NYK Group's ESG Management

Material Issues

Material Issues of the Group

Process for Identifying Material Issues

Material Issues' Vision and Key Themes

Non-Financial Targets (KPIs) and Performance

Material Issues and Contribution to SDGs

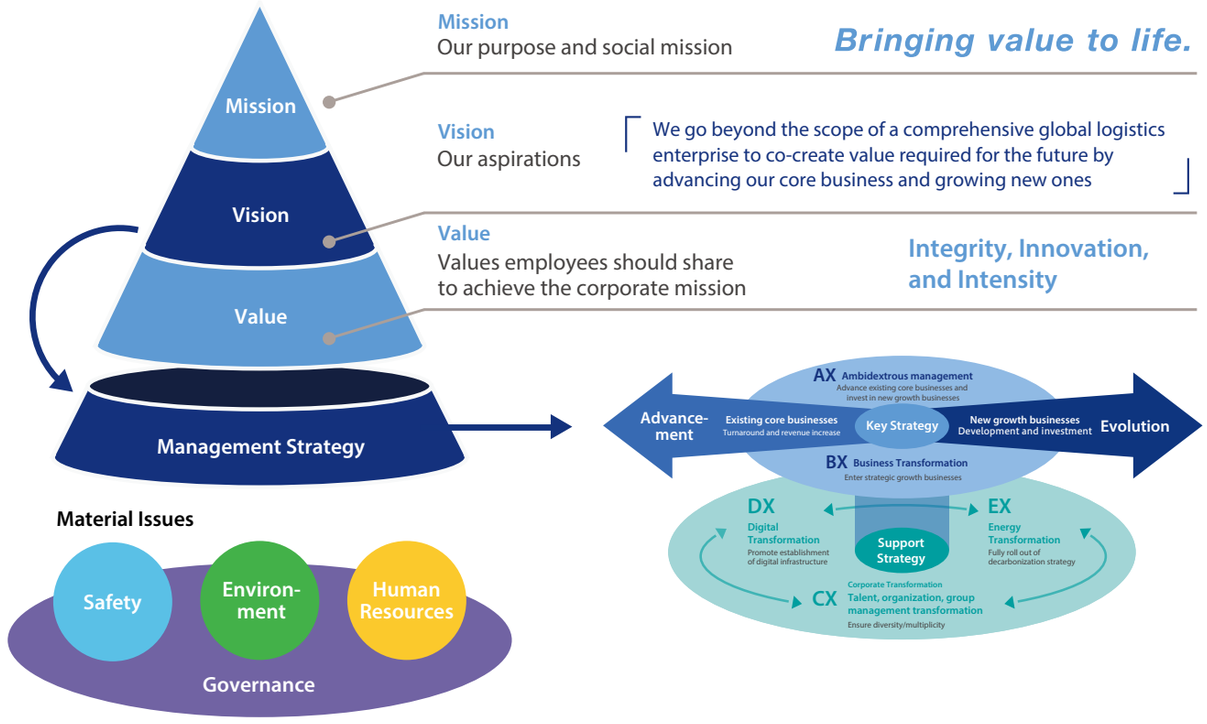
Material Issues

Material Issues of the Group

The NYK Group has positioned Safety, Environment, and Human Resources as its material issues, with governance underlying them.These issues relate directly to our business, so employees are broadly aware of their importance, forming the core of ESG management.

The Group has formulated a specific management strategy to realize the new vision of the medium-term management plan "Sail Green, Drive Transformations 2026 - A Passion for Planetary Wellbeing -" announced in March 2023. The chart on the right presents the relationship between our Mission, Vision, and Value, as well as our management strategy, material issues, and governance.

■ Mission, Vision, Value + Management Strategy + Material Issues



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Process for Identifying Material Issues

To realize its mission statement, the NYK Group has identified material issues by ascertaining stakeholders' expectations and placing importance on the changing social impacts of its business activities. In 2023, which was the first fiscal year of the new medium-term management plan, we identified more specific key themes associated with our material issues with a view to further advancing them.

The ESG Strategy Headquarters took the lead in preparing a draft, which was discussed over multiple sessions with the ESG Strategy Committee. Thereafter, the draft was submitted to the Board of Directors via the Management Meeting for confirmation and discussion regarding their appropriateness. Careful discussions by many employees and members of lower, middle, and upper management, in addition to directors, led to Group employees taking more personal ownership of the material issues, which have already penetrated the organization. To realize our target state for 2050, we will continue to discuss material issues and identify key themes.

(1) Identify key themes

The ESG Strategy Headquarters takes the lead and ensures the key themes the NYK Group should engage with are determined through comprehensive consideration, discussion, and selection, making reference to the medium-term management plan, ISO26000, GRI Standards, SASB, ESRS, SDGs, and other companies.

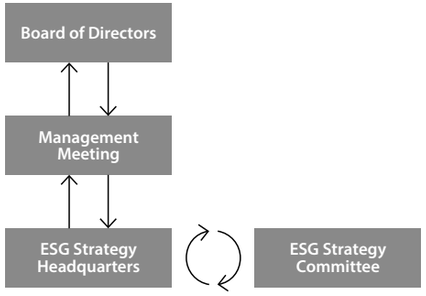
(2) Establish importance

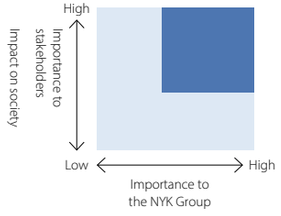
After discussions by the ESG Strategy Committee, which includes external advisors, the importance of the themes is evaluated with respect to both the Group and its stakeholders.

(3) Confirm appropriateness

The ESG Strategy Headquarters submits a report, which is discussed at the Management Meeting and then discussed and approved by the Board of Directors.

Note: Going forward, the ESG Strategy Committee will continually discuss the contents of material issues and key themes.





Material Issues' Vision and Key Themes

To make the materials issues more specific for the vision announced in the medium-term management plan, the NYK Group has clarified the Material Issues' Vision and has set key themes to realize them.

Material Issues	Material Issues' Vision	Key themes
Safety	The NYK Group supports logistics sites with expert knowledge, skills, and experience based on a high level of safety awareness, and continues to be an organization where people create safety and safety protects and nurtures people's lives and livelihood.	• Preventing serious accidents and incidents • Maintaining and enhancing safety awareness • Complying with occupational health and safety • Responding to operational risk • Strengthening cybersecurity
Environment	The NYK Group will continue to be a force that supports the sustainable development of the earth and humanity by taking a leading role in solving environmental issues on a global scale through continuous co-creation of necessary value for the future beyond the scope of a comprehensive logistics company.	• Promoting decarbonization • Responding to climate change risk • Preserving marine and biodiversity • Preventing air pollution • Building sustainable supply chains
Human Resources	The NYK Group encourages all employees to vigorously bring their best and authentic selves to work and to perform at their full potential, enabling us to remain a good corporate citizen implementing social sustainability initiatives.	• Enhancing employee engagement • Ensuring diversity and inclusion • Developing talent management • Co-creating to achieve our mission of "Bringing value to life" • Respecting human rights • Co-existing with local communities • Fostering ethical workplaces
Foundation: Governance		

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Non-Financial Targets (KPIs) and Performance

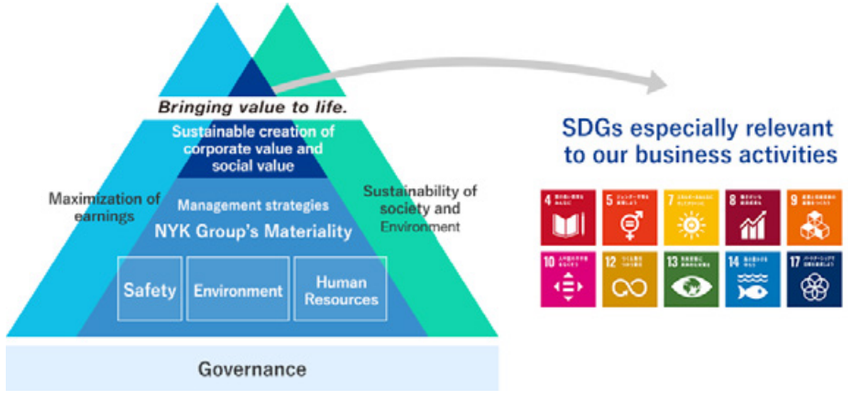
Based on its material issues, the NYK Group has set non-financial KPIs and announced them in the medium-term management plan together with its financial indicators, return on invested capital (ROIC), net income, and ROE. Looking ahead, to monitor the progress of the key themes for realizing the Material Issues' Vision, the Group will continue to examine and discuss setting more specific KPIs, such as those to heighten safety awareness (Safety), provide detailed GHG reduction targets (Environment), and utilize engagement surveys (Human Resources).

Material Issues	Target	Unit	FY2021	FY2022	FY2023
Safety	Number of major accidents 0	–	1	2	3
Environment	GHG reduction target Scope 1+2 2030: **45% reduction** (vs FY2021) Absolute corporate emissions	ton- CO_2e	12,724,086 (base year)	11,331,299 (vs. FY2021; -11%)	11,473,705 (vs. FY2021; -9.8%)
	Scope 1+2+3 2050: **Net Zero** Absolute corporate emissions	ton- CO_2e	16,614,748	14,595,322	14,929,553
Human Resources	Percentage of female managers 2030: 30%	%	14.0*1 25.9*2	13.7*1 25.2*2	13.6*1 26.2*2

*1 Non-consolidated
*2 Consolidated

Link For more information, please see below.

- **NYK Group Decarbonization Story**
  https://www.nyk.com/sustainability/pdf/environment003.pdf
- **NYK Group Decarbonization Story Progress Report**
  https://www.nyk.com/sustainability/pdf/environment004.pdf

Material Issues and Contribution to SDGs

The NYK Group pursues the creation of social value and corporate value by ensuring and enhancing responses to material issues, while also contributing to achieving the SDGs (Sustainable Development Goals).