(Translation)

# Corporate Governance Report

**Nippon Yusen Kabushiki Kaisha**

Last Update: December 20, 2018

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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 Updated

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 9 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, Corporate 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. The Committee to be held regularly. In addition to the Board of Directors and advisory committees, Independent Outside Directors attend important committees and conferences such as the Risk Management Committee, participate in the process of formulating medium-term management plans, exchange opinions with Audit & Supervisory Board Members, participate in activities at informal gatherings(lectures based on the opinions and expertise of business executives), 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.

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

<Principle 1.4 Cross-Shareholdings>
We are working to reduce our Cross-Shareholdings in our policy, and from FY2008 to the present, we have sold more than 60% of our Cross-Shareholdings (relative to the acquisition cost).
Furthermore, in accordance with Article 5, Paragraph 2 of the Corporate Governance Guidelines established in November 2015, the Board of Directors shall examine the purpose and significance of the holding of individual Cross-Shareholdings on an annual basis, in relation to earnings targets based on capital costs, related income such as dividends and related transaction profits and transaction status etc. comprehensively.
The shares currently held by the company as Cross-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 cross-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.
Corporate Governance Guidelines
https://www.nyk.com/english/csr/gvn/guideline/pdf/gvn_report_01.pdf

<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 the latest fiscal 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 2-6 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, the asset management committee monitors operating status regularly as well as appointing expertise who acknowledge operating pension management, where necessary, appointing an external advisor to supplement specific knowledge.
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/mission/
NYK Business Credo
https://www.nyk.com/english/profile/mission/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/csr/gvn/guideline/pdf/gvn_report_01.pdf

(3) Board policies and procedures in determining the compensation of the senior management and Directors
In accordance with the Policies and Procedures for Determining Compensation for Directors, Audit and Supervisory Board Members and Corporate Officers, the members of the Compensation 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 policies and procedures concerning compensation for Directors and Corporate Officers and 2. matters concerning specific compensation for Directors and Corporate Officers, and the Board of Directors makes decisions on these matters taking into consideration of the deliberation results of the Committee.

Policies and Procedures for Determining Compensation for Directors, Audit and Supervisory Board Members and Corporate Officers
https://www.nyk.com/english/csr/gvn/guideline/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 Corporate 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 Corporate 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 Corporate 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 Corporate Officershttps://www.nyk.com/english/csr/gvn/guideline/pdf/gvn_report_03.pdf
Our Views on Size, Balance and Diversity of the Board of Directors
https://www.nyk.com/english/csr/gvn/guideline/pdf/gvn_report_02.pdf

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

In the notice of the 129th Ordinary 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.
https://www.nyk.com/english/release/IR_meeting.html

<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 the management. The scope of such delegation is clearly prescribed in the Rules on the Committee of Corporate Officers and the Resolution Rule.

<Principle 4.9 Independence Standards and Qualification for Independent Outside Directors>
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/csr/gvn/guideline/pdf/gvn_report_04.pdf

<Supplementary Principle 4.11.1 Preconditions for Securing Effectiveness of the Board of Directors and the Audit & Supervisory Board>
The relevant information is disclosed on the website of the Company (see the link below).

Our Views on Size, Balance and Diversity of the Board of Directors
https://www.nyk.com/english/csr/gvn/guideline/pdf/gvn_report_02.pdf
Policies and Procedures for the Appointment and Nomination etc. of Directors, Audit and Supervisory Board Members and Corporate Officers
https://www.nyk.com/english/csr/gvn/guideline/pdf/gvn_report_03.pdf

<Supplementary Principle 4.11.2 Preconditions for Securing Effectiveness of the Board of Directors and the Audit & Supervisory Board>
Significant concurrent positions of Independent Outside Directors and Audit & Supervisory Board Members are disclosed in the notice of the 130th Ordinary General Meeting of Shareholders (pp. 24-26, pp. 47-48) and on the website of the Company (see the link below).
Business Reports
https://www.nyk.com/english/ir/library/business/

<Supplementary Principle 4.11.3 Preconditions for Securing Effectiveness of the Board of Directors and the Audit & Supervisory Board >
To further enhance the effective functioning of the Board of Directors, from FY2016, the Company conducts a non-anonymous self-evaluation survey on all Directors and Audit & Supervisory Board Members regarding the effective functioning of the Board of Directors for the previous fiscal year. In this year, to secure integrity and further strengthen governance, appointed outside expertise for aggregate analysis.
Based on the results of the survey, the Company implemented concrete measures, such as organizing the matters to be reported, reviewing the Resolution Rule, and delegating authority to the Committee of Corporate Officers, in order to appropriately secure time for discussions at the meetings of the Board of Directors, in addition to establishing a voluntary Nomination Advisory Committee and Compensation Advisory Committee as advisory bodies to the Board of Directors for the purpose of further enhancing the governance function of the Board of Directors. Furthermore, the Company made efforts to enhance the effective functioning of the Board of Directors through study how the Board of Directors should function to deliberate more effectively, initiatives such as holding meetings to provide opportunities for preliminary explanations regarding important matters to Outside Directors and Outside Audit & Supervisory Board Members, and a forum for providing information and exchanging opinions among directors, including Outside Directors and Outside Audit & Supervisory Board Members.

<Supplementary Principle 4.14.2 Director and Audit & Supervisory Board Member Training>
The policy for training Directors and Audit & Supervisory Board Members is prescribed in Article 22 of the Corporate Governance Guidelines and is disclosed on the website of the Company (see the link below).
Corporate Governance Guidelines
https://www.nyk.com/english/csr/gvn/guideline/pdf/gvn_report_01.pdf

<Principle 5.1 Policy for Constructive Dialogue with Shareholders>
The Company makes reasonable efforts to have constructive dialogue with shareholders. The policy for promoting constructive dialogue with shareholders and investors is prescribed in Article 26 of the Corporate Governance Guidelines and is disclosed on the website of the Company (see the link below).
Corporate Governance Guidelines
https://www.nyk.com/english/csr/gvn/guideline/pdf/gvn_report_01.pdf

## 2. Capital Structure

| | |
|---|---|
| Foreign Shareholding Ratio | 20% - 30% |

**[Status of Major Shareholders]** Updated

| Name | Number of Shares Owned (Shares) | Shareholding Ratio (%) |
|---|---|---|
| Japan Trustee Services Bank, Ltd. (Trust Account) | 10,764,800 | 6.33 |
| The Master Trust Bank of Japan, Ltd. (Trust Account) | 10,711,500 | 6.29 |
| Office Support Corporation | 4,867,500 | 2.86 |
| Mitsubishi Heavy Industries, Ltd. | 4,103,831 | 2.41 |

| | | |
|---|---|---|
| Japan Trustee Services Bank, Ltd. (Trust Account 9) | 3,972,000 | 2.33 |
| Meiji Yasuda Life Insurance Company | 3,447,326 | 2.02 |
| Japan Trustee Services Bank, Ltd. (Trust Account 5) | 3,087,200 | 1.81 |
| Reno, Inc. | 3,040,200 | 1.78 |
| Tokio Marine & Nichido Fire Insurance Co., Ltd. | 2,894,578 | 1.70 |
| STATE STREET BANK WEST CLIENT-TREATY 505234 | 2,393,290 | 1.40 |

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

Supplementary Explanation

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## 3. Corporate Attributes

| | |
|---|---|
| Listed Stock Market and Market Section | First Section of Tokyo Stock Exchange and First Section of Nagoya 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

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|---|---|
| Organization Form | Company with Audit & Supervisory Board Members |

**[Directors]**

| | |
|---|---|
| Maximum Number of Directors Stipulated in Articles of Incorporation | 16 |
| 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 | 9 |
| 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) Updated

| Name | Attribute | Relationship with the Company* | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | A | b | c | d | e | f | g | h | i | j | k |
| Yukio Okamoto | From another company | | | | | | | | | | | |
| Yoshihiro Katayama | Academic | | | | | | | | | | | |
| Hiroko Kuniya | Other | | | | | | | | | | | |

* 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)

| Name | Designation as Independent Outside Director | Supplementary Explanation of the Relationship | Reasons for Appointment |
|---|---|---|---|
| Yukio Okamoto | ○ | — | Mr. Yukio Okamoto assumed the position of Outside Director of the Company in 2008 based on his extensive knowledge and insight as an expert with a detailed knowledge of international affairs gained through his experience of holding important positions at the Ministry of Foreign Affairs. Mr. Okamoto has since been providing advice on the Company's management and performing proper supervision of business execution from an objective, professional viewpoint and from a highly independent position. Accordingly, he was continuously elected as an Outside Director. |
| Yoshihiro Katayama | ○ | — | 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. |

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|---|---|---|---|
| Hiroko Kuniya | ○ | — | 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. |

| | |
|---|---|
| Voluntary Establishment of Committees Equivalent to Nomination Committee or Compensation Committee | Established |

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 | Internal Director | Internal 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 the Chairman of the Board of Directors 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 Corporate 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 Corporate Officers and (2) matters concerning specific compensation for Directors and Corporate Officers.

The composition of committee members described above is effective as of December 2018.

**[Audit & Supervisory Board Members]**

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| 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 Updated

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. All 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 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.

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|---|---|
| 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 |
| Toshio Mita | From another company | | | | | | | | | | △ | | | |
| Hirohide Yamaguchi | From another company | | | | | | | | | | | | | |

* 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 |
|---|---|---|---|
| Toshio Mita | ○ | Mr. Toshio Mita is an advisor of Chubu Electric Power Co., Inc., and independent outside Director of Ibiden co., ltd. | The Company has determined that Mr. Mita can conduct audits from a neutral and objective standpoint based on his broad knowledge and insight developed through extensive experience in corporate management. The Company has determined that Mr. Mita 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." as well as the "Independence Criteria for Recommendation of Candidates for Outside Directors and Audit & Supervisory Board Members" established by the Company. |

| Name | Independent Outside Audit & Supervisory Board Member | Supplementary Explanation of the Relationship | Reasons for Appointment |
|---|---|---|---|
| Hirohide Yamaguchi | ○ | — | The Company has determined that Mr. Yamaguchi can conduct audits from a neutral and objective standpoint based on his broad and deep knowledge and insight developed through extensive experience in the fields of finance and economics. The Company has determined that Mr. Yamaguchi 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." 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]**

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|---|---|
| Number of Independent Outside Directors and Independent Outside Audit & Supervisory Board Members Updated | 5 |

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.

・Independence Criteria for Recommendation of Candidates for Outside Directors and Audit & Supervisory Board Members (Excerpts)
https://www.nyk.com/english/csr/gvn/guideline/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 (a party whose name or trade name is listed among the top 10 lenders to the Company as a major lender in the Business Report for the most recent fiscal year) 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, Corporate 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, Corporate 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]**

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|---|---|
| Implementation of Measures to Provide Incentives to Directors | Performance-linked remuneration |

Supplementary Explanation

A performance-based stock remuneration 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.

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|---|---|
| Recipients of Share Options | |

Supplementary Explanation

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**[Director Remuneration]**

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| Disclosure of Individual Directors' Remuneration | Partial disclosure |

Supplementary Explanation Updated

The amounts of remuneration paid to Directors and Audit & Supervisory Board Members for the fiscal year ended March 2018 were JPY693 million to 13 Directors and JPY105 million to five Audit & Supervisory Board Members, totaling JPY799 million (including JPY85 million paid to six Outside Directors and Outside Audit & Supervisory Board Members) to 18 persons. For the seven consecutive terms since the 125th up to the current term, there have been no payments of bonus for Directors.

Notes:
・The amount of basic remuneration paid to Directors includes the amount paid to two Directors who retired during this fiscal year.
・The amount of basic remuneration paid to Audit & Supervisory Board Members includes the amount paid to one Audit & Supervisory Board Member who retired during this fiscal year.
・Monthly remuneration for Directors shall be paid according to each Director's grade within the aggregate monthly remuneration limit as determined by the resolution of the Shareholders' Meeting. Bonus for Directors

shall be paid according to each Director's grade within the aggregate bonus limit as determined by the resolution of the Shareholders' Meeting. However, as the proposal of the bonus for directors shall be made at the Shareholder's Meeting based on the business result and other factors, there may be no payment depending on a fiscal year.

・The stock remuneration is the provision for stock payment during this fiscal year based on the performance-linked remuneration plan introduced by the resolution of the 129th Shareholders' Meeting.

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|---|---|
| Policy for Determining Remuneration Amounts or Calculation Methods Thereof | Established |

Disclosure of Policy for Determining Remuneration Amounts or Calculation Methods Thereof

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

[Policy]

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 internal Directors and Corporate Officers based on the size and nature of its business, as well as from the perspective of securing talents in consideration of the level of compensation for officers at its industry peers or peers of equivalent size. Compensation is comprised of basic compensation based on individual responsibilities, and performance-based compensation linked to the achievement of corporate performance etc., and a certain proportion of the compensation shall be paid in the form of stock-based compensation. Bonus is proposed at the General Meeting of Shareholders as annual incentive, in consideration of the management condition such as performance of the Company.

Compensation for non-executive Directors, Independent Outside Directors and Audit and Supervisory Board Members shall be paid solely in the form of basic compensation.

The Company does not provide officers' retirement benefits to any Director, Audit and Supervisory Board Member or Corporate Officer.

[Procedures]

The amount of compensation and bonus for Directors shall be decided according to positions by the Board of Directors, based on the proposal 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 Independent Outside Directors, e.g. the exchange of opinions and discussion at the Compensation Advisory Committee thereof.

The amount of compensation for Audit and Supervisory Board Members shall be decided by the discussions among Audit and Supervisory Board Members including Independent Outside Members within the limit of the total amount decided by the resolution of the General Meeting of Shareholders.

The amount of compensation and bonus for Corporate Officers shall be decided according to individual position by the Board of Directors, based on the proposal by the President with the involvement of Independent Outside Directors, e.g. the exchange of opinions and discussion at the Compensation Advisory Committee thereof.

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

The legal division, 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, which is an organization dedicated to support Audit & Supervisory Board Members (to which three persons are assigned on a full-time basis). The Audit & Supervisory Board Office provides administration services to the Audit & Supervisory Board and any necessary support to Outside Audit & Supervisory Board Members.

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

The Board of Directors consists of 9 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 a corporate officers system and established the Committee of Corporate Officers, which consists of 28 Corporate Officers (including three Corporate Officers who are foreign nationals and one female Corporate Officer) including those who concurrently serve as a Director (Outside Directors do no concurrently serve as a Corporate Officer). Under the resolution and supervision of the Board of Directors, the Committee of Corporate Officers meets on a weekly basis as a general rule and makes 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 and the Committee of Corporate Officers 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, 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 notice of general meeting of shareholders is sent to shareholders three weeks before each ordinary general meeting of shareholders.<br>It is also disclosed on the website of the Company 4 weeks before each ordinary general meeting of shareholders. |

| | Supplementary Explanation |
|---|---|
| Scheduling Ordinary General Meeting of Shareholders Avoiding the Peak Day | The Company avoids holding such a meeting on the business day immediately preceding the last business day of June each year, which is said to be the day on which such meetings are most concentrated among companies whose year-end falls on March 31. |
| 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. |
| 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 regularly participates in earnings briefings hosted by securities companies and others. | None |
| Regular Briefings for Analysts and Institutional Investors | The Company holds briefings on a regular basis. The Company holds quarterly financial results briefings, which are also available for viewing through video streaming. The Company also holds business briefings and tours through its facilities both in Japan and overseas. | Yes |
| Regular Investor Briefings for Overseas Investors | The Company holds briefings on a regular basis. The Company held interviews with institutional investors in the U.S., Europe, and Asia as part of its overseas IR tours. The Company also actively participates in briefings targeted at overseas investors held in Japan that are hosted by securities companies. Quarterly financial results briefings held in Japan are also available for listening in English through streaming audio. | None |

| | Supplementary Explanation | Explanation by Representative |
|---|---|---|
| Posting of IR Materials on Website | There is an investor relations section on the website of the Company, which contains various useful information for investors both in Japanese and English.<br>(URL for Japanese: https://www.nyk.com/ir/; URL for English: https://www.nyk.com/english/ir/)<br>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, integrated reports, shareholder communications, corporate governance status, monthly reports on transportation volume, shipping market conditions, etc. | |
| Establishment of Department and/or Manager in Charge of IR | The Company has established the IR Group within the Management Planning Headquarters. The 12 persons assigned to the group including a Corporate Officer are conducting IR activities.<br>Division in charge: IR Group (11 persons)<br>Corporate Officer in charge: Eiichi Takahashi, Director, Managing Corporate Officer (Chief Executive of Management Planning Headquarters (CFO))<br>Contact: Toru Maruyama, General Manager, IR Group | |

**3. Measures to Ensure Due Respect for Stakeholders** Updated

| | Supplementary Explanation |
|---|---|
| Provisions to Ensure Due Respect for Stakeholders in Internal Rules, etc. | Provisions to ensure due respect for stakeholders are stated in Internal Rules, etc.<br>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 Philosophy on Social Contribution Activities and Activity Policy. |
| Implementation of Environmental Protection Activities, CSR Activities, etc. | Under our basic philosophy “Bringing value to life.”, the NYK Group is taking proactively in solving social/environment problems through our business activity. Regard to CSR, we are undertaking thorough safety operation activities, environmental protection activities and human resource development with particular emphasis on “safety”, “environment” and “human resource”.In addition to the efforts to ensure legal compliance and improve service quality and customer satisfaction, the NYK Group puts effort also into social contribution activities through its main business. For details, please refer to the Company’s website (https://www.nyk.com/english/csr/). |

| | Supplementary Explanation |
|---|---|
| Formulation of Policies for Information Provision to Stakeholders | 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. |
| Other | The Company has publicly expressed its support to the UN Global Compact (hereinafter "GC").<br>The Company established a GC Promotion Committee in 2010 to conduct a survey on and respond to the infringement of human rights concerning GC Principles 1 through 6 and is promoting initiatives on human rights and labor issues. The Company also participates in the stakeholder engagement program hosted by the Caux Round Table Japan and sectional meeting of human rights affairs/due diligence by Global Compact Network Japan.<br><br>In 2013, the Company established a team dedicated to the promotion of diversity within in the Human Resources Group and has taken various measures to help employees who are females, with disabilities, or have been re-employed after reaching their mandatory retirement age to play an active role within the Company.<br>The Company has put particular effort to put in place a human resources program and an environment to promote women in workplace by eliminating job categorization in 2001. In 2002, the Company established an internal day nursery "Yusen Childcare" within its premises called, which is the first nursery of this kind in central Tokyo. In 2014, the Company launched the "Promotion of advancement of women's careers Project – Project W" led by the Vice-President and, under this initiative, has taken various measures aimed to provide a friendly working environment where all employees collaborate with each other irrespective of gender. An overseas assignment of a working mother with her child has been realized for the first timein 2014. As of June 2018,the ratio of women holding a managerial position in the Company exceeded 10% in 2007 and has increased to 18% now and the number of such women belonging to the head office is currently 36. In addition, there are three women who have been promoted to a senior management position (one Director, one Audit & Supervisory Board Member, and one Corporate Officer).<br>The Company has also introduced a program that grants a leave of absence up to three years to an employee whose spouse has been transferred to a distant location either in Japan or overseas. In addition, the Company has implemented structure to enable employees to realize their full potential while maintaining a work-life balance, including childcare and nursing care leave that exceeds legal requirements, a flextime system, and a short working hour system. |

## 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
(Outlines of Resolutions at the meeting of the Board of Directors)

- The Company has formulated the NYK Group Mission Statement, the NYK Group Value, and the NYK Group Business Credo and NYK Line Code of Conduct, and is continually working to enhance appropriate management systems in conformance with them.
- In order to ensure compliance with laws and regulations as well as proper execution of business by Directors and employees, in-house rules prescribe the clear allocation of authorities and separation of duties, etc., and important matters are discussed at the meeting of Committee of Corporate Officers and of the Board of Directors.
- The Company establishes the Nomination Advisory Committee and the Compensation Advisory Committee, which are advisory bodies of the President.
- The Company establishes the Compliance Committee and the Internal Control Committee and appoint Chief Compliance Officer (CCO).
- In view of the fair trading issues transpired within the NYK Group, The Company is doing our utmost to deepen our understanding of fair trading and to ensure thorough compliance with laws, whereby the Company have implemented various measures to prevent recurrence of similar cases, which the Company will strive to maintain and reinforce from now. Additionally, in order to thoroughly enforce the prohibition of bribery, specific prevention measures are adopted and their implementation status is confirmed.
- For thorough compliance with laws and the promotion of compliance, the Company strengthens our legal division, continue to carry out compliance education and trainings, and appropriately operate consultation services. The internal audit division carries out practices such as field audits to endeavor to identify violations of laws and regulations.
- The Company takes necessary measures to respond to the Whistleblower Protection Act by establishing in-house rules and internal and external contact points. Currently anonymous whistle blowing is allowed across the Group.

(Summary of Implementation Status)
- The Mission Statement and other documents are stored in a data base and have been made accessible at all times to Directors, etc. and employees.
- During the fiscal year under review, the Board of Directors met 15 times and Committee of Corporate Officers met 48 times to discuss important matters. The Internal Control Committee also met once and the Compliance Committee met twice during this fiscal year. The Chief Executive of General Affairs Headquarters has been appointed Chief Compliance Officer (CCO), and the Company has been working not only on complying to laws, regulations, the Articles of Incorporation, and in-house rules, but also to enhance company systems and structures for valuing corporate ethics and social norms, etc.
- The Nomination Advisory Committee discussed (1) matters relating to appointment and dismissal of Directors; (2) matters relating to appointment, dismissal and successor plan of the President; (3) matters relating to appointment and dismissal of Representative Directors; (4) matters relating to the independence criteria for Independent Outside Directors and Independent Outside Audit & Supervisory Board Member; and (5) matters relating to appointment and dismissal of Corporate Officers; and the Compensation Advisory Committee discussed (1) matters relating to policies and procedures for compensation for Directors and Corporate Officers and
(2) matters relating to the content of compensation for Directors and Corporate Officers.
- The President has made a pronouncement concerning thorough compliance with antitrust laws: Committees for ensuring adherence to antitrust law etc. are held twice a year; the development of a legal compliance framework was promoted and an organizational unit dedicated to dealing with questionable issues was established; investigation and examination activities were conducted; an intra-Group control network was established and is being operated; risk assessment of antitrust laws was implemented; antitrust law risks were discussed at the profitability deliberation committee; the filing of alliances and arrangements was centrally managed; enlightenment and education were conducted within the Group through the preparation of manuals and the implementation of training (e.g. interviews and E-learning etc.); regulations on contact with competitors in the industry were tightened; internal leniency systems were implemented; pledges on compliance with antitrust laws from all executive directors/corporate officers and employees engaged in the relevant businesses were obtained; and business activities are being carried out in accordance with the code of conduct.
- Directors, etc. and employees were familiarized with the basic policy and guidelines on the prohibition of bribery, and related in-house rules were established.

- In order to address the rising risk of becoming involved in bribery as a result of expanding overseas businesses, the Company has established regulations prohibiting the bribery of foreign government officials at the time of founding new companies and new businesses. In addition, the Company has established and are managing a due diligence system for the prevention of bribery from a risk management perspective.
- The Company is making efforts to strengthen the system for reviewing contracts.
- The Company is revising the Code of Conduct, as necessary, and distributed booklets and guidebooks on the revised code to Directors, etc., and employees, etc. The Company also received pledges on compliance with the NYK Code of Conduct from Directors, etc., and employees, etc.
- Ongoing compliance education and trainings were carried out and a full compliance check was conducted in September. Consultation contact points are being operated appropriately in compliance with the Whistleblower Protection Act and anonymous whistle blowing has been made possible across the Group. Efforts are being made towards the early identification of problems through the enhancement of cooperation among the Group companies, and appropriate measures are being taken.

(2) Structures to store and manage information relating to the execution of duties of the Directors
(Outlines of Resolutions at the meeting of the Board of Directors)
- The Directors and the Board of Directors properly store and manage documents and other information concerning their execution of duties according to in-house rules.

(Summary of Implementation Status)
- Important information on the execution of business operations by the Directors is being stored and managed appropriately.

(3) Rules and other structures to manage the risks of loss
(Outlines of Resolutions at the meeting of the Board of Directors)
- Under in-house rules concerning risk management, each Chief Executive, etc. carries out evaluations of risks and the management situation of the business of which they are in charge, and by examination at the Risk Management Committee, risks are clarified and appropriate countermeasures are implemented.
- The Company has established in-house regulations, etc. concerning the protection of personal information, and in terms of handling and managing the My Number, the Company has established an administrative manual on specific personal information.
- The Company has established basic plans and implementation guidelines for plan for ensuring business continuity, which will enable business continuity even in the event of a large-scale natural disaster, etc.
- The Company has established in-house regulations concerning the management of confidential information.

(Summary of Implementation Status)
- The Risk Management Committee was held twice during the fiscal year under review. In addition, the Company conducted periodic evaluations on safe vessel operations and protection of the environment, and practiced thorough risk management through the Safety and Environmental Management Committee chaired by the President.
- The My Number is being handled and managed in accordance with the administrative manual on specific personal information.
- The Company formulated and reviewed, as appropriate, the plan for ensuring business continuity upon events such as a large-scale disaster, and the office of the disaster control headquarters conducts drills twice a year basically.
- Regarding the management of confidential information, the Company has set out the method of classification in accordance with the guidelines of the Ministry of Economy, Trade and Industry, and are working for thorough handling and management of such information.

(4) Structure to ensure the effective execution of duties of Directors
(Outlines of Resolutions at the meeting of the Board of Directors)
Clear administrative authority and decision-making rules are prescribed, and IT and other means are used to speed up the decision-making process in the development of systems for Directors to execute their duties appropriately and effectively.

(Summary of Implementation Status)
- A questionnaire on effectiveness of the meetings of the Board of Directors was conducted on all Directors and Audit & Supervisory Board Members, and based on the results thereof, matters to be resolved at the meetings of the Board of Directors are being revised and matters to be reported are being sorted out.

- At the weekly meetings of Committee of Corporate Officers, matters to be resolved at the meetings of the Board of Directors are discussed in advance and matters delegated to Committee of Corporate Officers are being decided. Additionally, the approval system has been accelerated through the utilization of the electronic request for approval system.

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

(Outlines of Resolutions at the meeting of the Board of Directors)

- The Company has formulated its Mission Statement and Business Credo that apply to the NYK Group as a whole. NYK Group companies are revising the Code of Conduct, as necessary.
- The Company instructs the Group on the establishment of the internal control system.
- The Company have established a department to promote Group management for the aim of increasing the collective corporate value of the Group as a whole by enhancing the Group's capital efficiency, establishing group governance, and enhancing the effectiveness of the internal controls. The Company have established a framework including the Group Management Guidelines, and promotes adequate Group management by appropriately implementing these guidelines.
- Through internal audits of the Company and its Group companies, the internal audit division provides various advice and suggestions for improvements.

(Summary of Implementation Status)

- In addition to the legal training seminars for domestic Group companies, which were held 9 times during the fiscal year under review, efforts were made to establish a compliance framework that embraces anti-bribery laws as well as antitrust laws.
- Compliance with various laws and regulations, corporate ethics and social norms are being thoroughly familiarized to the NYK Group as a whole through seminars, transmission of compliance information and other activities.
- The Group Management Committee was held twice and the Group Conference was held 4 times. The Company has partially revised the Group Standards, etc. applied to Group companies, and has been promoting adequate Group management through appropriate operation thereof.
- The cash management system between the Company and the Group companies is being fully utilized to achieve efficient fund management.
- The internal audit division conducted internal audits on 27 domestic Group companies and 68 overseas bases, evaluated the management and administration structures across their corporate activities and the status of business execution, and based thereon provided various advice and suggestions for improvement.

(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

(Outlines of Resolutions at the meeting of the Board of Directors)

The Company has established an Audit & Supervisory Board Office with dedicated staff. The staff members assist the Audit & Supervisory Board Members in their duties, including provision of support for Outside Audit & Supervisory Board Members.

(Summary of Implementation Status)

An Audit & Supervisory Board Office has been established with three dedicated staff, and they are appropriately assisting the Audit & Supervisory Board Members in their duties.

(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

(Outlines of Resolutions at the meeting of the Board of Directors)

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

(Summary of Implementation Status)

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

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

(Outlines of Resolutions at the meeting of the Board of Directors)
- The Company establishes relevant in-house rules and a framework in which matters relating to the Group's compliance and whistle blowing are reported to Audit & Supervisory Board Members regularly and depending on their importance as appropriate.
- In order to ensure that there are systems which enable the execution of duties specified in laws, regulations of the Audit & Supervisory Board, and Audit & Supervisory Board Members auditing standards, Directors and the Board of Directors are working to create the environment in which the Audit & Supervisory Board Members can conduct effective audits.
- Through ensuring that there are structures for Audit & Supervisory Board Members to collect information, they are arranging systems to enable understanding of management issues and the actual conditions of operations.

(Summary of Implementation Status)
- The Company has secured an information gathering framework for Audit & Supervisory Board Members by providing Audit & Supervisory Board Members with the opportunity to attend the meetings of Committee of Corporate Officers, the Compliance Committee, the Internal Control Committee, the Risk Management Committee, the committee for ensuring adherence to antitrust law, the Information Disclosure Committee, the Investment Management Committee and the Group's presidents' meetings, among others.
- The in-house regulations related to anonymity of a whistleblower and prohibition of disadvantageous treatment against the whistleblower have been set out, and the contents of the whistle blowing are being reported to the Audit & Supervisory Board Members.
- The Company has secured opportunities for the Audit & Supervisory Board Members to interview and receive reports from Directors, etc. and general managers.
- The Company has ensured a structure for effective audits by making it possible for Audit & 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 and of Committee of Corporate Officers and approval documents.

(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

(Outlines of Resolutions at the meeting of the Board of Directors)
- -The Company shall bear the necessary costs for Audit & Supervisory Board Members to execute their duties.

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

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

(Outlines of Resolutions at the meeting of the Board of Directors)
- 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, and conducts effectiveness assessment on its design and implementation.

(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 controls are being conducted through such means as the quarterly Information Disclosure Committees, which are held to deliberate the contents of disclosures.

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

(Outlines of Resolutions at the meeting of the Board of Directors)
- The elimination of ties with antisocial forces is considered an important compliance matter and an internal reporting system and response flow are established to sever any ties therewith, in addition to setting up a consultation counter for responding to antisocial forces.

(Summary of Implementation Status)
- In order to promptly respond to antisocial forces, the Company is making daily efforts to strengthen its coordination with external specialized institutions such as the police, TOKUBOUREN (Special Joint

Organization of Monitoring Agencies for the Prevention Violence Organized by Metropolitan Police Department) and attorneys.

- **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 |

| |
|---|
| Supplementary Explanation |

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## 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.

For example, based on the "Regulations on the Prohibition of Insider Trading and the Management of Material Facts" enacted in June 1989 (last revised in October 2017), the Company has appointed a divisional information manager in each division, collects information (including information from subsidiaries), and issues a notice to all employees requiring them to report timely disclosure information each month. Based on this notice, the divisional information manager of each division reports basic information required for the preparation of timely disclosure information to the "Corporate Information Management Officer (the Director or the Corporate Officer in charge of the legal division)" using the "Proposal Notification Form." Timely disclosure information is disclosed on a timely basis after it is approved by the decision-making bodies prescribed in the Rules of the Board of Directors and the Rules on the Committee of Corporate Officers.

The matters to be approved and reported at the meeting of the Board of Directors and the Committee of Corporate Officers have been determined in reference to the timely disclosure items prescribed by the Tokyo Stock Exchange, Inc., etc. (hereinafter "TSE, etc.").

As shown in Exhibit 2, while the Corporate Information Management Officer keeps track of such information, the "Person Responsible for Handling Information" files timely disclosure information with TSE, etc.

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.

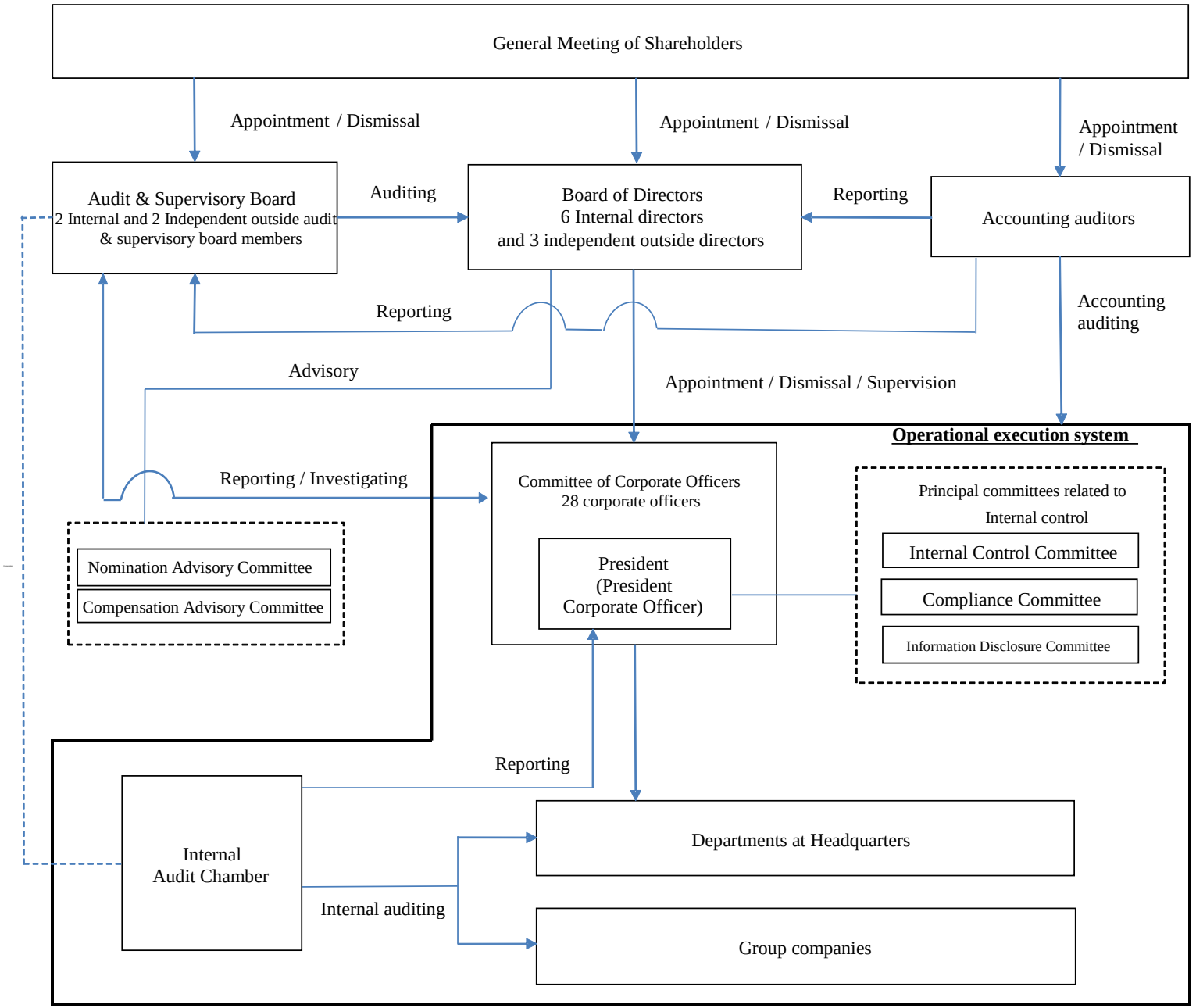
People in charge of timely disclosure have been appointed within the legal division and respond to inquiries and consultation requests from other divisions and at the same time promote employee enlightenment through such consultation.

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.

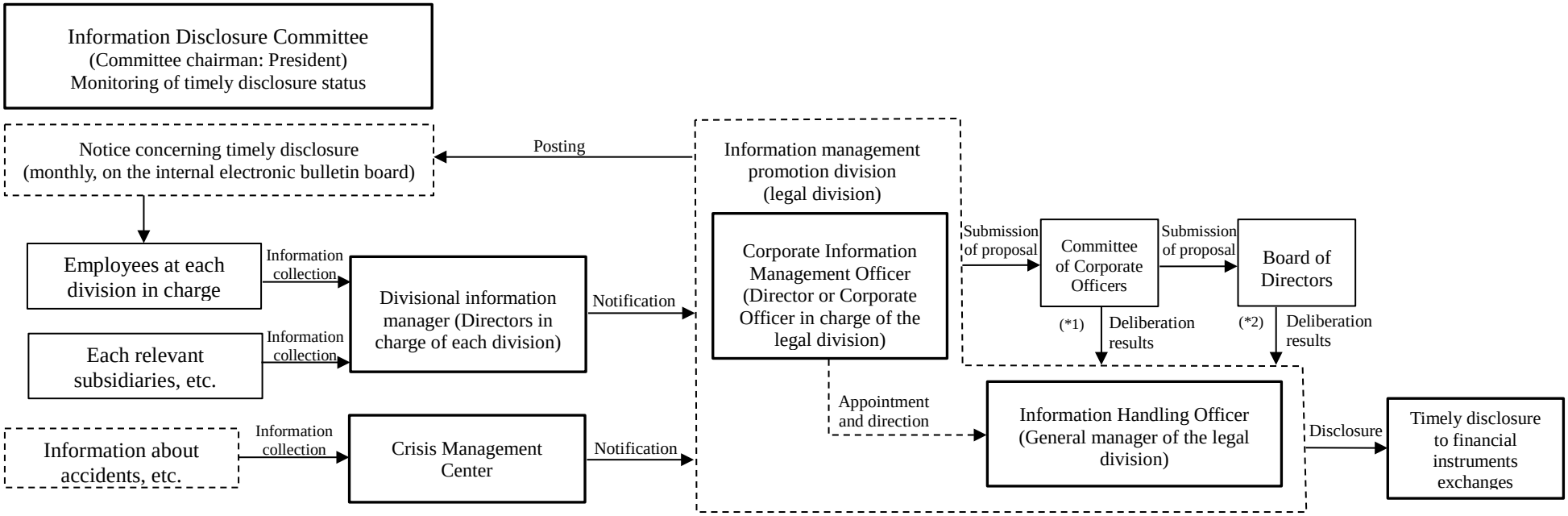
5. Monitoring of timely disclosure
Since FY2005, the Person Responsible for Handling Information has been required to report the status of timely disclosure to the Information Disclosure Committee, which is chaired by the President.

(Appendix 1)


General Meeting of Shareholders
Appointment / Dismissal
Appointment / Dismissal
Appointment / Dismissal
Audit & Supervisory Board
2 Internal and 2 Independent outside audit & supervisory board members
Auditing
Board of Directors
6 Internal directors
and 3 independent outside directors
Reporting
Accounting auditors
Reporting
Accounting auditing
Advisory
Appointment / Dismissal / Supervision
Operational execution system
Reporting / Investigating
Committee of Corporate Officers
28 corporate officers
President
(President
Corporate Officer)
Principal committees related to Internal control
Internal Control Committee
Compliance Committee
Information Disclosure Committee
Nomination Advisory Committee
Compensation Advisory Committee
Reporting
Internal
Audit Chamber
Internal auditing
Departments at Headquarters
Group companies

(Appendix 2)

# Corporate Information Identification and Disclosure System




(*1) Meets once a week in principle.
An organization to execute business delegated by the Board of Directors, supporting the President.
(*2) Meets once a month in principle.