

Co-Creation for the Future

—A Passion for Planetary Wellbeing—

NYK Group

ESG Story 2023

6.Nov.2023





Bringing value to life.

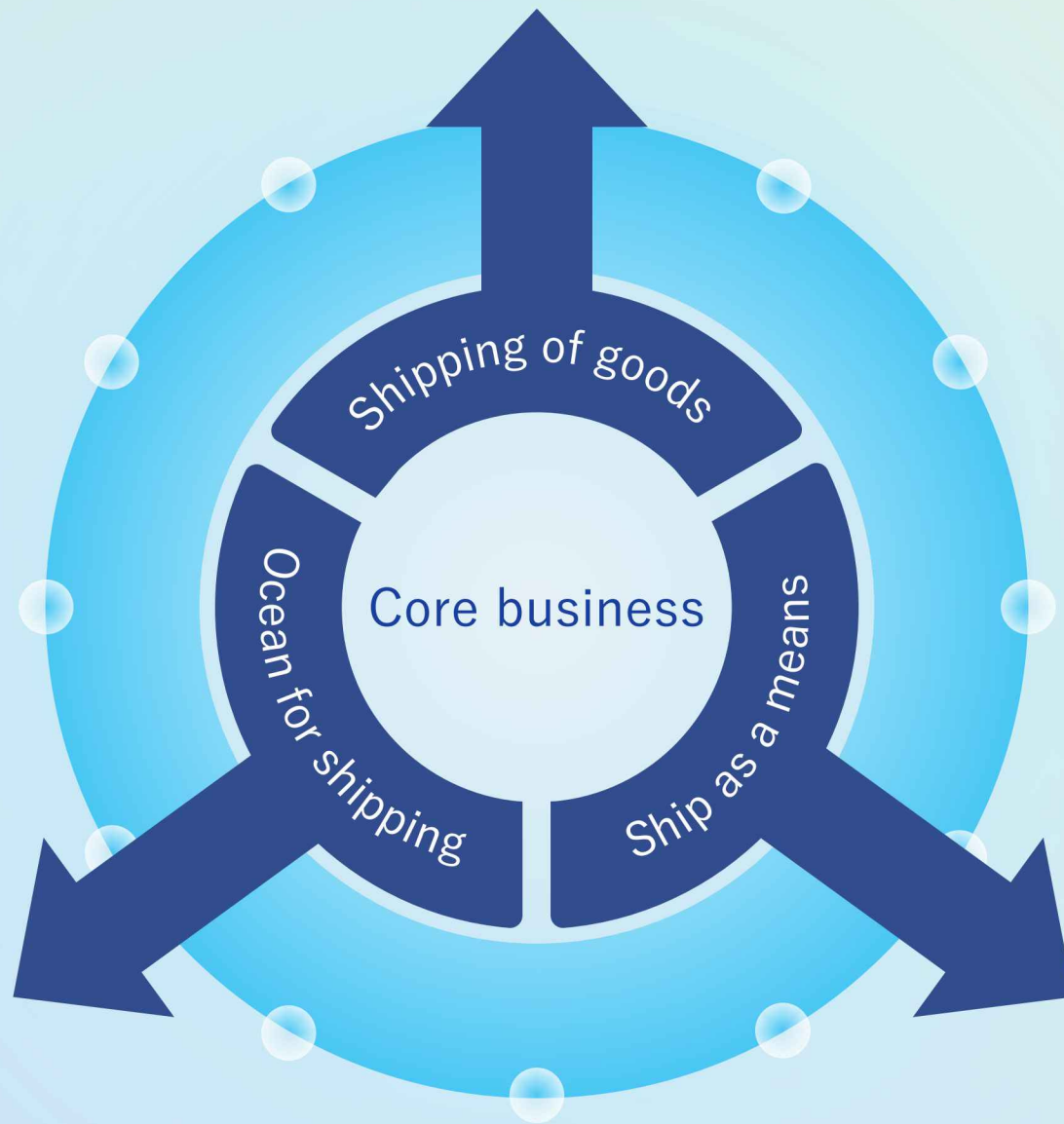




With Various Stakeholders

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

Service creation



**Ocean as a
workplace**

**Ship as an
objective**

“If we float a ship,
it will bring more value to the world,
and the benefits will fall
on the heads of all the people.”

—Yataro Iwasaki, Mitsubishi Group Founder—



Building Trust through Sound Finances and Social Value Creation

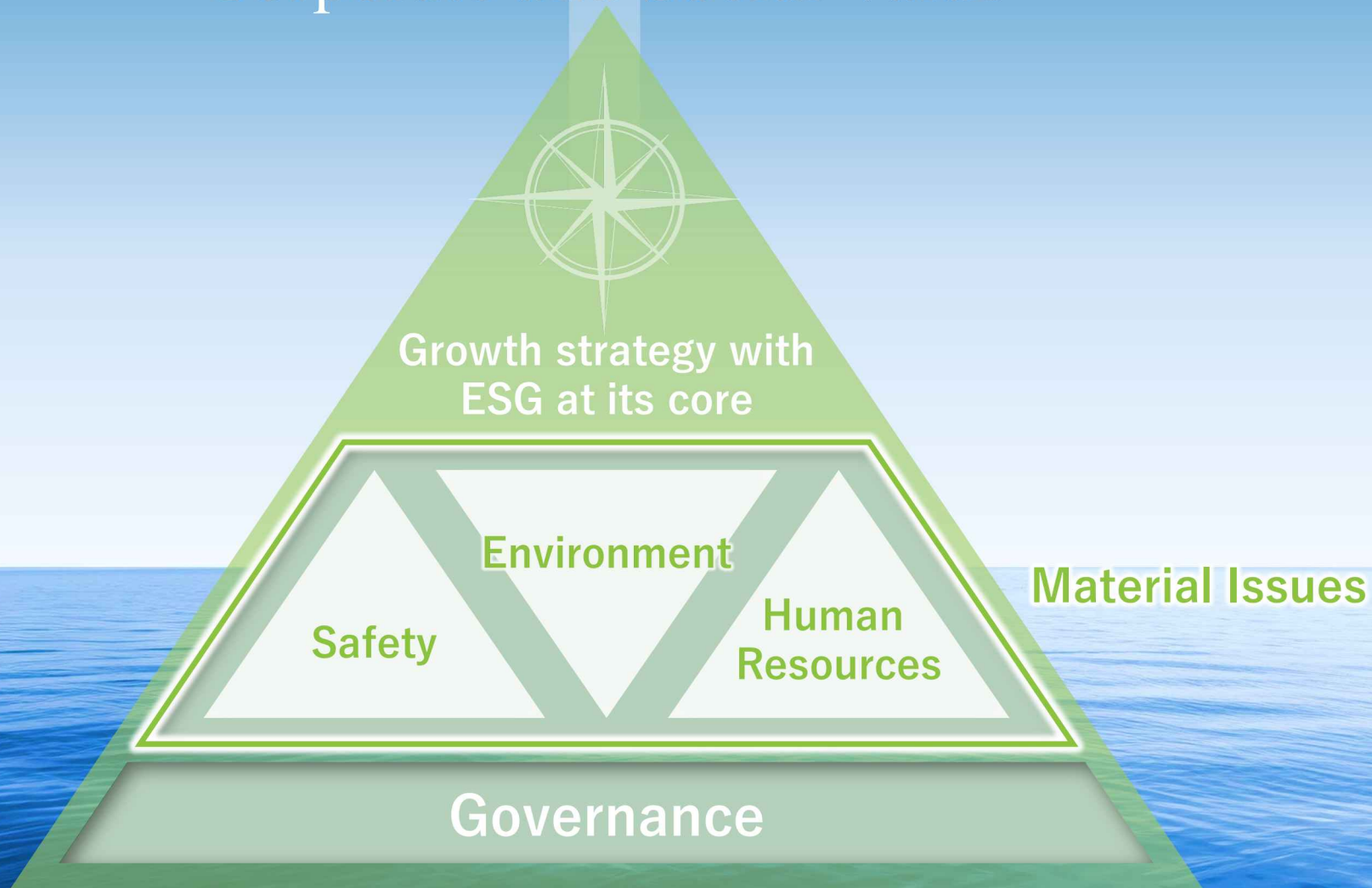
**Maximization of
earnings**



**Sustainability of
society and
environment**

**ESG
management**

Simultaneously Creating Corporate and Social Value



The NYK Group's Non-Financial KPI Targets

Safety

Number of major accidents

0 accidents

Environment

GHG reduction target for FY2030
Scope 1+2

45%
reduction

(Versus FY2021;
Absolute corporate emissions)

Human Resources

Percentage of female managers
target FY2030

30%



AGENDA

01. Safety Story
02. Environmental Story
03. Human Resources Story
04. Governance

Safety Story

No growth without safety

NYK has positioned safe operation as a top priority in ESG management and always focuses on the best and continues to evolve

Vision

The NYK Group supports logistics sites with its expert knowledge, skills, and experience based on a high level of safety awareness, and continues to be an organization where people create safety and safety protects and nurtures people's lives and livelihoods.

A photograph of two workers in safety gear. The worker on the left is wearing a white hard hat, safety glasses, and a high-visibility vest, and is holding a walkie-talkie. The worker on the right is wearing a dark blue cap with the NYK logo and a high-visibility vest. They are standing in front of a body of water with a port in the background.

Development of personnel with a high level of safety awareness

Expansion and penetration of our safety culture

Safety History

Development of personnel with a high level of safety awareness

'75 Establishment of Mitsubishi Nautical School by Yataro Iwasaki in accordance with an order from the Japanese government



Expansion and penetration of our safety culture

1870s
|
1930s
|
1980s

'30 Completion of Hikawa Maru, featuring advanced equipment of the time, including watertight compartments, and anticipating the SOLAS Convention



Frequent maritime accidents worldwide

1990s

'92 Establishment of the Safety Promotion Committee to manage Companywide safety

'93 Standardization of the Ship Inspection Report programme (SIRE) and inspection items by Oil Companies International Marine Forum (OCIMF)
⇒ Beginning of safety information sharing within industry

'97 Diamond Grace oil spill

'98 Introduction of NAV9000, an original quality assurance standard that raises safety levels through dialogue with shipowners, our business partners

'98 Enforcement of the International Safety Management (ISM) Code
⇒ Stricter enforcement of safe ship operation rules

'98 Acquisition of ISO 9002 certification in the safety management field

'02 Acquisition of ISO 14001 certification, including for chartered ships

2000s

'01 Establishment of the Safety and Environmental Management Committee (SEMC)

'04 Introduction of Tanker Management and Self-Assessment (TMSA) for self-assessment of ship management companies and ship management methods
⇒ Strengthening of governance throughout value chain

'07 Establishment of the NYK-TDG Maritime Academy (NTMA) in the Philippines

'11 Integration of the safety management systems of in-house ship management companies

2010s

'17 Yusen Logistics: Formulation of global quality policy

'18 Introduction of the common Ship management platform NiBiKi
Sharing of data between ships and ship management companies

2020s

'20 Yusen Logistics: Introduction of Y.E.S., an original global quality management system

Safety campaign
"Remember Naka-no-Se"

Current Initiatives

Development of personnel with a high level of safety awareness



Early Development of Safety Personnel

Privately operated maritime academy

NTMA (The Philippines)

NYK-TDG Maritime Academy

Fostering a high level of safety awareness and loyalty through a curriculum developed based on experience garnered during the more than 10 years since the academy's establishment



Cadet training ships

Using operating ships equipped with educational facilities to ensure the transfer of know-how and knowledge related to safe ship operations

NYK Maritime College

Forming a unified safety culture among all seafarers through advanced, practical safety training



Cultivation of a Common Awareness

e-learning

Participated in by more than 7,000 NYK Group employees, This e-learning includes material that can be studied on board by crew members

Expansion and penetration of our safety culture

Passing On of Risk Awareness

Safety campaigns
“Remember Naka-no-Se”

A campaign conducted annually since 1998, based on the lessons learned from an oil spill at Naka-no-Se shoal in Tokyo Bay on July 2, 1997



Utilization of Our Experience in Handling Hazardous Materials

Experience in the practical use of LNG fuel

Participation in Japan's first LNG imports by large oceangoing vessels from their beginning (since 1983)

Completion of Echigo Maru and Banshu Maru in 1983

Construction of a stable supply system in collaboration with the domestic energy industry

Verification through the operation of tugboats that use new fuels

Advancement of R&D on the world's first ammonia-fueled tugboat and ammonia-fueled ammonia carrier

Groupwide Safety Initiatives

Yusen Logistics Safety Campaign

Every June, July, and August, implementation of regular on-site health and safety inspections based on a globally standardized checklist



Continuing to Create Leading-Edge Safety Technologies Based on Thorough Safety Activities



Ammonia-Fueled Ship Development Project

Pioneering the development of ammonia-fueled ships to reduce GHG emissions

A project team composed of seafarers is leveraging their seafaring experience to examine the safe operation of new fuels.

■ Safety initiatives to address ammonia toxicity

Leading the World in Initiatives to Establish Safety

Intangible initiatives

● Formulation of safety guidelines

A framework for safety assessment is being carefully considered, taking into account collaborative discussions with various members

● Crew member training on new fuels

Evolving crew member training on new fuels by leveraging expertise in LNG fuel management accumulated over many years

Tangible initiatives

● Establishment of a design concept to ensure safety

Designing a ship to ensure safety even in an ammonia leakage emergency and obtaining class certification for the ship

● Ship's structure designed to ensure the safety of crew members

The ship's configuration is being thoroughly reviewed and considered from the perspective of the crew

Creation of Next-Generation Safety Technologies

Creating the Future with Autonomous Ships—Using Frontline Insight

By utilizing advanced technologies to support the implementation of tasks required for ship operations, we aim to reduce the accident rate and crew member workloads. Moreover, we seek to solve the shortage of personnel in the maritime shipping industry. As well as focusing on activities to heighten the public profile of this initiative, we will use it to pass on a better maritime shipping industry to coming generations.

Co-creation led by a consortium of **51** companies

- A comprehensive design drawn up by a diverse group of experts from many different companies and industries

Technology development

- Demonstration test
- Reinforcement of process infrastructure
- Standardization of technology
- Establishment of certification scheme

Creation of environment

- Establishment of laws and rules
- Examination of required skills for crew members and training methods
- Value creation (freight, insurance, etc.)
- Enhancement of social acceptability

Road map for the future



Environmental Story

The most important tasks for the realization
of a prosperous, sustainable society

Balancing global environmental preservation
and logistics evolution

Vision

The NYK Group will continue to be a force that supports the sustainable development of the Earth and humanity by taking a leading role in solving environmental issues on a global scale through continuous co-creation of necessary value for the future beyond the scope of a comprehensive logistics company.

Three Priority Environmental Tasks

Response to
Climate Change

Prevention of
Air Pollution

Marine
Environment
and Biodiversity
Conservation

Planetary
Wellbeing

Participating in Various Initiatives and Promoting Co-Creation



Response to Climate Change / Prevention of Air Pollution



Mærsk Mc-Kinney Møller Center
for Zero Carbon Shipping



Hydrogen Council



GLOBAL MARITIME FORUM



Marine Environment and Biodiversity Conservation



WWFジャパン
法人会員
since 2005



Sustainable Ocean Principles



経団連生物多様性宣言イニシアチブ

Participating in Various Initiatives and Promoting Co-Creation



Response to Climate Change / Prevention of Air Pollution



Mærsk Mc-Kinney Møller Center
for Zero Carbon Shipping



For Decarbonized Society



気候変動イニシアティブ
Japan Climate Initiative

Hydrogen Council



GLOBAL
MARITIME
FORUM



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



Marine Environment and Biodiversity Conservation



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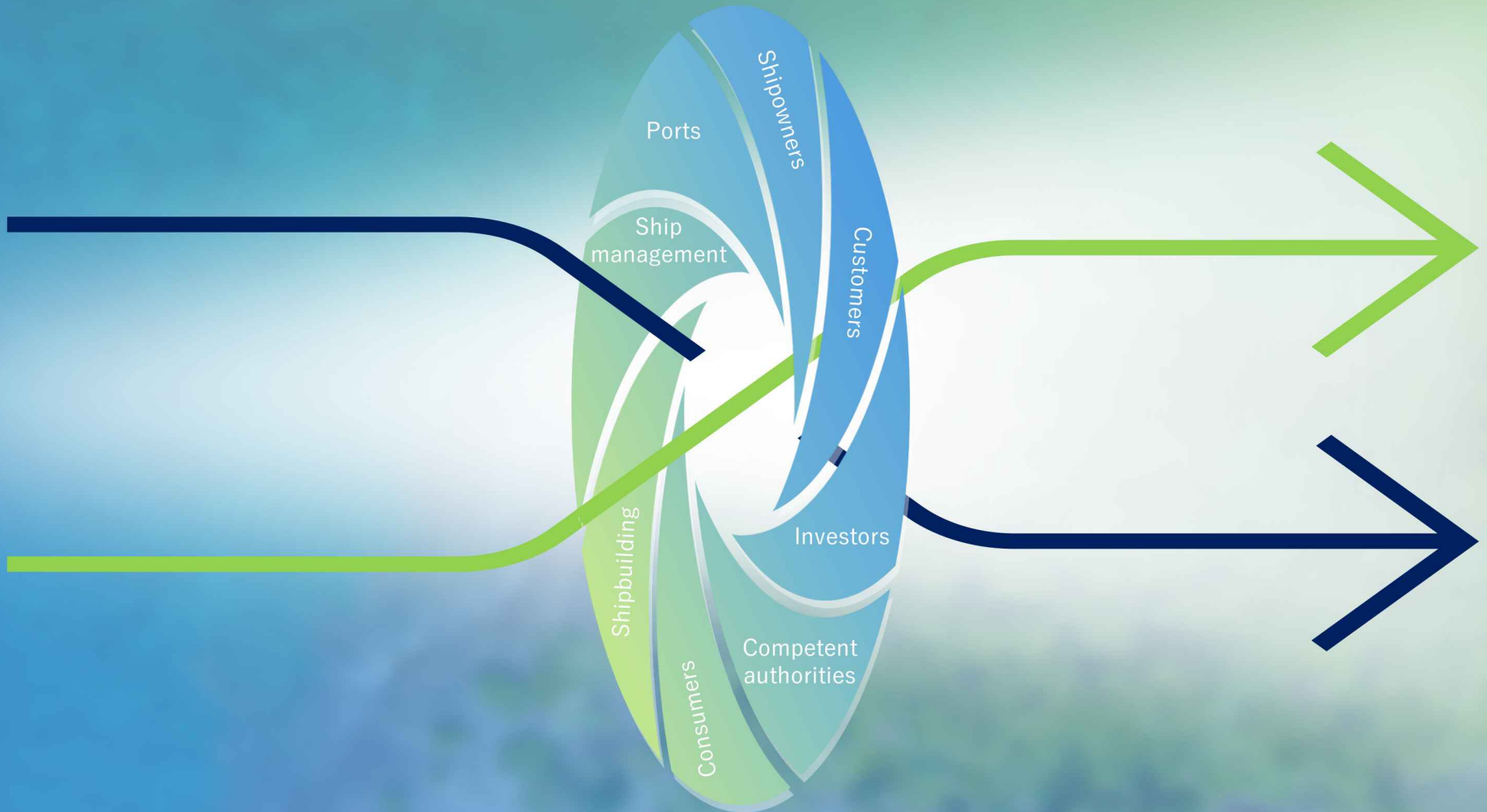
Sustainable Ocean Principles



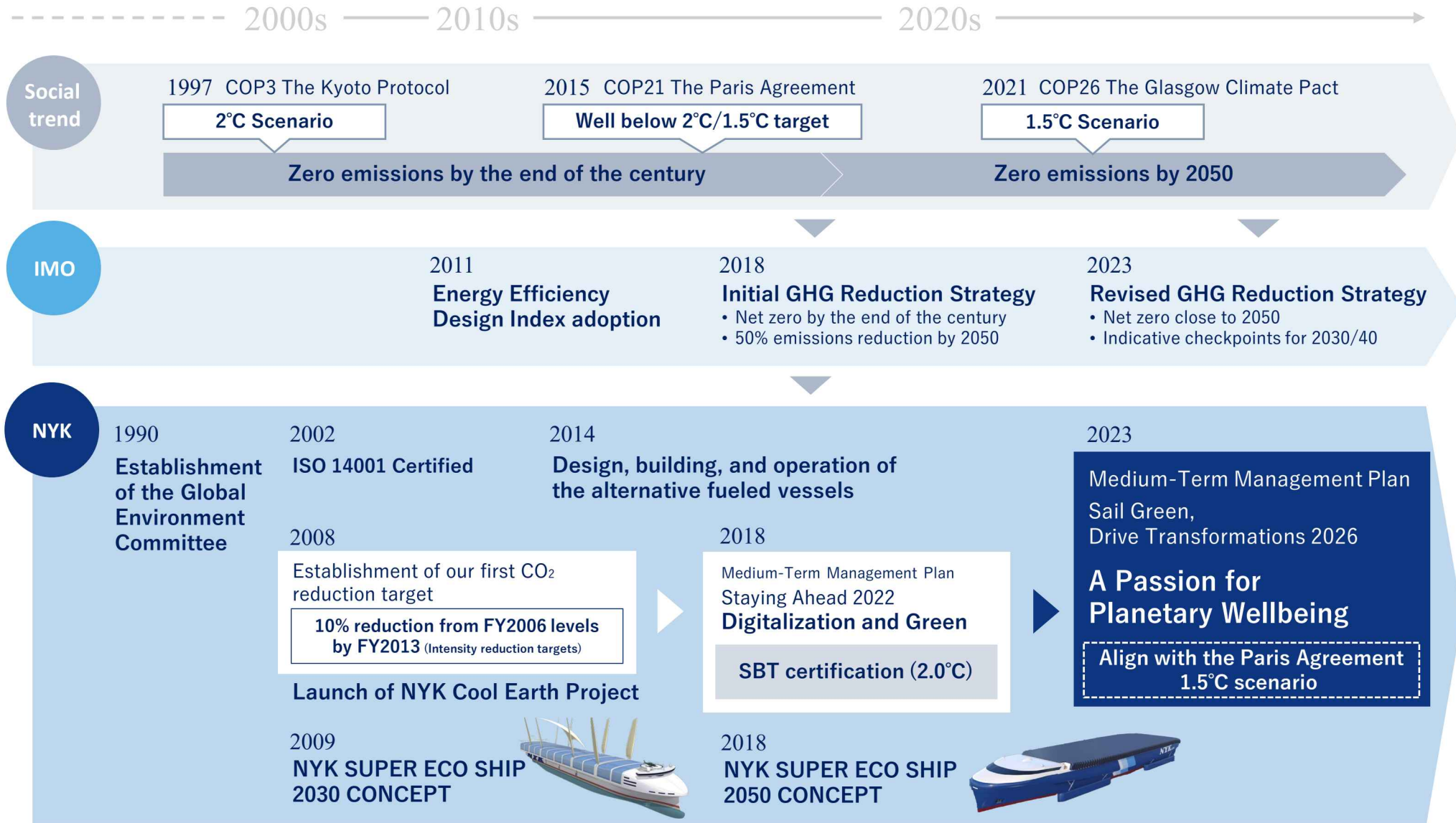
経団連生物多様性宣言イニシアチブ

Toward Decarbonized Society

Reducing Environmental Impact and Achieving Sustainable Growth through Co-Creation Focused on Decarbonization



Decarbonization History



GHG Reduction Target

Medium-Term Target

FY2030

Intensity Targets

Vessels and Aircraft

Reduction of **30%**
(Versus FY2015)

Announcement in March 2018 (SBT certified)



Long-Term Target

FY2050

Oceangoing
Businesses

Net zero

Announcement in September 2021



Absolute Corporate Emissions Targets

The NYK Group
Scope 1+2

Reduction of **45%**
(Versus FY2021)

The NYK Group
Scope 1+2+3

Net zero

With a view to emissions reduction, changing our focus from intensity targets to absolute corporate emissions targets
Aligned with the Paris Agreement 1.5°C scenario

Decarbonization Objectives

We will contribute to the realization of a sustainable society through decarbonization initiatives that both strengthen our competitiveness and create mutual benefits for us and our stakeholders.

01

Fulfilling our responsibilities with respect to climate change

Meeting our social responsibilities and stakeholder expectations

02

Building a resilient business portfolio

Enhancing competitiveness by appropriately managing increasing carbon-related risk

03

Taking on new business opportunities

Viewing the transition to carbon neutrality as an opportunity and advancing the creation of new value

Growing Sustainably by Decoupling Environmental Impact and Business Activities

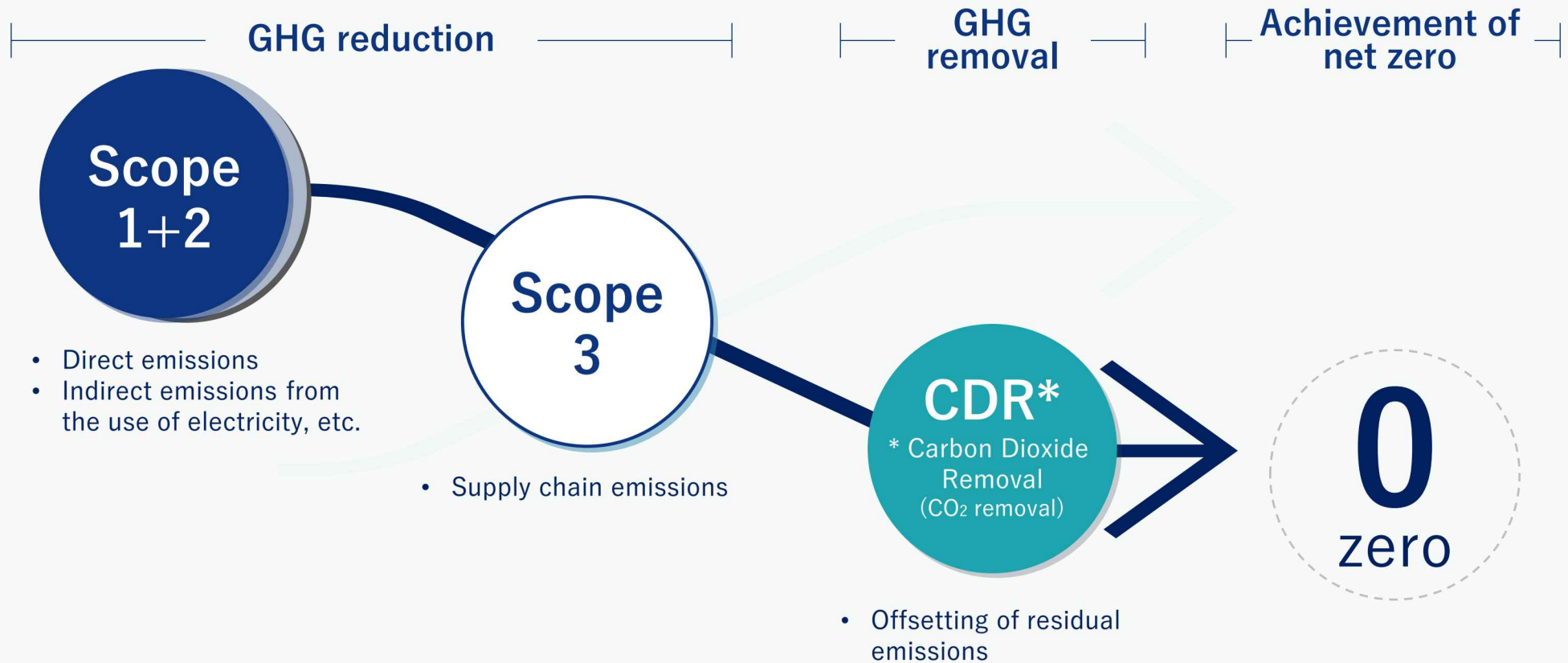
Reduction in corporate GHG emissions

Business activities

Sustainable growth

Zero emissions

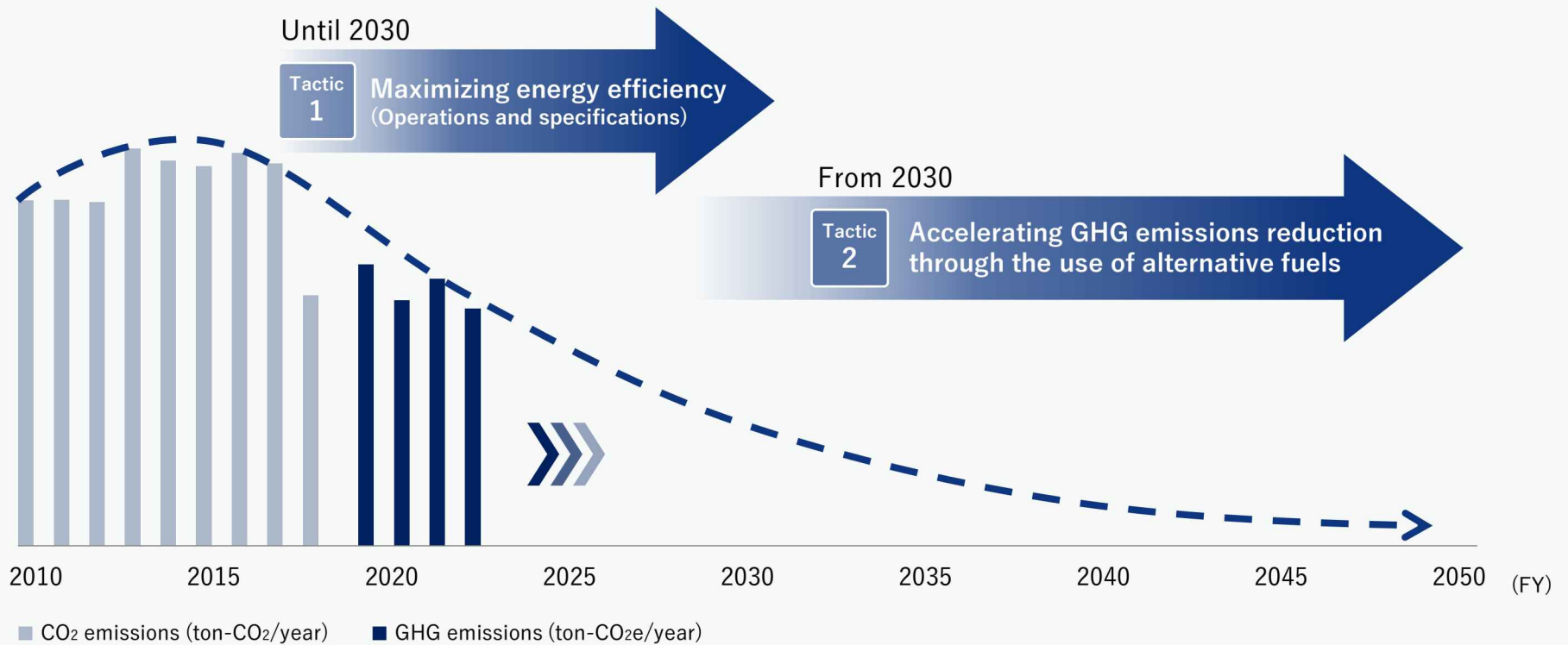
Aiming for Net-Zero GHG Emissions through a Reduction and Removal Approach





Gradually Evolving Initiatives Based on Two Tactics

The NYK Group's GHG emissions



Scope 1+2

Tactic 1

Maximizing Energy Efficiency (Operations and Specifications)

Reducing GHG emissions from the existing fleet by improving day-to-day operations and energy efficiency

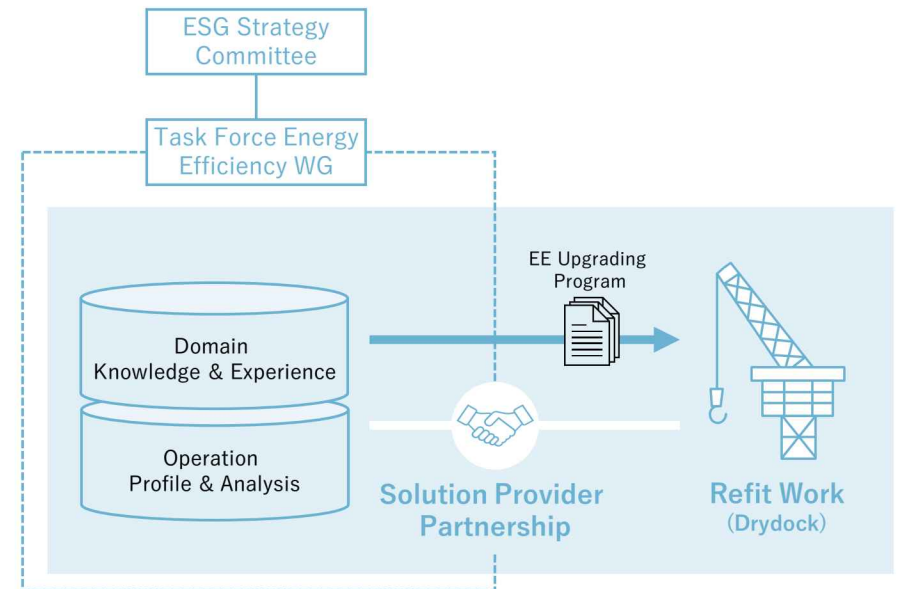
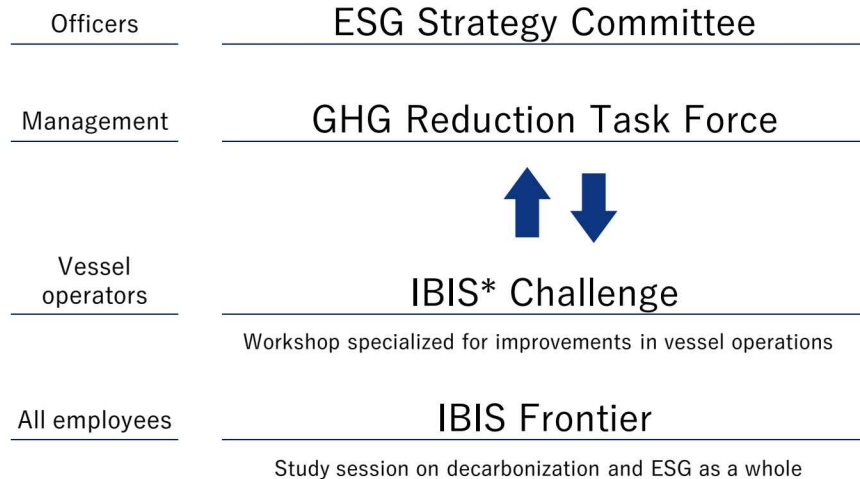
Improvement of ship operation efficiency



Enhancement of technical capabilities

Collaborating with customers to enhance frameworks and management aimed at maximizing the efficiency of vessel operations

Working with external partners to improve energy efficiency



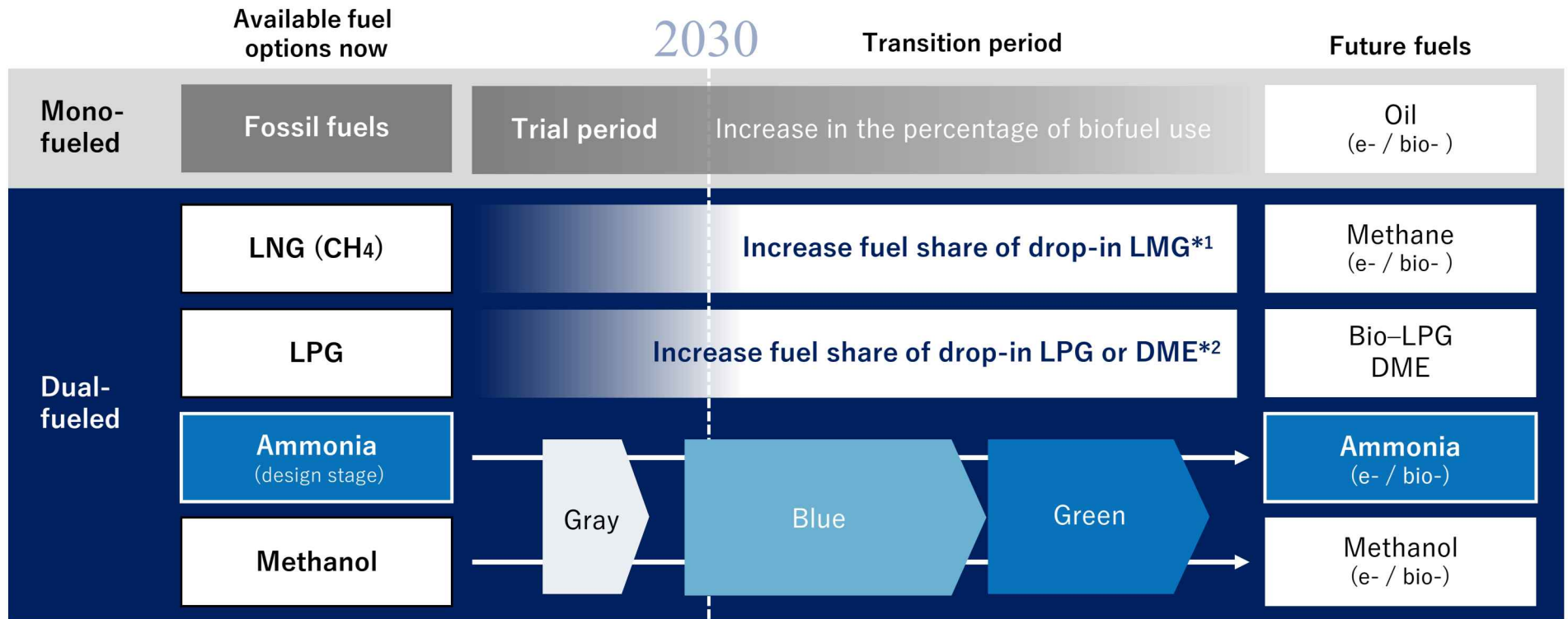
* IBIS: Innovative Bunker and Idle-time Saving



Tactic
2

Accelerating GHG Emissions Reduction through the Use of Alternative Fuels

From 2030, build a resilient fleet portfolio by steadily introducing alternatively fueled vessels that also mitigate environmental impacts other than GHG emissions



*1 LMG: Liquefied Methane Gas *2 DME: Dimethyl Ether



Scope
1+2

Tactic
2

Accelerating GHG Emissions Reduction through the Use of Alternative Fuels

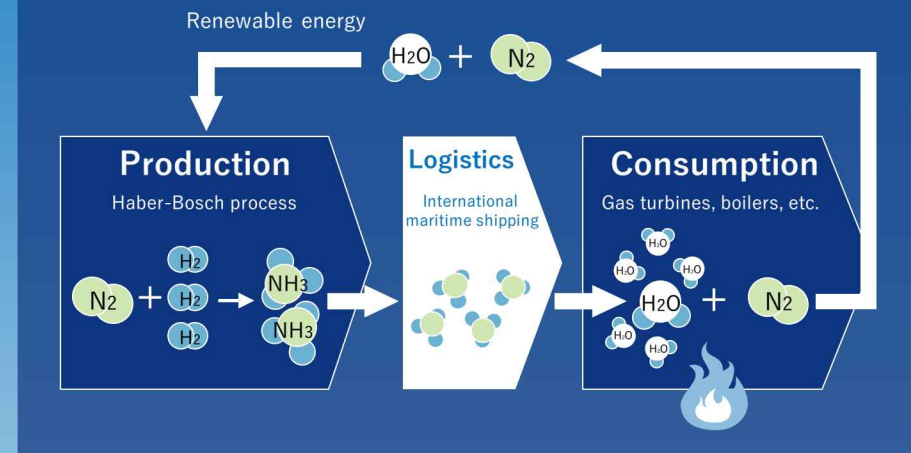
Ammonia Fuel — A Candidate for Decarbonizing of Vessels

Growing industrywide interest in clean ammonia as a new energy source

Requirements to fulfill for the promotion of an energy transition

- 1 Increase in (ammonia) production
- 2 Technology maturity that enables real-world utilization within 20 years
- 3 The realistic range of cost for the social implementation
- 4 Realization of supply chain decarbonization

Ammonia as a fuel or hydrogen-carrier

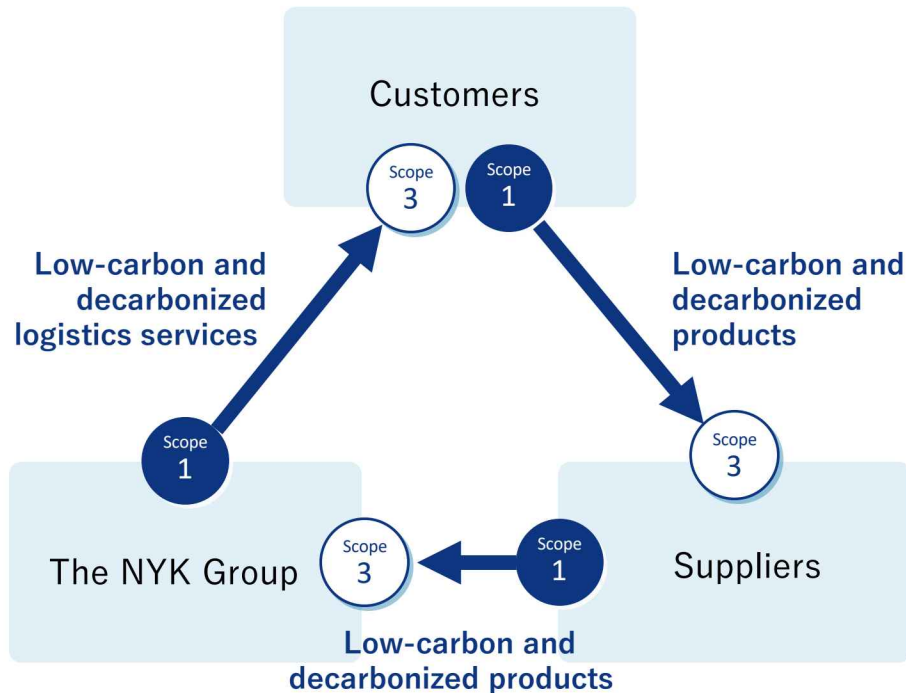


Road to Net-Zero Emissions | **GHG reduction**



Ecosystem Construction

Sharing data and collaborating with stakeholders to build a low-carbon value chain



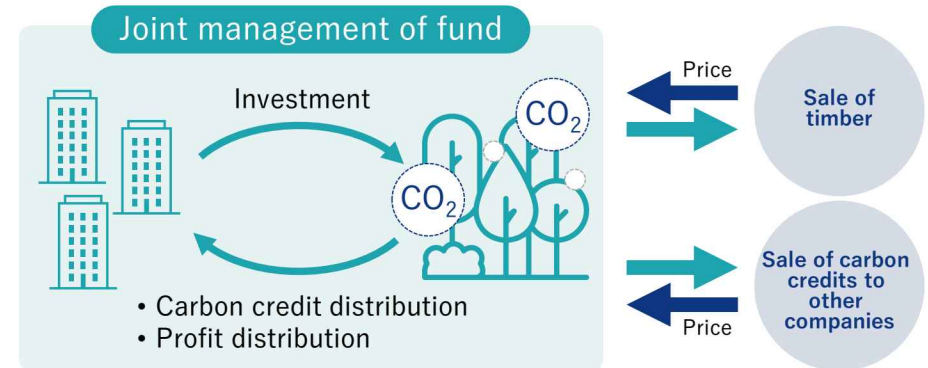
GHG removal



Utilization of NETs

Covering residual GHG emissions that are difficult to transition to zero emissions

- Joint investment in a forestry fund formed by Sumitomo Forestry Group



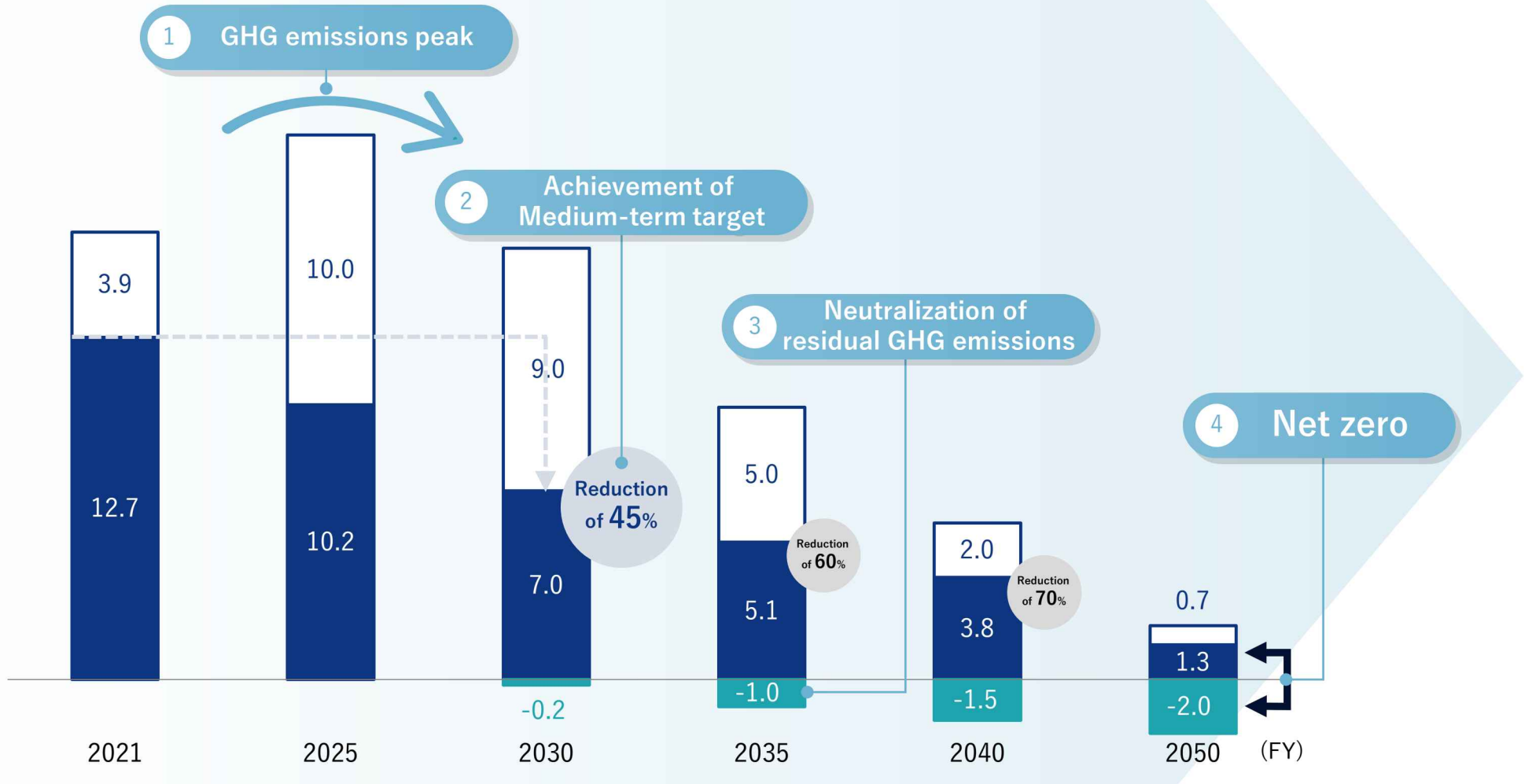
- Growth investments in climate technology-related start-ups through the Marunouchi Climate Tech Growth Fund



Scenario for Achieving Net Zero

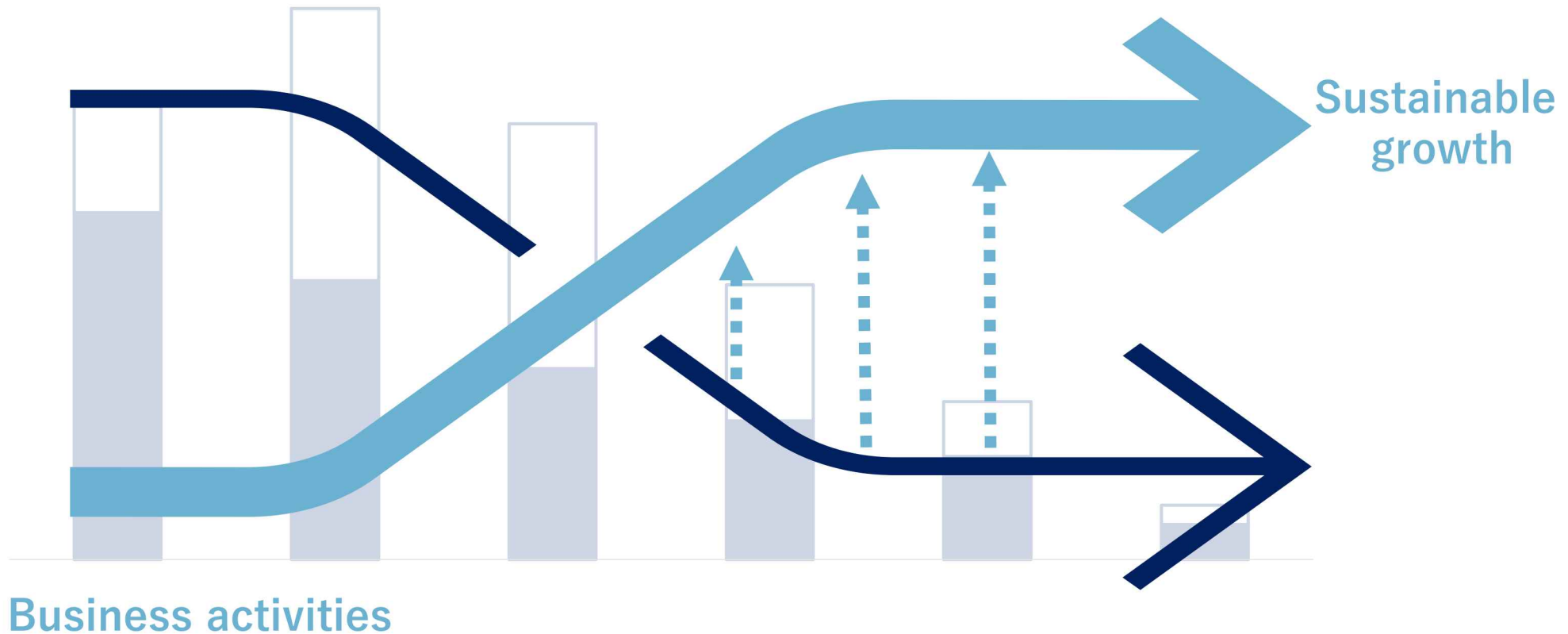
■ Scope1+2 □ Scope3 ■ CDR: Carbon Dioxide Removal

(Millions of ton-CO₂e)



Decoupling of Environmental Impact and Business Activities

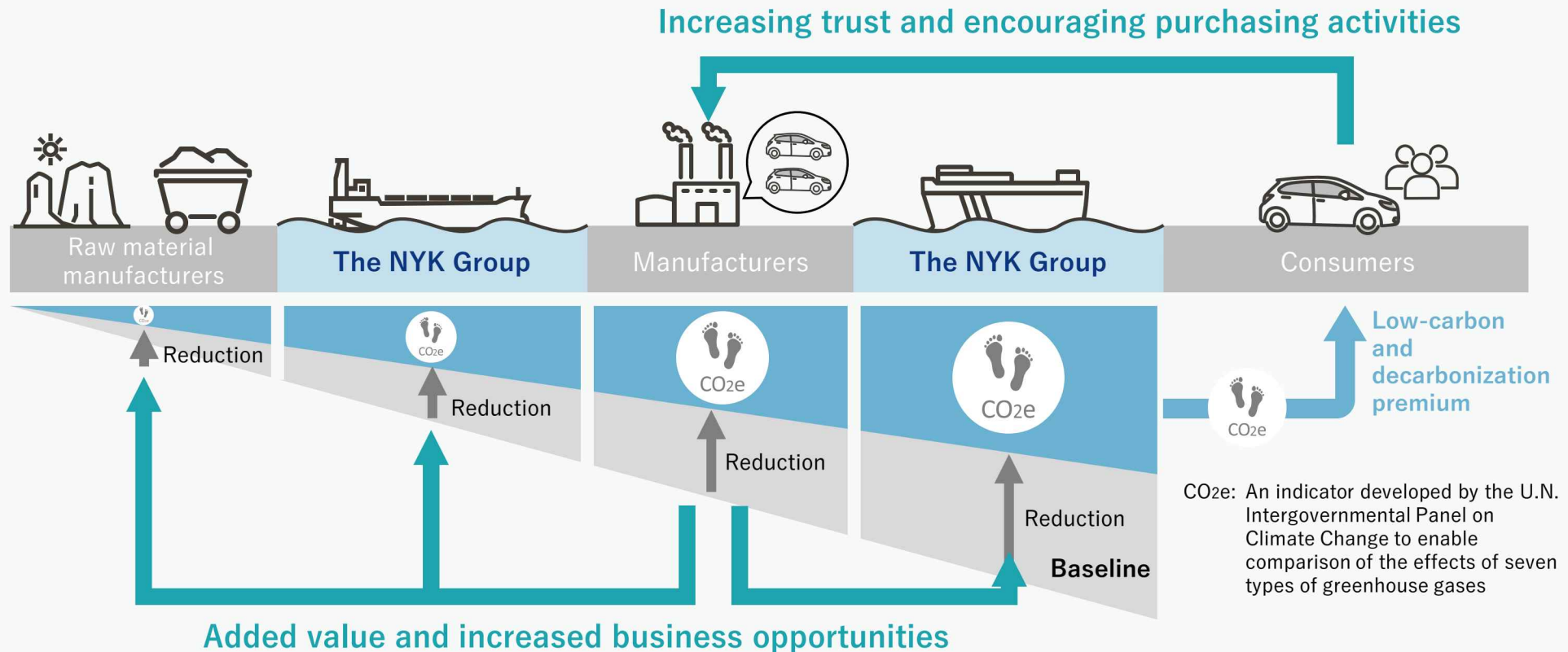
Balancing GHG Emissions Reduction and Sustainable Growth of Business Activities, Aiming at Improvement of Corporate Value



Decoupling of Environmental Impact and Business Activities

Adding Value by Reducing the Carbon Footprint of Products

Increasing Added Value and New Business Opportunities by Providing Decarbonized Logistics Services



Human Resources Story

Enabling further co-creation by recognizing the individuality of each employee and utilizing their skills

Vision

The NYK Group encourages all employees to vigorously bring their best and authentic selves to work and to perform at their full potential, enabling us to remain a good corporate citizen implementing social sustainability initiatives.



Talent
management

Organization
development

D&I promotion

Realization of evolution
and growth through
challenges and
co-creation

A world map in shades of blue is the background. Overlaid on the map are numerous glowing circles in light blue and yellow-green, some of which are connected by thin, light green lines, suggesting a global network or data flow.

The NYK Group of today is formed through knowledge and experience that employees working in a diverse range of fields worldwide have acquired since the Group's founding.



Creating Value and Sustaining Growth through Co-Creation with Society

To achieve sustainable growth, the NYK Group will establish shared values with partners beyond the Group and contribute to the prosperity of local communities and to industry as a whole.



Group work: Prototyping
Concept

Name	Name of product is <u>GREEN MILE</u>
Mission	We provide <u>Sustainable distribution service</u> for <u>our customers</u>
Customer	our target customer: <u>Port operators & Logistics who</u>
Issue	<u>Our customer have activities & reduce CO2</u>
Key function	One key function is: <u>Last Mile delivery</u>
Competitors	not like <u>any others commercial</u>

The NYK Group will enable the continued creation of new value by fully utilizing the capabilities of all employees while ensuring that employees and the organization grow together.

Concept targeted by our
CX (corporate transformation)
strategy

Organization that maximizes individual skills to co-create

Diverse talent taking on challenges

Capabilities required in the NYK Group going forward

Leading transformation

Supporting transformation with frontline expertise

Innovating with new ideas and approaches

Personnel measures to achieve the above capabilities

Talent management

Organization development

D&I promotion

Measures Enabling Employees and the Organization to Grow Together

Talent Management

Strengthen the hiring of experts needed to achieve the management strategy

Provide opportunities for acquiring and utilizing skills and experience to Group employees working onshore and offshore globally



Personnel hiring

Strengthen the hiring of professional experts

Actively recruit the highly skilled personnel needed to realize ambidextrous management



Provision of more opportunities

Promote cross-divisional assignment

Assign the right person to the right place regardless of boundaries between onshore administration, onshore technology, and offshore divisions

Expand the scope of seafarers' contributions to both onshore and offshore positions



Personnel development

Further enhance of training programs

Enhance the NYK Group's unique training programs for Group employees

Establish a global training platform

Build an online training system with the aim of developing a common global training program

Fully leverage the skills and knowledge in the Group

Onshore administration

Onshore technology

Offshore

Measures Enabling Employees and the Organization to Grow Together

D&I Promotion

Developing and promoting national staff and achieving a healthy gender balance to encourage the innovation needed for the evolution of existing businesses and the development of new businesses as well as to create growth opportunities for Group employees



Promotion of global inclusion

Encourage cross-border assignments

Encourage personnel exchanges among Group headquarters and Group subsidiaries, as well as between subsidiaries themselves

Global Challenge Program

Introduce a program that allows Group employees to develop their own careers by applying for jobs posted in-house

Promote localization of Group company management

Promote national staff with excellent knowledge of regional business operations to management positions at Group companies



Promotion of gender diversity

Hire more female employees

Incorporate initiatives for increasing the ratio of female applicants for new-graduate and mid-career hiring, and aim to increase the ratio of female employees in the Group

Women as a percentage of all hires, nonconsolidated: FY2023 new-graduate hires: 29.0% (including offshore); FY2022 mid-career hires: 19.4%

More opportunities for female employees

Support balancing life events and career development and increase the ratio of female managers

Percentage of female managers, FY2023: nonconsolidated: 13.7%; consolidated: 25.2%

Foster an organizational culture

Advance mutual understanding among employees and heighten their awareness of the significance of D&I through training and the formulation of D&I action guidelines, etc.

Measures Enabling Employees and the Organization to Grow Together

Organization Development

Promote understanding of our Mission, Vision, and Values (MVV) a common guideline for Group employees as they advance business transformation and develop an organization where all Group employees can demonstrate their abilities



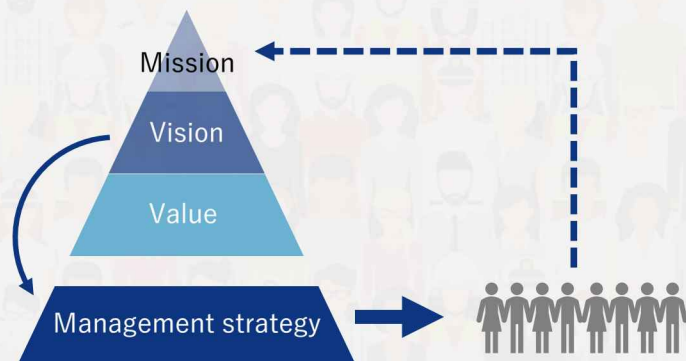
Promote understanding of the NYK Group's MVV

Share MVV and promote understanding

Instill MVV among Group employees through explanations by management at town hall meetings and through videos

Promote MVV personalization

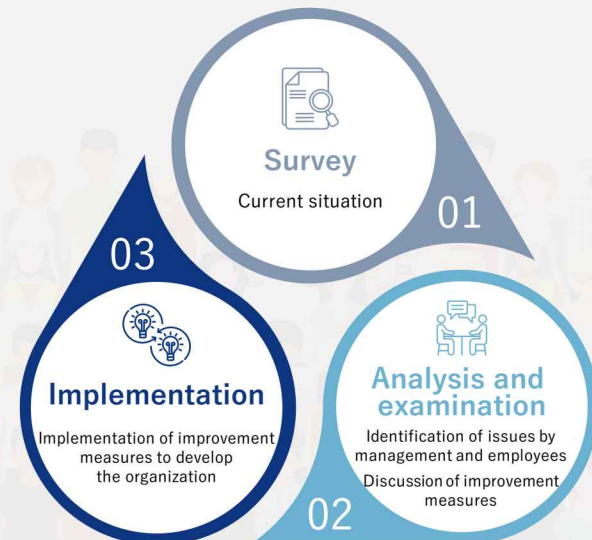
Create opportunities for each colleague to think about their own mission based on MVV



Enhance employee engagement

Conduct global engagement survey

Build and regularly implement a PDCA cycle that enhances the organization



Governance

As the foundation of ESG management,
enhancing credibility as a Group that supports
co-creation together with stakeholders

Aiming to Be a Corporate Group with a High Degree of Management Transparency

Reinforcement of Our Organizational Structure

Change in institutional design

Transition to a company with an audit committee



Enhancement of the Board's monitoring function and delegation of authority to the executive side

Introduction of planned agenda setting to enable deliberations that focus on the long-term improvement of corporate value

Reform of Board composition and the executive compensation system

- Percentage of independent outside directors on the Board: 50% (6 of 12 directors)
- With respect to executive compensation,* the degree of achievement of ESG indicators reflected in performance-based stock remuneration

* The eligible persons are directors who concurrently serve as executive officers (excluding directors who are Audit & Supervisory Committee members) and the Board of Directors' chairman not serving concurrently as chairman.

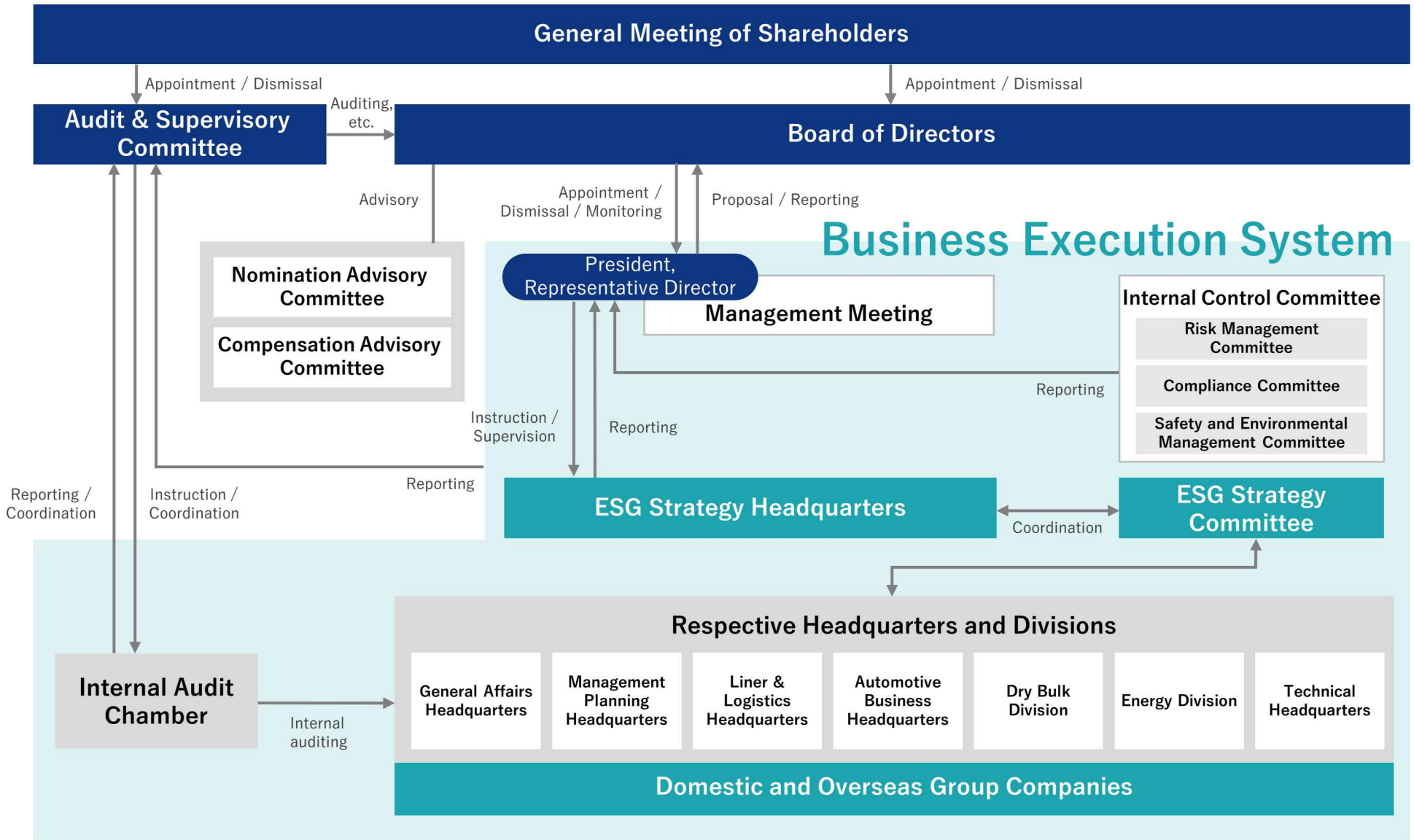
Strengthening of Compliance

Implementation of annual training and other measures to reaffirm the importance of compliance, the basic premise of ESG management

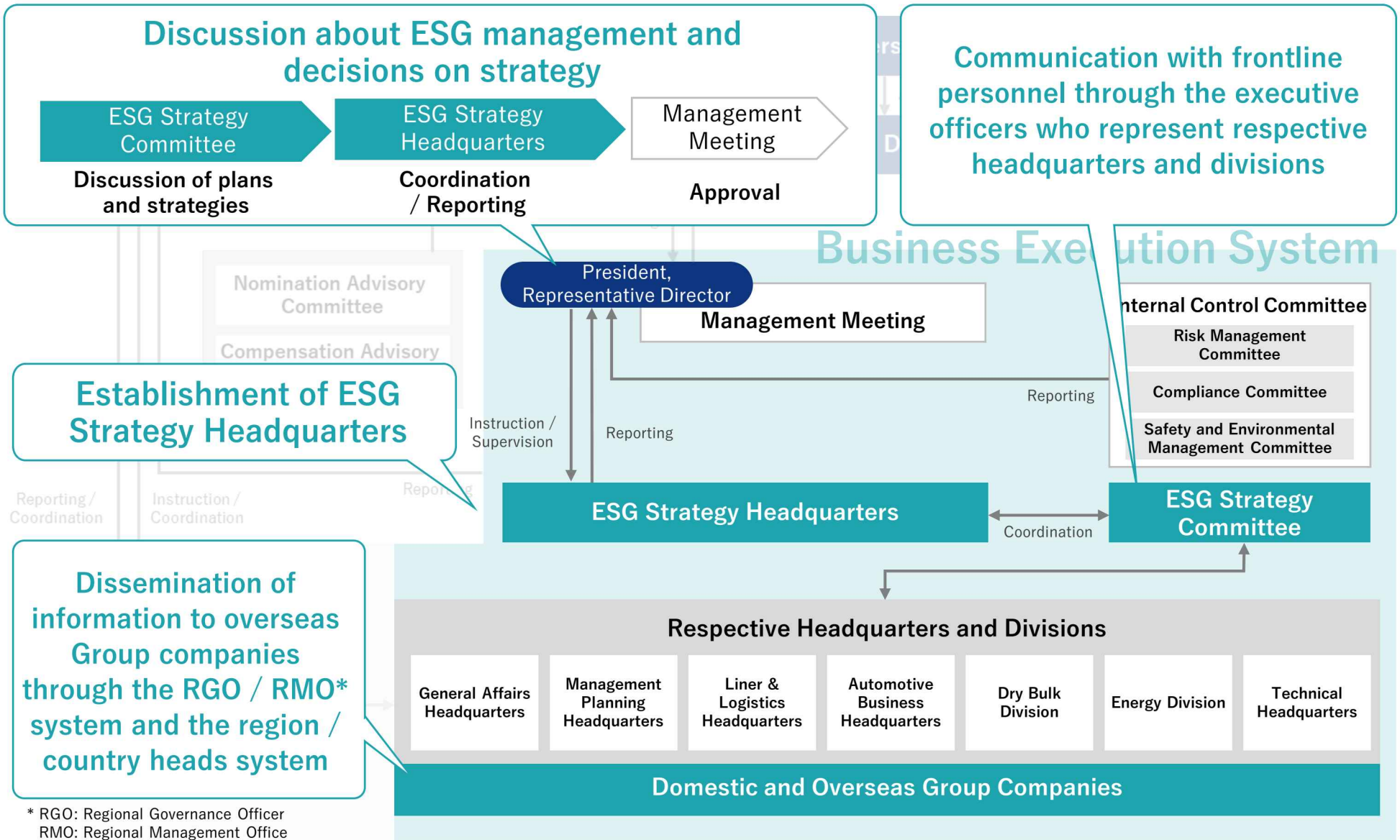


Encouragement of all Group employees to develop and update their compliance awareness

The NYK Group's ESG Management Implementation Framework

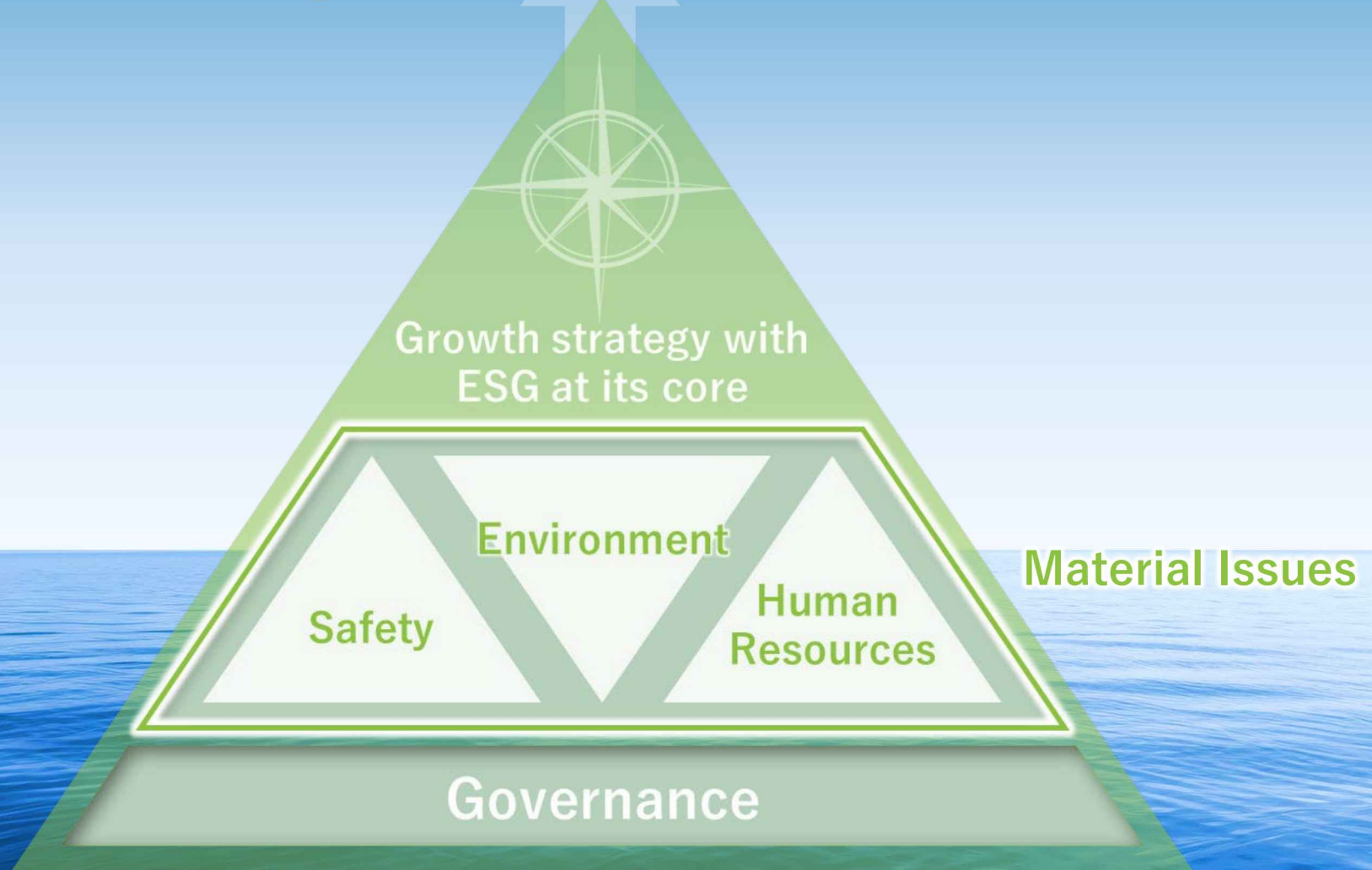


The NYK Group's ESG Management Implementation Framework



* RGO: Regional Governance Officer
RMO: Regional Management Office

Simultaneously Creating Corporate and Social Value



Creating Long-Term Corporate Value



Strengthening earning power

- Advancing existing businesses
- Providing competitive low-carbon and decarbonized logistics services that meet the needs of society and customers
- Improving productivity by increasing the engagement of Group employees

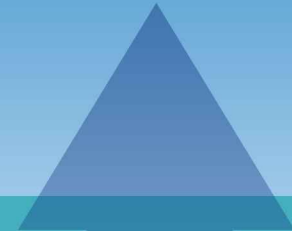
Reducing the cost of capital

- Enhancing credibility and stability through strengthened governance
- Promoting ESG finance
- Strengthening disclosure and dialogue

Investing for further growth

- Accelerating up-front investments in tangible and intangible initiatives to lead the decarbonization of industry
- Promoting investment to invigorate maritime clusters as an industry leader
- Developing talent and fostering a diverse organization that advances ambidextrous management

Scaling Up
through
Co-Creation



☺ Ideal world and society—The NYK Group



Stable supplies of clean energy

The widespread use of zero-emission fuels

Safe ship operations

Beautiful oceans with abundant marine life

A society where diverse personnel can play active roles

Co-existence with local communities

A sustainable supply chain

A society full of greenery

Environment-friendly logistics services

Vibrant lifestyles onboard ships

An exciting maritime industry

A stylized globe illustration with various icons representing industry, environment, and society. The globe is centered and surrounded by icons such as a hot air balloon, a sun, a wind turbine, a city skyline, a ship, and a factory. The background is a gradient of blue and green.

The NYK Group will create new value
for society and move forward together with
stakeholders sharing the same mindset



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