| Committee Chair | Chief Independent Outside Director | Eiichi Tanabe | 6/6 | 5/5 |
| Committee member | Independent Outside Director | Hiroko Kuniya | 6/6 | 5/5 |
| Committee member | Independent Outside Director | Nobukatsu Kanehara | 5/5* | 3/3* |
| Committee member | Independent Outside Director Audit & Supervisory Committee members | Tatsumi Yamada | 5/5* | 3/3* |
| Committee member | Chairman, Director | Hitoshi Nagasawa | 6/6 | 5/5 |
| Committee member | President, Representative Director | Takaya Soga | 6/6 | 5/5 |

*The attendance is counted after their assuming the positions of the Committee Members in June 2023.

Operational Innovation

> Size, Balance and Diversity of Board of Directors

The Company has established a policy regarding the balance, diversity, and size of the knowledge, experience, and abilities of the Board of Directors as a whole, and discloses a skills matrix that lists the knowledge, experience, and abilities of directors, along with policies and procedures regarding the appointment of directors.

[Link](#) For more information, click on the link below.

> Our Views on Size, Balance of Diversity of the Board of Directors

<https://www.nyk.com/english/sustainability/pdf/concept/policy005en.pdf>

> Policies and Procedures for the Appointment and Nomination etc. of Directors, Audit & Supervisory Committee Members and Executive Officers

<https://www.nyk.com/english/sustainability/pdf/concept/policy006en.pdf>

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Skills Matrix of Directors (as of June 19, 2024) and Attendance at Board Meetings

Directors (excluding Directors who are Audit & Supervisory Committee members)

| Designation | Name | Gender | Expertise/Specialty | | | | | | | Experience Experience working overseas | Attendance at Board of Directors meetings (*) |
|--|--------------------|--------|-------------------------------------|------------------------|-----------------|-----------------|------------------------|-------------|--------------------|---|---|
| | | | Corporate Governance and Management | Finance and Accounting | Human Resources | Risk Management | Environment and Safety | Geopolitics | CSR/Sustainability | | |
| Chairman, Director | Hitoshi Nagasawa | Men | ● | ● | ● | ● | ● | ● | ● | UK | 100% (16/16 times) |
| President, Representative Director | Takaya Soga | Men | ● | ● | | ● | | | ● | Singapore UK Thailand | 100% (16/16 times) |
| Vice president, Representative Director | Akira Kono | Men | ● | ● | | ● | | | ● | USA UK | 100% (12/12 times) |
| Director and Senior Managing Executive Officer | Yutaka Higurashi | Men | ● | | ● | ● | | | | UK | 100% (16/16 times) |
| Chief Independent Outside Director | Eiichi Tanabe | Men | ● | ● | | ● | | ● | | UK | 100% (16/16 times) |
| Independent Outside Director | Nobukatsu Kanehara | Men | ● | | | ● | | ● | | France Belgium USA South Korea | 100% (12/12 times) |
| Independent Outside Director | Satoko Shisai | Women | ● | ● | | | | | ● | USA | — |

Directors Who Are Audit & Supervisory Committee Members, etc.

| Designation | Name | Gender | Expertise/Specialty | | | | | | | Experience Experience working overseas | Attendance at Board of Directors meetings (*) |
|---|------------------|--------|-------------------------------------|------------------------|-----------------|-----------------|------------------------|-------------|--------------------|---|---|
| | | | Corporate Governance and Management | Finance and Accounting | Human Resources | Risk Management | Environment and Safety | Geopolitics | CSR/Sustainability | | |
| Director Audit & Supervisory Committee members | Eiichi Takahashi | Men | ● | ● | | | | | | USA | 100% (12/12 times) |
| Director Audit & Supervisory Committee member | Keiko Kosugi | Women | ● | | | | ● | | | Singapore UK | 100% (12/12 times) |
| Independent Outside Director Audit & Supervisory Committee member | Hiroshi Nakaso | Men | ● | ● | | ● | | | | UK Switzerland | 92% (11/12 times) |
| Independent Outside Director Audit & Supervisory Committee member | Satoko Kuwabara | Women | ● | | | ● | | | | UK | 100% (12/12 times) |
| Independent Outside Director Audit & Supervisory Committee member | Tatsumi Yamada | Men | ● | ● | | ● | | | | UK | 100% (12/12 times) |

*For the period between April 1, 2023 and March 31, 2024. However, for those who were appointed to the Board of Directors on June 21, 2023, attendance at Board of Directors meetings held on or after that date is shown.
Prior to the transition to a Company with Audit & Supervisory Committee, Mr. Eiichi Takahashi, Mr. Hiroshi Nakaso, and Ms. Satoko Kuwabara served as auditors of the Company. During this period, out of the four Board of Directors meetings held, Mr. Eiichi Takahashi attended all four meetings, Mr. Hiroshi Nakaso attended three, and Ms. Satoko Kuwabara attended all four.

The Company's Guidelines for the Selection of Directors, etc.

[Link](https://www.nyk.com/english/sustainability/governance/) For more information, click on the link below.
https://www.nyk.com/english/sustainability/governance/

Number of Shares Held by Directors

[Link](https://www.nyk.com/english/ir/library/nyk/) For more information, click on the link below.
NYK Report 2024 P.072
https://www.nyk.com/english/ir/library/nyk/

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> Selection of Independent Outside Directors

To guarantee the independence of Outside Directors in substantive terms, in addition to the requirements for Outside Directors set forth in the Companies Act, the Company has established and disclosed independence criteria for outside officers established by the Board of Directors based on the independent criteria set forth by Tokyo Stock Exchange, Inc.

In addition, so we can anticipate their contributions to frank, active, and constructive deliberations in the Board of Directors, we elect as Independent Outside Directors persons who have broad knowledge or advanced expertise, excellent insight, a wealth of experience, and a good track record in their area of specialty.

[Link](https://www.nyk.com/english/sustainability/pdf/concept/policy007en.pdf) For more information, click on the link below.
▶ Independence Criteria for Recommendation of Candidates for Outside Directors
<https://www.nyk.com/english/sustainability/pdf/concept/policy007en.pdf>

> Training for Directors and Corporate Officers

In order to achieve the medium- to long-term vision of the Group and improve sustainable corporate value, we provide opportunities for inside and outside directors, and executive officers to participate in in-house training and external courses to maintain the effectiveness of the Board of Directors, deepen understanding of legal compliance such as fair trade, and improve governance functions.

We provide practical training, including timely lectures on the latest trends, as well as education for gaining knowledge on themes such as the Companies Act, internal control, risk management, compliance, crisis management, business analysis, and financial strategy. We also actively arrange external lectures to share our expertise and skills in sustainability, such as “business and human rights” and sustainability information disclosure.

Example of Training Menu

- Operation of Board of Directors in a Company with Audit & Supervisory Committee
- Directors' Legal Responsibilities in the Group Companies and Handling Scandals in Subsidiaries
- Preparing for Future Sustainability Disclosures
- Practical Response to CSRD - How should the roles be shared between Japanese head office and European offices?
- Business and Human Rights - How to face the challenges we face because of our initiatives?

● Evaluation of the Effectiveness of the Board of Directors

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

1) Summary of the Fiscal 2023 Evaluation

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

of the recognized issues and comments gained from the survey, as well as clarifying measures to further improve the effectiveness of the Board of Directors by obtaining opinions on improvement measures and any other matters.

2) Results of the Evaluation of Effectiveness

i. Overview

As a result of a discussion based on the survey results and interviews, it was determined that the Board of Directors was functioning appropriately and its effectiveness was ensured. In FY2023, in regard to (1) composition and operations of the Board of Directors in particular improvement was observed by the arrangement of opportunities to explain the details of discussions at the Management Meeting to outside directors and the administration of the Board of Directors by the chair person with the understanding of perspectives of outside directors through participating in a briefing to them on matters to be submitted to the Board of Directors, and the effectiveness of the Board of Directors was enhanced. On the other hand, the Company has recognized that, in relation to (3) corporate ethics and risk management, amid a sense of ethics in society significantly changing, comments by outside directors an external perspective are important and the Company needs to implement further improvement of corporate culture with the Board of Directors proactively engaging in this theme.

ii. Initiatives in Fiscal 2023

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

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to improve the effectiveness of the Board of Directors by allocating more time for deliberation by the Board of Directors of matters that lead to the growth in corporate value, such as medium- to long-term management strategies, allocation of management resources, business portfolio, sustainability, and handling significant business risks.

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

> Issues of Diversity and Human Resources, Etc. Recognized in Fiscal 2022

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

3) Initiatives in Fiscal 2024

By utilizing the characteristics of a company with Audit & Supervisory Committee, the Company will continue to speed up decision-making

and further strengthen monitoring functions. Regarding setting an agenda, for which the Company recognized that there is room for improvement, by clarifying the annual plan through carefully selecting an agenda and timing of its discussion and securing sufficient time for discussions in advance, the Company will effectively work on matters with a high priority. In particular, the Company plans to take matters such as the financial conditions and investment plans of the NYK Group; capital policies based on factors such as market trends; a structure responding to geopolitical risks that became apparent due to factors such as tense situations in Russia, Ukraine and the Middle East; and corporate ethics and risk management which were recognized as issues by the evaluation of the effectiveness of the Board of Directors. In addition, as the target period of the performance-based stock compensation plan for current directors, etc., (excluding directors who are Audit & Supervisory Committee members) will end at the end of FY2024, we plan to discuss a new compensation plan to improve a compensation plan for directors, etc., taking this opportunity.

Auditing System

The Audit & Supervisory Committee of the Company consists of five Audit & Supervisory Committee Members, including three Independent Outside Directors (including two female Committee Members), and, as an independent body entrusted by the shareholders, performs audits of the Directors execution of their duties. Specifically, in conformity with the Rules on Audit & Supervisory Committee and the Code of Audit & Supervisory Committee Auditing and Supervising Standards prescribed by the Audit & Supervisory Committee and in accordance with audit policies and plans, etc., the Committee systematically pursues audit activities on a day-to-day basis in close coordination with the internal audit division, assigning priority to auditing of matters such as the status of development and implementation of internal control systems, the status of development of operational foundations, and the status of promotion of management

plans and other measures. The Audit & Supervisory Committee Members also attend important meetings, including Board of Directors meetings, request briefings about the status of the execution of their duties from the Executive Directors, employees, and others, and express their opinions. With regard to the Group companies, they communicate and exchange information with the Directors of those companies or the division, etc. in charge of the Company and, when necessary, receive business reports and seek briefings. Furthermore, they also coordinate with the Auditors, etc. of the Group companies through liaison meetings and other means, in their efforts to raise the quality of audits of the Group as a whole. In addition, the Company has established an Audit & Supervisory Committee's Office to assist the Audit & Supervisory Committee Members in their duties and to support the smooth execution of those duties and has assigned four dedicated staff to that Office. The Outside Directors who are Audit & Supervisory Committee Members express their opinions from their respective independent positions at meetings of the Board of Directors, Audit & Supervisory Committee, and other forums, based on their wealth of experience and high degree of knowledge in their individual fields, and conduct audit activities such as hearing reports from the major Executive Directors and Executive Officers, the Accounting Auditors, and others. In so doing, they are contributing to the sound and fair management of the Company.

■ Members of the Audit and Supervisory Board/Audit & Supervisory Committee and Board Meeting Attendance (in Fiscal 2023)

| Designation | Name | Audit and Supervisory Board | Audit & Supervisory Committee |
|---|------------------|-----------------------------|-------------------------------|
| Director Audit & Supervisory Committee member | Eiichi Takahashi | 100% (6/6 times) | 100% (11/11 times) |
| | Keiko Kosugi | — | 100% (11/11 times) |
| Independent Outside Director Audit & Supervisory Committee member | Hiroshi Nakaso | 83% (5/6 times) | 91% (10/11 times) |
| | Satoko Kuwabara | 100% (6/6 times) | 100% (11/11 times) |
| | Tatsumi Yamada | — | 100% (11/11 times) |

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Accounting Audits

The certified public accountants who audit the Company's consolidated and non-consolidated financial statements are Yoshiaki Kitamura, Takuya Sumita, and Katsuhiko Shibata, all of whom are with the accounting firm Deloitte Touche Tohmatsu LLC. The fiscal year ended March 31, 2007 was the first year for continuous audits by the accounting firm, and the number of years for continuous audits by each member as an engagement partner is seven years or less. These accountants are assisted by 14 certified public accountants, four successful candidates of the certified public accountant examination, and 54 others. Audits are undertaken in accordance with standards generally accepted as fair and appropriate.

Major overseas consolidated subsidiaries that have financial statements and internal controls audited generally appoint accounting firms that belong to the same network (Deloitte Touche Tohmatsu Limited) as the independent auditor for the Company.

The Audit & Supervisory Committee evaluates accounting auditors regarding their auditing systems, independence, and performance in accordance with NYK's standard evaluation sheet. The Board also decides whether to renew or dismiss accounting auditors each year.

Independent Auditor Remuneration

(Millions of yen)

| Category | FY2022 | | FY2023 | |
|---------------------------|--|--|--|--|
| | Remuneration paid for audit certification activities | Remuneration paid for non-audit activities | Remuneration paid for audit certification activities | Remuneration paid for non-audit activities |
| The Company | 207 | 42 | 207 | 48 |
| Consolidated Subsidiaries | 107 | 0 | 117 | 0 |
| Total | 314 | 42 | 324 | 48 |

Relationship with Shareholders

We have established and disclosed the Corporate Governance Guidelines regarding our relationship with shareholders, including respect for voting rights, ensuring the rights and equality of shareholders, and preventing and prohibiting transactions that are contrary to the interests of shareholders.

Conflicts of Interest/Related Party Transactions

When the Company proposes to carry out a transaction with any of its Directors, it must be approved at the meeting of the Board of Directors in advance in accordance with the Rules on the Board of Directors. Any important facts about the transaction are also reported at the meeting of the Board of Directors after it is executed. To impose discipline on transactions between the Company and another company of which a Director of the Company also serves as an executive, etc., the Company has introduced the rules such as Directors are required to report the status of any such concurrent positions to the Board of Directors every three months; if a Director intends to assume the office of representative director, etc., of another company that is not a wholly-owned subsidiary of the Company, it must be approved by the Board of Directors in advance; and any Directors falling under a party with a special interest in its broadest definition cannot participate in voting at a meeting of the Board of Directors. Although there is no major shareholder that holds shares that are equivalent to more than 10% of the total voting rights at the end of March 31, 2024, if the Company proposes to carry out a transaction with any of its major shareholders in the future, the terms and conditions of such a transaction will be examined and determined in the same manner as applied to third party transactions.

The Corporate Governance Guidelines also stipulate "Prevention and Prohibition of Transactions that Would Harm the Interests of Shareholders."

Policy for Holding Strategic Shareholdings

The company is working to reduce its Strategic Shareholdings in its policy. In accordance with Article 5, Paragraph 2 of the Corporate Governance Guidelines established in November 2015, the Board of Directors examines the purpose and significance of the holding of individual Strategic Shareholdings on an annual basis, in relation to earnings targets based on capital costs, dividends, transaction status and effect on business activities etc. comprehensively. Based on the examination, the Board of Directors decides on measures to reduce Strategic Shareholdings. As a result, the number of listed stocks owned by the Company was 29 as of the end of FY2023, down 27 from 56 as of the end of FY2016.

The shares currently held by the company as Strategic Shareholdings are important business partners that are expected to have a long-term business relationship that contributes to the stability of our business performance and are considered appropriate as a means of maintaining or strengthening relations.

When exercising voting rights of strategic shareholdings, the Company shall decide to vote for or against agenda items by implementing assessment that each agenda item will not lead to the impairment of corporate value of an investee company and whether each agenda item will contribute to the enhancement of the Company's corporate value and the degree of such contribution based on certain criteria. In particular, the Company shall establish separate criteria and deliberate on whether to vote for or against proposals on the two topics below.

(1) Appropriation of surplus

- Whether the proposal will cause significant problems with financial soundness
- Whether internal reserves are markedly short of an appropriate level
- Whether the proposal will be appreciated as a means of shareholder returns to a certain extent in terms of payout ratio, etc

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(2) Proposals for the election of Directors and Audit and Supervisory Board Members

- Whether the Company reported loss and paid no dividends in the past three fiscal years, and is not expected to make any improvements
- Whether there was serious misconduct, such as an unlawful act, causing a certain level of impact on business performance, and there deem to be no appropriate disclosure of preventive measures or improvement measures, etc.
- in the event that either of the above conditions is true, whether there are any circumstances that should be given special consideration

Executive Compensation

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In addition to establishing “Policies for Determining Compensation for Directors and Executive Officers,” the Company clearly states in its “Corporate Governance Guidelines” that an appropriate evaluation of the Company’s performance and other factors should be reflected in the remuneration, etc., of Directors or Executive Officers who concurrently serve as Executive Officers.

• Performance-Based Stock Compensation Plan

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

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

■ Overview of the Performance-Based Stock Compensation Plan

| | Overview | |
|--|--|--|
| Persons eligible under the performance-based stock compensation plan | • Directors who concurrently serve as executive officers, the Board of Directors’ chairman who is not serving concurrently as chairman and executive officer, and executive officers excluding certain concurrent executive officers who reside in Japan | |
| Applicable period for the performance-based stock compensation plan | • Three fiscal years from April 1, 2022 to March 31, 2025 • In the event that the trust term is extended, each three fiscal-year period afterward | |
| Upper limit to the amount of trust money contributed by the Company | • A total of ¥1.6 billion over three fiscal years (including trust expenses, etc.) | |
| Upper limit to the number of Company shares, etc., to be acquired by directors and method for acquiring the Company’s shares | • The upper limit for the total number of shares shall be three million shares per three-year period (however, this shall be based on the number of shares after the stock split conducted on October 1, 2022, the number before the stock split being 1 million), and the ratio of the number of shares issued (as of March 31, 2022, after excluding treasury stock) shall be approximately 0.6%. • The Company’s shares shall be acquired from the stock market to avoid dilution. | |
| Method for calculating the number of Company shares, etc., to be acquired by directors | • The calculation shall be divided into a role-fixed portion and a performance-based portion. • Indices for calculating the number of shares in the performance-based portion: the Company’s total shareholder return (TSR), including dividends, and the Company’s own ESG indices based on its ESG policy. • The performance-based coefficient shall vary between 0.0 and 2.0 depending on the degree of achievement of the following indices (1) Stock price indices: Relative TSR (compared to TOPIX growth rate and competitors TSR) (2) Non-financial indices: Status of progress on materiality initiatives for safety, environment, and human resources based on “NYK Group ESG Story”, and status of compliance discussed qualitatively and quantitatively, with degree of achievement comprehensively evaluated, by the Compensation Advisory Committee and determined by the Board of Directors | |
| Timing of the delivery, etc., of Company share, etc., to directors | Role-fixed portion | After the conclusion of each fiscal year but with a three-year transfer restriction after delivery |
| | Performance-based portion | After the conclusion of three fiscal years |

• Performance-Based Monetary Compensation Plan

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

■ Overview of the Performance-Based Monetary Compensation Plan

| | Overview |
|--|---|
| Persons eligible for the performance-based monetary compensation plan | • Directors concurrently serving as executive officers and executive officers excluding certain concurrent executive officers |
| Upper limit to amount of compensation under the performance-based monetary compensation plan | • ¥300 million per fiscal year |
| Details of business result achievement conditions | • Performance-based indices shall be consolidated recurring profit and consolidated return on equity • In principle, the base values for measuring the degree of achievement of performance-based indices shall be the targets defined in the Company’s medium-term management plan • The performance-based coefficient shall vary between 0.0 and 2.0 depending on the degree of achievement of each index |
| Timing of monetary payments to directors | • After the conclusion of each fiscal year |

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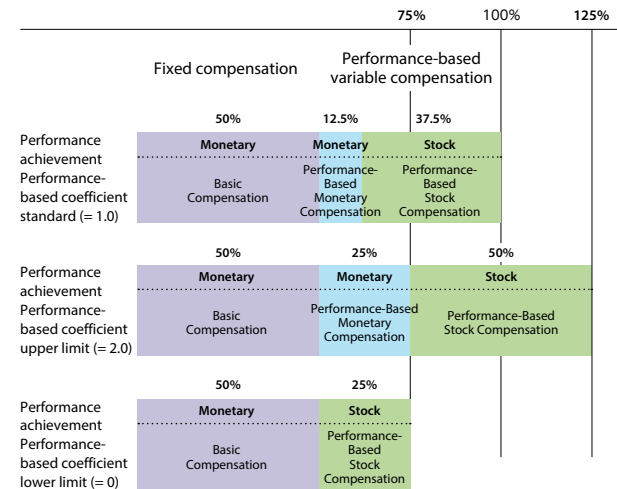
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■ Compensation Plan for Directors (Excluding Directors Who Are Audit & Supervisory Committee Members), etc.

| Basic compensation | Performance-Based Monetary Compensation | Performance-Based Stock Compensation |
|--------------------|---|--------------------------------------|
| ¥510 million/year | ¥0.3 billion/year | ¥1.6 billion/3 years |

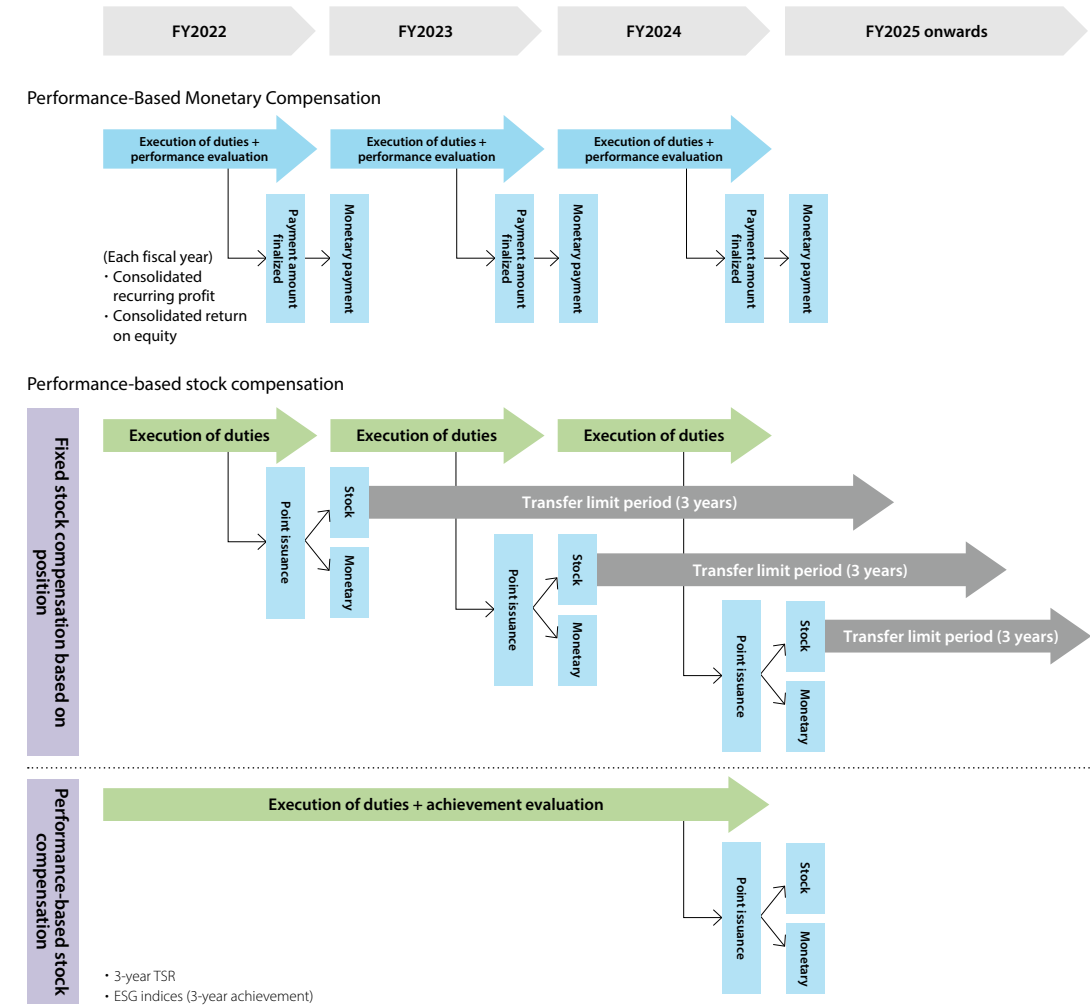
- (Note 1) Of the total amount of basic compensation of up to ¥510 million per year, the total amount for outside directors shall not exceed ¥150 million per year.
- (Note 2) The amount of performance-based stock compensation is the maximum amount of trust money to be contributed by the Company.
- (Note 3) Executive officers who meet certain requirements are eligible under the performance-based monetary compensation plan and the performance-based stock compensation plan. The maximum amount shown above is the maximum amount for all eligible persons under the plans, including said executive officers.
- (Note 4) This does not include those who are ineligible under the performance-based stock compensation plan due to non-residence in Japan.

■ Compensation Structure



(Note) The above percentages are assumed values in each case, and they may vary depending on each position.

■ Payment of Performance-Based Monetary Compensation and Delivery, etc., of Performance-Based Stock Compensation



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Total amount of Executive Compensation, etc. (FY2023)

| Officer classification | Total amount of compensation, etc. (Millions of yen) | Total amount by type of compensation, etc. (Millions of yen) | | | | Number of executives (person) |
|---|--|--|-----------------------|--------------------|-------------------|-------------------------------|
| | | Basic compensation | Monetary compensation | Stock compensation | | |
| | | fixed | performance-based | role-fixed | performance-based | |
| Directors (Excluding Directors who are Audit & Supervisory Committee Members) (Of which, for Outside Directors) | 454 (57) | 328 (57) | 31 (-) | 74 (-) | 19 (-) | 10 (4) |
| Directors who are Audit & Supervisory Committee members (Of which, for Outside Directors) | 112 (44) | 112 (44) | - (-) | - (-) | - (-) | 5 (3) |
| Audit & Supervisory Committee Members (Of which for Members) | 26 (6) | 26 (6) | - (-) | - (-) | - (-) | 4 (2) |

(Note 1) Pursuant to a resolution passed at the 136th Ordinary General Meeting of Shareholders held on June 21, 2023, the Company has transitioned to a Company with Audit & Supervisory Committee. Compensation, etc. for Directors (excluding Directors who are Audit & Supervisory Committee Members) includes compensation, etc., for Directors before the transition to a Company with Audit & Supervisory Committee including three directors who retired during this fiscal year. Compensation, etc., for Directors who are Audit & Supervisory Committee Members is for the period after the transition to a Company with Audit & Supervisory Committee, and compensation for Audit & Supervisory Board Members is for the period before the transition to a Company with Audit & Supervisory Committee.

(Note 2) The amount of monetary compensation is the amount of compensation under the performance-based monetary compensation plan, and the amount of stock compensation is the amount of compensation under the performance-based stock compensation plan.

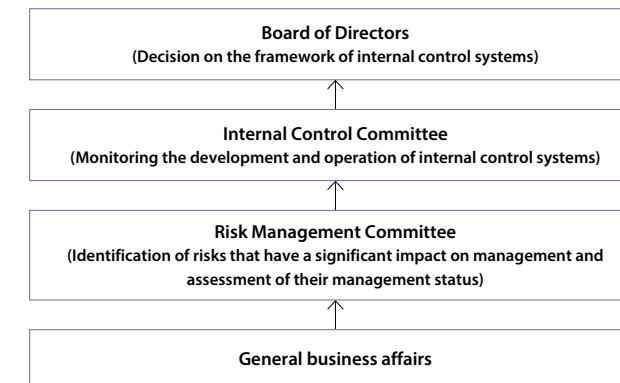
Total amount of compensation, etc. for officers whose total amount of compensation, etc. are ¥100 million or more (FY2023)

| Name | Officer classification | Total amount of compensation, etc. (Millions of yen) | Breakdown (Millions of yen) | | | |
|------------------|------------------------|--|-----------------------------|-----------------------|--------------------|-------------------|
| | | | Basic compensation | Monetary compensation | Stock compensation | |
| | | | fixed | performance-based | role-fixed | performance-based |
| Hitoshi Nagasawa | Director | 112 | 94 | - | 17 | - |
| Takaya Soga | Director | 133 | 75 | 17 | 29 | 10 |

Internal Control Committee

Responsibility and Structure

Our Group maintains the Internal Control Committee, which acts as a complementary body to the Board of Directors. This committee confirms the status of internal control for the four purposes of reliability of reporting, compliance with laws and regulations, effectiveness and efficiency of operations, and preservation of assets, and if any problems are found, takes corrective measures to ensure that the relevant departments operate internal control appropriately and efficiently.



(Major committees related to internal control)

- Internal Control Committee
- Risk Management Committee
- Compliance Committee
- Safety and Environmental Management Committee

• Internal Control Committee

The Internal Control Committee monitors the main internal control activities of the Company and the Group and identifies and confirms internal control issues. Moreover, the committee formulates policies on internal controls to ensure the effectiveness of internal control activities, and the Board of Directors decides on the framework of the internal control system.

The Internal Control Committee monitors the activities of corporate departments that determine Companywide systems and internal committees and meetings responsible for cross-functional systems with the objective of verifying their operating status. It also deliberates and formulates policies on future internal control activities.

In fiscal 2023, the committee examined the structure and

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implementation status of internal controls in the areas deemed most important and confirmed that there were no serious deficiencies in its internal control.

Internal Control over Financial Reporting

In regard to internal control over financial reporting, the Group has designed and operated internal controls in conformance with the practice standards mandated in the Financial Instruments and Exchange Act, and has established policies and operational rules for appropriate accounting and financial reporting, and the internal control reporting system, and the Committee for information disclosure to ensure the appropriateness of financial reporting.

Internal Auditing Activities

The committee reviews and evaluates the status of management and operational systems and business execution at the Company and its Group companies from the perspective of legality and rationality, and seeks to preserve corporate assets and improve the effectiveness and efficiency of business management by providing advice and recommendations for improvement. The internal audit plan is approved by the President and the Audit & Supervisory Committee. In conducting audits, the committee regularly exchanges opinions with Audit & Supervisory Committee members and confirm issues with related departments in advance, thereby enhancing the efficiency and usefulness of audits. In addition, the committee has established a system whereby the internal audit department provides appropriate direct reports on the status of internal audits to internal and outside directors, ensuring collaboration with the directors and reporting to the Board of Directors.

• Audit of domestic companies

The Internal Audit Chamber regularly conducts business audits of the Company and each of its domestic Group companies, and continuously evolves its data auditing methods, such as analyzing expense, accounting, and attendance data to detect outliers.

Given that auditing methods requires personnel with specialist knowledge, Internal Audit Chamber personnel have been seconded to the Company from Group companies Yusen Logistics Co. Ltd., and we also actively promote external personnel to improve audit quality by utilizing multifaceted knowledge and having internal auditors mutually share and promote understanding of new audit methods.

In fiscal 2023, we conducted 24 audits for the NYK headquarters, its branches, and Group companies.

We also work with relevant internal departments to deepen the audit scope and improve the effectiveness of follow-up.

• Audit of overseas companies

Internal auditors belonging to the four group regional headquarters conduct periodic internal audits of group companies overseas (implemented at 65 companies in fiscal 2023).

Findings that audits identify are reported not only to the officer responsible at the headquarters that provides direction and oversight but also to the regional heads overseas to help raise the overall level of internal control in each region.

The staff of the Internal Audit Chamber and the internal auditors overseas contribute to enhancement of the internal control of the NYK Group as a whole by conducting the audits based on the same philosophy and rules and in accordance with the accounting data analysis.