

(Translation)

Corporate Governance Report

Nippon Yusen Kabushiki Kaisha

Last Update: June 30th, 2022

Nippon Yusen Kabushiki Kaisha

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03-3284-5151

Securities Code: 9101

<https://www.nyk.com/english/>

The corporate governance of Nippon Yusen Kabushiki Kaisha (the “Company”) is described below.

I. Basic Views on Corporate Governance, Capital Structure, Corporate Attributes and Other Basic Information

1. Basic Views

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. The Company selected to be a Company with Audit & Supervisory Board as its organizational form. The Board of Directors consists of 8 members including three Independent Outside Directors and the Audit & Supervisory Board consists of four members including two Independent Outside Audit & Supervisory Board Members. Under the resolution and supervision of the Board of Directors, Executive Officers, in addition to the Executive Directors, execute the business of the Company. In order to ensure the transparency of the functions of the Board of Directors, the Nomination Advisory Committee and the Compensation Advisory Committee, which consist of a majority of Independent outside directors, are established as advisory bodies to the Board of Directors and chaired by Chief Outside Director. The Committees hold meetings regularly. In addition to the Board of Directors and advisory committees, Independent Outside Directors attend important committees and conferences, make recommendations related to governance and internal control, exchange opinions with Audit & Supervisory Board Members, participate in activities at discussion meetings among directors and audit and supervisory board members, 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.

[Reasons for Non-compliance with the Principles of Japan’s Corporate Governance Code]

This report is based on Japan’s Corporate Governance Code revised in June 2021.

The Company complies with all principles of the Code, including those for the Prime Market.

[Disclosure Based on the Principles of Japan’s Corporate Governance Code] Updated

<Principle 1.4 Strategic Shareholdings>

We are working to reduce our Strategic Shareholdings in our 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 36 as of the end of FY2021, down 20 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 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.

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 were 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

<Principle 1.7 Related Party Transactions>

When the Company proposes to carry out a transaction with any of its Directors or Audit & Supervisory Board Members, 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 following rules: (1) Directors are required to report the status of any such concurrent positions to the Board of Directors every three months; (2) If a Director intends to assume the office of director, audit & supervisory board member, 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 (3) Any Directors falling under special related party in its broadest definition cannot participate in voting at a meeting of the Board of Directors. There was no single major shareholder who holds shares that are equivalent to more than 10% of total voting rights at the end of March this year. 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.

<Principle 2.4.1 Ensuring Diversity>

The Company considers that the sensitivity of diverse human resources in various businesses and work sites will lead to abilities to respond to the needs of diverse stakeholders, to discover and nurture the buds of new businesses, to identify risks in business plan and execution, and to engage in solutions to social issues as a good member of society and that, consequently, such sensitivity would be the key to the NYK Group's continued growth as a Sustainable Solution Provider in wide-ranging fields in various countries and regions. In other words, the Company believes that, through the promotion of diversity and inclusion, incorporating diverse perspectives into various decision-making processes and acquiring more appropriate judgment abilities as an organization will provide the Company with a solid foundation for future development and sustainability.

While ensuring diversity is something that must be constantly re-examined in line with the demands of the times, the Company's key measures for the immediate future will be to provide equal opportunities to female employees and women holding a managerial position at the Company and the NYK Group and to Group officers and employees of diverse backgrounds in overseas Group companies, to further establish environments in which they can fully demonstrate their individual abilities, and to strengthen the processes for incorporating their opinions into various judgments.

Please refer to the Company's website for information on its efforts to date regarding the promotion of diversity and inclusion, environment establishment, and training and education.

Diversity and Inclusion: <https://www.nyk.com/english/esg/social/diversity/>

Training and Education System: <https://www.nyk.com/english/esg/social/traning/>

1) Efforts to increase the number of female employees and women holding a managerial position

Due to various measures undertaken in the past, the ratio of women holding a managerial position in the Company has exceeded 10% since FY2013. However, to ensure the abilities to identify social trends and a vision for the

Company and to make decisions, the Company believes that the ratio of women in the Company is still low, and that even more in-depth measures are required.

For this reason, the Company is further promoting efforts toward its immediate goal of achieving a ratio of women holding a managerial position of 30% by 2030.

- <Ratio of women> As of March 31, 2022

- (1) Ratio of female officers as stipulated in the Companies Act: 25.0%
- (2) Ratio of female officers including Executive Officers: 11.1%
- (3) Ratio of women holding a managerial position: 14.0%
- (4) Ratio of female employees: 24.3%
- (5) Ratio of female recruits (April 2021 – March 2022): 27.5%

- Efforts to achieve ratio of women holding a managerial position of 30% by 2030

While maintaining a policy of not relaxing the criteria for recruitment and promotion whatsoever, the Company recognizes that achieving its declared target will not be easy in light of the current low ratio of female employees due to past deviations in recruitment rates and the characteristics of the industry, and of data regarding the female job change market, etc.,. However, the Company will engage in a variety of measures to make its views clear and to come even one step closer to realizing its aim.

- (1) Increase the number of female employees recruited
 - We will aim to increase the number of female employees by incorporating measures to increase the rate of female applicants for new-graduate and mid-career recruitment (currently 7.9% of employees working on land).
- (2) Increase support for career building and engagement
 - Balancing various life events with career building is a company-wide challenge for all employees, but to enable women in particular to demonstrate their abilities and grow even while balancing them with life events, the Company will identify impediments and undertake efforts toward solutions that are possible as a company, including the correction of the work-life balance of male employee.

2) Promotion of active participation in the NYK Group by overseas human resources (locally-hired overseas staff)
As of the end of FY2021, the Company operates its business as a corporate group of 157 companies in 41 countries around the world (excluding special purpose companies). The number of the NYK Group employees is approximately 35,000, just over 70% of whom have been recruited and work overseas.

Active participation by locally-hired overseas staff is primarily confined to local subsidiaries outside Japan, but their perspectives, opinions, and knowledge are essential to the sound growth and further business development of the NYK Group, and they provide diverse viewpoints and opinions to executive management, led by the current two foreign Executive Officers. The development of the NYK Group's business is expected to become increasingly diverse in terms of both content and location, and the Company will clarify its structures with the aim of making further use of the viewpoints and opinions of locally-hired overseas staff of wide-ranging experiences and cultural backgrounds in the Company's future management decisions. It will also consider the establishment of training policies and promotion systems for locally-hired overseas staff toward that goal.

<Principle 2.6 Roles of Corporate Pension Funds as Asset Owners>

We operate the pension fund in accordance with the rules we set forth. In light of the fact that the management of corporate pension reserves affects the stable asset formation of employees as well as the financial condition of company, we will appoint personnel with specific skills and knowledge in pension management and enhance the Company's education frameworks by having those personnel attend workshops and seminars given by external experts on an ongoing basis and by other means. In addition, where necessary, we will appoint an external advisor to supplement specific knowledge, and the asset management committee monitors operating status regularly.

Pension funds are invested mainly passively, and there is no conflict of interest between the beneficiaries of the corporate pension and the company, and the exercise of voting rights for the stocks held is based on the beneficiaries' interests.

<Principle 3.1 Full Disclosure>

The Company discloses, in a manner that provides as much value to the reader as possible, the information listed in 1) through 5) below. Excerpts of and links to specific information disclosed on the website of the Company are also provided below. The same information is also disclosed in English on the website of the Company and elsewhere.

1) Mission statement and management plan
NYK Group Mission Statement
<https://www.nyk.com/english/profile/mission/>
NYK Business Credo
<https://www.nyk.com/english/profile/credo/>
Medium-term Management Plan
<https://www.nyk.com/english/profile/plan/>

2) Basic Views on Corporate Governance
Corporate Governance Guidelines
https://www.nyk.com/english/profile/pdf/gvn_report_01.pdf

3) Board policies and procedures in determining the compensation of the senior management and Directors
In order to provide sound medium- to long-term incentive for officers towards sustainable growth and aiming at sharing interests with shareholders, the Company shall set out its compensation system for Directors based on the size and nature of its business, as well as from the perspective of securing talents and sustainability in consideration of the levels of compensation for officers at its industry peers or peers of equivalent size and salary for employees. Compensation for Executive Directors consists of basic compensation, performance-based stock compensation and performance-based monetary compensation. Compensation for Outside Directors consists solely of basic compensation as they provide supervision and advice to the management of the Company from a standpoint independent of business execution. No Directors shall be granted retirement benefits.
In accordance with the Policies for Determining Compensation for Directors, Audit and Supervisory Board Members and Executive Officers, the amounts of compensation for Directors shall be proposed by the President within the total amount and content resolved by the General Meeting of Shareholders. Then, through discussions at the Compensation Advisory Committee, an advisory body to the Board of Directors and exchange of opinions with Outside Directors, they are decided by the Board of Directors. The Compensation Advisory Committee, comprising Chairman, President, Representative Director, and Outside Directors (the Committee is composed of a majority of Outside Directors and chaired by a Chief Outside Director in principle), shall be engaged in discussion on determining the amount of compensation and other important matters related to compensation of Directors, and shall report or submit the results to the Board of Directors.

Policies for Determining Compensation for Directors, Audit and Supervisory Board Members and Executive Officers
https://www.nyk.com/english/profile/pdf/gvn_report_05.pdf

4) Board policies and procedures in the appointment of the senior management and the nomination of Directors and Audit & Supervisory Board Members candidates
In accordance with the Policies and Procedures for the Appointment and Nomination etc. of Directors, Audit and Supervisory Board Members and Executive Officers, the members of the Nomination Advisory Committee, which is an advisory body to the Board of Directors (a majority of the members consists of Independent Outside Directors), deliberate at its meeting on 1. matters concerning the appointment and dismissal of Directors; 2. matters concerning the appointment, dismissal and successor plan of the President; 3. matters concerning the appointment and dismissal of Representative Directors; 4. matters concerning the independence criteria for Independent Outside Directors and Independent Outside Audit & Supervisory Board Members; and 5. matters concerning the appointment and dismissal of Executive Officers, and the Board of Directors makes decisions on these matters taking into consideration of the deliberation results of the Committee.
Candidates for internal directors are required to fulfill the qualities and functions required of our management as a member of the Board of Directors, in addition to having the knowledge, experience, track record required for management, the ability to solve issues in the divisions in charge, great personality, and the knowledge to thoroughly comply with laws and regulations and corporate ethics. The policy for nominating candidates for internal directors shall be applied to the appropriateness of the appointment of executive senior directors and their tenure, as well as to the appointment of Executive Officers.
Candidates for outside directors shall be persons with a wide range of knowledge or advanced expertise, high level of understanding, abundant experience, and achievements in their fields, taking into the diversity of members, and shall be recommended based on the standards of independence.

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

https://www.nyk.com/english/profile/pdf/gvn_report_03.pdf

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

https://www.nyk.com/english/profile/pdf/gvn_report_02.pdf

5) Explanations with respect to the individual appointments/dismissals and nominations based on 4).

In the Reference Documents for the General Meeting of Shareholders and any subsequent notices of such meetings, the Company discloses the reason for nomination of all candidates for Directors and Audit & Supervisory Board Members.

General Meeting of Shareholders

<https://www.nyk.com/english/ir/event/meeting/>

(pp. 12-26 of Notice of the 135th Ordinary General Meeting of Shareholders)

<Supplementary Principle 3.1.3 Sustainability Disclosures>

1) Efforts for the Company's Sustainability

At the NYK Group, the Board of Directors established the management strategies in the medium-term management plan announced in March 2018, which integrate ESG initiative into its management strategies. Adding ESG yardsticks that measure contributions to the resolution of social and environmental issues with long-term perspectives to traditional economic yardsticks that measure corporate value enhancement in terms of economic efficiency and business scale, we are pursuing "ESG management"

Our goal in the NYK Group ESG Story, announced in February 2021, is to be a Sustainable Solution Provider, who simultaneously achieves maximum profit and social and environmental sustainability and creates new value. We are engaged in a variety of measures, declaring "safety," "the environment," and "human resources" to be Materiality (important issues) at the core of management.

In March 2022, we issued the NYK Group ESG Story 2022 as a progress report after releasing the NYK Group ESG Story a year before.

The NYK Group ESG Story 2022 provides concrete initiatives to integrate ESG principles into management strategies, the intention to which was stated in the NYK Group ESG Story.

The NYK Group ESG Story 2022 also includes a partial explanation of the sustainable growth strategy from a long-term perspective being considered as part of the formulation of the next medium-term management plan, which is scheduled to be announced in 2023.

Please refer to the NYK Group ESG Story for details.

<https://www.nyk.com/english/esg/esg-story/>

2) Investment in Human Capital and Intellectual Property, etc.

- Investment in human capital

At present, the maritime shipping and logistics industries are experiencing the kind of global transformation that only happens once every few decades. Factors behind this revolution include expectations with respect to ESG management, the emergence of a huge IT industry, the strengthening of environmental restrictions and the need to comply with them, and business analysis based on big data. In this revolution, to transform into an organization that will engage in the resolution of social issues and develop solutions to social issues from new perspectives, personnel who can forge ahead with innovations from diverse perspectives are essential. For the Company to continue to be society's preferred choice as a Sustainable Solution Provider, targeting the NYK Group's approximately 35,000 employees, we aim to foster personnel with a combination of the three skills and attributes of leadership, tolerance and flexibility, and management skills, who can provide powerful leadership for transformation and who have the frontline capabilities to support that transformation.

<Major Initiatives>

- Promotion of diversity and inclusion

- Introduction of an objective-tree framework, a system to cascade organization-level goals down to individual-level goals, for the transition to ESG management

- Expansion and improvement of the NYK Group's NYK Business College and NYK Maritime College training programs
- Establishment of the Digital Academy, an in-house educational institution to foster personnel who can provide powerful leadership for transformation
- In-house training of maritime crew on land duty and fostering of Filipino crew at NYK-TDG Maritime Academy to secure personnel who have the frontline capabilities to support transformation
- Implementation of the NYK Mirai Project, which nurtures greater awareness of the close link between the maritime industry and our society — not only among Japan's youth but also stakeholders and the general public so that they can better understand maritime affairs and the seafaring life, resulting in an increase in “fans” of the maritime industry

- Investment in intellectual property

The NYK Group has continued to engage in solutions to frontline issues, using the information and knowledge it has gained from the daily operation of its ships.

Ensuring safety is integral to the NYK Group's business continuity. The tireless pursuit of safe ship operations that are half a step ahead is the very essence of the NYK Group's differentiation. We are confident that systems that analyze voyage, engine, weather, and operation management data obtained from the Ship Information Management System (SIMS) and NiBiKi, the common platform for managing duties on board ships between shore and ship to support safe ship operations, are of top class in the industry. In addition, we are developing cutting-edge safety and environmental protection technology, including optimal efficiency operation utilizing big data such as the navigation/machinery information of fleets in operation (IBIS-TWO) and the MT-FAST energy-saving hull device that greatly improves fuel efficiency. As of the end of FY2021, the number of patents held by the Company reached 196.

We will aim for the sustainability of our customers and the NYK Group by maintaining and delivering safe, high-quality logistics services through the further use of digital technologies.

<Major Initiatives>

- Prevention and early detection through onshore monitoring of ships
- Elevation of safety levels with respect to human elements
- Research on technologies for manned autonomous ships

Please refer to the NYK Group ESG Story and the Company's website for information on initiatives for safe ship operations.

Safe Ship Operations (pp. 19-20): https://www.nyk.com/english/esg/pdf/esgstory_ppt_2022.pdf

3) Risks and profit opportunities related to climate change

The NYK Group recognizes climate change as an important management issue. The Company declared its endorsement of the TCFD in 2018 and is advancing disclosure in line with the TCFD recommendations. On June 30, 2022, the Board of Directors decided on the contents of disclosure based on the TCFD recommendations. A report was published on the same day.

Please refer to the Company's website for details.

<https://www.nyk.com/english/esg/envi/tcfid/>

<Supplementary Principle 4.1.1 Roles and Responsibilities of the Board of Directors (1)>

The Board of Directors judges and makes decisions on statutory matters and matters that are considered to be equivalent to statutory matters in terms of their importance, nature, etc. Decisions on matters other than those required to be submitted to the meeting of the Board of Directors are delegated to management. The scope of such delegation is clearly prescribed in the Rules on the Management Meeting, the Resolution Rule for the Submission of Matters, the Matters to be Approved by the President, and others. The management team will promptly deliberate issues and execute business in an appropriate manner based on that delegation.

The Board of Directors makes decisions on matters prescribed in the Articles of Incorporation and the Rules on the Board of Directors, such as medium-term management plans, annual budgets, the appointment, dismissal and rank of Executive Officers, and the establishment, revision, and abolition of important rules. It also supervises the execution of business.

The Company sets forth the Rules on the Board of Directors, the Rules on the Management Meeting, the Resolution Rule for the Submission of Matters, and the Matters to be Approved by the President and clearly stipulates matters for deliberation and reporting in the Board of Directors and matters for delegation to the

executive side. The Resolution Rule for the Submission of Matters and the Matters to be Approved by the President are reviewed periodically in an effort to improve efficiency.

In April 2020, the Company established the Management Meeting comprising the President and Chief Executive Officer, Executive Officers who are Chief Executives, and Executive Officers designated by the President, to conduct more flexible and substantive decision-making. Transfer of authority within an appropriate range is progressing.

<Principle 4.9 Independence Standards and Qualification for 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. In doing so, the Company will include persons who have management experience at other companies.

The relevant information is disclosed on the website of the Company (see the link below).

Independence Criteria for Recommendation of Candidates for Outside Directors and Audit & Supervisory Board Members

https://www.nyk.com/english/profile/pdf/gvn_report_04.pdf

<Supplementary Principle 4.10.1 Use of Optional Approach>

The Company reflects an appropriate evaluation of corporate business performance in the appointment and dismissal of Directors or Executive Officers and their compensation. In the resolution of these matters in the Board of Directors, ample information is provided and explanations are given in advance to the Independent Outside Directors in the Nomination Advisory Committee or Compensation Advisory Committee, the majority of members of which are Independent Outside Directors and which are chaired by an Independent Outside Director, after which their appropriate involvement and advice are obtained.

<Supplementary Principle 4.11.1 Preconditions for Securing Effectiveness of the Board of Directors and the Audit & Supervisory Board>

The Company has set forth its views on the balance of knowledge, experience and ability of the Board of Directors as a whole, as well as its diversity and size, and has disclosed a skills matrix, listing the knowledge, experience, abilities, and other attributes of Directors, alongside the Policies and Procedures for the Appointment of Directors.

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

https://www.nyk.com/english/profile/pdf/gvn_report_02.pdf

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

https://www.nyk.com/english/profile/pdf/gvn_report_03.pdf

NYK Report 2021 (pp. 10-11)

https://www.nyk.com/english/esg/pdf/2021_nykreport_all.pdf

<Supplementary Principle 4.11.2 Preconditions for Securing Effectiveness of the Board of Directors and the Audit & Supervisory Board>

The Company requires Outside Directors and Outside Audit & Supervisory Board Members to allocate to the Directors' and Audit & Supervisory Board Members' business the time and effort needed to fulfill their roles and responsibilities appropriately. We ensure that Directors' and Audit & Supervisory Board Members' rates of attendance to meetings of the Board of Directors, as well as Audit & Supervisory Board Members' rates of attendance to meetings of the Audit & Supervisory Board, are 75% or higher.

The Company has also disclosed the status of concurrent positions of Directors and Audit & Supervisory Board Members, including Outside Directors and Outside Audit & Supervisory Board Members, and their attendance status in the Company's Notice of General Meeting of Shareholders and the NYK Report (see the link below).

NYK Report

https://www.nyk.com/english/esg/pdf/2021_nykreport_all.pdf (NYK Report pp. 74-75)

Business Reports

https://www.nyk.com/english/ir/event/meeting/09/_icsFiles/afieldfile/2022/05/23/engbusinessreport_1.pdf
(pp. 18-21, 63, and 64 of Notice of the 135th Ordinary General Meeting of Shareholders)

<Supplementary Principle 4.11.3 Preconditions for Securing Effectiveness of the Board of Directors and the Audit & Supervisory Board>

Since FY2015, the Company has continued to conduct a self-evaluation survey on all Directors and all Audit & Supervisory Board Members with the aim of further improving the effectiveness of the Board of Directors.

1) Overview of the FY2021 Evaluation

- In FY2021, a survey consisting of 15 questions under four topics was conducted, taking into account a third-party adviser's opinions. The four topics were (1) composition and operations of the Board of Directors, (2) management strategies and business strategies, (3) corporate ethics and risk management, and (4) performance monitoring and evaluation and compensation of the management.
- The results indicated that the Board of Directors was functioning appropriately and its effectiveness was ensured.

2) Issues Recognized in FY2020 and Initiatives Taken

- The Company took the following measures to improve the quality of operations and discussions, which led to enhanced discussions. Going forward, the Company will work toward further improvement.
 - (1) Utilizing discussion meetings among directors and audit and supervisory board members, the Company selected important themes and invited free and open-minded discussions.
 - (2) By holding pre-briefing sessions properly, the Company simplified briefings at meetings of the Board of Directors and strived to secure time for deliberation and discussion.
 - (3) Meanwhile, it has been pointed out that the quality of materials has still room for improvement. The Company recognizes this as an ongoing issue and will strive for further improvement.
- While some improvements were found in strengthening monitoring functions and diversity, human resources strategy, etc., the Company recognizes them as ongoing issues.
 - (1) Timely and appropriate reports were made on financial indicators, as well as on the operational status of each business division. The Company will continue to strive to strengthen monitoring functions.
 - (2) The Company will continue to engage in deeper discussions on human resources strategies, including increase in diversity.

<Supplementary Principle 4.14.2 Director and Audit & Supervisory Board Member Training>

The Company provides training opportunities to enable Directors and Audit & Supervisory Board Members to fulfill the roles required of them appropriately. The policy for training Directors and Audit & Supervisory Board Members is prescribed in Article 22 of the Corporate Governance Guidelines and disclosed.

Corporate Governance Guidelines

https://www.nyk.com/english/profile/pdf/gvn_report_01.pdf

<Principle 5.1 Policy for Constructive Dialogue with Shareholders>

To contribute to the sustainable growth of the NYK Group and the medium- to long-term enhancement of corporate value, the policy for promoting constructive dialogue with shareholders and investors is prescribed in Article 26 of the Corporate Governance Guidelines, and the followings are formulated and disclosed.

- Persons Who Engage in Dialogue with Shareholders and Investors
- Internal System for Supporting Dialogue and Initiatives for the Enhancement of Methods of Dialogue
- Internal Feedback
- Management of Insider Information
- Understanding of Shareholder Composition

Article 26 of the Corporate Governance Guidelines

https://www.nyk.com/english/profile/pdf/gvn_report_01.pdf

2. Capital Structure

Foreign Shareholding Ratio	At least 20% and less than 30%
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[Status of Major Shareholders] Updated

Name	Number of Shares Owned (Shares)	Shareholding Ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	27,930,700	16.47
Custody Bank of Japan, Ltd. (Trust Account)	9,707,000	5.73
STATE STREET BANK WEST CLIENT - TREATY 505234	4,543,673	2.68
Meiji Yasuda Life Insurance Company	3,102,626	1.83
Mitsubishi Heavy Industries, Ltd.	3,077,931	1.82
Tokio Marine & Nichido Fire Insurance Co., Ltd.	2,315,678	1.37
JPMorgan Securities Japan Co., Ltd.	2,315,158	1.37
SMBC Nikko Securities Inc.	1,814,100	1.07
THE BANK OF NEW YORK MELLON 140044	1,519,371	0.90
STATE STREET BANK AND TRUST COMPANY 505103	1,417,315	0.84

Controlling Shareholder (except for Parent Company)	—
Parent Company	None

Supplementary Explanation

The ratios (%) listed in [Status of Major Shareholders] section above represent the ratio (%) of the number of shares held to the total number of shares issued (excluding treasury stock).

3. Corporate Attributes

Listed Stock Market and Market Section Updated	Prime Market of the Tokyo Stock Exchange
Fiscal Year-End	March
Type of Business	Marine Transportation
Number of Employees (Consolidated) at End of the Previous Fiscal Year	1000 or more
Net Sales (Consolidated) for the Previous Fiscal Year	JPY1 trillion or more
Number of Consolidated Subsidiaries at End of the Previous Fiscal Year	300 or more

4. Policy for Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholder

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5. Special Circumstances which may Have Material Impact on Corporate Governance

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II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management

1. Organizational Composition and Operation

Organization Form	Company with Audit & Supervisory Board Members
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[Directors]

Maximum Number of Directors Stipulated in Articles of Incorporation Updated	12
Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board of Directors	Chairman (excluding the case where the person concurrently serves as President)
Number of Directors	8
Appointment of Outside Directors	Appointed
Number of Outside Directors	3
Number of Independent Outside Directors Designated from among Outside Directors	3

Outside Directors' Relationship with the Company (1)

Name	Attribute	Relationship with the Company*										
		A	b	c	d	e	f	g	h	i	j	k
Yoshihiro Katayama	Academic											
Hiroko Kuniya	Other											
Eiichi Tanabe	From another company								△			

* Categories for "Relationship with the Company"

“○” when the Director presently falls or has recently fallen under the category; and “△” when the Director fell under the category in the past;

“●” when a close relative of the Director presently falls or has recently fallen under the category; and “▲” when a close relative of the Director fell under the category in the past.

a Executive (a person who executes business; hereinafter, the same) of the Company or its subsidiary

b Non-executive director or executive of the parent company of the Company

c Executive of a fellow subsidiary of the Company

d Party whose major client or supplier is the Company or an executive thereof

e Major client or supplier of the Company or an executive thereof

f Consultant, accounting professional or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as a director

g Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a corporation)

h Executive of a client or supplier of the Company (which does not correspond to any of d., e., or f.) (the director himself/herself only)

i Executive of a company or an organization to which Outside Directors are mutually appointed (the Director himself/herself only)

j Executive of a company or an organization that receives a donation from the Company (the Director himself/herself only)

k Other

Outside Directors' Relationship with the Company (2) Updated

Name	Designation as Independent Outside Director	Supplementary Explanation of the Relationship	Reasons for Appointment
Yoshihiro Katayama	○	—	<p>Mr. Yoshihiro Katayama held important positions at the Ministry of Home Affairs (currently Ministry of Internal Affairs and Communications) and served as Minister for Internal Affairs and Communications from 2010 to 2011. Mr. Katayama is providing advice on the Company's management and performing proper supervision of business execution of the Company based on his extensive knowledge, insight and personal connections gained through a wealth of his experience in the bureaucratic, political and academic circles and from a highly independent position. Accordingly, he was continuously elected as an Outside Director.</p>
Hiroko Kuniya	○	—	<p>The Company believes that Ms. Hiroko Kuniya can provide advice to the Company's management and contribute to proper supervision of business execution of the Company based on her long-standing career as a newscaster, raising public awareness of a range of topics including politics, economy, international relations and social issues, and capitalizing on a wealth of experience and superior insight from a multilateral perspective and a highly independent position. Accordingly, she was continuously elected as an Outside Director.</p>
Eiichi Tanabe	○	<p>The amount of transactions between Mitsubishi Corporation, where Mr. Eiichi Tanabe served as Director until June 2018, and the Company is less than 1% of revenues from the viewpoint of both companies.</p>	<p>Mr. Eiichi Tanabe held important positions at Mitsubishi Corporation such as Representative Director and Senior Executive Vice President. The Company believes that Mr. Tanabe can provide advice to the Company's management and contribute to proper supervision of business execution of the Company utilizing his general knowledge in all corporate management from an independent position, based on his abundant experience mainly in management and supervision of the business execution. Accordingly, he was continuously elected as an Outside Director.</p>

Voluntary Establishment of Committees Equivalent to Nomination Committee or Compensation Committee	Established
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Committee's Name, Composition, and Chairman's Attributes

	Committee Equivalent to Nomination Committee	Committee Equivalent to Compensation Committee
Committee's Name	Nomination Advisory Committee	Compensation Advisory Committee
Total Committee Members	5	5
Full-time Members	2	2
Internal Directors	2	2
Outside Directors	3	3
Outside Experts	0	0
Other	0	0
Chairman	Chief Outside Director	Chief Outside Director

Supplementary Explanation Updated

The Company established the Nomination Advisory Committee and the Compensation Advisory Committee as advisory bodies to the Board of Directors to further enhance corporate governance and ensure the transparency in the functioning of the Board of Directors. Both Committees are chaired by Chief Outside Director and a majority of the members of both Committees consists of Independent Outside Directors.

The Nomination Advisory Committee, which consists of the President, the Chairman of the Board of Directors, and three Independent Outside Directors, meets at least once a year (and any time as necessary) upon convocation by the Committee Chairman to deliberate on (1) matters concerning appointment and dismissal of Directors; (2) matters concerning appointment, dismissal and successor plan of the President; (3) matters concerning appointment and dismissal of Representative Directors; (4) matters concerning the independence criteria for Independent Outside Directors and Independent Outside Audit & Supervisory Board Members; and (5) matters concerning appointment and dismissal of Executive Officers.

The Compensation Advisory Committee, which consists of the same members as those of the Nomination Advisory Committee, meets at the same frequency as the Nomination Advisory Committee to deliberate on (1) matters concerning policies and procedures concerning compensation for Directors and Executive Officers and (2) matters concerning specific compensation for Directors and Executive Officers.

The composition of committee members described above is effective as of end of June 2022.

[Audit & Supervisory Board Members]

Establishment of Audit & Supervisory Board	Established
Maximum Number of Audit & Supervisory Board Members Stipulated in Articles of Incorporation	5
Number of Audit & Supervisory Board Members	4

Cooperation among Audit & Supervisory Board Members, Accounting Auditors and Internal Audit Division

While Audit & Supervisory Board Members supervise the independence, organizational structure, quality, etc., of accounting auditors, they maintain organic coordination and supplement each other through bilateral exchange of information to improve the quality and efficiency of their respective audits. Audit & Supervisory Board Members attend meetings with the internal audit division to discuss the findings of internal audits and maintain close communication with individual internal auditors by regular meetings to share information and ensure effective coordination and cooperation with them. Audit & Supervisory Board Members also hold regular meetings attended by Audit & Supervisory Board Members, the internal audit division, and accounting auditors all together to enhance coordination among these three parties.

Appointment of Outside Audit & Supervisory Board Members	Appointed
Number of Outside Audit & Supervisory Board Members	2
Number of Independent Outside Audit & Supervisory Board Members Designated from among Outside Audit & Supervisory Board Members	2

Outside Audit & Supervisory Board Members' Relationship with the Company (1)

Name	Attribute	Relationship with the Company*												
		a	b	c	d	E	f	g	h	i	J	k	l	m
Hiroshi Nakaso	From another company													
Satoko Kuwabara	Lawyer													

* Categories for "Relationship with the Company"

“○” when the Audit & Supervisory Board Member presently falls or has recently fallen under the category; and “△” when the Audit & Supervisory Board Member fell under the category in the past;

“●” when a close relative of the Audit & Supervisory Board Member presently falls or has recently fallen under the category; and “▲” when a close relative of the Audit & Supervisory Board Member fell under the category in the past

- a Executive (a person who executes business; hereinafter, the same) of the Company or its subsidiary
- b Non-executive director or accounting advisor of the Company or its subsidiary
- c Non-executive director or executive of the parent of the Company
- d Audit & Supervisory Board Member of the parent company of the Company
- e Executive of a fellow subsidiary of the Company
- f Party whose major client or supplier is the Company or an executive thereof
- g Major client or supplier of the Company or an executive thereof
- h Consultant, accounting professional or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as an Audit & Supervisory Board Member
- i Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a corporation)
- j Executive of a client or supplier of the Company (which does not correspond to any of f., g., or h.) (the Audit & Supervisory Board Member himself/herself only)
- k Executive of a company or an organization to which Outside Audit & Supervisory Board Members are mutually appointed (the Audit & Supervisory Board Member himself/herself only)
- l Executive of a company or an organization that receives a donation from the Company (the Audit & Supervisory Board Member himself/herself only)
- m Other

Outside Audit & Supervisory Board Members' Relationship with the Company (2) Updated

Name	Independent Outside Audit & Supervisory Board Member	Supplementary Explanation of the Relationship	Reasons for Appointment
Hiroshi Nakaso	○	—	<p>The Company has appointed Mr. Hiroshi Nakaso in expectation that he can conduct audits from a neutral and objective standpoint based on his extensive knowledge in overall finance and economy fields, and expertise specialized in financial systems, market transactions and global finance. The Company has determined that Mr. Nakaso is sufficiently independent and there is no possibility of conflict of interest with general shareholders as he satisfies the independence criteria prescribed in the “Guidelines concerning Listed Company Compliance, etc.” by Tokyo Stock Exchange, Inc. as well as the “Independence Criteria for Recommendation of Candidates for Outside Directors and Audit & Supervisory Board Members” established by the Company and neither was in the past or is now an executive of any of the Company’s major suppliers, customers, or shareholders.</p>

Name	Independent Outside Audit & Supervisory Board Member	Supplementary Explanation of the Relationship	Reasons for Appointment
Satoko Kuwabara	○	—	The Company has appointed Ms. Satoko Kuwabara in expectation that she can conduct audits from a neutral and objective standpoint based on her capitalizing on a wealth of practical experience mainly in the fields of corporate legal affairs and financial legal affairs gained through activities as a lawyer and expertise specialized in law. The Company has determined that Ms. Satoko Kuwabara is sufficiently independent and there is no possibility of conflict of interest with general shareholders as she satisfies the independence criteria prescribed in the “Guidelines concerning Listed Company Compliance, etc.” by Tokyo Stock Exchange, Inc. as well as the “Independence Criteria for Recommendation of Candidates for Outside Directors and Audit & Supervisory Board Members” established by the Company and neither was in the past or is now an executive of any of the Company’s major suppliers, customers, or shareholders.

[Independent Outside Directors and Independent Outside Audit & Supervisory Board Members]

Number of Independent Outside Directors and Independent Outside Audit & Supervisory Board Members Updated	5
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Matters relating to Independent Outside Directors and Independent Outside Audit & Supervisory Board Members

The Company has designated all three Outside Directors and two Outside Audit & Supervisory Board Members as Independent Outside Directors and Independent Outside Audit & Supervisory Board Members. The company recommends the candidate as Outside Director of the Company whose total tenure shall not exceed 8 years for securing of objectivity and independence.

• Independence Criteria for Recommendation of Candidates for Outside Directors and Audit & Supervisory Board Members (Excerpts)

https://www.nyk.com/english/profile/pdf/gvn_report_04.pdf

Independence of Outside Directors and Audit & Supervisory Board Members

Article 4. A person who does not fall under any of the following criteria is deemed be independent.

- (1) A major shareholder of the Company (a party who holds shares representing voting rights that exceed 10% of the total voting rights as at the end of the most recent fiscal year) or an executive thereof.
- (2) A major lender to the Company (which outstanding loans by the company exceed 2% of the total consolidated assets.) or an executive thereof.

- (3) A major supplier of the Company (which income from the Company accounts for more than 2% of the consolidated annual revenues of such supplier for the most recent fiscal year) or an executive thereof.
- (4) A major customer of the Company (which income from such customer accounts for more than 2% of the consolidated annual revenues of the Company for the most recent fiscal year) or an executive thereof.
- (5) A person who is responsible for the audit operation of the Company or its consolidated subsidiary, as accounting auditor, its employee or others of the Company or its consolidated subsidiary.
- (6) An attorney, judicial scrivener, patent attorney, certified public accountant, tax accountant, consultant or others, who receives, apart from compensation for officers, money or other property equivalent to more than JPY10 million per year from the Company, or a person who belongs to a group such as corporation or union, which receives such property as aforementioned equivalent to more than JPY10 million per year from the Company and it is in excess of 2% of its annual income.
- (7) A person who receives donations in excess of JPY5 million per year from the Company, or an executive at a group such as corporation or union, which receives donations in excess of JPY5 million per year from the Company and it is in excess of 2% of its annual income.
- (8) Any person who has fallen under any of (1) through (7) above during the past three years.
- (9) A relative within the second degree of kinship (only if he/she is an important person) of a person who falls under any of (1) through (8) above.
- (10) A relative within the second degree of kinship of Director, Executive Officer and others, employee or accounting advisor (including staff members who are to perform such duties in the case of a corporation) of the Company or its subsidiary.
- (11) A relative within the second degree of kinship of a person who has acted as Director, Executive Officer and others, employee or accounting advisor (including staff members who are to perform such duties in the case of a corporation) of the Company or its subsidiary, during the past three years.
- (12) Any person other than the aforementioned items of this article with special circumstances which precludes his/her fulfilling duties as an independent outside Director or Audit & Supervisory Board Member, such as having conflicts of interest with general shareholders of the Company.

[Incentives]

Implementation of Measures to Provide Incentives to Directors	Performance-based stock compensation plan
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Supplementary Explanation Updated

Introduction of a performance-based stock compensation plan was proposed to and approved by the Ordinary General Meeting of Shareholders held in June 2016 as a highly transparent and objective compensation plan for Directors, etc. to motivate Directors, etc. to contribute to the sustainable growth of the Company and share the same interest with shareholders. Based on this resolution by the General Meeting of Shareholders, the Company, at a meeting of the Board of Directors held in March 2019, resolved to extend the period of the performance-based stock compensation plan for the Company's Directors and Executive Officers (excluding Outside Directors etc.) for 3 fiscal years. The Ordinary General Meeting of Shareholders held in June 2022 passed a resolution to partially revise and continue the plan, as well as to abolish bonuses and introduce a performance-based monetary compensation plan as an incentive to achieve performance targets for each fiscal year.

Recipients of Share Options	
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Supplementary Explanation

[Director Compensation]

Disclosure of Individual Directors' Compensation	Partial disclosure
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The amounts of compensation paid to Directors for the fiscal year ended March 2022 were JPY728 million to nine Directors (including JPY57 million paid to three Outside Directors). The breakdowns of the compensation amounts include a total of JPY307 million in basic compensation (including JPY57 million paid to three Outside Directors), a total of JPY63 million in bonuses, and a total of JPY358 million in stock compensation.

Notes:

- The amount of basic compensation paid to Directors includes the amount paid to one Director who retired during this fiscal year.
 - The Company plans to pay bonuses to five Directors, excluding Outside Directors, in office as of the end of the fiscal year ended March 2022.
 - The amount of stock compensation for Directors is an amount based on the performance-based stock compensation plan. The contents are as described in the below policies for determining compensation for Directors, Audit and Supervisory Board Members and Executive Officers.
- a) The above stock compensation for the current fiscal year shows the total amount of expense recorded for stock compensation related to this fiscal year associated with the provision for stock benefits during this fiscal year (provided, however, that for retired directors during this fiscal year, the amount recorded as expense associated with the payment of stock compensation).
- b) The method for calculating the performance-based stock compensation based on the performance indicators is designed so that the number of individually granted points varies according to the following specific procedure; Adjustments are made by 50%, 30% and 20% weightings to the values derived from the indicators involving the degree of achievement with respect to the target threshold of ROE at minimum 8.0% and consolidated recurring profit between JPY70 billion and JPY100 billion set out under the medium-term management plan, the degree of achievement of initial consolidated financial results forecast, and the comparison with the previous fiscal year, for the purpose of determining a performance-linked coefficient within a range of 0 to 1.5, which shall then be multiplied by the 50% of the points granted commensurate with positions. Actual performance against the consolidated performance indicators in the current fiscal year were consolidated revenues of JPY2,280.7 billion, consolidated operating profit of JPY268.9 billion, consolidated recurring profit of JPY1,003.1 billion, profit attributable to owners of parent of JPY1,009.1 billion, EBITDA of JPY370.5 billion and ROE of 86.0%, and the performance-linked coefficient for the current term was 1.5.
- c) In the current fiscal year, 41,208 shares of the Company's stock were delivered to a Director (not an Outside Director) who retired in June 2021.

Policy for Determining Compensation Amounts or Calculation Methods Thereof Updated
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Established

Disclosure of Policy for Determining Compensation Amounts or Calculation Methods Thereof

The Company has the following policies determining compensation for Directors, Audit & Supervisory Board Members and Executive Officers, which were adopted by a resolution of the Board of Directors.

1. Basic Views on Compensation

- The Company shall set out its compensation system for Directors and Executive Officers based on the size and nature of its business, as well as from the perspective of securing talents and sustainability by taking into account a balance in terms of the levels of compensation for officers at its industry peers or peers of equivalent size and salary for employees. The system shall be designed so that each person's compensation is composed of fixed or variable portions and monetary amounts or shares according to individual positions and responsibilities. For Directors who concurrently serve as Executive Officers and Executive Officers in particular, the compensation system shall be designed in a way that it seeks to provide sound medium- to long-term incentive towards sustainable growth and aims at sharing interests with shareholders.
- Compensation for Directors who concurrently serve as Executive officers and Executive Officers consists of basic compensation based on individual positions and responsibilities and performance-based variable compensation calculated according to the degree of achievement of corporate performance targets, etc.

Performance-based variable compensation consists of monetary compensation (performance-based monetary compensation) as an incentive to achieve performance targets for each fiscal year and stock-based compensation (performance-based stock compensation) as an incentive to achieve medium- to long-term performance targets, etc.

- Compensation for Directors, including Outside Directors, who do not concurrently serve as Executive officers and Audit & Supervisory Board Members consists solely of basic compensation as they provide supervision and advice to the management of the Company from a standpoint independent of business execution and in light of the nature of their function and role of conducting audit. As an exception, the Company pays performance-based stock compensation to the Chairman and Director not serving concurrently as Chairman and Executive Officer, in light of such responsibilities as chairing meetings of the Board of Directors.
- The Company shall not pay bonuses and officers' retirement benefits to any Director, Audit and Supervisory Board Member or Executive Officer.

2. Compensation Determination Procedures

- Regarding compensation for Directors, specific individual amounts of compensation shall be decided by the Board of Directors according to individual positions and responsibilities, based on proposals by the President within the range of the total amount and substance decided by the resolution of the General Meeting of Shareholders, with the involvement of Outside Directors through discussions at the Compensation Advisory Committee, etc.
- The specific individual amounts of compensation for Audit and Supervisory Board Members shall be decided through discussions among Audit and Supervisory Board Members, including Outside Members, within the limit of the total amount and details stipulated in the resolution of the General Meeting of Shareholders.
- The specific individual amounts of compensation for Executive Officers shall be decided by the Board of Directors according to individual positions and responsibilities, based on proposals by the President, with the involvement of Outside Directors through discussions at the Compensation Advisory Committee, etc. If there is a resolution of the General Meeting of Shareholders with regard to a portion of the compensation for Executive Officers, the amounts shall be decided within the range of that resolution.
- The Compensation Advisory Committee is established as an advisory body to the Board of Directors to ensure fairness and improve transparency when determining compensation for Directors and Executive Officers. The Committee comprises Chairman, Director, President, Representative Director, and Outside Directors, and is composed of a majority of Outside Directors and chaired by a Chief Outside Director in principle. The Committee engages in discussion on determining the specific individual amounts of compensation according to individual positions and responsibilities and in deliberation of other important matters related to compensation of Directors and Executive Officers, such as policies and decision-making processes related to compensation, and system design, and report or submit the results to the Board of Directors.

3. Contents of Compensation

The policy for determining the contents, calculation method, and payment ratio, etc. of each compensation is detailed below:

(1) Basic Compensation

- Fixed monetary compensation is paid on a monthly basis based on individual positions and responsibilities of Directors and Executive Officers. (To those whose main responsibilities are the execution of business of the Company's affiliates and who concurrently serve as Executive Officers of the Company, fixed monetary compensation determined separately as compensation for execution of duties as the Company's Executive Officers is paid on a monthly basis (those who are paid this fixed monetary compensation determined separately are hereinafter referred to as "Concurrent Executive Officers").
- The fixed compensation for Audit & Supervisory Board Members that has been discussed and agreed by the Members shall be paid monthly as a monetary amount, taking into consideration whether the Member is a full-time or part-time auditor and the status of assignment of audit operation.

(2) Performance-based Variable Compensation

- In order to increase motivation to contribute to sustainable growth and to share interests with our shareholders, the Company has introduced performance-based variable compensation.
- Performance-based variable compensation consists of performance-based monetary compensation as an incentive to achieve performance targets for each fiscal year and performance-based stock compensation as an incentive to achieve medium- to long-term performance targets, etc.

<Performance-based monetary compensation>

- The performance-based system adopts consolidated recurring profit, which measures profitability of the overall business on a consolidated basis, and consolidated ROE, which measures the rate of profit on capital from the shareholders' perspective, as performance-linked indicators.
- The base values for the performance-linked indicators are deliberated by the Compensation Advisory Committee each fiscal year and confirmed by the Board of Directors.
- After the conclusion of each fiscal year, the performance-based coefficient is calculated by comparing the base values for the performance-linked indicators with the actual values and dividing the actual values by the base values. The performance-based coefficient varies between 0 and 2.0, and 0 shall be used if the figure is below 0.1.
- The amount to be paid is calculated by multiplying the unit monetary compensation amount based on individual positions of Directors and Executive Officers by the performance-based coefficient. The monetary compensation is paid after the conclusion of each fiscal year.
- The upper limit to the amount shall be JPY300 million per fiscal year.
- Applicable to Directors who concurrently serve as Executive Officers and Executive Officers excluding Concurrent Executive Officers.

<Performance-based stock compensation>

- The Company has introduced a performance-based stock compensation plan (Board Incentive Plan) involving a trust with superior transparency and objectivity.
- A target period shall be three consecutive fiscal years, and the maximum contribution to the trust and the maximum number of shares to be acquired shall be a total of JPY1.6 billion and one million shares over the three fiscal years.
- Fixed points based on individual positions of Directors and Executive Officers and variable points calculated based on the degree of achievement of performance targets, etc. shall be granted. The number of shares equivalent to the number of fixed points shall be delivered after the conclusion of each fiscal year, and the number of shares equivalent to the number of variable points shall be delivered after the conclusion of the three fiscal year period. (Part of these shares shall be given out in a monetary amount equivalent to the exchange value of the shares. Hereinafter, this combination of shares and money shall be referred to as "Shares, etc." and the delivering and giving out "deliver, etc.")
- The performance-linked indicators shall be the Company's TSR (Total Shareholder Return) including dividends, in light of shared interests with shareholders, and the Company's own ESG indicators based on its ESG policy (currently, the NYK Group ESG Story announced in February 2021), in light of ESG management.
- The performance-linked coefficient is calculated by comparing the growth rate of the Company's TSR with the Tokyo Stock Exchange Stock Price Index (TOPIX) growth rate, as well as with the growth rates of competitors' TSRs, with regard to TSR, and based on the degree of achievement of the Company's own ESG indicators with regard to the ESG indicators.
- After the conclusion of the three fiscal years, the Compensation Advisory Committee evaluates the degree of achievement of the performance-linked indicators, finalizing the performance-linked coefficient. The performance-linked coefficient varies between 0 and 2.0. The number of Shares, etc. calculated by multiplying the number of variable points accumulated during the three fiscal years by the performance-linked coefficient shall be delivered, etc. If a Director or an Executive Officer retires during the period (excluding cases of retirement for personal reasons or dismissal), the Compensation Advisory Committee shall evaluate the degree of achievement of the performance-linked indicators up to the time of retirement, and Shares, etc. equivalent to the number of points based on the finalized performance-linked coefficient shall be delivered, etc.
- Applicable to Directors who concurrently serve as Executive Officers and Executive Officers excluding Concurrent Executive Officers, on condition that they are residents of Japan. As an exception, the Company pays performance-based stock compensation to the Chairman and Director not serving concurrently as Chairman and Executive Officer, in light of such responsibilities as chairing meetings of

the Board of Directors. Directors or Executive Officers who are not eligible because they do not reside in Japan shall be paid a cash amount equivalent to the points calculated and granted through the same mechanism (shares shall not be delivered). The timing and method of payment, etc., shall be the same as the payment in the form of shares.

- If a Director or an Executive Officer eligible for the plan commits improper acts or other misconduct during the applicable period, the Company may confiscate all points granted or seek, retroactively for the past three years, monetary compensation equivalent to the value of the Shares, etc. delivered in accordance with the number of fixed points based on individual positions.
- The shares delivered based on fixed points will be subject to a three-year transfer restriction. From the perspective of insider trading regulations, all delivered shares shall also be subject to appropriate transfer restrictions in accordance with internal rules.

(3) Executive Compensation Ratios

- The ratio of basic compensation and performance-based variable compensation for Directors who concurrently serve as Executive Officers and Executive Officers excluding Concurrent Executive Officers as well as the ratio of monetary compensation and stock compensation shall be designed so that they will encourage motivation to contribute to enhancing corporate performance and also function as a sound incentive over the medium- to long-term to achieve sustainable growth.
- The ratio of basic compensation and performance-based variable compensation varies based on individual positions. It shall be approximately 5:5 to 8:2 when corporate performance targets are achieved in an average manner. In such case, the ratio of performance-based monetary compensation and performance-based stock compensation within performance-based variable compensation shall be 1:3.

[Supporting System for Outside Directors and/or Outside Audit & Supervisory Board Member] Updated

The Corporate Planning Group, which is the secretariat of the Board of Directors, and business divisions provide Outside Directors and Outside Audit & Supervisory Board Members with appropriate information or a briefing before each meeting of the Board of Directors.

The Company has established an Audit & Supervisory Board Office with dedicated staffs under the direction and control of the Audit & Supervisory Board Members. The Audit & Supervisory Board Office provides administration services to the Audit & Supervisory Board and any necessary support including information sharing to Outside Audit & Supervisory Board Members.

[Details of Retired Executives Currently Serving in Advisory Positions]

Name	Position	Area of Assignment	Work Conditions	Date of retirement as President etc.	Term Ends
Koji Miyahara	Senior Advisor	External affairs	Part-time, not remunerated	March 31, 2015	1 year
Yasumi Kudo	Senior Advisor	External affairs	Full-time, remunerated	June 19, 2019	1 year

2. Matters on Functions of Business Execution, Audit and Supervision, Nomination and Compensation Decisions (Overview of Current Corporate Governance System) Updated

The Board of Directors consists of 8 Directors including three Independent Outside Directors (including one female Independent Outside Director) and performs, among others, the decision making on statutory matters, the development of important management policies and strategies, and the supervision of business execution. The Company has introduced an Executive Officer system and 29 Executive Officers (two foreign nationals) execute business under the Board of Directors. The management meeting consisting of Representative Director and Executive Director etc. is held on a weekly basis for discussion to make decisions on important matters including preliminary deliberations on proposals to the meeting of the Board of Directors to promote speedy and efficient decision making by the Board of Directors. With this structure, the Company clarifies the business execution

authority and responsibilities, ensures speedy and appropriate decision making, and strives to enhance management transparency and efficiency.

The Audit & Supervisory Board consists of four Audit & Supervisory Board Members (including one female Audit & Supervisory Board Member) including two Independent Outside Audit & Supervisory Board Members. One of the Audit & Supervisory Board members has experience in the capacity of the head of the accounting and finance division and ensures effective communication with accounting auditors taking advantage of his financial accounting knowledge.

The Audit & Supervisory Board meets regularly on a monthly basis and additionally as necessary. Based on the Rules on the Audit & Supervisory Board, and Audit & Supervisory Board Members Auditing Rule, the Audit & Supervisory Board establishes annual audit policies and plans and explains them at the meeting of the Board of Directors etc. to secure the understanding and cooperation of those who are on the executive side.

3. Reasons for Adoption of Current Corporate Governance System

The Company elected to be a Company with Audit & Supervisory Board in terms of organizational form as the Company determines management under the leadership of internal Directors who have a thorough knowledge of the business field is the key to its business operation due to the highly technical and professional nature of its business and it is required to resolve executional matters by the Board of Directors for enhancement of supervisory function. Three Independent Outside Directors have been elected by the General Meeting of Shareholders to ensure effective external supervision of the management of the Company.

The Company has established the Board of Directors whose members include multiple Outside Directors and the Audit & Supervisory Board whose members include multiple Outside Audit & Supervisory Board Members. The Company adopted this organizational structure based on the judgment that the trust of its shareholders, customers, suppliers, communities, and other stakeholders can be earned and management transparency and efficiency can be ensured by strengthening the management supervisory function with the effective use of the functions of Audit & Supervisory Board Members.

Outside Directors and Outside Audit & Supervisory Board Members, as experts who have a thorough knowledge of international affairs, economic and financial trends, corporate management etc., strive to realize appropriate decision making at the meeting of the Board of Directors and management supervision from a practical, objective, and technical perspective based on their broad knowledge.

III. Implementation of Measures for Shareholders and Other Stakeholders

1. Measures to Energize General Meeting of Shareholders and Smooth Exercise of Voting Rights

	Supplementary Explanation
Early Notification of General Meeting of Shareholders	The company makes effort to send the notice of general meeting of shareholders approximately three weeks before each ordinary general meeting of shareholders and disclose on the website of the Company 4 weeks before each ordinary general meeting of shareholders.
Scheduling Ordinary General Meeting of Shareholders Avoiding the Peak Day	The Company makes efforts to avoid holding such a meeting on the peak day and considers to hold it early.
Allowing Electronic or Magnetic Exercise of Voting Rights	Voting through the Internet, etc. is available.
Participation in Electronic Voting Platform and Other Efforts to Enhance the Voting Environment for Institutional Investors	The Company uses an electronic voting platform for institutional investors.

	Supplementary Explanation
Providing Convocation Notice in English (Translated Fully or Partially)	The Company discloses the English translation of the notice of general meeting of shareholders on the website of the Company, the website of the financial instruments exchange on which its shares are listed, the website of the electronic voting platform for institutional investors.
Other	The Company's business report is presented in video.

2. IR Activities Updated

	Supplementary Explanation	Explanation by Representative
Preparation and Publication of Disclosure Policy	The Company has established and discloses the Corporate Governance Guidelines that contains the disclosure policy and the IR policy. (https://www.nyk.com/english/ir/manage/policy/).	
Regular Investor Briefings for Individual Investors	The Company has regularly held direct face-to-face or online briefings. Although the frequency has been reduced due to the spread of COVID-19, the Company intends to continue to hold such briefings.	None
Regular Briefings for Analysts and Institutional Investors	The Company has cancelled in-person briefings at the venue due to the spread of COVID-19, but still holds briefings on a regular basis. The Company holds online quarterly financial results briefings, which are also available for viewing through video streaming.	Yes
Regular Investor Briefings for Overseas Investors	Due to the spread of COVID-19, the Company has canceled direct visits to overseas institutional investors and direct face-to-face conferences. However, we do participate in online conferences hosted by securities companies and conduct interviews with institutional investors in Europe, the United States, Asia, and elsewhere. Online quarterly financial results briefings held are also available for viewing in English through video streaming.	Yes

	Supplementary Explanation	Explanation by Representative
Posting of IR Materials on Website	<p>There is an investor relations section on the website of the Company, which contains various useful information for investors both in Japanese and English.</p> <p>URL for Japanese: https://www.nyk.com/ir/ URL for English: https://www.nyk.com/english/ir/</p> <p>Examples of IR information disclosed: financial highlights, other timely disclosure materials, financial results briefing materials (videos, presentation slides, fact book, Q&A summary), notice of general meeting of shareholders and notice of shareholder resolutions, business reports and interim business reports, annual and quarterly securities reports, medium-term management plans, integrated reports, ESG data books and NYK Group ESG Story, shareholder communications, updates on corporate governance circumstances, shipping market conditions, etc.</p>	
Establishment of Department and/or Manager in Charge of IR	<p>The Company has established the IR Group within the Management Planning Headquarters. The nine persons assigned to the group, including one Director, Senior Managing Executive Officer and one Executive Officer are conducting IR activities.</p> <p>Division in charge: IR Group (7 persons) Executive Officer in charge: Chief Executive of Management Planning Headquarters (CFO) Contact: Shuichiro Shimomura, General Manager, IR Group</p>	

3. Measures to Ensure Due Respect for Stakeholders Updated

	Supplementary Explanation
Provisions to Ensure Due Respect for Stakeholders in Internal Rules, etc.	<p>Provisions to ensure due respect for stakeholders are stated in Internal Rules, etc.</p> <p>The Company has established various internal rules and regulations, including NYK Group Mission Statement, NYK Business Credo, NYK Line Code of Conduct, Human Resources Philosophy, Personal Information Protection Policy, Personal Information Management Regulations, NYK Environmental Management Vision, Environmental Policy, and CSR Guidelines for Partners and Suppliers, and NYK Group Sustainability Initiative Guidelines.</p>

<p>Implementation of Environmental Protection Activities, CSR Activities, etc.</p>	<p>Based on the NYK Group’s important management strategy that places ESG at the center of corporate management and actively promotes the idea, the Group proactively addresses social and environmental issues under the theme of “giving back to the oceans, earth, and people.” Through such activities, we seek to increase corporate value for all stakeholders.</p> <p>◆NYK Group Sustainability Initiative (NYKSI) Established in FY2021, NYKSI is a framework that takes on the challenge of solving social issues. Of the annual budget of JPY1 billion, JPY320 million is allocated to the challenge of creating a solution business that shapes future norms, JPY150 million to collaboration with external partners, and JPY530 million to maritime education. Please refer to the Company’s website for our major initiatives. The Challenge to Solve Social Issues: https://www.nyk.com/english/esg/contribution/</p> <p>In order to contribute to achieving the SDGs through our business activities, we set targets of the following six goals that were particularly relevant to our business described in the Medium-Term Management Plan. We will promote our activities to enhance corporate and social value. Goal 4: Quality Education Goal 7: Affordable and Clean Energy Goal 8: Decent Work and Economic Growth Goal 9: Industry, Innovation and Infrastructure Goal 13: Climate Action Goal 17: Partnership for the Goals</p> <p>◆Environmental Management To address climate change, in September 2021 the Group decided on a target of net-zero emissions of greenhouse gases by 2050 as its long-term target for reducing greenhouse gas emissions from the oceangoing businesses. We are promoting more optimal vessel operation and a switch to LNG fuel as a transition fuel, implementation of ammonia and hydrogen which have the potential to be a zero-emission fuel, and establishment of rules, together with stakeholders in Japan and overseas. To protect biodiversity, we collaborate with academic institutions to help unravel the reality of marine plastic pollution. We have been cooperating on the analysis and research by using our operating vessels to sample microplastics floating in open sea. In addition, we have been working on the installation of ballast water management systems on all vessels, which will be complete in 2024, to prevent aquatic creatures from traveling across borders with the vessels. As for ship-recycling, we aim to achieve a circular economy and prevent industrial accidents and environmental pollution by recycling resources properly. In May 2021, the Company became the first Japanese shipping company to join the Ship Recycling Transparency Initiative (SRTI), which is hosted by the Sustainable Shipping Initiative, an international nonprofit organization aiming to contribute to a sustainable maritime industry and engaging in industry-wide activities. The SRTI is an information disclosure platform comprised of leading shipping companies, shippers, and financial stakeholders, including investors, lenders and insurance providers. It provides information about shipowners’ ship-recycling policies, practices, and progress to stakeholders. By disclosing information through the SRTI, the Company will enhance transparency of the ship-recycling process and promote responsible ship-recycling within the global shipping industry,</p>
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	Supplementary Explanation
	<p>which considers safety, the environment, and human rights to be of utmost importance.</p> <p>For details, please refer to the Company's website (https://www.nyk.com/english/esg/).</p>
Formulation of Policies for Information Provision to Stakeholders	<p>It is prescribed in the NYK Business Credo that the NYK Group shall maintain communication with and actively and fairly disclose corporate information to the broader society, while paying attention to the interest of stakeholders. In addition to the disclosure of information, the Company will reflect the opinions of domestic and overseas stakeholders in its management through bilateral communication with them.</p>
Other	<p>The Company has publicly expressed its support to the UN Global Compact (hereinafter "GC"). Having established a GC Promotion Committee in 2010, the Company has been working to address human rights and labor issues, etc. In 2022, we reorganized the Committee and repositioned it as a subcommittee in the ESG Management Committee to further improve the effectiveness under a company-wide structure. The UNGC Promotion Subcommittee discusses surveys on and responses to the infringement of human rights concerning UNGC Principles 1 through 6 and 10 and makes recommendations to the ESG Management Committee. We are also seeking to instill and improve the awareness of respecting human rights by participating in the stakeholder engagement program hosted by Caux Round Table Japan, promoting collaborative activities with human rights non-profit organizations and NGOs, and implementing various human rights training programs, e-learning, and human-rights awareness surveys targeting all employees and executives across the NYK Group.</p>

IV. Matters Related to Internal Control System

1. Basic Views on Internal Control System and Progress of System Development Updated

The following is an outline of the establishment of structures to ensure proper execution of business operations adopted at the meeting of the Board of Directors.

(1) Structure to ensure that the execution of duties by Directors and employees is in compliance with laws and regulations, and the Articles of Incorporation

- The Company has formulated the Mission Statement, the NYK Group Value, the Business Credo and the Code of Conduct, and strives to enhance appropriate management systems in accordance with them. The Company formulates in-house rules such as the Rules on the Board of Directors, the Rules on the Management Meeting, the Rules on the Committee of Executive Officers, and the Rules on the Execution of Duties, and discusses important matters at the meetings of the Board of Directors and of the Management Meeting. The Company establishes the Nomination Advisory Committee and the Compensation Advisory Committee, which are advisory bodies. The Company establishes the ESG Management Committee that includes improving the effectiveness of the governance systems in pursuit of sustainability goals.

- The Company establishes the Internal Control Committee, deliberates on internal control issues and initiatives, determines policies, and strives to ensure effective internal control.

- The Company has established the Risk Management Committee, the Compliance Committee and the Executive Committee Overseeing Thorough Law Compliance, and implements concrete measures related to strict adherence to laws and regulations and promotion of compliance. The Company also establishes rules regarding reporting and investigations for crisis response, puts in place systems to promptly correct any incidents and prevent a recurrence, and strives to ensure effective business execution related to internal control and to strengthen the supervisory function of the Board of Directors.

(Summary of Implementation Status)

- The Company held the meetings of the Board of Directors and discussed important matters at the meetings of the Board of Directors. The Management Meeting deliberated matters delegated by the Board of Directors and made decisions on the execution of duties based on the deliberation. The Nomination Advisory Committee and the Compensation Advisory Committee were set up to discuss appointments and compensations of Directors, among others. The ESG Management Committee was established to improve the effectiveness of governance in the management and execution of business from a long-term perspective.
- The Internal Control Committee was held to monitor internal control by identifying and confirming any internal control issues, deliberate on future efforts to ensure effectiveness, decide policies related to internal control, and review the development of the internal control system and its operation status, as necessary.
- The Risk Management Committee, the Compliance Committee and the Executive Committee Overseeing Thorough Law Compliance were held to discuss sharing of related cases and issues, etc. The Company appointed Chief Compliance Officer (CCO) in its effort to comply with laws and regulations and the Articles of Incorporation and strengthen the internal system that respects corporate ethics and social norms. The Company received pledges on compliance with the Code of Conduct from Directors and employees, etc., carried out continuously compliance education and training, and conducted monitoring. In addition, the Company sought to promptly correct any incidents and prevent a recurrence based on standards relating to the reporting and investigation for crisis responses, and reported important matters to the Board of Directors via the Compliance Committee based on the reporting criteria set forth in the detailed rules.

(2) Structures to store and manage information relating to the execution of duties of the Directors

- The Directors and the Board of Directors properly store and manage appropriately recorded documents and other information relating to their execution of duties according to laws and regulations as well as in-house rules.
- The Company continues to handle important documents properly according to the degree of confidentiality.
- The Company establishes relevant rules pertaining to the management on confidential information.

(Summary of Implementation Status)

- Important information on the execution of business operations by the Directors is being stored and managed appropriately, and important contracts are regularly organized and checked.

(3) Rules and other structures to manage the risks of loss

- The Company establishes the Risk Management Committee, formulates a direction and procedures for risk management, and develops a company-wide risk management system. In managing risks, the Company thoroughly evaluate the risks surrounding the Company based on the characteristics of each business.
- The Company establishes the Safety and Environmental Management Committee to discuss safe vessel operations and protection of the environment.
- The Company formulates the plan for ensuring business continuity upon events such as a large-scale disaster, etc.

(Summary of Implementation Status)

- Regarding the risks at each Division and Headquarters, the Risk Management Committee evaluated risks and management status of operations in charge from both aspects of strategy and business process, and worked to strengthen internal control including reviewing of the internal rules. The Company worked on the establishment of a global risk management system against cyberattacks, by conducting regular drills, etc. in addition to strengthening security measures.
- Regarding safe vessel operations and protection of the environment, the Safety and Environmental Management Committee conducted periodic evaluations for thorough risk management of vessels. The Company thus strived to further increase and improve the level of safety and quality. The Company also took measures to prevent the spread of COVID-19 infections, ensure smooth changing of crews, and reduce greenhouse gas emissions by improving fuel efficiency.
- The Company established the office of the disaster control headquarters, etc. and conducted drills, as necessary. Each division established basic continuity plans and revised them accordingly.

(4) Structure to ensure the effective execution of duties of Directors

- The Company ensures adequate time for deliberations by the Board of Directors to increase effectiveness.
- By resolution of the Board of Directors, the Company establishes the Management Meeting and elect Executive Officers to delegate the authority of execution of duties. The Board of Directors supervises their execution of duties.

- By accelerating the approval process through the utilization of the electronic approval request system, the Company establishes a system to execute the duties appropriately and efficiently.

(Summary of Implementation Status)

- A questionnaire on effectiveness of the Board of Directors was conducted, resulting in the revision of the Resolution Rule for the Submission of Matters to the meeting of the Board of Directors and examination of deliberation methods.

- In order to enable the Board of Directors to make prompt and efficient decisions, the Management Meeting deliberated and resolved necessary matters including matters to be resolved at the Board of Directors. The Committee of Executive Officers also monitored the status of execution of duties.

- The approval process was accelerated through the utilization of the electronic approval request system. The digitalization of business was promoted to improve administrative efficiency.

(5) Structures to ensure the proper execution of business by the NYK Group comprising the Company and its subsidiaries

- The Company formulates the Group-wide Mission Statement and Business Credo, and based on these, the Group companies formulate the Code of Conduct and other standards. In addition, regarding areas such as legal/compliance, company organizational design/operation, and internal audit, basic regulations are formulated in accordance with the NYK Group Standards.

- The Company has established the Internal Control Committee to deliberate on internal control issues and initiatives across the entire Group and to determine policy direction. With regard to the development and operation of internal control across the entire Group, the Company implements measures, including the establishment of rules on the Group company management, reporting, and crisis responses, and also establishes systems to promptly correct any incidents and prevent a recurrence. The Company strives to ensure effective business execution relating to Group-wide internal control by enhancing the internal audit system, etc. and to strengthen the supervisory function of the Board of Directors.

- Through the meetings such as the Group Management Committee, the Company aims to improve the group value by establishing and operating group governance and enhancing the effectiveness of the internal control. Regarding certain important matters concerning the management of the Group companies, the Company establishes a framework to receive reports and approve them, as necessary.

- The whistleblowing system enables anonymous reporting from the entire Group.

(Summary of Implementation Status)

- Each of the Group companies revised the Code of Conduct and various other corporate rules in a timely manner in accordance with the Mission Statement, the Business Credo, various standards established by the Company, and rules of the Group company management. The Group companies also introduced the pledge procedure on compliance with the Code of Conduct.

- Centered on the Internal Control Committee, the Company obtained advice from outside experts as necessary, and reviewed issues after discussing and confirming the status of the internal control at the entire Group through the Risk Management Committee, the Compliance Committee and the Executive Committee Overseeing Thorough Law Compliance, in order to further strengthen the Group internal control and instill and get across internal control operation based on corporate rules. The Company conducted internal audits of the Group companies in Japan and overseas and made advice and suggestions for improvement while working to enhance the effectiveness of internal control functions by promoting the consolidation and strengthening of internal audit functions within the Group and by expanding and advancing the scope of internal audits. The Company conducted risk assessments on relevant laws and regulations in its efforts to strengthen the system for examining important contracts. In addition, Group companies were also subject to the effort to promptly correct any incidents and prevent a recurrence based on standards relating to the reporting and investigation for crisis responses, and important matters were reported to the Board of Directors via the Compliance Committee based on the reporting criteria set forth in the detailed rules.

- At the Group Management Committee, matters such as the development of the Group governance and the enhancement of the Group's capital efficiency. The Company established the Group Management Guide, etc., and managed business individually based on certain criteria. The Company promoted the proper group management by dispatching part-time Directors and Audit and Supervisory Board Members to establish legal functions.

- The Company operated the whistleblowing helpdesk appropriately, kept whistleblowers unidentified, and prohibited unfair treatment.

(6) Matters concerning the employees to assist the Audit & Supervisory Board Members in their duties when the Audit & Supervisory Board Members request the assignment thereof

- The Company establishes a system to support the execution of duties by Audit and Supervisory Board Members, including the support of Outside Audit and Supervisory Board Members.

(Summary of Implementation Status)

- The Company established the Audit and Supervisory Board Office with the dedicated staff to provide assistance to the audit by Audit and Supervisory Board Members. Serving as the secretariat of the Audit and Supervisory Board, the Audit and Supervisory Board Office also handles administrative work for regular meetings of the Group Audit and Supervisory Board Members Conference, and other matters required by Audit and Supervisory Board Members and the Audit and Supervisory Board.

(7) Matters to ensure the independence of the employees set forth in the preceding paragraph from the Directors and the effectiveness of directions given to the employees

- The dedicated staff of the Audit and Supervisory Board Office work under the full-time Audit and Supervisory Board Members.

(Summary of Implementation Status)

- As the dedicated staff of the Audit and Supervisory Board Office is to report to the full-time Audit and Supervisory Board Members, the full-time Audit and Supervisory Board Members carry out personnel evaluations of such dedicated staff. Any reassignment and disciplinary actions involving the staff of the office shall be decided, fully reflecting the opinion of Audit and Supervisory Board Members.

(8) Structures for reporting to Audit & Supervisory Board Members and other structures to ensure Audit & Supervisory Board Members conduct audits effectively

- Directors and the Board of Directors ensure systems which enable the appropriate execution of duties by the Audit and Supervisory Board Members, and strive to create the environment in which the Audit and Supervisory Board Members can conduct effective audits, in addition to attending the meetings of the Board of Directors. They ensure a framework in which outlines on matters relating to the Group's compliance and whistleblowing are reported to Audit and Supervisory Board Members.

- The Company establishes regulations to keep whistleblowers unidentified and prohibit unfair treatment.

(Summary of Implementation Status)

- The Company secured an information gathering framework for Audit and Supervisory Board Members by providing Audit and Supervisory Board Members with opportunities to attend the Management Meeting, the Committee of Executive Officers, the Internal Control Committee, the Risk Management Committee, the Compliance Committee, and the Executive Committee Overseeing Thorough Law Compliance. The Company secured opportunities for the Audit and Supervisory Board Members to interview and receive reports from Directors, etc. and general managers. The Company ensured a structure for effective audits by making it possible for Audit and Supervisory Board Members to inspect and investigate important documents related to the execution of business operations including the minutes of the meetings of the Board of Directors, the Management Meeting, and the Committee of Executive Officers, as well as approval documents.

The internal audit division exchanged information with the Audit and Supervisory Board Members and the Independent Auditor, and cooperated to improve effectiveness and efficiency of audits by the Audit and Supervisory Board Members through the collaboration of the three parties.

- Regulations have been in place that prohibit unfair treatment because of whistleblowing and ensure that a whistleblower is kept unidentified if he or she asks to.

(9) Matters concerning procedures for advance payment or reimbursement of expenses arising in conjunction with the execution of duties by Audit & Supervisory Board Members and other policies for processing expenses and obligations arising with respect to the execution of duties

- In conjunction with the execution of duties of Audit and Supervisory Board Members, the right to claim for the payment of expenses to the Company set forth in the Audit and Supervisory Board Members auditing standards is respected.

(Summary of Implementation Status)

- The Company bears the costs arising in conjunction with the execution of duties by Audit and Supervisory Board Members based on the right to claim for the payment of expenses set forth in the Audit and Supervisory Board Members auditing standards.

(10) Structures to ensure compliance with the Financial Instruments and Exchange Act

- The Company has established an internal control system designed to ensure the properness of financial statements, etc. prepared and disclosed in accordance with the Financial Instruments and Exchange Act.

(Summary of Implementation Status)

- A JSOX Sub-committee has been established within the Internal Control Committee to verify the reliability of financial statements and to deliberate the drafts of the Internal Control Report. Additionally, effectiveness assessments of the design and implementation of internal control are being conducted through such means as the quarterly Information Disclosure Committees, which are held to deliberate the contents of disclosures, and the Company strove for timely and appropriate disclosure.

(11) Structures to eliminate ties with anti-social forces

- The Company calls for the elimination of antisocial forces in the Business Credo, etc., and clarifies that it resolutely stands up against all antisocial forces and organizations that threaten the order and safety of people’s lives. The Company establishes a consultation counter for responding to antisocial forces.

(Summary of Implementation Status)

- The Company is making daily effort to strengthen its coordination with external specialized institutions such as the police.
- The Company collected information on antisocial forces, communicated them as appropriate.
- The Company prepared a manual and took measures such as obtaining written pledges.

The Company has been taking measures against organized crime syndicates and other antisocial forces by including a clause for the elimination of organized crime syndicates in the agreements with its business partners and obtaining written pledges concerning the elimination of antisocial forces.

2. Basic Views on Eliminating Anti-Social Forces and Progress of Related Efforts

1. Basic Views

The Company has adopted, in the NYK Business Credo, a basic policy that the NYK Group refuses to have any relationship with anti-social forces and groups that pose threat on the order and the safety of the civil society.

2. Implementation status

For the complete elimination of any ties with anti-social forces, the Company has established a consultation counter for responding to anti-social forces. In addition, the Company coordinates closely with external experts on an ongoing basis to collect and communicate internally any relevant information. The elimination of ties with anti-social forces is considered to be an important compliance matter and a response manual and other resources have been developed for appropriate responses against them.

V. Other

1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	None
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Supplementary Explanation

2. Other Matters Concerning Corporate Governance System

1. Timely disclosure system

In light of the importance of timely disclosure of corporate information, the Company clearly states in the “NYK Business Credo” that it will disclose appropriate corporate information on a timely basis and ensures that all employees cooperate to realize it.

The Company notice to all employees requiring them to report timely disclosure information, and person in charge of each division reports basic information required for the preparation of timely disclosure information. Timely disclosure information is disclosed on a timely basis after it is discussed at the Board of Directors or the Management Meeting.

The matters to be discussed and reported at the meeting of the Board of Directors and the Management Meeting have been determined in reference to the timely disclosure items prescribed by Tokyo Stock Exchange, Inc.

2. Education and training programs concerning timely disclosure

Since FY2002, the Company has conducted compliance and other training for all NYK Group employees to promote the awareness about, among others, the prohibition of insider trading and the importance of timely disclosure.

People in charge of timely disclosure have been appointed within the legal division and respond to inquiries and consultation requests from other divisions and at the same time promote employee enlightenment through such consultation.

3. Timely disclosure of maritime accidents, etc.

The Crisis Management Center consisting of the members from the maritime division and the public relations division is responsible for the handling of serious issues of the NYK Group’s vessels such as maritime accidents. The Crisis Management Center strives to quickly collect information about and make appropriate responses to these serious issues, while providing necessary information to the information management division for the required timely disclosure.

4. Collection of timely disclosure information about financial results

The accounting division is responsible for the collection of timely disclosure information about financial results that is required to be disclosed in securities reports, etc. The accounting division assigns reporting responsibilities to each division based on the type of disclosure information and has implemented a checking system to ensure that all necessary disclosure information is collected from these reporting divisions without any omission.

5. Monitoring of timely disclosure

Since FY2005, the Person Responsible for Handling Information has been required to report the status of timely disclosure to the Information Disclosure Committee, which is chaired by the President.

Appendix: <Corporate Governance Organizational Structure of the Company>

