

CSR Report 2012

The corporate social responsibility policy and activities of the NYK Group



Bringing value to life.



NYK Group Mission Statement

[Basic philosophy]

Through safe and dependable *monohakobi* (transport), we contribute to the betterment of societies throughout the world as a comprehensive global-logistics enterprise offering ocean, land, and air transportation.

[Management policy]

Together with Our Customers

Through the use of our extensive skill and expertise and by considering each business site to be of utmost importance, we always work to create new value so that our customers will consider us a trusted and reliable partner.

Together with Our Shareholders and Investors

We aim to enhance our corporate value by being financially responsible and by conducting business activities in an open, honest, and transparent fashion.

Together with Society

As a good corporate citizen, we positively take on the tough issues that challenge our society, such as concerns involving the preservation of our natural environment, as we work for the betterment of the world that we inhabit.

Together with All Staff Members in the NYK Group

As a global enterprise that has the utmost respect for diversity in the workplace and the spirit of challenge, we emphasize the development of employee talents so that all staff members can take pride in their work and eventually fulfill their dreams.

■ CSR Report 2012 (editorial guidelines)

This report describes the impact of our activities on society and the environment, placing special emphasis on initiatives to simultaneously achieve both CSR and the objectives of "More Than Shipping 2013," our medium-term management plan. From FY 2012, we are proud to display the icon of the seven core subjects articulated in ISO 26000 as an expression of our contributions toward the achievement of sustainable societies.



Organizational governance



Human rights



Labor practices



The Environment



Fair operating practices



Consumer issues



Community involvement and development

Scope of report

- ▶ Reporting period: April 2011 to March 2012 (In some cases information from April 2012 and beyond is included)
- ▶ Coverage: The activities of NYK Line as well as Japan-based and international group companies.
Scope is indicated when there are differences in the major companies involved in specific activity areas.

Audience

This report has been prepared for all parties who have an interest in the activities of the NYK Group, including customers, shareholders, investors, business partners, employees, local communities, NPOs/NGOs, students, certification bodies, researchers, and those responsible for CSR at other companies.

Reference guidelines

- ▶ Environmental Reporting Guidelines (fiscal 2007 edition), Ministry of the Environment, Japan
- ▶ Sustainable Reporting Guidelines 3.1, Global Reporting Initiatives (GRI)
- ▶ ISO 26000

[See the website for a table comparing the GRI Guidelines, United Nations (UN) Global Compact, and ISO 26000]

[Web](#) **CSR > CSR Report** ▶ Guideline Comparison

Date of issue

- ▶ August 2012 [Previous publication: August 2011; Next publication: August 2013 (tentative)]



About the cover

The NYK Group has carried goods, people, and culture around the world since its foundation in 1885. This year's design takes its cue from old maps as an expression of our unwavering passion for the services we provide and the communities we serve.

The NYK Group

—Primary communications tools—

CSR activity reports

● Website

The website contains broader and more comprehensive information, including detailed explanations and data on the initiatives introduced in print media, other initiatives that could not be included in the booklet, and up-to-date information on current CSR initiatives of the NYK Group.
<http://www.nyk.com/english/csr/>

● Report (this report)

Contains non-financial information about the CSR initiatives of the NYK Group, focusing on social and environmental aspects.



Internal sharing and education

● SEASCOPE

Monthly English language group newsletter published to motivate group employees through reports and photos on NYK Group initiatives and happenings around the world.

● YUSEN

- Safety information newsletters
- CSR handbook



Financial reports

● Annual Report

Reports financial information to shareholders and investors, focusing on a description of business activities and results as well as strategies going forward.

● Fact Book

● Website

<http://www.nyk.com/english/ir/>



Business activities in general

● Corporate website

Contains a description of NYK's business services, corporate data, IR information, recruiting information, and CSR activities as well as easy links to the websites of other group companies.
<http://www.nyk.com/english/>

● NYK Plus



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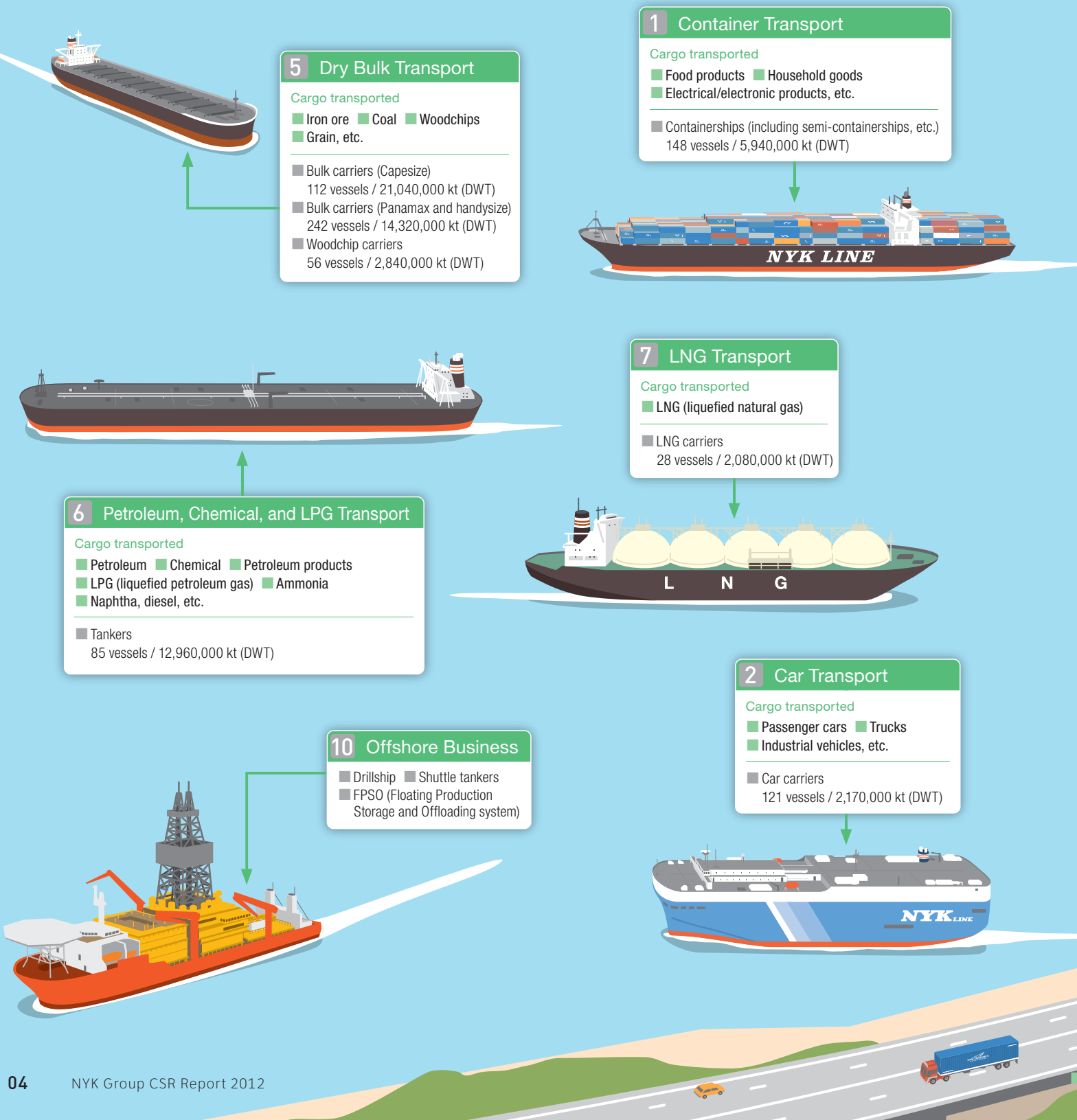
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Operational overview

The NYK Group is an international marine transportation company with strengths in global logistics services and passenger cruises. Our worldwide network of ocean, land, and air transportation services enriches people's lives. We treat each piece of cargo with care, understanding its importance to the sender and receiver and the role that it plays in building better, more prosperous societies.



9 Air Cargo Transportation

Cargo transported

- Auto parts
- Electronic components, electrical equipment, etc.

■ B747-400F: 8 planes

1 Container Transport

We transport cargo that is vital to people's lives, including food, household products, and electric appliances. We will continue to offer efficient, competitive transportation services.

2 Car Transport

We transport automobiles to countries around the world. We will continue to improve our capacity in cross-trade transport (transportation services in which Japan is neither the origin nor the destination) to meet the needs of automakers' foreign operations; build and operate terminals and land transportation networks in Europe, China, and Southeast Asia; and lead the industry in infrastructure enhancements.

3 Logistics Business

NYK operates 454 logistics centers in 37 countries around the world. We will use this worldwide network to provide optimal logistics services that meet the increasingly globalized and diversified needs of our customers.

4 Terminal and Harbor Transport Business

Terminals serve as the relay points in integrated sea and land transportation, and we are improving efficiency so as to better respond to accelerating and increasingly complex logistics needs. We are also working to make our terminals more environmentally friendly by, for example, reducing CO₂ emissions.

5 Dry Bulk Transport

NYK has decades of experience safely transporting the bulk cargo that is essential to global economic activities, including commodities like iron ore, coal, grain, and woodchips. We are further enhancing our fleet by introducing transportation technologies geared to the specific properties of individual cargo classes.

6 Petroleum, Chemical, and LPG Transport

NYK uses its wealth of experience to provide quality, safe transportation services. Our attitude toward safety and environmental issues is well known. The company was among the first to install double hulls, for example. This stance has earned us long-term shipping contracts with many major domestic and international oil producers. We will continue to engage in safe, stable operations in this segment.

7 LNG Transport

LNG is valued around the world as a source of clean energy, and NYK has been engaged in LNG transport ever since shipments to Japan began in 1983. The company currently operates 28 LNG carriers. NYK will continue to engage in LNG transport for existing projects and also strive to be active in future projects.

8 Cruise Business

NYK offers some of the world's finest cruise experiences to passengers in the North American, European, and Japanese markets. We will continue to strengthen our brands, revealing the charm of cruise ships and contributing to the advancement of the cruise culture.

9 Air Cargo Transportation

Nippon Cargo Airlines Co. Ltd. (NCA) enjoys an excellent safety record thanks to its independent operation and maintenance system. As a specialist in air freight, NCA offers customers the highest quality of international services with an emphasis on on-time transportation.

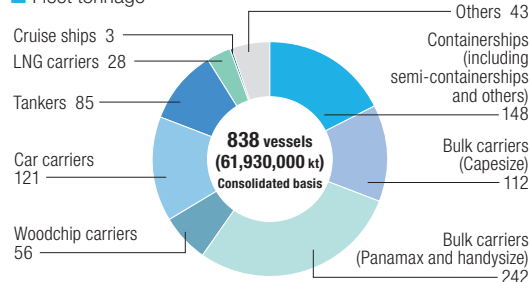
10 Offshore Business

We established the Offshore Business Group in 2008 to support client exploration and production in deepwater oil and gas fields, and we currently offer deepwater drillship, shuttle tanker, and FPSO services.

11 Other Businesses

NYK offers a wide range of services that are peripheral to transportation and also makes effective use of its real estate assets by leasing space for offices, housing, shops, etc.

Fleet tonnage



(As of March 31, 2012)

4 Terminal and Harbor Transport Business

Description of services

- Terminal handling
- Tugboats
- Maintenance and repair of equipment and containers, etc.

- Container terminals: 23 locations
- RORO (Roll-on, Roll-off) terminals: 14 locations
- Other terminals: 6 locations

As of March 2012

3 Logistics Business

Description of services

- Ocean forwarding
- Air forwarding
- Storage and delivery services
- Truckload and intermodal transportation
- Customs clearance

- Logistics centers: 454 locations in 37 countries
- Warehouse space: 2.04 million m²

As of September 2011

8 Cruise Business

- Cruise ships: 3 vessels / 20,000 kt (DWT)
- Total passenger capacity (3-vessel total): 2,864

11 Other Businesses

Description of services

- Real estate
- Trading
- Manufacturing and processing
- Restaurants
- Ship-management agency services
- Services ancillary to transportation
- Temporary personnel service, etc.



Achieving sustainable societies through *monohakobi** with top priority on safety and environment

As a comprehensive global-logistics enterprise offering ocean, land, and air transportation, the NYK Group has a basic philosophy of enriching people's lives through *monohakobi*. We are fully aware of the magnitude of the responsibilities that we shoulder, and are working to improve and strengthen our CSR activities from global perspectives. Indeed, these activities are at the very foundation of our "More Than Shipping 2013" medium-term management plan.

**monohakobi*

The goal of our business activities is to create a comprehensive logistics group that is a world leader in the provision of global marine, land, and air services. We call this *monohakobi*.

Ongoing support for recovery after the Great East Japan Earthquake

The Great East Japan Earthquake of March 11, 2011, was a disaster unparalleled in Japanese history. We want to express our deepest condolences to those affected by the disaster and our hopes for an early and full recovery.

The NYK Group responded to the earthquake by immediately sending relief supplies on its *Yamatai* module vessel and by container trailer. NYK Group employees donated money, and we also provided 100 refrigerated containers to support the “Signal of Hope” project to restore the fishing industry and fishing ports in the area. Moreover, I spent a day helping my fellow group members clear gutters of mud in a city devastated by the tsunami, and I returned deeply humbled. Having viewed the situation firsthand and seen the slow progress toward recovery, I am keenly aware of how necessary it is to remain committed to supporting our neighbors in this area over the long haul. The NYK Group will continue to provide support for recovery and restoration efforts.

CSR management is the foundation of our global growth strategy

The earthquake in Japan and the flooding in Thailand reconfirmed the important role that we play in supporting people's lives by transporting goods and materials. Transportation is only increasing in importance as economies globalize, and it is time for us to show what the NYK Group is truly made of.

In FY 2012, we enter the second year of the “More Than Shipping 2013” medium-term management plan, and we have formulated four basic strategies on the theme of “grow with Asia, expand across the globe”: (1) leverage our logistics capabilities — effectively capture Asia's growing transportation business, (2) utilize our auto logistics capabilities — actively respond to all auto-transport supply chain needs in Asia, (3) employ our technological capabilities — secure highly advanced energy transportation business, and (4) leverage our global network — proactively expand our overseas natural resources and energy transport business. We will use all our resources and skills as a group to achieve these goals. At the very foundation of this growth strategy is CSR. We will continue to put into practice the NYK Group Values of integrity, innovation, and intensity — the 3 I's — understanding the weighty responsibilities that we shoulder and incorporating more global perspectives as we work to improve our CSR.

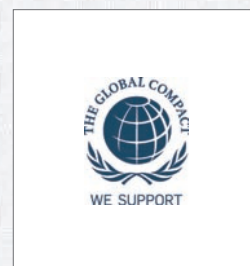
Safety and environment are our highest priorities

The NYK Group considers safety and environmental conservation to be crucial priorities, both of which are essential parts of economic growth achieved by the transport of goods and

materials. The training of skilled, talented seafarers is essential to safety, and we do this through our merchant marine academy in the Philippines and an integrated HR training and development system based on the expertise we have accumulated in seafarer training. We also contribute to the environment by deploying new technologies that improve the efficiency of our ships. Examples include the solar power generation systems and ballast water systems that we are now equipping. Reducing CO₂ emissions is another focus, and we target a minimum 10 percent reduction from FY 2006 levels by 2013.

Continuing to improve and develop CSR

Sustainably developing “Together with Society” requires that companies build and maintain management structures that are both transparent and efficient. This involves enhancements to internal control, rigorous compliance, and respect for human rights and labor standards. In



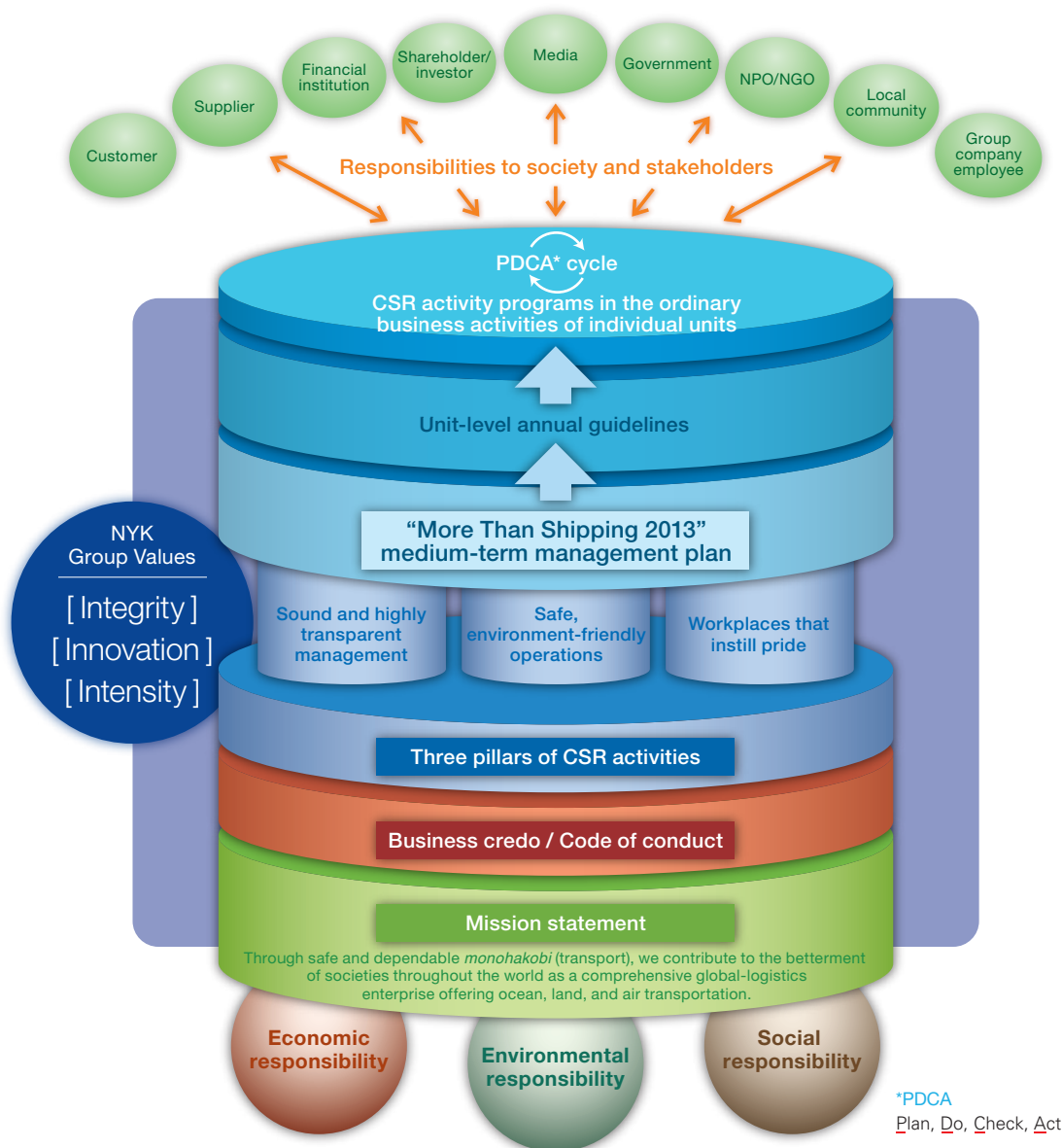
May 2006, the NYK Group expressed its agreement and support for the United Nations (UN) Global Compact (GC) and incorporated the Ten Principles on human rights, labor standards, environment, and anti-corruption into its CSR Guidelines. As a global group with approximately 50,000 employees worldwide, human rights and labor standards are of the utmost importance to us. The GC Promotion Committee works to educate domestic and international group companies on the GC principles regarding human rights and labor standards and provides training on the prevention of human rights abuses. We also have a Fair Trade Promotion Group tasked with ensuring compliance to antitrust law both domestically and in our global activities.

Corporate solutions to social issues are one of the major themes in ISO 26000, a social responsibility guideline that was published in 2010. The NYK Group continues to work toward more sustainable societies and solutions to problems in all the communities we serve, discussing and collaborating on approaches with all interested stakeholders. We hope that we will continue to enjoy the support of stakeholders around the world, and look forward to your frank and honest opinions and suggestions.

Yasumi Kudo
President
Nippon Yusen Kabushiki Kaisha (NYK Line)

The NYK Group's CSR management

There are three concepts at the core of CSR in the NYK Group: “economic responsibility,” “environmental responsibility,” and “social responsibility.” We believe that the way to increase our corporate value is for each and every NYK Group employee to go about his or her ordinary duties, keeping in mind the perspectives of economy, environment, and society, and endeavoring to carry out the “More Than Shipping 2013” medium-term management plan.



Business credo / Code of conduct

The business credo and code of conduct contain guidelines for day-to-day activities that all officers and employees of the NYK Group are expected to adhere to in their duties. We designate one month of each year as “comprehensive compliance checkup month,” and at this time we conduct a survey to evaluate the degree to which compliance awareness has penetrated the organization.

NYK Group Values

In January 2007, we formulated the NYK Group Values as an articulation of the attitudes required by individuals and organizations as they act on our corporate philosophy. Each and every NYK Group employee practices the NYK Group Values in their daily duties; the values are the glue that holds the company together and enables it to pass on its strengths from generation to generation.

“More Than Shipping 2013” Medium-Term Management Plan

In April 2011, the NYK Group inaugurated a medium-term management plan — “More Than Shipping 2013: Grow with Asia, Expand across the Globe.” Our strategy for differentiation is to capitalize on the strengths of the NYK Group regardless of whether they fit in the conventional marine transportation framework. Within this, we place particular priority on the high-growth Asian region.

Priority strategies in the medium-term management plan

“More Than Shipping 2013” identifies four priority strategies.

Cargo	“More Than Shipping 2013” (Combine Traditional Shipping with Value-Added Strategies)
General cargo	<p>Strategy 1 Leverage Logistics Capabilities — Effectively capture Asia’s growing transportation needs</p> <ul style="list-style-type: none"> ● Minimizing the impact of market volatility Grow and stabilize the container business by moving to a light asset structure and expanding forwarding¹ ● Strengthen sales capabilities Offer an organic package of services that may include maritime, air, and land transportation, along with warehousing services, to best meet customer needs.
Automobiles	<p>Strategy 2 Utilize Auto Logistics Capabilities — Actively respond to all vehicle transportation supply chain needs in Asia</p> <ul style="list-style-type: none"> ● Hub & spoke Bring new efficiency to fleet allocation operations with a hub and spoke structure² that efficiently delivers finished vehicles exported from multiple countries to their destinations. ● Full-service transportation capabilities Offer a full range of services based on a core of marine transport but encompassing onshore transport, PDI,³ and other onshore services for finished vehicles.
Energy / Natural resources	<p>Strategy 3 Employ Technological Capabilities — Secure highly advanced energy transportation business</p> <ul style="list-style-type: none"> ● Technology, safety, reliability Develop professional, safety-minded capability in ship operations, dangerous-cargo handling, and ship management. Train and recruit talented seafarers at the NTMA⁴ in the Philippines and other institutions to develop the core human resources required for safe ship operation. <p>Strategy 4 Leverage Global Network — Proactively expand overseas natural resources and energy transportation business</p> <ul style="list-style-type: none"> ● Strengthen local operations Strengthen organizations so that they are better able to engage in locally-rooted sales activities.

- ¹ **Forwarding** Service that involves sourcing space from ocean and air freight carriers for the transportation of customer cargo, including customs clearance
- ² **Hub and spoke structure** A structure in which cargo is concentrated in a central port (hub) for transportation to final destinations (spokes). This structure is more efficient than direct-line transportation between the producing and destination countries.
- ³ **PDI** Pre-delivery Inspection
- ⁴ **NTMA** NYK-IDG Maritime Academy. A merchant marine academy jointly operated by NYK and the Transnational Diversified Group.

Human resources development

Enhancing organizations and human resources to better adapt to accelerating international expansion

Closer to the customer		Support the expansion of the business with the world’s highest levels of maritime technology	
Target organization	Organization conducive to active discussion and debate regardless of nationality or job description	Target organization	Organization capable of continuing to advance the NYK maritime technology base
Target human resources	Experts chosen by customers in their regions	Target human resources	People able to adapt to ever higher quality requirements
General guideline	Increase the ratio of national management		

Revision of “More Than Shipping 2013” financial targets

Actuals and plans

Financial targets	(JPY, billions)			FY 2016 target
	FY 2011 actual	FY 2012 estimate	FY 2013 estimate	
Revenue	1,808	2,000	2,130	Target revenue in excess of 2.6 trillion yen; recurring profits in excess of 150 billion yen
Recurring profit	–33	40	75	
Net income	–73	23	65	

* Foreign-exchange calculated at the FY 2011 prevailing rate of 78.90 yen to the U.S. dollar. For FY 2012 onward, plan assumes 80.00 yen to the dollar.
Bunker FY 2011 prevailing price was US\$666.22/MT. For FY 2012 onward, plan assumes price of US\$730.00/MT.

Web Corporate Profile > Management Plan “More Than Shipping 2013”

More Than Shi

Special
feature

1

Automobile logistics

Total solutions for the future of

The globalization of automakers has spread automobile production centers throughout the world, and innovations and reforms are required to efficiently transport finished automobiles assembled in multiple countries. The NYK Group is known for its automobile terminals and value-added services, and we continue to improve them, seeking to simultaneously satisfy our customers' requirements while also ensuring that our transportation services are safe and easy on the environment.

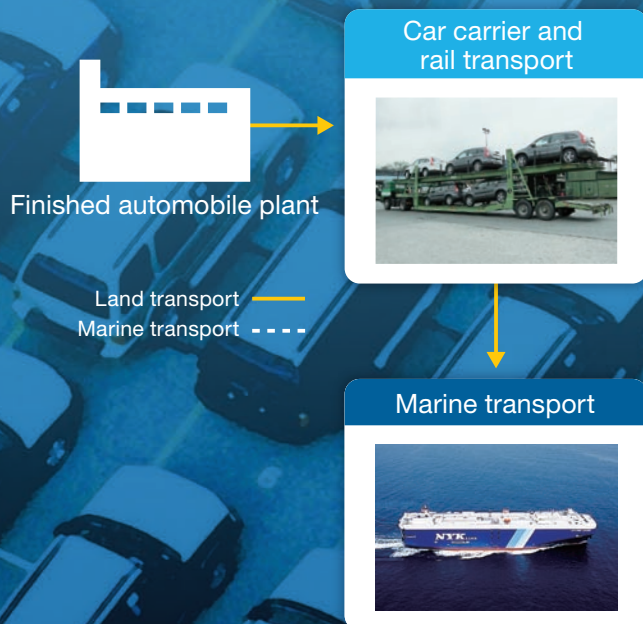


Takaya Soga
General Manager
Auto Logistics Group

Using hub and spoke structures and integrated transportation to improve quality

Global automobile production volumes continue to increase, which is in turn increasing the demand for international transportation of finished automobiles and diversifying transportation routes. The NYK Group was one of the first in Asia to build a **hub and spoke structure**¹ in which finished automobiles are concentrated in Singapore for transshipment and then shipped as required. This structure allows for more efficient fleet allocation and shorter transportation times, and it also reduces environmental load. Automobile transportation involves more than just maritime services. Automobiles must be transported from the plant to the port and from the port to the dealer. In addition to these onshore transport services,

Flow of automobile logistics



RFID-based finished automobile management

Paper labels with bar codes have traditionally been used to manage finished vehicle transportation. MTI³ has developed a radio frequency identification tag (RFID) to replace these paper chits. This technology significantly reduces the labor involved in manually sorting chits and searching for corresponding automobiles, and it also achieves extremely reliable transportation at low cost.

3 MTI The Monohakobi Technology Institute, the NYK Group research institute



Shipping 2013

automobile logistics



there are also PDI² services at the port. When different companies provide these services, there are necessarily time lags, and these lags can constitute a major challenge for our customers. The NYK Group addresses these challenges by creating a fully integrated system able to handle all transportation from the plant in the producing country to the dealer in the destination country.

management technologies, and in 2011, we formulated operational standards for group companies to ensure that the same levels of quality are offered throughout the world. We will continue to use our advanced transportation technology to help people around the world enjoy the convenience and fun of the automobile, to assist the marketing strategies of our customers, and to contribute to the development of emerging economies.

Quality transportation services bring automobiles to the world

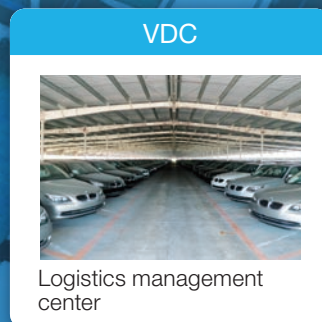
As a one-stop shop for transportation services, we offer solutions to two of the primary issues in automobile transportation: shorter transportation times and centralized inventory management. Automobile transportation requires sophisticated loading and

1 Hub and spoke structure

A structure in which cargo is concentrated in a central port (hub) for transportation to final destinations (spokes). This structure is more efficient than direct-line transportation between the producing and destination countries.

2 PDI

Pre-delivery Inspections



PDI and VDC are the final processes in automobile transportation

Between the unloading of vehicles and their delivery to dealers, we offer PDI services around the world. These services include water leakage tests, installation of car navigation systems, the changing of seats, and repairs of minor damage. Our VDCs⁴ and onshore transport units deliver the volumes required to the places our customers require them.

4 VDC Vehicle Distribution Center

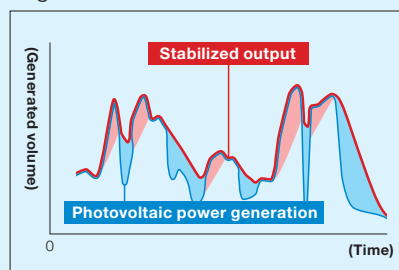
More Than Fuel-efficient car carriers continue

Solar power generation and ballast water treatment are among the most recent evolutions in the car carrier. With *Auriga Leader*, we have also begun to reduce environmental load as we move toward our final goal of a zero-emissions ship in 2050.

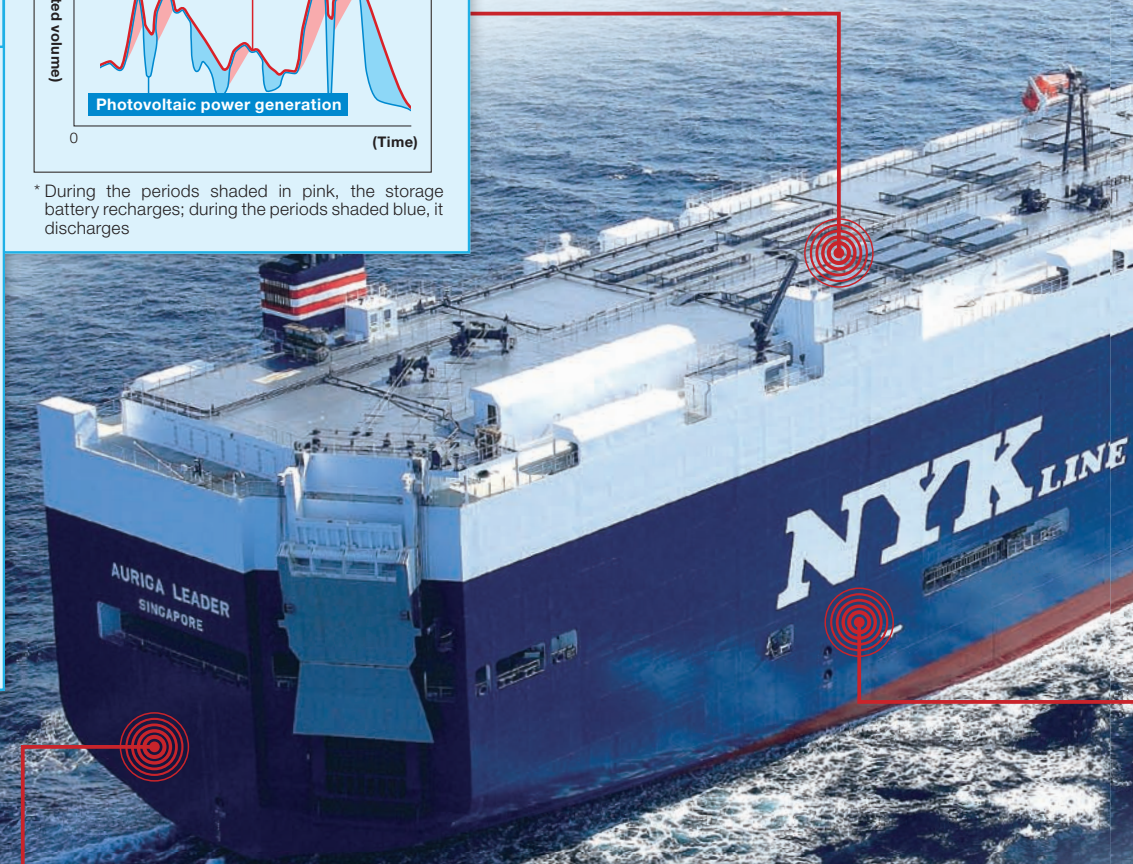
Using environment-friendly solar power generation and storage batteries to stabilize electricity supplies

Auriga Leader was launched in December 2008 with 328 solar panels capable of generating 40 kW of power. Unfortunately, power output significantly declined during inclement weather and nighttime hours. We therefore developed a hybrid power supply system through the use of a high capacity nickel-metal hydride battery (storage battery) in June 2011 to stabilize electric power supplies. Having stable supplies of electric power even during times of low power output enables us to both utilize safe energy and reduce CO₂ emissions.

■ Image of stable photovoltaic power generation



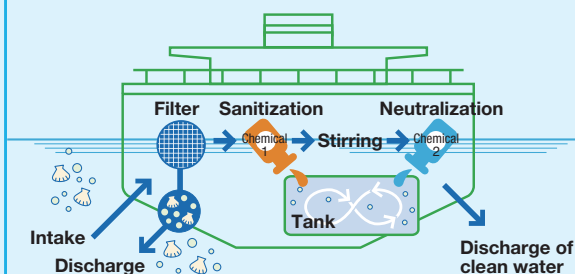
* During the periods shaded in pink, the storage battery recharges; during the periods shaded blue, it discharges



Ballast water management systems protect biodiversity

Ships take on ballast water to stabilize themselves when their holds are empty, and when this water is discharged, the marine life that it contains can be transported to non-native ecosystems, where it flourishes and causes problems. *Auriga Leader* was designed in preparation for the implementation of the [International Convention for the Control and Management of Ships' Ballast Water and Sediments](#).¹ It uses filters to remove marine organisms (mechanical treatment) and chemicals to disinfect and neutralize water (chemical treatment) during intake, preventing ballast water from damaging biodiversity.

■ Ballast-water treatment



¹ International Convention for the Control and Management of Ships' Ballast Water and Sediments

An international convention to regulate and manage ships' ballast water and sediments for the purpose of protecting the environment, human health, and economic activities by preventing the transport of harmful waterborne organisms and pathogens. It was adopted by the International Maritime Organization (IMO) in 2004, but had yet to enter into effect as of this writing.

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to evolve toward the 2050 goal



Low-sulfur fuel oil maintains clean air

International regulations are being enhanced to encourage ships to reduce emissions of air-polluting sulfur oxide compounds (SOx) by using low-sulfur fuel oil. Low-sulfur fuel oil, however, has low viscosity and can cause engine problems if used as-is. Ships therefore carry fuel oil cooling equipment so that low-sulfur fuel oil is maintained at the proper viscosity for safe operations. This keeps ships safe and the atmosphere clean.

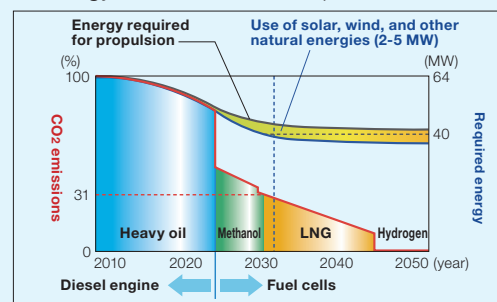
NYK Super Eco Ship 2030 targets zero emissions in 2050

The NYK Group has articulated a roadmap of technical innovation toward the development of a “zero-emissions ship” with CO₂ emissions as close as possible to zero by 2050. The milestone for this is *NYK Super Eco Ship 2030* targeted for 2030. In fact, the company launched a Fuel Project Team in October 2011 to develop the technologies required, focusing on conversion to low-CO₂ LNG.



NYK Super Eco Ship 2030

Energy-conversion roadmap



Ships today use fossil fuels to operate, but fuel cells are considered a promising new technology not only to reduce energy consumption but to switch to cleaner energy sources.

Auriga Leader marks the start of environment-friendly ships

International marine transport has a duty to simultaneously contribute to the development of the global economy through the expansion of international trade while also conserving energy. *Auriga Leader* embodies the NYK Group's attitude toward the environment. It enjoys broad support among our customers and is a source of pride for our employees as a step forward in the development of energy-efficient ships for the entire international marine transport industry. As we move forward, marine transport will need to emphasize safety, the environment, and growth. Incremental improvements in technology are what will bring us to the end of the technology roadmap in 2050.

Keiko Kosugi Manager, Environmental Project Team, Environment Group



Integrated HR training and development

“More Than Shipping 2013” refers to the idea of going beyond the conventional framework of a shipping company to contribute to our stakeholders. Doing this requires safer ship operations and more advanced marine transportation technology than common in the past. In Special feature 2, we examine integrated systems for seafarer education and ship management, and initiatives in the Philippines to create mechanisms to improve skills while contributing to local communities.

Human resources development

NTMA raises the positions of Filipino employees

Our merchant marine academy, **NTMA**,¹ opened its doors in June 2007 to train highly skilled seafarers in the Philippines, the home of many of the NYK Group's crews. The academy offers a four-year program consisting of three years of classroom education and one year of practical experience on ship. Graduates achieve high levels of basic academic skill and master advanced technologies. The school became the first in Japan to be recognized as a seafarer education institution under a new **certification program for graduates of overseas maritime academies**² launched by the Ministry of Land, Infrastructure, Transport and Tourism in September 2011, a testament to the reputation that it has achieved for maritime education. In January 2012, the first class of 116 students graduated from the navigation course and engineering course and were appointed to positions in the NYK Group.

1 NTMA

NYK-IDG Maritime Academy. A merchant marine academy jointly operated by NYK and the Transnational Diversified Group in the city of Canlubang, just outside Manila.

2 A program that allows graduates of seafarer education institutions accredited by the Ministry of Land, Infrastructure, Transport and Tourism to work as seafarers on Japanese ships without having to pass individual skills certification tests.



Practical education

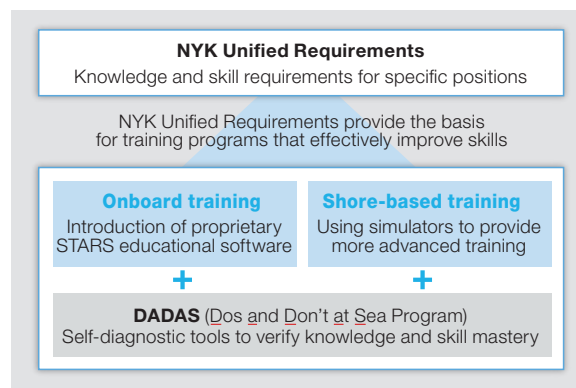
Continuing development with an integrated education system

The NYK Group improves seafarers' skills with onboard **OJT**³ programs and classes available at training centers around the world. Filipino seafarers are one of the largest groups in the NYK fleet, and in 2013 we will be relocating our seafarer education facilities from Manila to land adjacent to the NTMA to provide seafarers with better training. The large campus outside Manila provides opportunities to install new training equipment and build new trainee housing. It will also make it possible to provide students at the academy and certified seafarers with integrated, consistent education and more effective training.

3 OJT

On-the-Job Training

■ Conceptual diagram of NYK Maritime College, NYK's unique education system



“Putting Japanese experiences to work in the Philippines”

NTMA came out of the passion of the Transnational Diversified Group (TDG) for training the next generation in the Philippines and the commitment of NYK to the Philippines, which has been a source of seafarers for the company for the past 30 years. The graduation of the first class marks a milestone in our efforts and will have a significant impact on our seafarer policies going forward. All 116 graduates have been assigned to NYK Group ships

as third officers or third engineers. In the future, they will have the opportunity to go through the NYK Group training program and achieve the ranks of captain or chief engineer.

NTMA's educational approach makes use of the NYK Group's experience and innovations in seafarer training in Japan. The curriculum is also modified to better suit conditions in the Philippines, for example, by including its own program to improve

basic academic skills. Its mission is to train the seafarers who will be at the heart of NYK operations in the advanced technologies and skills they will need for their jobs. Safe ship operation and environmental protection are at the foundation of the NYK Group's service, and their achievement requires more than just systems and manuals. Above all else, people are required. In addition to skills and technologies, students at the academy learn the NYK Group's philosophy and are instilled with the same insistence on “safety and security” as other NYK employees. These ex-

Shipping 2013

system supports safety and reliability



Ship assignments / ship management

Ship management company facilitates the process from training to assignment and ship management

NYK Shipmanagement Pte. Ltd.⁴ opened an office in the Philippines in April 2012. It works in close coordination with NTMA, our merchant marine academy, and with NYK-Fil Ship Management Inc.,⁵ which is responsible for training and ship assignments, to provide an integrated system in the Philippines for the training and assignment of seafarers and the management of their ships.

This facilitates communications and collaboration within the Philippines and contributes to the safe ship operation that is a hallmark of the NYK Group.

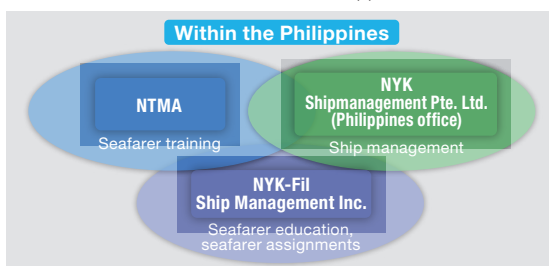
4 NYK Shipmanagement Pte. Ltd.

NYK Group company established in Singapore in 2001. Responsible for ship management and seafarer assignments in the NYK Group fleet.

5 NYK-Fil Ship Management Inc.

NYK Group company established in the Philippines in 1989. Joint venture with business partner Transnational Diversified Group. Responsible for the education and assignments of Filipino seafarers on vessels in the NYK Group fleet.

Human resources structures in the Philippines



Community contributions

Participating in communities by creating jobs

The staff of ship management companies requires high levels of knowledge and expertise. The establishment of a ship management company in the Philippines offers Filipino seafarers who have developed knowledge and skills while on ship in the NYK Group a new job opportunity as ship management supervisors. The NYK Group helps to create jobs in the Philippines. In 2010, NYK-Fil Ship Management Inc. was given the Presidential Award⁶ for its contributions. We will continue to create more employment opportunities and contribute to local communities.

6 Presidential Award

Given to companies that have received Awards of Excellence from the Philippine Overseas Employment Administration for the past five years running.



Presidential Award ceremony

periences help them contribute to quality marine transport.

Establishing a ship management company in the Philippines was a crucial point in enabling Filipino seafarers to design their careers. Most Filipino seafarers are hired for fixed terms, but those who remain with the NYK Group acquire excellent skills through their jobs and training, and we want to provide them with career paths onshore as supervisors in ship management. This creates jobs in the Philippines and provides new motivation to Filipino seafarers.

Today's marine transportation industry requires seafarers with advanced training, safety and specialty skills, and professional expertise. The NYK Group will continue to build on the experiences of NTMA, NYK-Fil Ship Management Inc., and NYK Shipmanagement Pte. Ltd. to improve the reliability and flexibility of the group's *monohakobi*.



Koichi Akamine Managing Corporate Officer

The NYK Group's CSR activities

The NYK Group has a global network that builds on its core marine transportation services to provide a comprehensive package of ocean, land, and air services. At the NYK Group, CSR means that while we seek to earn profits as a company, we also take initiatives to address social issues like the environment and human rights and contribute to the achievement of sustainable societies.

Organizations to promote CSR activities

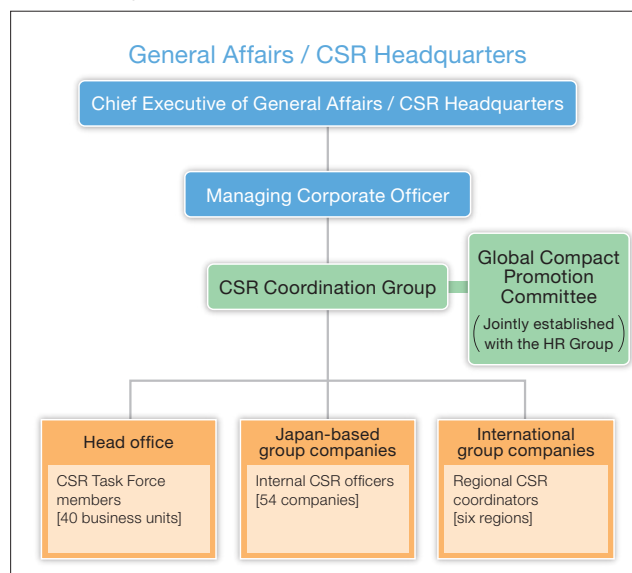
The General Affairs / CSR Headquarters is located in the head office, and the officers are stationed at Japan-based group companies and [six overseas regions](#).¹ The CSR Coordination Group coordinates and provides support for all CSR activities in the NYK Group. The CSR Coordination Group is also responsible for spearheading internal reforms and communicating information both inside and outside the organization so that we better respond to the requirements of our stakeholders, meet society's expectations, and earn credibility and trust. Among its specific activities are creating the CSR report, conducting CSR training programs, and administering the [SRI survey](#).²

The "Global CSR Newsletter" is published to report and share information on CSR activities from around the world. We also gather CSR officers to the Tokyo head office to hear regional activity reports and discuss proposals from the headquarters.



Global CSR Newsletter

■ CSR management chart (as of April 1, 2012)



CSR officers are established within 54 leading group companies in Japan. Internationally, CSR coordinators are established within six regional headquarters to promote CSR activities that address local concerns and issues. CSR officers and CSR coordinators share information with the headquarters, General Affairs / CSR Headquarters, and other officers as they develop and implement activities.

1 Six overseas regions

East Asia, South Asia, Oceania, Europe, North America, Latin America

2 SRI Survey

Survey from socially-responsible investment perspectives

CSR training

We offer a wide variety of training options, including new employee training and discussion-based group training so that employees have a basic knowledge of CSR, understand the Group's CSR concepts, and are able to put them into practice. In FY 2006 we began an e-learning program that allows employees to learn at their own pace. The new program that began in November 2011 includes information on [ISO 26000](#).³ CSR supply chain management, and other recent CSR trends. So far, more than 2,000 NYK Group employees in Japan have completed the program.

3 ISO 26000

The first global-scale international standard for social responsibility that covers all forms of organization



e-learning screen

Global Compact Promotion Committee

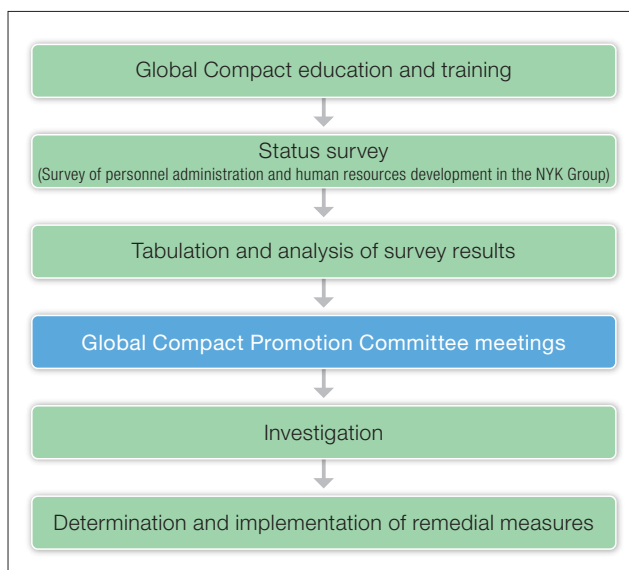
In September 2010, we established a Global Compact Promotion Committee in the headquarters to spearhead our efforts to promote the United Nations (UN) Global Compact (GC hereinafter) and to oversee investigations into and responses to human rights infringements. The committee is made up of representatives from the HR Group and the CSR Coordination Group under the chief executive of the General Affairs / CSR Headquarters, and their initiatives focus on GC Principles 1–6, which deal with human rights and labor standards.

During FY 2011, a total of 134 Japan and international subsidiaries and affiliates performed self-checks to promote greater understanding of this area.

The Environment Group heads up initiatives for the environment sections of the GC; the Compliance Chamber and Fair Trade Promotion Group, initiatives for anti-corruption.

Web CSR > The NYK Group's CSR Activities ▶ United Nations (UN) Global Compact
United Nations (UN) Global Compact <http://www.unglobalcompact.org/>

Global Compact promotion process



CSR guidelines for partners and suppliers

NYK is responsible for bringing safe and certain *monohakobi* to its customers' supply chains, and in April 2010, we formulated "CSR guidelines for partners and suppliers" to better achieve this. The document contains guidelines related to the supply chain and covers issues such as legal

compliance, fair trade, building trust, safety and confidence, the environment, human rights, labor, and corruption. Explanations were given to Japan-based group companies in FY 2011, together with training programs to ensure the spread of the CSR guidelines.

CSR guidelines for partners and suppliers

As a global logistics business, the NYK Group is a part of its customers' supply chains, working with the support of a large number of stakeholders to provide safe and dependable *monohakobi*. We have formulated the CSR guidelines described below as a means of identifying and solving issues in the supply chain in areas like legal compliance, fair trade, trustworthiness, safety and security, environment, human rights, labor, and anti-corruption. We work with our partners and suppliers to encourage them to understand and practice these concepts.

1. Legal compliance

Awareness that the company is a member of society and, in the interest of justice and fairness, must adhere to laws and ordinances, and must also respect the praiseworthy cultures and practices of local communities and adhere to the praiseworthy ethics and mores of local societies in all corporate activities.

2. Fair trade

Companies must contribute to the betterment of global society engaging in fair, transparent, and free competition and conducting business activities in an appropriate manner in all regions of the world.

3. Trustworthiness

Companies must build relationships of mutual trust by engaging in fair, transparent transactions and observing all applicable laws, ordinances, and social codes of conduct.

4. Safety and security

The safety and security of services must be viewed as one of our highest priorities, achieved through ongoing efforts to improve.

5. Environment

Companies must endeavor to protect the global environment and prevent environmental destruction and pollution.

6. Human rights

Companies must respect the dignity of the individual and must not discriminate on the basis of gender, age, national origin, ethnicity, race, creed, religion, social status, etc.

7. Labor

Companies must endeavor to provide safe, sanitary, and healthy working environments. Companies must not engage in inhumane employment practices or forced labor.

8. Anti-corruption

Companies must work to prevent corruption in all its forms, on both the receiving and giving sides.

Sound and highly transparent management

The NYK Group endeavors to build and maintain highly transparent and efficient management structures. We have formulated a specific code of conduct that embodies our corporate philosophy and requires all employees to act in a responsible manner that complies with applicable laws and ordinances.

Corporate governance

NYK Line endeavors to meet the expectations of its customers, shareholders, investors, suppliers and partners, local communities, NYK Group employees, and all other stakeholders by improving the transparency and efficiency of its management and maintaining and building appropriate management systems. While endeavoring to increase the effectiveness of financial and operational audits, we have chosen to establish a board of corporate auditors in the belief that management decisions are most appropriately made by inside directors who are familiar with the company's operations. We also appoint two outside directors to increase the effectiveness of supervision of the company's management, and they participate in all decisions on material matters made by the board of directors. To improve the transparency of management, all NYK directors serve for terms of one year. We have two internal and two outside auditors who attend meetings of the board of directors, peruse documentation regarding material matters, and conduct audits of our finances and operations. In addition, the Corporate Auditors' Chamber (two full-time staff) provides dedicated support for the auditors.

transparent competition, respect for human rights and international norms, rigorous information protection and management, and exclusion of antisocial activities. All of these initiatives will be undertaken in the course of the "More Than Shipping 2013" medium-term management plan. The Compliance Checkup performed every September provided an opportunity to confirm that each and every employee understood the revised Business Credo. In compliance education, we formulated a policy and published advisories about the UK Bribery Act that took effect, created a social media guideline and published it for Japanese and international group companies, and enhanced e-learning and position-based training programs. As warranted by local conditions, we enhanced helpline functions ([Yusen Chat Room](#),¹ etc.), enabled anonymous reporting, and took steps to quickly collect information that will prevent incidents and foster a more transparent corporate atmosphere.

NYK-Point

1 Yusen Chat Room

A six-member team, including an outside legal counsel, provides a broad range of consultations and receives reports regarding compliance questions. Currently open to NYK and 55 Japan-based group companies, this service is being expanded to encompass the entire group.

Compliance

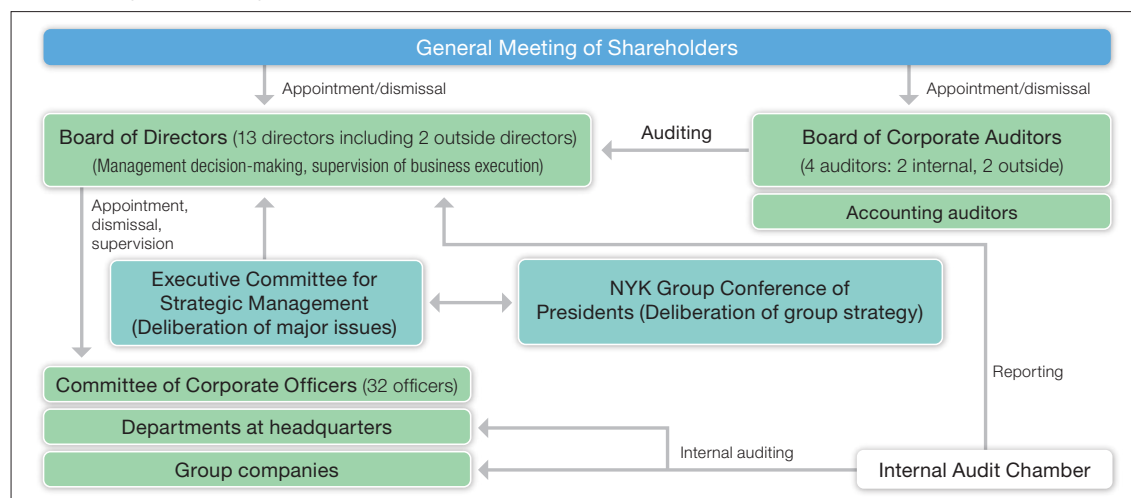
FY 2011 compliance activities began with the April revision to the NYK Business Credo. The new credo commits to groupwide efforts to place greater emphasis on safety and environment initiatives, prevention of bribery or corruption in any form, respect for national competition laws, fair and

Compliance training participation

FY 2011	Sessions	Participants
Training ²	12	462
e-learning	1	4,821

² Since FY 2002, 303 group training sessions have been held for 7,257 participants

■ Corporate governance organization chart (as of April 1, 2012)



Risk management

Companies must manage risks, which are various and changing. The NYK Group therefore endeavors to assess the risks it faces at the companywide level and take appropriate management steps to deal with them. This includes the formulation of risk management guidelines and bylaws that provide the basis for regular, unit-level reviews of risk, together with companywide assessments at the management level. From this process, companies create systems and structures to appropriately deal with risk. We also provide risk management education and training for NYK Group employees to foster an awareness of individual responsibility for risk management in the execution of operations.³

3 Risk items

Risks that could potentially impact the NYK Group's business results, share price, or financial status (Description of "operational risks" in NYK Securities Report)

① A major shipping accident ② Changes in the overall shipping and freight markets ③ Competitors ④ Fluctuations in currency exchange rates ⑤ Changes in fuel prices ⑥ Changes in regional economic conditions affecting global operational developments ⑦ Impacts of incidents arising during system development or operation ⑧ Stronger legislation on environmental preservation, safety, and security ⑨ Air transportation services ⑩ Relationship with partners and suppliers ⑪ Operational restructuring ⑫ Medium-term management plan ⑬ Investment plans ⑭ Fluctuations in interest rates ⑮ Disposal of vessels ⑯ Valuation losses on investment securities ⑰ Retirement benefits plan ⑱ Evaluation of prospects for recovery of deferred tax assets ⑲ Litigation

Compliance with antitrust/competition law

In July 2008, NYK established its Antitrust Law Task Force in the headquarters to respond to the rapid expansion and more strict enforcement of antitrust law around the world and to regrettable violations of such law by our group companies. We established the Fair Trade Promotion Group in April 2011 to further develop the project. It is tasked with giving correct information to employees of NYK and group companies and providing consultations when there are questions about competition laws. Our goal is to prevent any contravention of competition laws, however inadvertent. In FY 2011, we continued to hold training sessions for group companies in Japan and other countries. We also kept in close coordination with the antitrust law project facilitators that have been appointed by more than 200 group companies around the world to confirm the extent of competition law compliance at individual companies and improve individual NYK Group employees' awareness of competition law.

■ Antitrust law training class

	Sessions	Participants
Training (Japan)	109	2,929 (total participants)
Training (international)	28	1,310 (total participants)

Internal controls

Companies must have the systems and structures in place to perform their business in an appropriate manner if they are to sustainably grow. Internal controls are continually developed and reinforced. At NYK, the Internal Control Committee is chaired by the president and regularly reviews the entire internal control system, providing findings that are used to make improvements. Functions of the internal control systems are performed by specialist organizations like the Information Disclosure Committee, Financial Strategy Meeting, and Safety and Environmental Management Committee, and also by group companies and individual units.

The board of directors determines the basic guidelines for the enhancement of internal control systems in compliance with the Japanese Companies Act.

We also build, enhance, and regularly evaluate internal control systems to ensure the reliability of our financial reporting as mandated under the Financial Instruments and Exchange Act.

Information security programs

NYK's information systems security programs are overseen by the Information Security Management Committee and its subsidiary organization, the Information Systems Security Committee. Programs that are formulated in response to information security conditions require the approval of both committees before they are incorporated into annual activity plans. Our goal is to be neither a victim nor a perpetrator of security breaches, and to this end we work to strengthen measures to combat computer viruses and improve network security, and we also develop group-level programs to improve information security. In addition, we offer e-learning opportunities on information security as part of our security educational activities for NYK Group employees.

Emergency response (business continuity plan)







NYK has prepared business continuity plans (BCP) for all the major operations in the headquarters and group companies so that, in the event of damage from a disaster or catastrophic event, the company will be able to maintain its important functions uninterrupted wherever possible, or if interrupted, to quickly restore them.

After the Great East Japan Earthquake of March 2011, we formulated a more practical BCP to provide for work from home, prepare the information infrastructure required, and review and replenish our emergency supplies. Training programs on the new BCP were conducted during the year.

FY 2011

Summary of CSR activities and outline of next year's goals

The NYK Group asks all business units to set CSR activity goals each year and continually work to improve their activities in a PDCA cycle. This report outlines achievements in FY 2011 and goals for FY 2012, following the structure of the seven core subjects found in ISO 26000, which was published in November 2010.

ISO 26000 core subjects	Initiatives	Page	FY 2011 targets	FY 2011 programs	
 Organizational governance	Strengthening of CSR management	p. 16-17	<ul style="list-style-type: none"> Strengthen CSR promotion organization within the NYK Group Communicate CSR information inside and outside the organization 	<ul style="list-style-type: none"> Internal briefings, domestic group company meetings, meeting by CSR coordinators in six overseas regions Publication of CSR report and enhancement of website in coordination with relevant business units. Dissemination of information in expert lectures and other events 	
	Dialogue with stakeholders	p. 38	<ul style="list-style-type: none"> Enhance comprehensive explanations and information disclosure to investors 	<ul style="list-style-type: none"> Frequent meetings with investors and analysts; facility tours for institutional investors and analysts; continued, enhanced feedback to employees through IR meetings 	
 Human rights	Respect for human rights, prohibition of discrimination	p. 17 p. 41	<ul style="list-style-type: none"> Protect human rights Improve human rights awareness 	<ul style="list-style-type: none"> Human rights training by NBC Self-checks of adherence to the United Nations (UN) Global Compact by the headquarters and domestic and international group companies 	
	Promotion of diversity	p. 17	<ul style="list-style-type: none"> Spread the United Nations (UN) Global Compact Monitor status at group companies 	<ul style="list-style-type: none"> Establishment of Global Compact Promotion Committee to spread the compact's principles throughout the NYK Group HR data survey for domestic and international group companies 	
 Labor practices	Support for diversity of work styles	p. 41	<ul style="list-style-type: none"> Facilitate work-life balance 	<ul style="list-style-type: none"> Implementation of the Third Action Plan (2011-2014) for the Law for Measures to Support the Development of the Next Generation <ul style="list-style-type: none"> At least five men taking parental leave during a four-year period Internal seminars on work-life balance Programs to encourage employee children to understand their parents' workplaces 	
	Human resources development	p. 40	<ul style="list-style-type: none"> Use NBC and NMC in human resources development 	<ul style="list-style-type: none"> Enhancement of training programs 	
 Fair operating practices	Compliance enforcement	p. 18	<ul style="list-style-type: none"> Consider development of compliance program newly requested by others in society 	<ul style="list-style-type: none"> Announcement of revised Business Credo, formulation of anti-corruption and social media policies 	
	Promotion of fair competition and trade	p. 18-19	<ul style="list-style-type: none"> Continue ongoing activities to ensure awareness of fair trade statutes and penalties in all countries served 	<ul style="list-style-type: none"> New employee training, team leader training, general employee training, unit-level training, affiliate company training, local training, international training, and e-learning training 	
	Protection and management of information	p. 19	<ul style="list-style-type: none"> Implement NYK Group Information Security Structures Project 	<ul style="list-style-type: none"> Rollout of ISMS-based security standards to affiliated companies, improvement of information security levels throughout the group 	
 Consumer issues	Improvement of customer satisfaction and services	p. 37	<ul style="list-style-type: none"> Ensure quality assurance 	<ul style="list-style-type: none"> Rigorous quality assurance by the CS Improvement Committee (Asuka II) 	
	Promotion of safety	p. 32-34	<ul style="list-style-type: none"> Promote ship safety management 	<ul style="list-style-type: none"> Promotion of Safety and Environmental Management Committee (SEMC) activities including expansion of SEMC organizations, measures to deal with growing fleet (measures to deal with shipping environmental change) 	
	Development of safety programs	p. 35	<ul style="list-style-type: none"> Enforce terminal safety policies 	<ul style="list-style-type: none"> Enforcement of terminal safety standards for companies operating at NYK-operated terminals in Japan 	
 Community involvement and development	Social contribution activities	p. 39	<ul style="list-style-type: none"> Promote employee donation opportunities and volunteer activities in line with social contribution activity guidelines Promote disaster relief and international cooperation activities using transportation services and other business resources Develop initiatives to increase visitors to the NYK Maritime Museum and NYK Hikawamaru 	<ul style="list-style-type: none"> Affixing of picture-book stickers, family events, NPO reporting meetings, Heartful Donation Campaign, and other events Transportation assistance (picture books, school backpacks, bicycles, etc.) Events, coordination with community facilities, services for foreign nationals 	
	Support for areas affected by the Great East Japan Earthquake	p. 39 p. 42-45	<ul style="list-style-type: none"> Encourage assistance activities by NYK Group employees 	<ul style="list-style-type: none"> Ongoing dispatch of volunteers to Rikuzentakata, Iwate 	
	Involvement in community development	p. 14-15	<ul style="list-style-type: none"> Operate merchant marine academy in the Philippines 	<ul style="list-style-type: none"> Training to develop highly-skilled seafarers 	


Glossary NBC: NYK Business College NMC: NYK Maritime College ISMS: Information Security Management System HR: Human Resources

	Achievement as at the end of March 2012	Evaluation	FY 2012 targets
	<ul style="list-style-type: none"> All meetings held 	  	<ul style="list-style-type: none"> Hold CSR task force member and group company CSR officer meeting
	<ul style="list-style-type: none"> 2011 CSR report presented the Sustainability Report Grand Prize at Environmental Communication Awards sponsored by the Ministry of the Environment. Expert lectures held. 	  	<ul style="list-style-type: none"> Study collaboration with relevant department on integrated report (to comply with ESG information disclosure requirements)
	<ul style="list-style-type: none"> 13 presentation meetings held for individual investors Shanghai facilities tour held jointly with Yusen Logistics Co. Ltd. 10 monthly newsletters published internally. Internal IR feedback meetings for employees held 	  	<ul style="list-style-type: none"> Maintain meetings for individual investors at the same frequency as the previous year; hold meetings and facilities tours for institutional investors and analysts; provide support for institutional investors and analysts at international offices; coordinate relevant units in interactions with ratings agencies
	<ul style="list-style-type: none"> NBC, new employee training, new manager training program, international assignment training, etc. held as scheduled 	  	<ul style="list-style-type: none"> Hold NBC human rights training
	<ul style="list-style-type: none"> Implemented for approximately 9,000 domestic and international NYK Group employees 	  	<ul style="list-style-type: none"> Ongoing
	<ul style="list-style-type: none"> Publicized in training sessions, CSR report, group newsletter, etc. 	  	<ul style="list-style-type: none"> Further spread Global Compact Promotion Committee activities in NYK Group
	<ul style="list-style-type: none"> Implemented in June. Companies requested to make improvements after tabulation of results 	  	<ul style="list-style-type: none"> Conduct HR data survey, analyze findings, and issue instructions for improvement
	<ul style="list-style-type: none"> Third Action Plan for the Law for Measures to Support the Development of the Next Generation <ul style="list-style-type: none"> Two men took parental leave in FY 2011 Potential to hold workplace tours studied. Plan to implement in 2012 	 	<ul style="list-style-type: none"> Continue implementation of the Third Action Plan for the Law for Measures to Support the Development of the Next Generation and activities by the Work-Life Balance Promotion Committee to promote work-life balance
	<ul style="list-style-type: none"> Diverse training provided for both onshore and offshore employees 	  	<ul style="list-style-type: none"> Ongoing
	<ul style="list-style-type: none"> All items implemented. E-learning opportunities provided to increase employee understanding. Classes taken by 4,821 employees 	  	<ul style="list-style-type: none"> Continue compliance activities and education
	<ul style="list-style-type: none"> Training programs held for domestic and international employees. Total of 40 programs (8 overseas, 32 in Japan); total of 1,289 participants (298 overseas, 991 in Japan) 	  	<ul style="list-style-type: none"> Ongoing
	<ul style="list-style-type: none"> New three-year plan in implementation 	  	<ul style="list-style-type: none"> Continue promotion
	<ul style="list-style-type: none"> 40 items from customer surveys and cruise reports discussed (16 improvements made, 24 in ongoing, medium-, and long-term implementation) 	  	<ul style="list-style-type: none"> Ongoing
	<ul style="list-style-type: none"> SEMC held in April to review the previous year and discuss activity policy for FY 2011 	  	<ul style="list-style-type: none"> Deploy safety activities for all NYK Group employees
	<ul style="list-style-type: none"> Regular safety meetings held for relevant employees. Safety compliance confirmed in morning work meetings. Reviews conducted of any issues encountered during work 	  	<ul style="list-style-type: none"> Enhance safety measures to prevent accidents
	<ul style="list-style-type: none"> Kids events (two bread-making classes) and picture-book sticker attachment sessions (four times) held 	  	<ul style="list-style-type: none"> Ongoing
	<ul style="list-style-type: none"> Transportation services: 13,967 picture books, 16,362 school backpacks, 1,480 bicycles 	  	<ul style="list-style-type: none"> Ongoing
	<ul style="list-style-type: none"> Several events held, announcements on NYK Hikawamaru provided in four languages 	  	<ul style="list-style-type: none"> Collaborate with the city of Yokohama and neighboring facilities
	<ul style="list-style-type: none"> Total of 120 employees sent between October and December 2011 	  	<ul style="list-style-type: none"> Continue dispatch of volunteers to Rikuzentakata, Iwate
	<ul style="list-style-type: none"> First class of 116 appointed as NYK Group employees in January 2012 	  	<ul style="list-style-type: none"> Further improve education levels

CS: Customer Satisfaction

[Self-evaluation standard]

   Achieved  Almost Achieved

ISO 26000 core subjects	Initiatives	Page	FY 2011 targets	FY 2011 programs	
 The Environment	Using ISO 14001 certification to promote environmental activities	p. 25	<ul style="list-style-type: none"> Maintain and expand NYK Group environmental certification (roll out to regional management companies in the six global regions) 	<ul style="list-style-type: none"> Maintain activities appropriate for communities and businesses and expanded certification as requested by customers 	
	Adherence to domestic and international laws and regulations, formulation of and adherence to industry and company standards	p. 25	<ul style="list-style-type: none"> Identify and rigorously adhere to treaties, laws, and regulations that impact ships Contribute to the achievement of sustainable societies by participating in the formulation of international rules regarding greenhouse gases, air pollutants, and ship dismantlement 	<ul style="list-style-type: none"> Monitor treaties, laws, and regulations, perform rigorous NAV9000 audits (ship management company and ships) Proactively participate in the formulation of international rules through industry bodies 	
	Reduction of fleet accidents	p. 32-33	<ul style="list-style-type: none"> Fleet downtime of 10 hours/year/ship 	<ul style="list-style-type: none"> Reduce fleet downtime Promote Near Miss 3000 activities (increase companies to be covered) Conduct safety and security campaign Continue activities to minimize engine accidents 	
	Creation and administration of emergency response network	p. 32	<ul style="list-style-type: none"> Emergency preparedness and response 	<ul style="list-style-type: none"> Conduct emergency response exercises and reviews Conduct media response training and reviews 	
	Reduction of CO ₂ emissions	p. 26-28 p. 30	<ul style="list-style-type: none"> Monitor environmental management indicators, improve precision Reduce fleet unit CO₂ emissions ① by 10% from FY 2006 levels by FY 2013; ② by 10% from FY 2010 levels by FY 2015 Monitor total CO₂ emissions from consolidated group companies 	<ul style="list-style-type: none"> Extract data for the calculation of environmental management indicators from SPAS for more accurate monitoring Promote NENSETSU 2011 Operate environmental load data tabulation system 	
	Reduction of NO _x and SO _x emissions	p. 29	<ul style="list-style-type: none"> Reduce emissions of nitrogen oxide compounds (NO_x) and sulfur oxide compounds (SO_x) 	<ul style="list-style-type: none"> Increase usage of electronically controlled engines Cooperate with the California Speed Reduction Program Cooperate with SCR onboard testing Rigorously enforce EU and California low-sulfur fuel guidelines 	
	Recycling, conservation of resources, reduction of toxic substance emissions	p. 29	<ul style="list-style-type: none"> Scrap vessels in an environment-friendly manner 	<ul style="list-style-type: none"> Adhere to NYK Standards on ship recycling 	
	Protection of the ozone layer	p. 29	<ul style="list-style-type: none"> Increase usage of cooling devices that use no ozone-depleting substances 	<ul style="list-style-type: none"> Fully convert all refrigerated containers to devices that use no ozone-depleting substances 	
	Reduction of office environmental load	p. 30	<ul style="list-style-type: none"> Reduce paper, water, and electricity usage by at least 1% from FY 2010 levels 	<ul style="list-style-type: none"> Endeavor to reduce usage of water, electricity, and paper 	
	Research and development of new technologies	p. 12-13 p. 28-29	<ul style="list-style-type: none"> Develop hybrid turbochargers Verify the energy-conservation impact of air lubrication module vessels Research and develop large-volume nickel hydrogen batteries 	<ul style="list-style-type: none"> Use offshore testing to confirm energy-conservation performance, and use voyages to confirm performance and equipment reliability Collect and analyze oceangoing data from air-lubrication systems Install secondary batteries on car carriers in dock in June, collect oceangoing operational data, conduct general performance evaluations, including generators and other onboard electrical equipment 	
	Use of equipment that reduces air and marine pollution and protects biodiversity	p. 28	<ul style="list-style-type: none"> Install the NYK Total Bilge System Operate shoreside generator facilities Install ballast water systems 	<ul style="list-style-type: none"> Install in new ships at shipyards able to adhere to NYK standards Expand operations Expand installation 	
	Stimulation of interest in environmental protection activities	p. 30	<ul style="list-style-type: none"> Conduct environmental training programs Conduct environmental e-learning programs 	<ul style="list-style-type: none"> Hold training sessions and study groups; use EMI report card and ECO Channel classes Create content and increase student numbers 	
	Disclosure of environmental information	p. 24 p. 26	<ul style="list-style-type: none"> Disclose CO₂ emissions information as requested by customers Develop NYK Group CO₂ e-calculator 	<ul style="list-style-type: none"> Participate in and provide data for the CCWC of BSR (a U.S. NPO) Develop e-calculator and publish on website 	

Glossary SPAS: Ship Performance Analyzing System SCR: Selective Catalytic Reduction EMI: Environmental Management Indicator

	Achievement as at the end of March 2012	Evaluation	FY 2012 targets
	<ul style="list-style-type: none"> Expanded to 17 sites and five companies for a total of 122 sites at 49 companies (All regional management companies in the six global regions have been certified) 		<ul style="list-style-type: none"> Maintain and expand NYK Group environmental certification (maintain certification at the six global regions; new certification planned for NYK Group companies in Chile, China, and Japan)
	<ul style="list-style-type: none"> 298 ships / 37 companies, 3,524 improvement proposals 		<ul style="list-style-type: none"> Identify and rigorously adhere to treaties, laws, and regulations that impact ships
	<ul style="list-style-type: none"> Participated in industry body steering committees and the International Marine Organization's (IMO) Marine Environment Protection Committee 		<ul style="list-style-type: none"> Contribute to the formulation of international rules for sustainable societies
	<ul style="list-style-type: none"> 19.6 hours/year/ship 40 companies, 54,917 reports 475 ships, 756 participants 5.9 hours/year/ship 	   	<ul style="list-style-type: none"> Reduce fleet downtime (10 hours/year/ship)
	<ul style="list-style-type: none"> Eight times Media response training session held in July 	 	<ul style="list-style-type: none"> Emergency preparedness and response
	<ul style="list-style-type: none"> 784 ships, 6,665 reports 		<ul style="list-style-type: none"> Monitor environmental management indicators, improve precision
	<ul style="list-style-type: none"> Improvement rate ● 13.8% (against FY 2006); ● 4.4% (against FY 2010); fuel reduction of 288,891 t 		<ul style="list-style-type: none"> Reduce fleet unit CO₂ emissions to ● 10% from FY 2006 levels by FY 2013; ● 10% from FY 2010 levels by FY 2015
	<ul style="list-style-type: none"> 114 NYK ECOM companies (overseas), 69 ECODATANET companies (domestic) 		<ul style="list-style-type: none"> Commission NYK ECOM to monitor total CO₂ emissions for the entire NYK Group (domestic and overseas)
	<ul style="list-style-type: none"> Eight ships (cumulative 37) Los Angeles water: 99% (20 miles); Long Beach water: 98% (40 miles) Environment targets satisfied. Specific numbers to be published later by the Ministry of Land, Infrastructure, Transport and Tourism Two ships (chartered vessels) found not to use required low-sulfur fuel 	   	<ul style="list-style-type: none"> Reduce NO_x and SO_x emissions, eliminate leased ships not using required low-sulfur fuel
	<ul style="list-style-type: none"> FY 2011 five ships 		<ul style="list-style-type: none"> Scrap vessels in an environment-friendly manner
	<ul style="list-style-type: none"> 100% 		<ul style="list-style-type: none"> Achieved and removed from FY 2012 targets
	<ul style="list-style-type: none"> Paper: 11.4%; water: 11.5%; electricity: 27.6% savings 		<ul style="list-style-type: none"> Reduce paper and water usage by at least 1% from FY 2011 levels; reduce electricity usage by at least 3% from FY 2011 levels
	<ul style="list-style-type: none"> Confirmed performance and safety in oceangoing testing. Confirmed performance as planned in voyage performance monitoring, collected data on energy conservation impact 		<ul style="list-style-type: none"> Develop technology to deploy hybrid turbochargers to ships
	<ul style="list-style-type: none"> Determined optimal operating mode. Energy conservation impact assessed at 6.0% in optimal mode 		<ul style="list-style-type: none"> Analyze actual data from oceangoing module vessel using air lubrication
	<ul style="list-style-type: none"> Installed secondary battery on car carrier to confirm operations. Confirmed environmental performance of secondary battery (vibration, pitching) and lack of problems in parallel operation with the ship's generators 		<ul style="list-style-type: none"> Research and develop ways to expand usage of secondary batteries (large new nickel hydrogen batteries) on oceangoing vessels
	<ul style="list-style-type: none"> Installed in six ships (cumulative 150) 		<ul style="list-style-type: none"> Install the NYK Total Bilge System
	<ul style="list-style-type: none"> Six ships with equipment to make use of shoreside generators; shoreside generators used eight times (full-year) 		<ul style="list-style-type: none"> Operate shoreside generator facilities
	<ul style="list-style-type: none"> Installed in six car carriers 		<ul style="list-style-type: none"> Promote ballast water systems installation
	<ul style="list-style-type: none"> Conducted training for NYK Line (Australia) Pty. Ltd. in August, published five EMI report card, held four ECO Channel classes Domestic: 1,789 participants; overseas: 2,078 participants 	 	<ul style="list-style-type: none"> Increase participation in environmental protection activities by the entire NYK Group
	<ul style="list-style-type: none"> Manager of NYK Line (North America) Inc. participated in the November CCWG meeting. Third-party institution verified environmental load data submitted in February Developed the NYK Group CO₂ e-calculator and released it on the website on October 17 	 	<ul style="list-style-type: none"> Disclose environmental information by NYK Group companies and newly adopt measures based on Scope 3

ECO Channel: Environmental training (classroom)

[Self-evaluation standard]

 Achieved Almost Achieved Partially Achieved

Enriching the future by protecting the environment today

The NYK Group works to protect the global environment and mitigate the impact of the environmental load generated by its business activities. We want to be a leading company on the environment, creating innovations today that will improve the environment tomorrow.

Cooperator's message

Angie Farrag

Manager, Advisory Services
Lead, Transport &
Logistics Practice
Business for
Social Responsibility



"Thank you for reporting accurate environmental data"

NYK is a longstanding member of the [Clean Cargo Working Group \(CCWG\)](#),¹ established by [BSR](#)² in 2003. All member carriers report details of their performance on indicators such as carbon, SOx, NOx, waste, water, chemicals, environmental management systems, and transparency. NYK and several other carriers have chosen to verify the data submitted as an additional level of assurance. The reported data — the most comprehensive environmental data sets in the shipping industry — is then turned into scorecards used by CCWG members for their internal metrics and contracting discussions, and is also used for detailed analysis of the industry's environmental impact. Annual environmental impact reporting is central to the CCWG's work, and BSR appreciates NYK's continued participation in the reporting process as well as NYK's collaborative approach to supply chain management.



CCWG promotes environmental protection in marine transport

1 Clean Cargo Working Group (CCWG)

A group for the world's major container cargo shippers and ship operators. Conducts an environmental performance survey as a uniform standard for measuring environmental performance in marine transport, formulates environmental performance metrics for the calculation of CO2 and other emissions, and evaluates environmental initiatives.

2 BSR

Business for Social Responsibility International business organization for CSR that was founded in 1992 in the United States. Provides a wide range of CSR information, formulates ethical standards, and provides support for initiatives on environmental issues, human rights, and community development.

"Working with customers to reduce environmental load"

The shipping and supply chain industry is fast becoming a challenging place to do business. Emission regulation, higher energy prices, and the urgent need to reduce global warming are three leading factors changing our industry. The NYK Group recognises that investment in new technologies and innovations will play a vital role in combating these issues. It's one of the reasons that the NYK Group continues to be at the forefront in developing new environmental technologies to reduce the company's global impact on the environment. Our innovations are applied at both the technical level and the development of in-house tools/metrics to monitor and measure our environmental performance. This is especially important when working closely with our customers to calculate and share accurate CO2 data to support improvements in achieving a greener approach to supply chain management. The NYK Group is committed to working closely with our customers and subcontractors to reduce our environmental impact.

Alan Harries

General Manager &
Chief of Environmental
Management
NYK Group Europe Ltd.



NYK's comment

Promotion of group environmental management

The NYK Group's environmental management vision and three strategies

To contribute to the global environment and the creation of sustainable societies by managing environmental risks and arriving at an optimal balance between environment and economy

Strategy 1 Reducing greenhouse gas emissions

Strategy 2 Promoting social contribution through activities to conserve the global environment

Strategy 3 Strengthening group environmental management

(Formulated March 2005)

The NYK Group's Environmental Green Policy

- ① We, the NYK Group, adopt responsible practices with due regard to the environmental impacts of our corporate activities. We set and continually review objectives and targets for achieving our goal to protect our entire global environment.
- ② We seek not only to comply with safety and environmental regulations but also to implement in-house standards to improve our environmental performance and prevent pollution.
- ③ We commit ourselves to the safe operation of all our logistics services via sea, land, and air-transport modes, including not only our oceangoing vessels but also our waterfront, inland, and air-transport services, as well as terminal and warehouse operations.
- ④ We seek to reduce environmental loads by efficiently using resources, saving energy, reducing waste, encouraging material recycling, and particularly by minimizing emissions of greenhouse gases, ozone-

- depleting substances, and toxic matter.
- ⑤ We endeavor to minimize environmental loads and adopt environmentally friendly technologies when ordering and purchasing necessary resources, such as vessels and aircraft, for transportation services and cargo operations.
- ⑥ We endeavor to use education programs to raise environmental awareness among our employees and to ensure that they recognize the essence of this Green Policy by actively addressing environmental concerns.
- ⑦ We make wide-ranging social contributions in close partnership with local communities by disclosing environmental information and supporting environmental conservation initiatives.

President

Constituted on September 1, 2001

Amended on April 1, 2009

□ Global environmental management system (EMS)¹

Under the NYK Group Green Policy, ISO 14001 certification has been earned by approximately 120 sites and 800 vessels (including **chartered vessels**)² in Japan and the six global regions.

The global coverage of our certification is unparalleled in the industry. Nine group companies in Japan have also achieved **Green Management certification**.³

■ Global promotion of environmental activities and multi-site system⁴

SEMC⁵ committees

Committees for specific types of vessel:
containership, car carrier, tanker, dry-bulk carrier, handysize bulk carrier, gas carrier, heavy lifter, cruise ship

Committees for specific types of business: harbor, logistics

Save Bunker Committee

Committee for Assessment of Major Equipment for Newbuildings

Office Environmental Management Committee

SEMC GHQ (Japan)

NYK Group Environmental Management Meeting
51 major domestic group companies

North America:
15 sites

Europe:
55 sites

East Asia:
4 sites

Japan:
24 sites

South Asia:
17 sites

Oceania:
2 sites

Latin America:
5 sites

- ISO 14001 Certified Site
- Sites planning to be certified under ISO 14001

(As of April 1, 2012)

1 EMS

Environmental Management System

2 Chartered vessels

Ships leased from shipowners together with their fixtures and crew in a state capable of safe operation.

3 Green Management certification

Certification and registration for transportation operators that make voluntary efforts above a certain threshold as described in the Green Management Promotion Manual. Examples include eco-driving and the introduction of low-pollution vehicles. Certification is administered by the Foundation for Promoting Personal Mobility and Ecological Transportation.

Nine companies certified as practicing Green Management:

Nippon Container Yuso Co. Ltd., Tomakomai Kaiun Co. Ltd., Yusen Koun Co. Ltd., UNI-X Corporation, Yusen Kairiku Unyu Co. Ltd., Asahi Unyu Kaisha Ltd., Kaiyo Kogyo Corporation, Yokohama Kyoritsu Warehouse Co. Ltd., and Yusen Logitec Co. Ltd., Narita Transport Section

4 Multi-site system

A system allowing blanket certification of all a company's places of business. Enables global corporate activities under unified group environmental management vision, environmental policies, and EMS manuals.

NYK-Point

5 SEMC

Safety and Environmental Management Committee

At the NYK Line headquarters, the president serves as chair for the formulation of groupwide environmental activity guidelines and the performance of annual EMS reviews. As subsidiary organizations, there are subcommittees for specific types of vessels, businesses, and proposals that implement specific environmental activities. There are also similar committees for the six global regions that are responsible for activities in their own regions.

1 See the feature



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► Fuel-efficient car carriers continue to evolve toward the 2050 goal



CSR > Environment

► Environmental Management

Initiatives to reduce environmental impact

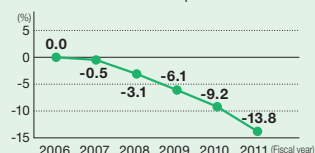
Reduction of CO2 emissions

Environmental management indicator for certain types of vessels

Types of vessel	Environmental management indicator (Unit: g CO ₂ /ton-km)			Improvement rate	
	FY 2006	FY 2010	FY 2011	Vs. FY 2006	Vs. FY 2010
VLCCs	3.4	3.11	2.95	13.2%	5.1%
Car carriers	56.98	47.55	45.2	20.7%	4.9%
Container-ships	14.66	11.17	10.9	25.6%	2.4%

A decline in the numbers means an improvement in CO₂ emissions per ton kilometer. Containership numbers are higher from FY 2010 because of the merger of group companies.

NYK's rates of improvement



1 EEOI

Energy **E**fficiency **O**perational **I**ndicator
This metric calculates CO₂ emissions per unit transportation volume based on the ship's fuel consumption during the voyage, the volume of cargo transported, and the distance of the trip. It is a measure of the ship's energy efficiency during travel.

2 IMO

International **M**aritime **O**rganization
UN specialist organization to promote intergovernmental cooperation and formulate treaties and protocols covering technical and legal questions in marine transport and shipbuilding

3 Eco speed

Operating ships at lower speeds that reduce engine revolutions while maintaining schedules. This approach conserves fuel and reduces CO₂ emissions without impacting delivery times.

4 IBIS Project

Innovative **B**unker & **I**dle-Time **S**aving **P**roject
This project seeks to optimize voyage economy by sharing data in real time between land and ships, beginning with containerships.

See the feature



p. 12-13

Fuel-efficient car carriers continue to evolve toward the 2050 goal



CSR > Environment

Ocean

Environmental management indicators

In 2006, NYK began calculating environmental management indicators to monitor the operational efficiency of its ships. It currently has two goals for its fuel economy activities: reduce CO₂ emissions by a minimum of 10 percent in FY 2013 compared to FY 2006 levels, and improve fuel efficiency by 10 percent from FY 2010 by FY 2015. The company has received a statement of "EEOI"¹ appraisal from the Nippon Kaiji Kyokai to verify the reliability of the data used in these metrics.

$$\text{Environmental management indicator (Based on IMO}^2\text{ guidelines)} = \frac{\text{Environmental load (CO}_2\text{ emissions from vessel transportation)}}{\text{Value added by the business (Mass of cargo in tons} \times \text{transport distance in kilometers)}}$$

Save Bunker campaign

The NYK Group began its "Save Bunker" fuel economy activities in October 2005 as a campaign to reduce ship fuel consumption and CO₂ emissions. In FY 2011, under the NENSETSU 2011 program, each group nominated a person responsible for the Save Bunker Mission and conducted programs to ensure operations were maintained at **eco speed**.³

Optimized voyages (IBIS Project)

We work to reduce CO₂ emissions during voyages by sharing information in real time between land and ships on weather conditions, ship plans, and ship conditions. This information helps to optimize ship operations. Weather and port conditions change from moment to moment, but the introduction of offshore broadband and better monitoring of ship conditions onshore helps ships to react in real time. The "IBIS Project"⁴ that began with containerships has achieved significant results and is beginning to be expanded to other types of ship.

Containership environmental data is certified by LRQA

NYK joined the CCWG (see Note 1 on p. 24) in 2003, and uses CCWG approaches to calculate containership environmental data. The 2011 environmental data submitted to the CCWG to provide our customers with accurate, reliable information was certified by the **LRQA**,⁵ a third-party institution, as presenting accurate figures for CO₂ and SO_x calculated with appropriate methods.

Publication of the NYK Group CO₂ e-calculator

In October 2011, NYK became the first shipping company in Japan to provide a tool on the websites of its group companies to calculate the CO₂ emissions of shipped cargo. The calculator was developed in response to the spread of the "carbon footprint"⁶ concept and growing numbers of inquiries from customers regarding CO₂ emissions during transportation. We collaborated with group company Yusen Logistics Co. Ltd. to develop calculators for both containership and air cargo. One user commented, "This is really useful. It has always been a challenge to collect data on CO₂ emissions in international freight transportation."

NYK Group "CO₂ e-calculator" screen

Energy conservation initiatives

□ Green Ship certification in Singapore

In December 2011, three Singapore-flag tankers owned by NYK Bulkship (Asia) Pte. Ltd., an NYK Group company, were recognized in the Maritime and Port Authority of Singapore's (MPA) **Green Ship Programme**⁷ for the Energy Efficiency Design Index (EEDI)⁸ certification received by these vessels. The company is the first Asian shipping company to receive this recognition. In addition, the company signed the **Maritime Singapore Green Pledge**⁹ in January 2012.



Challenge Paragon is certified under the Green Ship Programme

□ Installation of LED lighting

Yusen Logistics Co. Ltd. changed all of the light fixtures in the first floor of the warehouse of its Narita Logistics Center from mercury lamps to LEDs. A total of 226 LED fixtures were installed between June and August 2011. The company had planned to introduce the new fixtures in order to conform to the Amended **Act on the Rational Use of Energy**,¹⁰ but accelerated the program in response to the electric power restrictions imposed during the summer of 2011. The areas with LED fixtures recorded a **40 percent**¹¹ savings in electric power, and combined with other measures, the facility as a whole was able to save **25 percent**.¹² The longer life of the fixtures will reduce replacement costs and dangerous work in high places.



Warehouse installed LED fixtures

They will also increase sanitation because insects are not as attracted.

□ Headquarters office initiatives

At the beginning of each year since FY 2008, the headquarters building has formulated an action plan with specific numerical targets for the reduction of CO₂ emissions. For example, one measure introduced was to make better use of blinds to reduce the load from air-conditioner operations. In October 2011, 74 percent of the building's lighting fixtures were changed from fluorescent to LED fluorescent bulbs, which combined with a reduction in fixtures and stricter rules about turning off lights to reduce the electric power consumed for lighting by approximately 60 percent off previous years.

□ Stacked container storage at the Tokyo Container Terminal

In April 1, 2011, the Tokyo Container Terminal, which is owned and operated by NYK, became the world's first container facility to use the **"stacker" approach**.¹³ Containers are stored in stacks of seven, which provides for more effective use of the land and also improves work efficiency compared to conventional crane-based approaches.

On the rooftop of the storage facility, 1,107 solar panels have been installed to provide 4.1 percent (manufacturer's estimate) of the facility's electric power requirements in the form of renewable energy, further reducing environmental load.



Stacked container storage

5 LRQA

Lloyd's Register Quality Assurance Limited

6 Carbon footprint

A measure of the amount of greenhouse gas produced by human activities, generally presented as greenhouse gas emissions generated in the process of production/processing → sales → use and disposal.

7 Green Ship Programme

Program to reduce registration fees and give other incentives to Singapore-flagged ships having excellent EEDIs.

8 EEDI

Energy Efficiency Design Index
An index to provide pre-assessment of CO₂ emissions per ton/mile based on the ship's specifications at the design and construction stages

9 Maritime Singapore Green Pledge

A declaration from the maritime industry of Singapore on its commitment to reduce environmental load. Introduced under the leadership of the Maritime and Port Authority of Singapore.

10 Act on the Rational Use of Energy

Legislated in 1979 to promote the efficient use of fuel resources and the rational use of energy in factories, places of business, and transportation. The act was amended in 2010 to create a regulatory framework for managing energy in corporate units rather than factory/workplace units. Under the new act, companies using the equivalent of 1,500 kl (converted to petroleum) of energy during the year are required to report their energy usage volume to the government.

11 40 percent

Comparison of actuals for May to August 2011 and the same period the previous year

12 25 percent

Comparison of February 2011 and March 2012 actuals

13 Stacker approach

A cargo handling approach that uses forking to insert, retrieve, raise, lower, and move cargo.

CSR > Environment

- Web
- ▶ Ocean
- ▶ Land & Air

1 Declaration on Biodiversity by KEIDANREN (summary)

1. Appreciate nature's gifts and aim for corporate activities in harmony with the natural environment
2. Act from a global perspective on the biodiversity crisis
3. Act voluntarily and steadily to contribute to biodiversity
4. Promote corporate management for sustainable resource use
5. Create an industry, lifestyle, and culture that will learn from biodiversity
6. Collaborate with relevant international and national organizations
7. Spearhead activities to build a society that will nurture biodiversity

2 SPAS

Ship Performance Analyzing System

3 SIMS

Ship Information Management System

4 MT-FAST

A multi-blade device that can be attached to a ship's hull just in front of its propeller to catch the lost energy from the swirl flow generated by propeller rotation, improving propulsion efficiency while also saving energy.

5 SCR

Selective Catalytic Reduction

6 BRIDGE

Systems to provide ships with up-to-date weather and hydrographic forecasts

7 Ballast-water management systems

Ballast water is seawater carried by the ship to maintain its balance. Common practice is to take on ballast water at the port of unloading and then release it from the tanks at the port of loading. Management systems ensure that the marine life carried along with the ballast water does not upset other ecosystems. When the International Convention for the Control and Management of Ships' Ballast Water and Sediments takes effect, all oceangoing commercial ships will be required to install ballast-water management systems to satisfy convention standards. The scope of application will gradually expand to new and existing ships until full coverage in January 2017.

See the feature



p. 12-13

Fuel-efficient car carriers continue to evolve toward the 2050 goal



CSR > Environment

Ocean
Environmental Communication

Preservation of biodiversity

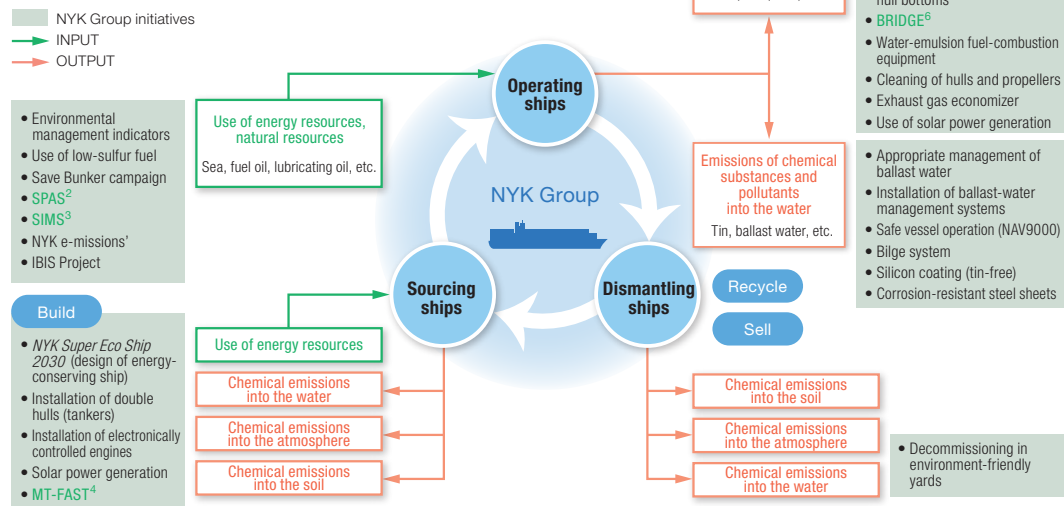
Biodiversity initiatives

NYK has created a map showing the relationship between its business activities and biodiversity. The map captures the potential impact on biodiversity at each stage, from ship sourcing to operations to decommissioning. The company has signed on to the "Declaration

on Biodiversity by KEIDANREN"¹ and in December 2009 became one of its promoting partners. It has also joined the "Japan Business and Biodiversity Partnership" launched in October 2010. The company is committed to acting in conformance to the Declaration on Biodiversity and Code of Conduct.

Mapping the relationship between the NYK Group and biodiversity

Created with reference to the "Map of the Relationship between Business and Biodiversity" developed by the Japan Business Initiative for Conservation and Sustainable Use of Biodiversity (JBIB)



Ballast-water management systems

In September 2010, in preparation for the implementation of the International Convention for the Control and Management of Ship's Ballast Water and Sediments, the car carrier *Emerald Leader* became NYK's first ship to install a ballast-water management system⁷ approved by the Ministry of Land, Infrastructure,

Transport and Tourism. Group company Monohakobi Technology Institute was involved in the demonstration testing of the system in preparation for approval. As of the end of March 2012, six of the company's car carriers have completed the installation of the system, and we plan to continue to install it on bulk carriers and other ships that we own and manage.



Ballast-water management system uses ultraviolet radiation

Cooperation with Tohoku University

The NYK fleet provides cooperation for research being conducted by Tohoku University on greenhouse gas distribution and circulation in a global-scale project that began in 1982 and has continued for roughly 30 years. Research has already elucidated the reasons behind rapid increases in CO₂ concentration and seasonal fluctuations. We look forward to continuing to work with Tohoku University in the future.

□ Ship decommissioning

The decommissioning of a ship generates toxic substances that impact the environment and make it urgent that an international treaty be put in place. NYK has formulated its own decommissioning guidelines and allows decommissioning to be performed only at

yards with equipment for properly disposing of toxic substances, safeguards for labor and the environment, and practices that conform to international environmental standards. We are also creating lists of toxic substances in ships in preparation for the treaty.

Preventing air pollution

□ Low-sulfur fuel oil

The burning of fuel oil that contains sulfur results in the emission of **sulfur oxide compounds (SOx)**.⁸ In January 2012, stricter standards were imposed on fuel oil sulfur content, reducing the allowable concentration in general ocean waters from 4.5 to 3.5 percent to reduce the SOx emitted by ships. NYK adheres to these regulations and has established a task force to examine other measures that can be taken to improve ships' on-board equipment and change the specifications for new ships. Our goal in these efforts is to achieve both safe ship operation and environmental protection.

□ Electronically controlled engines, SCR NOx removal system

The burning of fuel by a ship's engine generates **nitrogen oxide compounds (NOx)**.⁹ The IMO has imposed regulations designed to reduce the NOx emitted by ships, and as part of our compliance with them, we have installed electronically controlled engines on much of our fleet. Electronically controlled engines reduce the amount of NOx by using electronic controls to optimize fuel injection and the opening and closing of exhaust valves. During FY 2011, electronically controlled engines were installed on 10 ships, and at the end of March 2012, NYK had electronically controlled engines on 48 of its ships, accounting for 17.9 percent of the fleet. We have also researched an SCR NOx removal system, a new NOx-reduction technology that shows great promise as a post-processing approach. By mixing ammonia into exhaust gas that contains NOx and passing it through a catalyst, NOx can be broken down into harmless nitrogen and water, reducing emissions by

more than 90 percent. We are now testing the equipment on the NYK fleet in preparation for installation as regulations become stricter in the future.

□ Award for reduction of air pollutants from the port of Los Angeles (USA)

NYK's efforts to reduce air pollutants were honored by the port of Los Angeles (California) in its **CAAP Awards**.¹⁰ Our containerhips moored at the port of Los Angeles make use of **shoreside electric power**,¹¹ and during FY 2010 this reduced emissions of NOx and particulate matter by **approximately 24 percent**¹² compared to not having any measures in place at all. NYK has received high praise for taking the lead in early voluntary compliance with the State of California's air pollution regulations. Yusen Terminals Inc. (YTI), a wholly owned subsidiary of NYK, has also been recognized for its "innovative operations that improve air quality." YTI uses automated gates and improved traffic flows to reduce environmental load. In 2008, YTI received an award for innovative technology to improve air quality; in 2009 for corporate-level initiatives.



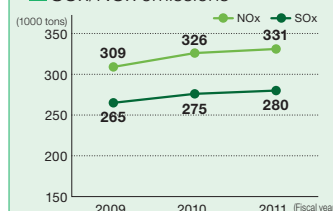
CAAP Awards

■ FY 2011 marine pollution incidents

Leakage due to marine casualties	1
Leakage due to machinery troubles	4
Leakage due to failure to comply with operating procedures	2

The seven incidents noted above were appropriately reported and treated.

■ SOx/NOx emissions



8 Sulfur oxide (SOx)

Toxic substance that has been identified as one of the causes of air pollution and acid rain

9 Nitrogen oxide (NOx)

Toxic substance that has been identified as a key element of photochemical smog, which pollutes the air and causes acid rain

10 CAAP Awards

Both ports of Los Angeles and Long Beach give awards to tenants and operators for significant achievements in the improvement of air quality. The Clean Air Action Plan Air Quality Awards have four divisions: Air Quality Improvement Leadership at the Corporate Level, Innovative Air Quality Improvement Technologies, Innovative Operations that Improve Air Quality, and Significant Early Action to Reduce Air Pollutant Emissions.

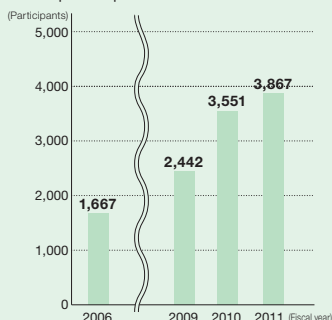
11 Shoreside electric power

Makes it possible to reduce air pollutant emissions by allowing a vessel to shut down onboard diesel power generators and receive needed electricity from shore while at berth.

12 Approx. 24 percent

Percentage calculated by California Air Resources Board

Environmental e-learning participants



1 Environment Day

Commemorates the United Nations Conference on the Human Environment held in Stockholm on June 5, 1972. Japan's Basic Environment Law designates this day as Environment Day. Its purpose is to increase interest and understanding of conservation and motivate participation in conservation activities.

NYK-Point

2 Distribution of NYK-themed handheld fans

Distributed to domestic and international group companies as part of the summertime energy conservation program

3 CO₂ Diet Declaration

A program to capture the estimated CO₂ reduction and financial savings by asking individuals to declare actions over the next six months on 10 energy-conservation themes.

NYK-Point

4 Senryu competition

NYK held an ecologically themed senryu competition in Japan. A senryu is a short humorous verse. 135 were submitted.

CSR > Environment

- ▶ Environmental Management
- ▶ Ocean
- ▶ Environmental Communication

Internal initiatives

Strengthen group environmental management

NYK collaborates with 51 major domestic group companies on the promotion of environmental management. As part of this, it held the fifth NYK Group Environmental Management Meeting in November 2011. At the meeting, companies shared information on initiatives to conserve electric power during the summer months, and rewards were given to companies for excellent programs. For FY 2011, five companies were selected: Chiba Kaiun Sangyo Co. Ltd., Yusen Real Estate Corp., Yusen Logistics Co. Ltd., UNI-X Corp., and Yokohama Building Co. Ltd.

The NYK Fleet Environment Strategy Meeting is a new meeting held for six related companies to share information on compliance with the International Convention for the Control and Management of Ship's Ballast Water and Sediments and other environmental regulations. It provides a means of rolling out environmental activities to the entire group.



Awards ceremony

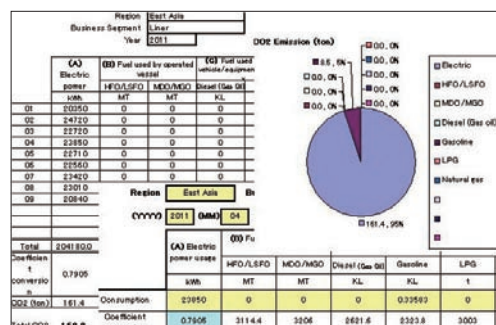
Environmental-preservation campaign

NYK conducts an environmental-preservation campaign called "The Earth Is Our Home" as

part of its annual observance of **Environment Day**¹ on June 5. The NYK Group conducted several programs to raise awareness of the environment during FY 2011, including environmental e-learning, the **distribution of NYK-themed handheld fans**,² the **CO₂ Diet Declaration**,³ and a **senryu competition**.⁴ The CO₂ Diet Declaration from July to August attracted 5,949 participants and saved an estimated 314,918 kg of CO₂.

Collection of environmental-load data

We collect environmental-load data from group companies around the world to monitor our overall environmental load and encourage environmental initiatives. In Japan, we collect 15 categories of data from 69 companies (251 workplaces); internationally, seven categories from 114 companies. This data helps the organization to "visualize" its environmental load.



"NYK ECOM" environmental load data-collection system screen

Display at one of Japan's largest environmental exhibitions

NYK had a booth at "Eco-Products 2011," one of the largest environmental exhibitions in Japan, held at the Tokyo Big Sight for three days from December 15 to 17, 2011. The focus was on introducing visitors to environmental activities at sea. Model ships and banners were used to illustrate solar panels, secondary batteries, air lubrication, and other systems to conserve energy on ships. There was also a display about the futuristic *NYK Super Eco Ship 2030*.



The NYK booth

A safe and trusted member of society

The NYK Group seeks to grow “together with society” as a trusted member that uses safe, certain technology to deliver reliable transportation services. Our ongoing pursuit of safety supports better lives for the future.

Cooperator's message

Nobutaka Kimura

Manager
Certification Service
Department
Nippon Kaiji Kyokai
(ClassNK)

“We expect industry-leading performance”

NYK Line has created safety management systems that reflect its safety culture, and the entire company is focused on the achievement of safe ship operations and the protection of the marine environment. In April 2011, group company safety management systems were revised and integrated, and ongoing improvements have enabled management systems to be maintained at the very highest levels anywhere to be found.

NYK is the industry leader, so we expect excellent performance from the company's systems.



The NYK SMS Manual integrates safety management systems

“Uniform standards maintain high levels of safety”

In-house ship-management companies¹ previously had their own safety management systems that they maintained and operated, but they were integrated in April 2011 and the new system began operations in July. All in-house ship-management companies now work under uniform safety standards. We recognize the expectations that society has for safe, stable ship operations, and we are committed to maintaining high safety standards while coordinating among companies to further develop the integrated systems.

¹ In-house ship-management companies

Refers to three wholly owned subsidiaries of NYK Line: NYK Shipmanagement Pte. Ltd., NYK LNG Shipmanagement Ltd., and NYK LNG Shipmanagement (UK) Ltd.

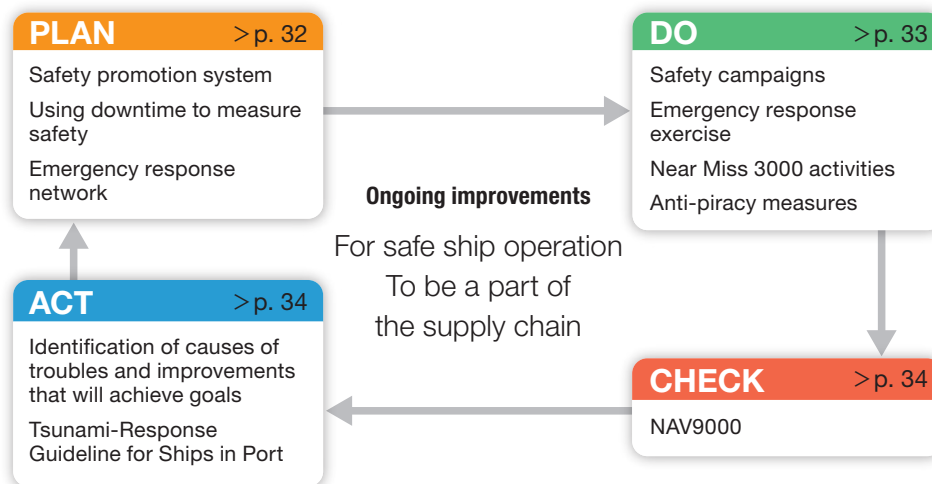
Hiromi Himoto
Deputy General Manager
Marine Group

NYK's comment

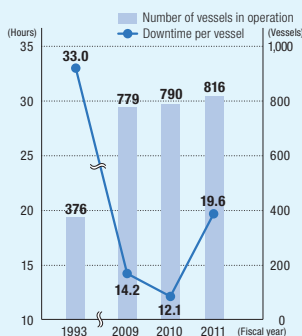
Safety on the sea

Ongoing improvements

Safe ship operation is the foundation for all of the NYK Group's business activities and is our highest priority task in protecting the environment. We will continue to make practical, down-to-earth improvements as we seek to better achieve safe ship operation.



Downtime data



NYK-Point

1 Emergency response network (ERN)

Our emergency response network divides the world into six regions so as to be able to respond more quickly and minimize damage in the event of an accident or problem anywhere on the seas.



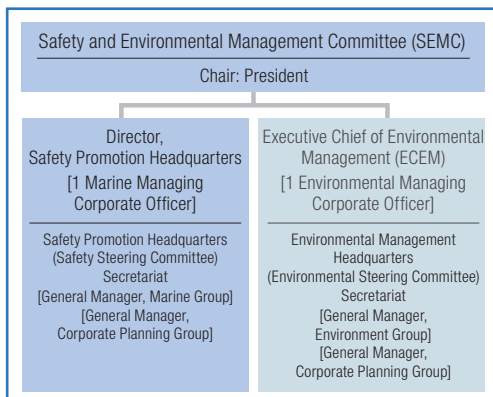
CSR > Safety
Safety on the Sea

PLAN Determination of safety and environment activity guidelines and targets

Safety promotion system

Each year, the Safety and Environmental Management Committee chaired by the president reviews activities for the previous year and sets the next year's targets and guidelines. In addition, subcommittees for specific types of vessels formulate specific activity guidelines based on the committee's decisions and move safety activities into implementation.

Safety promotion system (as of April 1, 2012)



Using downtime to measure safety

NYK uses the time that ships are stopped due to accidents or problems as a means of measuring the degree to which we have achieved safe ship operation. Our sea and land operations work together to bring us closer to the target of "zero" downtime.

Emergency response network

An **emergency response network (ERN)**¹ was created to prepare for maritime accidents and problems no matter where they occur in the world.



DO Implement integrated safety activities at the vessel, workplace, and company levels

□ Safety campaigns

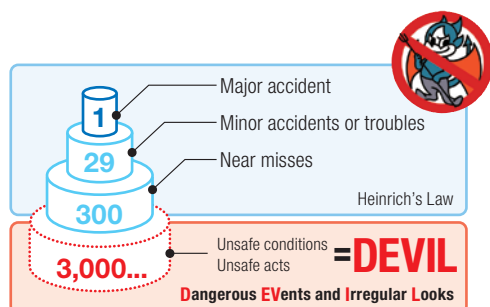
Each year, we conduct the **Remember Naka-no-Se²** safety campaign in the summer and the **Sail on Safety³** campaign in the winter. Sales, operations, and technology staff visit the ship as a team, working to improve mutual understanding between the ship and onshore staff and increase safety awareness among all concerned. Shipowners and ship-management companies are also indispensable partners in achieving safe ship operation, and we hold safety promotion meetings and safety seminars for them. These programs provide an opportunity to share information and improve safety throughout the NYK Group.

□ Emergency response exercise

Regular training is provided to increase employees' ability to respond to accidents. For greater realism, training sessions assume different scenarios for the type of ship and type of problem encountered. Ship crews, ship-management companies, government agencies, shippers, and other interested parties participate in training and exercises. In July 2011, we conducted a joint emergency response exercise with the Third Regional Japan Coast Guard Headquarters under a scenario in which an LNG ship collides and spills fuel oil. We also emphasize reviews after training sessions are completed, using the opinions and insights obtained to further enhance our accident response systems.

□ Near Miss 3000 activities

Near Miss 3000 activities are inspired by **Heinrich's Law⁴** and conducted on ships as a



program to prevent accidents from occurring. NYK has expanded from the *hiyarihatto* (near-miss) level to create **DEVIL Hunting!**⁵ activities that seek to nip accidents in the bud by identifying and dealing with situations that are precursors to often overlooked problems. The scope of this program was expanded to the entire NYK Group in 2006, and it also covers our partner shipowners and ship-management companies.

□ Anti-piracy measures

On April 1, 2011, the Marine Group established the Security Management Team to deal with the threat of piracy in waters off Somalia and in the Indian Ocean. The team significantly strengthens the company's organization in this area. We have also sent two of our captains to work with the EU's anti-piracy headquarters in the UK as Merchant Navy liaison officers in an effort to maintain close and ongoing exchanges of information and opinions with relevant domestic and international institutions. At the request of sea rescue agencies in Hong Kong and Australia, NYK ships have participated in training exercises using a pirate attack scenario.

We have added a piracy information database to NYK e-missions', a system to monitor ship status and weather conditions for the entire NYK Group. The system displays information about pirate attacks and real-time location information to determine the level of risk and provide warnings to vessels in the area.

To minimize damage and injury in the event of an attack, the glass on the bridge of a vessel passing through dangerous waters is covered with bulletproof film and crew members are provided with bulletproof helmets and vests. Ships are also equipped with water cannons and barbed wire.

NYK-Point

2 Remember Naka-no-Se Campaign

Conducted every year in July, the month in which an oil spill occurred from the very large crude oil carrier (VLCC) *Diamond Grace* at Naka-no-Se in Tokyo Bay in 1997, to ensure that the spill's lessons are not lost.

NYK-Point

3 Sail on Safety Campaign

Conducted for two months every winter in December and January, focusing primarily on rough wintertime weather.

4 Heinrich's Law

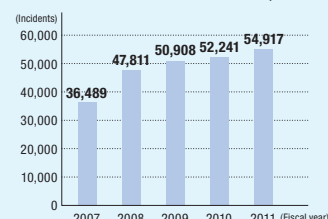
A law on work-related accidents that says that behind every major accident there are 29 minor accidents and 300 near misses.

NYK-Point

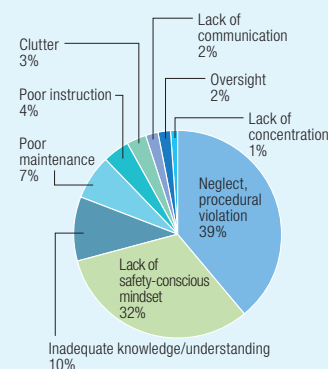
5 DEVIL Hunting!

"DEVIL" is derived from "Dangerous Events and Irrregular Looks." The purpose of these activities is to eliminate at the very early stages the precursors and factors to accidents before a major event occurs.

■ Number of near misses reported



■ FY 2011 near miss causes


CSR > Safety

▶ Safety on the Sea

■ Breakdown of NAV9000 improvements (requests)

	FY 2009	FY 2010	FY 2011
Ship audits	319	306	298
Company audits	35	38	37
Improvements	2,946	2,783	3,524

1 Auditor

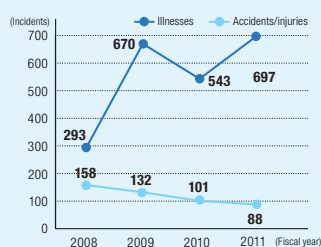
Expert auditors audit companies and inspect ships

■ NYK-Point

2 Safety Bulletin

A safety information journal that is used to publish information and issue instructions to the entire fleet on piracy, terrorism, other matters of concern in voyages, causes of accidents and problems, and prevention measures.

■ Reported crew member injuries and illnesses



The number of reported illnesses increased in FY 2011 because of more rigorous reporting requirements.

■ NYK-Point

3 Casualty Report

A safety information journal that is used to quickly share information on accidents and problems with the entire fleet and encourage greater awareness and care.



CSR > Safety
► Safety on the Sea

CHECK Confirmation of the impact of safety activities

□ NAV9000

The NYK Group introduced NAV9000, a rigorous self-imposed safe ship management system, in 1998 in order to better discharge its responsibilities to achieve safety and protect the environment. For both owned ships and chartered vessels, the ship itself, the ship-owner, and the ship-management company are required to disclose information on safe ship operation and adhere to NYK standards.

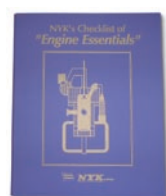
These comprehensive safety standards include matters required under international treaties, measures to prevent the recurrence of major accidents that occurred in the past, and measures to satisfy the requirements of our customers. **Auditors**¹ with professional expertise regularly visit ships and companies to provide support for ongoing improvement activities.

ACT Investigate causes of problems and develop improvements to meet targets

□ Identification of causes and improvements that will achieve goals

We try to use information on accidents to prevent their recurrence. Bulletins are immediately issued to the fleet after an accident occurs, and once the causes have been found we formulate measures to prevent recurrence and issue instructions to the fleet in our **"Safety Bulletin."**² "NYK's Checklist of 'Engine Essentials'" summarizes the lessons learned from engine-related accidents. This improve-

ment activity requires ships to perform regular inspections of major pieces of equipment to reduce downtime due to engine problems. "Calm Sea" is a monthly newsletter of safety information that reports on the month's downtime, profiles any accidents that may have occurred, provides examples of Near Miss 3000 activities, reports NAV9000 ship inspection results, and outlines lessons from accidents and new environment measures. The newsletter allows us to share information with shipowners, ship-management companies, and the fleet.



NYK's Checklist of "Engine Essentials"



"Calm Sea" safety information newsletter



"Safety Bulletin" and "Casualty Report"³ safety information newsletters

□ Tsunami-Response Guideline for Ships in Port

The lessons from the tsunami that followed the Great East Japan Earthquake on March 11, 2011, have been formulated into guidelines for ships in port when a tsunami strikes. We used the tsunami prediction model for the Tonankai/Nankai earthquakes to perform simulations of moored and operating ships and study the limits of moorings in the face of tsunami, the potential for emergency evacuation to the shore, and strategies for ship operations. The document includes decision-making criteria in the event that a tsunami warning is issued.

Safety on land and in the air

□ Safety initiatives at ports and terminals

The prevention of accidents is the foundation of safety, and at our NYK-operated terminals in Japan (Tokyo, Yokohama, and Kobe), we continue to strengthen emergency communications systems, analyze the causes of accidents, and share information. Terminal safety officers hold regular joint safety promotion meetings to discuss reports and information from terminals and share and standardize accident-prevention measures. We also exchange information with companies in other industries who do business with the terminal as we work to improve the safety of our systems and cargo handling.



Safety meeting



RORO ship¹ safety poster promotes safe handling on car carriers

□ Safety initiatives in the air transport sector

Nippon Cargo Airlines Co. Ltd. (NCA) is committed to absolute safety in its operations as the highest priority task in its corporate ethics statement.

In FY 2011, the company established **four principal elements to be pursued for a culture of safety.**²

This includes programs already in place like the Safety Risk Management Study Group, safety lectures, and the yearly safety awards, as well as new initiatives like the monthly safety awards to more actively show appreciation for employees who have contributed to safety, direct talks between the president and frontline employees, and education for management about safety risks. In conjunction with these activities, the company performs an annual safety survey to measure the impact and feed information into the PDCA cycle for the next year.



Annual safety awards ceremony

□ Safety in logistics

Yusen Logistics Co. Ltd. uses a proprietary **ADS**³ to quickly communicate and share information among the people involved in the event of accident. The company also extracts and analyzes data from the system for use in the prevention of similar accidents going forward. Transportation audits are another way in which the company works to eliminate accidents and improve quality. Integrated, coordinated activities among the working level, **RHQ**,⁴ and **GHQ**⁵ achieve the goals set in audits.

1 RORO ship

Roll-on, Roll-off ship
A ship similar to a ferry that has a ramp way and a vehicle deck so that vehicles can move on and off using their own power. This structure allows direct loading and unloading without the use of cranes.

2 Four Foundations for Fostering a Culture of Safety

- Awareness and accurate reporting
- Sharing and discussing information
- Learning and nurturing
- Recognition

3 ADS

Accident Disclosure System
A system to categorize accidents and problems when they occur, profile them, identify responses, and immediately share information.

4 RHQ

Regional Headquarters

5 GHQ

Global Headquarters



CSR > Safety

► Safety on land and in the air

Enriching lives, supporting communities

The business activities of the NYK Group enrich lives and support communities. We will continue to grow and develop "Together with Society," and each of our employees is committed to understanding society's expectations and helping to build better communities.



Cooperator's message



Fumiko Hayashi
Mayor of Yokohama

"NYK Hikawamaru is the symbol of Yokohama"

NYK Hikawamaru floats elegantly in Yamashita Park, the face of the port of Yokohama. It has become a symbol of the city, not only to its residents but to the many visitors that Yokohama attracts. The ship was first moored in Yokohama back in 1961 as part of the commemoration of the centennial of the opening of the port. It was not common for companies to be engaged in social contribution activities at that time, and we are grateful to NYK for having the foresight and the love of Yokohama to do this. *NYK Hikawamaru* has helped to create a vibrant and rich waterfront area. In 2012, we are celebrating the Japan-U.S. Cherry Blossom Centennial. I was privileged to attend a commemorative event held on the banks of the Potomac River in Washington. The NYK Group transported the friendship seedlings for free from the port of Yokohama. We look forward to continuing our partnership with NYK as we work together to build a more attractive Yokohama.



NYK Hikawamaru
(authorized as a Yokohama cultural asset)

"We hope the ship continues to be a symbol loved by the people of Yokohama"

In the half-century since it first moored at Yamashita Park, *NYK Hikawamaru* has been one of the focal points for Yokohama tourism. The ship was refurbished in 2007 and reopened on April 25, 2008, and it continues to welcome more than 200,000 visitors every year. In May 2012, we recorded our 1 millionth visitor. This could only have happened because of the gracious support of our visitors and the city of Yokohama, and we are extremely grateful for everything that they have done for us. We hope that *NYK Hikawamaru* continues to be loved by the people of Yokohama as a symbol of this port city.



Norio Kanaya
Captain, *NYK Hikawamaru*

NYK's comment

Together with our customers

Logistics services

Yusen Logistics Co. Ltd. was established in October 2010 to integrate the operations of NYK Logistics (primarily responsible for ocean freight forwarding, land transportation, warehouse management, and delivery services) and Yusen Air and Sea Service (primarily responsible for air freight forwarding). The international integration of the two businesses has been proceeding apace, and with the incorporation of China and Indonesia in April 2012 is virtually complete. Global-level integration of organizations and operations provides for better coordination in the ocean, land, and air network, more efficient utilization of physical assets, and more efficient deployment of the human resources that are our greatest business asset. Management is unified in both name and fact, and this provides a powerful driving force for the business.

Customer Satisfaction Survey for Kobe Terminal

Container terminals are the linchpins that bring together ocean and land services in international logistics. They are also a point of contact with owners and other customers through the medium of cargo. From FY 2008, we have asked customers using the Kobe Terminal to respond to a satisfaction survey in order to better understand how they view our services. The survey involved direct visits to companies to explain our intentions, and participants received reports of both the findings and new

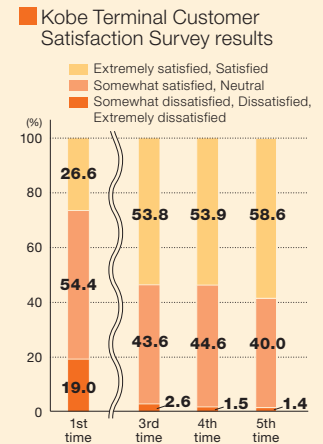
initiatives resulting from them. We take their opinions and remarks and are working to improve. The outcome of the survey has been better communication with customers and a gradual enhancement of our reputation. We will continue to make efforts to improve customer satisfaction in the future.

Cruise

Our top priority is for our guests to feel the joy of life through their cruise experiences, and to do this we create and offer unparalleled cruises at high levels of safety. The accumulation of our experience and expertise is why we can safely bring our guests to cities and ports around the world, show them the beauty of nature and world heritage sites, offer them a rich variety of entertainment and refined cuisine, and also provide spas and other facilities to maintain and improve their health. None of this would be possible without a delicate coordination of both hardware and software resources.



Crystal Serenity



VOICE Message from an NYK Group employee who collaborates with customers on environmental action

High marks from the U.S. Environmental Protection Agency improve customer confidence

SmartWay is an EPA program launched in 2004 with the aim to improve fuel efficiency and reduce greenhouse gases and air pollution from commercial transportation in the United States. We participate in the "SmartWay Transport Partnership," a voluntary partnership in which shippers, freight carriers, and logistics companies commit to benchmark operations, track fuel consumption, and improve performance annually. Our company, a member since 2005, has consistently earned the highest score possible. Categorized as a logistics partner, we are required to ensure that we utilize EPA partner motor carriers as our vendors. We became a partner primarily to express our environmental awareness, but large brand customers now view participation and high scores as two of the criteria they use to determine which service providers to appoint.

Autumn Houston

Business Development & Marketing Analyst
Yusen Logistics (Americas) Inc.



CSR > Together with Stakeholders

► Together with our Customers

Together with our shareholders and investors

FY 2011 IR highlights

	Participating companies	Participating individuals
Meetings with investors in Japan	554 (52)*	613 (52)
Overseas IR tours	263 (25)	330 (31)
Tours of facilities		
3 in Japan	82	83
1 overseas	12	12
IR seminars for individuals		
13 in Japan	—	1,069

*Parentheses indicate participation by the NYK president

1 Shipping Market Information

Home > Investor Relations > Financial Information > Shipping Market Information
<http://www.nyk.com/english/ir/financial/shipping/>

Approach to IR activities

NYK Line believes that the keys to fair assessment of its corporate value are timely, fair, and appropriate disclosures to shareholders, investors, and all other stakeholders, and mutual communications with them. The president and other management take the initiative of disclosure for the business environment and management strategy. Furthermore, we are mindful of creating even more opportunities to explain the company. We hold various meetings, including the annual General Meeting of Shareholders (avoiding the dates most Japanese companies hold their annual meetings), quarterly results presentation meetings, round-table meetings with the president, as well as presentation meetings for individual investors. In FY 2011, we enhanced comprehensive explanations about the medium-term management plan "More Than Shipping 2013" released in March 2011. Amid tumultuous change in the operating environment, we are determined to continue conducting vigorous IR activities to cultivate trust in the sustainable growth of our business performance.

Publication of IR information

The "NYK Plus" pamphlet is published twice a year (spring and fall) specifically for individual shareholders and investors to provide them with insights into the breadth of NYK's core ocean, land, and air business activities and the company's social contribution initiatives. We are also enhancing the content of our website so that up-to-date information

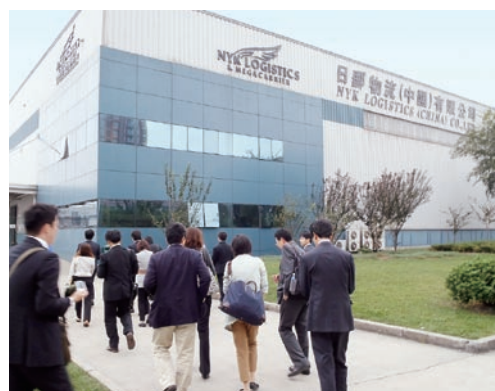


Vol. 10, Fall 2011

is available. On the site, we provide the monthly container market freight rate index and trends of the bulk carrier and tanker market,¹ as well as the schedule for upcoming presentation meetings for individual investors.

Tours of facilities

In October 2011, NYK and Yusen Logistics Co. Ltd. held a joint IR tour for institutional investors and analysts in China (Shanghai and surrounding areas). We showed our warehouse in the Suzhou Industrial Park and the Shanghai Northwest Logistics Center, in addition to a RORO ship terminal at Waigaoqiao. We also visited our customers' steel and paper companies to hear explanations of their businesses and tour their facilities. Lively question-and-answer sessions and discussions occurred at each place, and participants became more convinced of the NYK Group's growth potential in China.



Touring the Shanghai Northwest Logistics Center



The RORO terminal at Waigaoqiao



CSR > Together with Stakeholders
 ▶ Together with Investors

Social contribution activities

Principles and action guidelines of social contribution activities (excerpts)

NYK is committed to proactively addressing the challenges that confront the world, and through a diverse array of activities, the company is making every effort to enhance corporate values and thus benefit society as a benevolent, sustainable, and socially responsible corporate citizen.

- [Action guidelines]**
- 1 Promotion of employee involvement in Volunteer Activities
 - 2 "Investment" in our future global society
 - 3 Promotion of mutual prosperity and harmony with local communities

□ Asuka II charity cruise

To commemorate the 20th anniversary of the resumption of its cruise business, NYK Line held a charity cruise from Yokohama to Shimizu and back for two nights and three days beginning October 5, 2011. For the cruise, we used the *Asuka II*, a cruise ship operated by NYK Cruises Co. Ltd. We donated 100,000 dollars of the proceeds to the nonprofit organization **Plan Japan**,¹ which will use the donation to support education for children in the Philippines. The cruise featured a panel display of NYK's social contribution activities, and also on display were striped flags of NYK Line with messages written by the crew of *Asuka II* to the children. The message flags were sent to the Philippines after the event.

Many children in the Philippines face large hurdles in receiving an education. Classrooms are in short supply and many are aging, and many children live far away from schools. Poverty and other reasons also force many to leave school before their education is completed. Our support is used to rebuild

classrooms, subsidize school supplies and transportation expenses, and provide training to teachers. Through these activities, NYK contributes to the achievement of "universal primary education," one of the Millennium Development Goals (MDGs).



Classes conducted under a tree © Plan Japan



Company flags with messages for children



Classroom rebuilt © Plan Japan

Major social contribution activities

1 Free transport assistance

Japanese Organization for International Cooperation in Family Planning (JOICFP): reconditioned bicycle and school backpack transportation
Shanti Volunteer Association (SVA): picture book transportation

2 Disaster relief activities

Transportation services to disaster areas, donation, and fundraising activities by group executives and employees after the floods in Thailand and others

3 Great East Japan Earthquake

Yamatai, a module vessel, and other containerships and container trailers bring relief supplies to the disaster area; refrigerated containers help the fishing industry to rebuild
NYK Group employees serve as volunteers in Rikuzentakata in Iwate prefecture ▶ See p. 42–45

4 NYK Nature Fellowship

Dispatches university students and NYK Group staff members to overseas maritime environmental research sites

5 Open facilities

NYK Maritime Museum, *NYK Hikawamaru*

6 Internal initiatives

Participation in the "Table For Two" program, sales of fair trade merchandise, vending machines that make automatic donations, in-house sales of products from Swan Bakery*

* A bakery established by the Yamato Welfare Foundation in June 1998 to provide the disabled with opportunities for independence and participation in society. There are now shops around Japan.

1 Plan Japan

A member of Plan International, established in 1983 to promote community development for children in 50 developing countries. Twenty donor countries around the world work together to achieve the common goal and mission of realizing a world where all children can enjoy their rights and reach their full potential.

Free transportation for NPOs in FY 2011

Japanese Organization for International Cooperation in Family Planning (JOICFP)
Overseas Reconditioned Bicycle Donation Program

Delivered to	Total
Tanzania and more than 60 other countries	1,480*

*Total since FY 2000: 29,314

Used school backpack supplies to children in Afghanistan

Delivered to	Total
Afghanistan	16,362*

*Total since FY 2004: 89,447

Shanti Volunteer Association (SVA)

Free Transport Assistance for Picture Books

Delivered to	Total
Cambodia, Laos, and Myanmar (Burma) refugee camps in Thailand	13,967*

*Total since FY 2004: 143,383

Assistance during FY 2011 and after Great East Japan Earthquake

Name of disaster, description of assistance	Value, transportation volume
March 2011 Great East Japan Earthquake	89,221,026 yen ^{*1}
● Transportation cooperation using <i>Yamatai</i>	146 tons
● Marine transport cooperation (food, baby goods, sanitary items, etc.)	113 TEUs ^{*2}
● Onshore transport cooperation (electrical devices, clothing, nursing supplies, etc.)	13 TEUs ^{*2}
July 2011 Donation for flood relief in Thailand	3,750,000 yen ^{*1}
● Marine transport cooperation (drinking water, saline solution)	33 TEUs ^{*2}
December 2011 Donation for typhoon relief in the Philippines	3,542,113 yen ^{*1}

*1 Total corporate donations and NYK Group employee donations. Donations also sent separately by group companies
*2 Unit indicating the cargo capacity of a 20-foot container

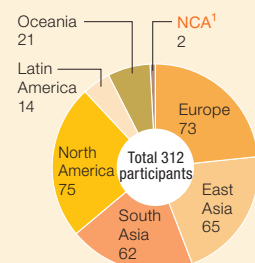
See the dialogue



CSR > Social Contribution Activities

Together with all staff members in the NYK Group

Global NYK Week



Training for mid-level employees at international group companies designed to teach them the corporate philosophy, the NYK Group Values, and business strategy. Includes direct dialogues with the president and group work with peers. The program began in 2002, and a total of more than 300 employees have participated. The FY 2011 (15th) program was canceled because of the earthquake, but in FY 2012 we plan to hold it jointly in cooperation with Yusen Logistics Co. Ltd.

¹ NCA
Nippon Cargo Airlines Co. Ltd.

HR philosophy

Continually develop diverse talent at all group companies across global fields

The NYK Group operates in a wide range of fields, and its employees come from an extensive and diverse range of countries. Our human resources (HR) philosophy was formulated in 2005 to encourage all employees to maximize their potential.

Our training of the next generation emphasizes the following:

- 1 Flexibility and liberality (tolerance) to understand different cultures and heterogeneous ways of thinking;
- 2 Leadership to lay out clear visions and goals, and to encourage others to achieve the established goals; and
- 3 A management mind-set and skills that encompass people management, specialist knowledge, and the ability to look at things from a broader perspective.

Enhancements to training programs

The NYK Business College is a training program for onshore staff in the NYK Group. Each year, its content is enhanced. During FY 2011, we conducted more than 70 varieties of training, with the participation of more than 3,000 NYK Group employees.

New training programs were created to respond to the accelerating pace of globalization and provide senior management with the international skills they require. Courses cover such topics as “business strategy,” “evaluation of investments and corporate value,” and “understanding circumstances and formulating visions.” For younger employees, we created new language training opportunities in Chinese and Portuguese in addition to the standard English training. During FY 2012, we will continue to improve our offerings so that NYK Group employees continue to perform with the quality and excellence expected by our stakeholders.



Training

Private-sector training for educators

For the past 17 years, the NYK Group has cooperated with the nonprofit Keizai Koho Center to provide training for public school teachers. The 2011 program took place over three days beginning August 23 for 11 teachers in the elementary and junior high schools of the city of Hino, who learned about our corporate

activities and our initiatives for the environment. Back in their schools, they will communicate their experiences to children and use the insights they have gained in school administration.

While there was a classroom component, the course also featured visits to a large containership, the NYK Maritime Museum, and *NYK Hikawamaru*. During the reception, there was a dialogue between the business and educational communities that helped to further teachers' understanding of the history and importance of marine transport and the advances being made in logistics technology.



Touring NYK Hikawamaru

Employee safety management

The Employees' Security Protection Management System (EMPMS) was created to improve the safety both of headquarters staff stationed in other countries and local national staff. It contains basic guidelines for safety management and a manual outlining basic behaviors during ordinary and emergency times. It has been distributed to international group companies. In October 2011, we performed a safety confirmation drill that involved 103 international locations (group companies and branch offices) in a test of our emergency disaster communications network. NYK will continue to maintain and improve its safety management systems so that it is able to ascertain the status of its employees quickly during times of emergency and take appropriate measures in response.



CSR > Together with Stakeholders > Together with all staff members in the NYK Group
▶ Working on Land

□ Promotion of work/life balance

NYK has mechanisms to enable each and every one of its employees to maximize their potential while also maintaining balance between their work and personal lives. The **Work/Life Balance Promotion Committee**² sets numerical targets for the company as a whole and individual business units regarding overtime hours and paid vacation days. It monitors the results and, when units are found to have excessive overtime, conducts interviews with employees and supervisors. Other programs to encourage understanding within the company and promote better work/life balance include the designation of one day per month on which employees are required to leave the company on time (limited period), internal announcements encouraging early returns home, and efforts to reduce the numbers and lengths of meetings.

■ Work/life balance programs (excerpt)

- **Parental leave**
Available until the child reaches 26 months of age
- **Family care leave**
Up to a total of one year. Can be divided in two if within two years of the leave commencement date.
- **Parental and family care flextime and shortened work hours**
(1) Flextime system — Offered to employees who are pregnant, caring for children up to the sixth grade, or providing nursing care to family members; (2) Shortened working hours (up to two hours per day) — Available to employees caring for children up to the first grade or providing nursing care to family members.
- **Spouse transfer leave**
Up to two years available if a spouse is reassigned overseas or to a location in Japan more than 130 kilometers away. (For domestic transfers, limited to three years from 2010).
- **Yusen Childcare (in-house childcare service)**
Began in April 2002. Staffing above statutory requirements.

□ Next-generation support programs

During 2011, NYK achieved the targets in its “**Second Action Plan**”³ under the Law for Measures to Support the Development of the Next Generation in Japan, which, like the “**First Action Plan**,”⁴ earned it a certification as a qualified private sector employer and a second “Kurumin” mark from the Tokyo Labor Bureau acknowledging its efforts in this area. We are now working on a “**Third Action Plan**”⁵ that covers the four-year period from April 2011 to March 2015 and are enhancing our support for employees as they endeavor to maintain a balance between their work and home lives.



“Kurumin” mark certifies measures to support the development of the next generation

□ Respect for human rights

Respect for human rights is one of the most fundamental, universal values, and the NYK Group recognizes it as the first step in corporate social responsibility. Each year, “human rights training” is included in new employee training, the new team manager training program, international assignment training, and CSR training. In the course of 20 sessions over the past eight years, a total of 531 employees have participated. The purpose of these sessions is to increase awareness of human rights issues among employees, focusing on subjects like the rights of the disabled and harassment. Emphasis on human rights helps to create workplaces where all can work with confidence.

NYK-Point

2 Work/Life Balance Promotion Committee

This began as a special committee organized in 1968 by labor and management to find ways to reduce overtime hours. In 2001, changed its name to the “Office-Hours Management Committee” and strengthened its initiatives to promote better work/life balance. In April 2008, it was reorganized as the “Work/Life Balance Promotion Committee” to include general manager-class employees as third-party committee members.

3 Second Action Plan (April 2007 to March 2011)

(1) Establishment of work/life balance consultation office; (2) introduction of flextime system for pregnant workers; (3) target of at least five male employees taking parental leave

4 First Action Plan (April 2005 to March 2007)

(1) Creation of database on child rearing issues to publicize support programs; (2) introduction of support systems to develop and improve the work skills of employees taking parental leave; (3) creation of the NFC reemployment program for employees leaving because of childbirth or child rearing; (4) full implementation of no-overtime workdays to reduce overtime work; (5) incorporation of a work/life balance menu into the new team manager training program to encourage employees to rethink work styles; and (6) contributions to local communities with free admission to the NYK Maritime Museum for elementary school children

5 Third Action Plan (April 2011 to March 2015)

(1) At least five male employees obtaining parental leave over a period of four years; (2) internal seminars on work/life balance; and (3) initiatives to improve children’s understanding of their parents’ workplaces at NYK

VOICE Message from a user of Yusen Childcare

Childcare is extraordinarily important

Raising children tends to place large burdens on mothers, and childcare services help to reduce the load while also providing meaningful experiences for children whose parents work. Children are not divided by age groups, which itself provides excellent educational opportunities. Employees who make use of the system are allowed to drive their own cars to work, helping them avoid taking children on crowded rush-hour trains and alleviating security concerns. The company’s commitment to supporting both employees and their families helps me do my job better.

Yuichi Matsuura

Logistics and Container Trade Coordination Group
*Currently seconded to Yusen Logistics Co. Ltd.



CSR > Together with Stakeholders > Together with all staff members in the NYK Group

▶ Working on Land

What we can learn about social contribution activities from the Great East Japan Earthquake recovery assistance

The Great East Japan Earthquake brought damage on an unprecedented scale. The NYK Group provided support to the area and we continue to do so, but we also asked what we could do as individuals, and this led to the sending of 120 NYK Group employee volunteers to the disaster area over a period of three months.

Our volunteers were hosted by the Rikuzentakata city Social Welfare Council Disaster Relief Volunteer Center, and in putting together this report we invited the center's president and other experts in the field to talk with us about the social contribution activities of the NYK Group.



Takufumi Hoshi

President, Disaster Relief Volunteer Center
Rikuzentakata City Social Welfare Council

Dispatched to Rikuzentakata after the earthquake by the Iwate Prefectural Council of Social Welfare. Serves as the hosting organization for volunteer activities involving more than 90,000 participants.



Keiko Kiyama

Trustee, Secretary General
JEN (nonprofit organization)

Participated in the founding of JEN in 1994. Engages in global-scale relief activities. Involved in earthquake relief in Ishinomaki, Miyagi.



Takatsugu Kitajima

Representative, Light C's

Supports the creation of corporate CSR activity structures as a CSR consultant. Currently involved in environmental issues from the legal perspective.



Hiroshi Maniwa

General Manager, Business Group No.2
NYK Global Bulk Corp.

Active participant in volunteer activities. Serves as volunteer coordinator of the NYK Group.

*Facilitator: Takashi Kamihagi, General Manager, CSR Coordination Group
(February 2, 2012)

NYK Group assistance for Rikuzentakata

Facilitator: After the Great East Japan Earthquake, the NYK Group used its expertise in *monohakobi* to send the *Yamatai*, a module vessel, to the area as part of the First Relief Supplies Hotline to deliver food, baby goods, and sanitary items from Kobe to Hachinohe. We also used container trailers provided by Nippon Container Yuso Co. Ltd. to provide free land transport of relief supplies to Miyagi and Iwate. Another project that we are involved in is "Signal of Hope," an effort to restore fishing and fishing ports in the Tohoku area. NYK has provided 100 refrigerated containers for this effort. During the three-month period from October 4 to December 19, 2011, a total of 120 NYK Group employees in 22 teams went to the disaster area as volunteers.

Kitajima: On March 23, about 10 days after the earthquake, President Kudo sent a message saying that, as a shipping company that has overcome many challenges in its 125-year history, NYK would work for the recovery of Japan.

That seems to embody NYK Line's attitude toward social contribution. In fact, the first item in the social contribution activity policies is "promotion of employee involvement in social activities." (See p. 39.) It is, and always has been, a company that has the structures in place for volunteerism.

Maniwa: The volunteer activities after the earthquake were the result of employees thinking about what they could do as individuals while the company continued to provide support. We began by consulting with the CSR Coordination Group about volunteer activities and then toured the disaster area to talk with local volunteer centers. Finally, about five months after the earthquake, when we had begun to think that perhaps we were too late, we encountered Mr. Hoshi of the volunteer center in Rikuzentakata, and he informed us that we could begin our activities in October and it would not be at all late. He also taught us about the true meaning and significance of volunteering, which led us to propose to the company that our activities concentrate on Rikuzentakata.

Hoshi: Our volunteer center places a great deal of impor-

tance on people visiting and seeing things for themselves. We try not to restrict numbers and basically welcome anyone who wants to come. By the end of January 2012, we had accepted a total of 90,000 volunteers. Rikuzentakata was hit hard by the disaster, losing close to 2,000 people who are either missing or confirmed dead. We launched the volunteer center on March 17, 2011. The Social Welfare Council's offices and day service center were among the buildings washed out to sea, and six of its 15 staff were among the victims. Because of that, we depend upon the cooperation of NPOs, NGOs, and other social welfare councils outside the prefecture for our operations. We currently have a staff of 20, roughly half of whom were sent from other prefectures in support. While there are limits to what we can do as a social welfare council, we have been helped greatly by volunteers from companies like NYK Line, and by many other people who have stepped forward.

Facilitator: A very large number of volunteers were sent to the area, and in fact, this was the first time in NYK's history that we have provided human support to a disaster area. Initially, we were a bit worried about what we could accomplish. There was also a bit of trepidation about working during the winter months, so we made a quick decision to begin in the fall.

Kiyama: I think it's wonderful that a company the size of NYK Line decided to act very quickly. In our field of humanitarian assistance, obviously emergency response will not be taken unless an emergency occurs, but once it happens, the needs must be met quickly. The situation on the ground changes daily, and if you wait until all the details are in place before you act, it will probably be too late. No one wants disasters to occur, but they do. The activities of NYK Line deserve a lot of praise for their swiftness, and I think they will continue to have a positive impact.

Volunteer experiences enhance business activities

Hoshi: The coordinator was on site for two weeks and served as a leader. While many companies send volunteers, NYK Line was the only one to nominate a coordinator, and having that person helped us a great deal. The coordinator had enough knowledge of local conditions that he could ensure that the short-term volunteers were put to work smoothly doing what needed to be done.

Facilitator: In the beginning, our plan was to have the



Removing mud and rubble



President Kudo (fourth from the left) participated alongside other NYK Group employees



Raising a boat swept ashore and buried in rubble



Collecting rubble by hand

coordinator on site for about a week, but we extended that to two weeks on the advice of Mr. Hoshi. Having that person there helped to smooth out communications with local organizations and gave participants more confidence and sense of achievement. Thankfully, our activities proceeded without anyone getting hurt.

Kitajima: I think it would be tough to be away from work for two weeks. Lots of volunteers were hesitant because of the impact on their jobs from the time off.

Maniwa: I was away for two weeks, but other members of my team covered for me. There are cases of people having to take leave, not just because of disasters, but because of illness or injury. I realized how important it is to create organizations where the absence of one member does not impact business.

Facilitator: The volunteer team consisted of people in different jobs and age groups who ordinarily had no contact with one another. Through their interactions, they learned more about one another's work and created new networks and new foundations for teamwork. I think that the experience helped to improve employee solidarity.

Kiyama: You learn many things from volunteering. The first thing it teaches you is the importance of risk management, but it also trains you to develop approaches and assign responsibilities so that you achieve results in the very short period of time that you have on site. I think there are opportunities here for employee education and development. When you are volunteering, you have to be useful, and that leads you to rely on the things that you've learned and motivate your organization. I think that you will see even more people within the company take action as you have more experiences like this where the company is willing to get behind a worthy cause.



Corporate volunteer tasks identified

Hoshi: Rikuzentakata accepts all volunteers, but there have been so many “recovery events” that, to be honest, the residents are growing a bit tired. There are some volunteers who seem to think that they are on vacation and take lots of photographs; others ask residents about the disaster, forcing them to relive bitter memories. These are issues that volunteer centers need to be aware of. I wonder what the issues are on the other side, the organizations sending volunteers.

Maniwa: The first task is how to communicate. We really didn’t recruit anybody for the first three days after we began asking for volunteers. We started talking to people, and found out that many were hesitant because they didn’t think they had the physical strength to do the job and would only be in the way. Ultimately, however, we were able to recruit far more people than initially envisioned.

Kitajima: It takes a bit of courage to make that first step if you have never been on the front lines of something like this before. But there’s a lot of meaning just in bringing people to the site and showing them what happened. I don’t think that’s a bad thing at all.

Kiyama: There is lots of work that can be done even if you lack physical strength. I always tell the volunteers, “You’re still a volunteer even after you go home. Please tell people about what you saw.” I hope NYK Line will introduce a mechanism that better enables people to share their experiences after the volunteer activities.

Kitajima: There is also a lot of back office work. Corporate people have management skills that can be put to use even if they are not necessarily on site cleaning things up.

Facilitator: Some volunteers wonder if they were really any use. That is something we are going to need to address the next time we have activities like this.

Kiyama: In addressing this, I think that pre-activity briefings and post-activity review sessions will be important. For example, you may begin to wonder about what you’re doing or be dissatisfied with the activity if you find yourself taking several days off from your own job to help someone else out with his or her business. You can take steps to prevent that kind of doubt and dissatisfaction by explaining the reason why the activities are meaningful and worthwhile,

and I think that will help to instill satisfaction and a greater sense of purpose.

Hoshi: The local people are still hurting, and I think there are many people who find it psychologically disturbing to be on-site as volunteers. However, when we hold after-activity interviews with people, we hear expressions of thanks 100 percent of the time. Volunteer centers probably need to do a better job of communicating those responses.

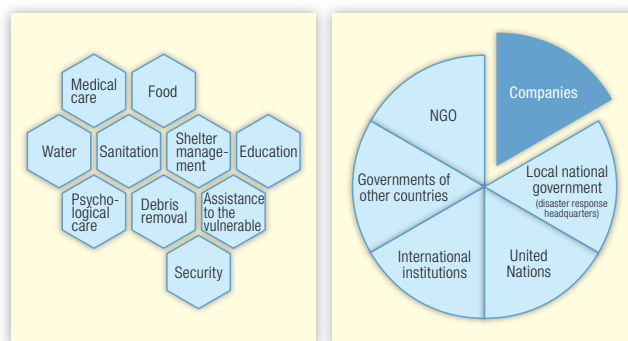
Collaborating with NPOs and NGOs to improve activities

Facilitator: NYK’s volunteer program was suspended during the winter months, but plans to resume in April 2012. (Note: Activities were resumed on April 18, 2012.) We understand that support will be required for a fairly long span. On the other hand, as a company, we also have a responsibility to generate profits. To some extent, we are still trying to answer the question of how “assistance” and “business” can be mutually viable.

Kitajima: In other countries, there are win-win relationships in which the NGOs provide local people with easily understood explanations of the company’s business and the company provides support for the NGO. I think that we will be seeing changes in how companies, NPOs, and NGOs interact.

Kiyama: From the NPO and NGO side, it also seems like our relationships with companies are changing. In the past, there was a bit of distance between “people who did things”

Figure 1: Coordination of assistance activities (examples) Figure 2: Assistance providers



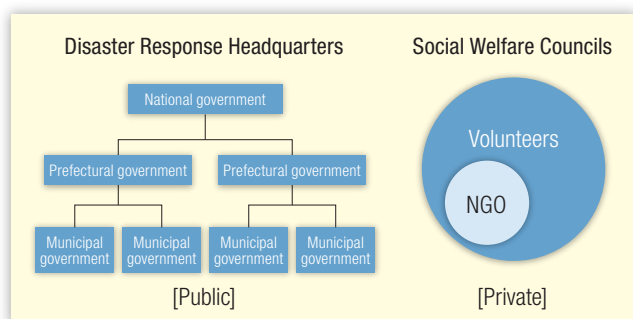
* Companies acted as assistance providers at the Great East Japan Earthquake

and “people who coordinated.” Going forward I think it will be more of a collaborative relationship in which we work together for a common purpose.

Hoshi: Social welfare councils see NPOs, NGOs, and companies all as partners and peers. We look forward to your advice and think that it will be positive for volunteer activities as a whole.

Kiyama: I think we need to learn from the earthquake about how society as a whole reacted and improve both our local organizations and our means of sharing information. When you provide assistance in other countries, there is a list of anticipated needs like you can see in Figure 1, and then everyone involved comes together and discusses on an equal footing who will be in charge of what, which you can see in Figure 2. Contrast that with how Japan reacted after the earthquake. As you can see in Figure 3, at each level of the government there was a “disaster response headquarters,” and then there were social welfare councils that gathered not only volunteers but also NGOs involved. This kind of structure prevented coordination either on the vertical axis or on the horizontal axis.

Figure 3: Disaster response in Japan



Kitajima: On the corporate volunteer side, I think one of the real-life issues is that people are rotated in and out very quickly. When you collaborate on an initiative, it requires a degree of company involvement and responsibility, and that probably is an impediment to some firms.

Kiyama: Obviously there are limits to what anyone can do. That is why you need to coordinate, to confirm what each other is capable of and what you are not capable of, and compensate for each other's shortcomings. If you can do that, you can have an impact, even in a relatively short period of time. Ultimately, I think the best outcome would be to remove some of the walls between companies so that they collaborate on a common purpose.

Maniwa: I hope that this will develop into activities overseas as well. I think we need to make the attempt to identify how and where we can provide cooperation.

Kitajima: Disasters occur in some form somewhere in the world every year. Local communities are stakeholders in companies, and when they experience disasters I would like to see NGOs bringing companies and communities together.

Kiyama: Looking back on it, I think it was great that NYK Line was willing to provide assistance both through its ordinary business services and also in the form of volunteers. I hope that it will continue to develop these programs so that it is able to send volunteers overseas and fill in the blanks between the time that a disaster occurs and the time that the government begins to act. Unfortunately, disasters will never be eliminated, so we need to collaborate now in preparing for the next one.

Maniwa: 2011 marks the first year that NYK Line has sent volunteers to a disaster area. We have developed a relationship with Rikuzentakata, and there is lots of support for providing it with assistance over the long term. But there are some people in the organization who need a little push before they take that first step. One of the challenges will be to take this new sense of volunteerism and spread it so that it develops into new activities.

Facilitator: Our discussion today has underscored the growing number of social responsibilities that companies need to address. As a company, we have a responsibility to be actively involved, and I'm confident that our involvement will earn us the appreciation and respect that are required for sustainable growth. Thank you for your time today.

The “Signal of Hope” project supports the recovery of the fishing industry in the Tohoku disaster area

The “Signal of Hope” project seeks to be a “signal fire” of hope for the speedy recovery of fishing functions, and supports the restoration of the fishing industry in the Tohoku region by providing materials and supplies free of charge. Some 20 private companies participate under the leadership of Yukio Okamoto, President of Okamoto Associates Inc., a noted commentator on foreign relations, and an outside director at NYK Line. NYK is among the core participants. The project began in June 2011 to provide a broad range of materials and equipment, including trucks, forklifts, computers, desks, chairs, and other office furnishings. NYK provided 100 refrigerated containers for use as storage for ice and frozen fish and shellfish.

We will continue to provide support for the realization of the hopes of the affected area for the resumption of fishing and the reopening of ports and markets.



Refrigerated containers used to store ice, fish, and shellfish

■ “Signal of Hope” Fund to support the Resumption of Tohoku Fisheries (General Incorporated Foundation) <http://kibou-noroshi.jp/en/>

Environmental performance data

Fleet

► NYK

Input

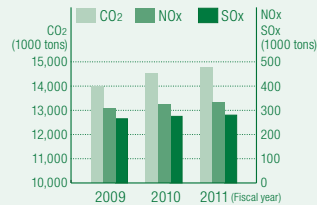
	2009	2010	2011
Heavy oil C	4441.9	4601.5	4671.5
Heavy oil A	10.2	9.2	7.7
Diesel	38.9	51.4	54.7

(Unit: 1000 tons)

Output

	2009	2010	2011
CO ₂	13,991	14,525	14,749
NO _x	309	326	331
SO _x	265	275	280

(Unit: 1000 tons)



► Domestic and international group companies

Input

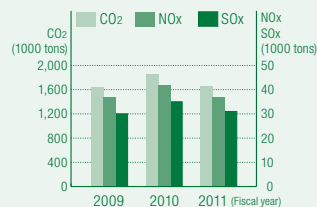
	2009	2010	2011
Heavy oil C	523.2	585.2	523.8
Heavy oil A	2.8	2.2	1.5
Diesel	3.1	8.1	8.1

(Unit: 1000 tons)

Output

	2009	2010	2011
CO ₂	1,648	1,856	1,662
NO _x	37	42	37
SO _x	31	35	31

(Unit: 1000 tons)



This data was calculated using the IMO Guideline coefficients based on the volumes of fuel purchased by NYK Line and group company ships.

Three NYK-owned container terminals in Japan

Input

	2009	2010	2011
Electric power	21,219	23,028	22,750

(Unit: 1000 kWh)

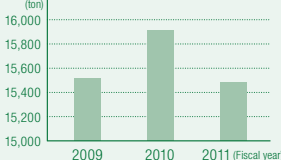
	2009	2010	2011
Fuel	2,695	2,927	2,861

(Unit: kl)

Output

	2009	2010	2011
CO ₂	15,520	15,912	15,481

(Unit: ton)



CO₂ emissions from electric power are based on coefficients provided by the power suppliers for each terminal; CO₂ emissions from fuel are based on the coefficients found in the Law Concerning the Promotion of the Measures to Cope with Global Warming. CO₂ emissions for FY 2011 are lower than FY 2010 because of power-conservation activities under the government electric power demand-restriction program.

Offices

Input indicates resources and energies we have used

► NYK Line Headquarters

Input

	2009	2010	2011
Electricity	3,524	3,416	2,471

(Unit: 1000 kWh)

	2009	2010	2011
Gasoline	33	30	28

(Unit: kl)

	2009	2010	2011
City gas	22	20	21

(Unit: 1000 m³)

	2009	2010	2011
Water	20	20	18

(Unit: ton)

	2009	2010	2011
Steam	1,244	1,170	1,469

(Unit: ton)

	2009	2010	2011
Paper	34	32	28

(Unit: ton)

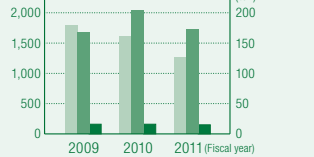
Output

	2009	2010	2011
CO ₂	1,784	1,605	1,263

	2009	2010	2011
Ordinary waste	168	204	173

	2009	2010	2011
Industrial waste	16	16	15

(Unit: ton)



Electric power consumption declined because of ongoing energy-conservation activities, installation of LED lighting fixtures, and use of evaporative cooling systems because of electric power shortages. CO₂ emissions in FY 2011 are calculated from electric power consumption using the coefficient of 0.375kg-CO₂/kWh provided by Tokyo Electric Power Co. Inc. (FY 2010 actuals). Waste volume includes 164 tons recycling, for a recycling rate of 87 percent.

► Japan-based group companies

Input

	2009	2010	2011
Electricity	64,414	69,491	66,329

(Unit: 1000 kWh)

	2009	2010	2011
Gasoline	815	860	837

(Unit: kl)

	2009	2010	2011
Kerosene	87	100	72

(Unit: kl)

	2009	2010	2011
Diesel	5,354	5,778	5,549

(Unit: kl)

	2009	2010	2011
Heavy oil A	17,222	18,284	18,088

(Unit: kl)

	2009	2010	2011
LPG	102	88	74

(Unit: kl)

	2009	2010	2011
City gas	816	858	829

(Unit: 1000 m³)

	2009	2010	2011
Steam	1,483	1,374	1,403

(Unit: Megajoules)

	2009	2010	2011
Paper	502	1,242	501

(Unit: 1000 m³)

	2009	2010	2011
Hot water	0	169,270	0

(Unit: Megajoules)

	2009	2010	2011
Cold water	409	475,728	42,121

(Unit: Megajoules)

	2009	2010	2011
Water	454	384	356

(Unit: 1000 m³)

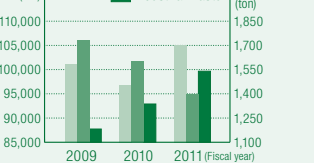
Output

	2009	2010	2011
CO ₂	101,082	96,863	105,066

	2009	2010	2011
Ordinary waste	1,732	1,599	1,400

	2009	2010	2011
Industrial waste	1,182	1,337	1,540

(Unit: ton)



Includes consolidated subsidiaries. Forecasts as at April 2012 are used for FY 2011. CO₂ emissions are calculated from electric power consumption using the coefficient of 0.559kg-CO₂/kWh (FY 2010 actuals).

► International group companies

Input

	2009	2010	2011
Electricity	65,183	76,176	54,903

(Unit: 1000 kWh)

	2009	2010	2011
Gasoline	5,375	25,359	3,259

(Unit: kl)

	2009	2010	2011
Diesel	54,819	28,929	24,805

(Unit: kl)

	2009	2010	2011
LPG	249	434	530

(Unit: kl)

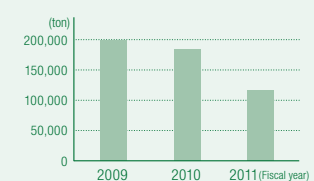
	2009	2010	2011
City gas	2,891	4,224	6,185

(Unit: 1000 m³)

Output

	2009	2010	2011
CO ₂	199,159	183,437	116,655

(Unit: ton)



Includes consolidated subsidiaries. Forecasts as at April 2012 are used for FY 2011. CO₂ emissions are calculated from electric power consumption using the coefficient of 0.555kg-CO₂/kWh (FY 2006 default value).

Environmental accounting

The basic concept behind our environmental accounting is to correctly capture the expenses required for the protection of the environment and repeatedly review our findings so that we can engage in appropriate environmental conservation as a part of our business activities.

► FY 2011 summary

As was the case in 2010, there was an increase in costs for the installation of environmental technologies that prevent global warming and air pollution. These increases resulted from the development of innovative new technologies and a greater emphasis on environmental protection activities. Proactive pollution-prevention programs also

resulted in a year-on-year increase in pollution-prevention costs. The environmental protection impact of efforts to prevent global warming increased as a result of reduced-speed voyages and more stringent activities to conserve fuel.

► Comparison of all costs and resultant savings related to environmental activities

	FY 2010		FY 2011	
	Environmental protection cost	Year-on-year savings	Environmental protection cost	Year-on-year savings
Reduction of accidents through safety promotion activities	740	-778	659	-621
Prevention of global warming and air pollution; conservation of marine environments, conservation of resources, and deployment of environmental technologies	3,483	14,843	6,635	17,196
Total	4,223	14,065	7,294	16,575

(Unit: millions of yen)

► NYK's in-house classifications

Environmental policies	Objectives	Items	Environmental protection cost
1. Continual improvement	Maintenance of environment management systems	Construction, operation, certification (including personnel costs)	177
2. Complying with laws and regulations	Restorative work in response to environmental degradation	Restorative work in response to marine pollution, etc.	0
3. Ensuring safe operations	Reducing accidents and trouble	NAV9000 and other safety promotion activities (including personnel costs)	482
4. Prevention of global warming and air pollution, protecting ocean environments, saving natural resources	Preventing global warming and air pollution	Use of fuel additives to improve combustion; underwater cleaning; propeller polishing, etc.	834
	Preventing marine pollution	Use of corrosion-resistant steel in VLCC cargo tanks, etc.	10
	Conservation of natural resources	Environmentally conscious purchases ¹	0
5. Use of environment-friendly technologies	Preventing global warming and air pollution	Installation of electronically controlled engines; adoption of a ship design that reduces wind resistance; installation of propulsion improvement units, etc.	4,304
	Preventing destruction of the ozone layer	Ship air-conditioners, refrigerators/freezers, etc.	0
	Preventing marine pollution	NYK bilge treatment system, etc.	734
	R&D expenses	Development of international voyage management system, development of systems to monitor ship performance, etc.	720
6. Environment education	Raising environmental awareness and promoting our Green Policy	Environmental e-learning, environmental protection campaigns, etc.	5
7. Community activities to promote environmental awareness	Environmental information disclosures, social contributions, etc.	Expenses for CSR report, sponsorship of environmental organizations, etc.	28
Total			7,294

(Unit: millions of yen)

► Classification according to the Ministry of the Environment's Environmental Accounting Guidelines

Environmental protection costs		
Classification	Investment	Expenses
(1) Cost within NYK business activities		
a. Pollution prevention cost	2,800	0
b. Global environmental protection cost	2,278	804
c. Recycling cost	0	0
(2) Upstream and downstream cost	0	0
(3) Management activity cost		
a. Operation and maintenance of environmental management systems	0	659
b. Environmental information disclosure, environmental advertising	0	13
c. Environmental education and training	0	5
d. Expenses for environmental improvement	0	0
(4) R&D cost		
Environmental-load reduction	342	378
(5) Social contribution activities cost		
Social contribution activities	0	15
(6) Environmental damage response cost	0	0
Total	5,420	1,874

(Unit: millions of yen)

■ Comparison of all costs and resultant savings related to environmental activities

* Reduction in accident rate from safety promotion activities calculated as year-on-year value. Effect compared to FY 1996 (company's base year) was 3,150 million yen.

■ NYK's in-house classifications

1 The company uses FSC®-certified paper, but the price difference is not substantial and is thus recorded as zero

■ Calculation methodology

- The period is from April 1, 2011, to March 31, 2012 (The calculation period for activities to reduce ship fuel consumption is from January 1, 2011, to December 31, 2011)
- The scope is primarily business activities associated with the headquarters and branch offices, NYK-operated terminals, fleet, and ancillary activities in Japan (Expenses to maintain ISO 14001 certifications are included for certified group companies in North America, Europe, South Asia, and East Asia)
- The Ministry of Environment's FY 2005 Environmental Accounting Guidelines were used
- Investment amount refers to cost for depreciable environment-related facilities acquired during the term
- Expenses include maintenance and management of facilities for the purpose of environmental protection and associated personnel costs, but do not include depreciation
- Cost calculations do not include costs to comply with legal requirements and the like, and cover only voluntary environmental protection activities
- Results are noted only to the extent that impact can be quantified

Human resources data (NYK Line)

* This data is for NYK Line employees hired through the head office in Tokyo (office workers and seafarers). Seafarers include those who currently work in the office.

* Figures are for the full year or as at the end of the fiscal year.

(As of March 31, 2012)

Employee demographics

Long-term employees			
	Male	Female	Total
Office workers	735	272	1,007
Seafarers currently working at the office	238	3	241
Seafarers	333	10	343
Total	1,306	285	1,591

Newly hired employees			
*Includes recent graduates and mid-career hires			
	Male	Female	Total
Office workers	25	7	32
Seafarers	21	2	23
Total	46	9	55

Definite-term employees			
	Male	Female	Total
Office workers	51	34	85
Seafarers	4	0	4
Total	55	34	89

Employees under age 30 that left the company		
	Male	Female
Office workers	2	0
Seafarers	1	0

Members of management and employees in management positions						
*Excludes seafarers and employees currently seconded to other companies						
*Includes two outside directors (a male and a female) in the data from FY 2008						
	2009		2010		2011	
	Male	Female	Male	Female	Male	Female
Directors, Corporate Officers	39	2	31	2	33	2
General Managers	38	1	36	0	40	0
Managers or higher	126	17	123	20	120	24
Total employees	472	189	455	189	454	184

Average period of employment in the company		
*Seafarers include those who currently work in the office (Unit: Year)		
	Male	Female
Office workers	17.8	19.5
Seafarers	15.6	3.4

Occupational accidents

Number of occupational accidents			
*Excludes accidents that occurred while commuting to work			
	2009	2010	2011
Office workers	1	1	0
Seafarers	2	2	3

Lost time caused by occupational accidents			
*Lost time of one day or longer (Unit: Day)			
	2009	2010	2011
Office workers	0	0	0
Seafarers	0	0	64

Number of work-related deaths			
	2009	2010	2011
Office workers	0	0	0
Seafarers	0	0	0

Employee support system

Average amount of paid leave taken		
*Excludes seafarers and employees currently seconded to other companies		
*Includes paid summer holidays (Unit: Day)		
2009	2010	2011
13.5	13.9	14.1

Number of employees that have utilized the maternity leave program		
*Total users, excluding those who have left the company		
2009	2010	2011
7	19	11

Number of employees that have utilized the parental leave program					
*Total users, excluding those who have left the company					
2009		2010		2011	
Male	Female	Male	Female	Male	Female
1	8	3	19	2	22

Percentage of eligible female employees that have utilized the parental leave program		
2009	2010	2011
100%	100%	100%

Employees making use of shorter working hours for parents					
*Total users, excluding those who have left the company					
2009		2010		2011	
Male	Female	Male	Female	Male	Female
0	15	0	10	0	15

Number of working mothers		
*Mothers with children in compulsory education or younger		
*Excludes mothers on maternity or parental leave		
2009	2010	2011
35	28	28

Number of employees that have utilized the family-care leave program					
*Total users, excluding those who have left the company					
2009		2010		2011	
Male	Female	Male	Female	Male	Female
0	1	0	1	0	0

Percentage of employees with disabilities		
2009	2010	2011
2.14%	2.28%	2.30%

Education

Average number of days participating in training programs			
(Unit: Day)			
	2009	2010	2011
Office workers	6.3	5.3	5.3
Seafarers	20.2	20.6	17.8

Average expenditure on education and training programs			
(Unit: Yen)			
	2009	2010	2011
Office workers	243,571	255,352	222,803
Seafarers	475,830	473,208	530,601

● Long-term study; training abroad (examples)

- MBA program abroad (two years; one person selected every two years)
- Short-term study-abroad program (four weeks; five to 10 people selected each year)

Human resources data

(employees hired through group companies)

(As of March 31, 2011)

► Employee demographics (excluding NYK)

Number of employees (six months to permanent) *Excludes non-Japanese seafarers			
	Male	Female	Total
Office workers	20,017	10,326	30,343
Seafarers currently working at the office	122	7	129
Seafarers	1,295	42	1,337
Total	21,434	10,375	31,809

Number of employees (contracts for less than six months)			
	Male	Female	Total
Office workers	843	351	1,194

Newly hired employees			
	Male	Female	Total
Office workers, seafarers	3,347	2,284	5,631

► Occupational accidents (excluding NYK)

Number of work-related deaths	
	2010
Office workers	4

► Employee support system (excluding NYK)

Number of employees that utilized the parental leave program			
	Male	Female	Total
Office workers	115	399	514

* Employees outside Japan on leave caring for children under one year of age, and employees in Japan who utilized the parental leave program

* The data above indicates numbers for Japan-based and international consolidated subsidiaries, equity-method affiliates, and other companies important to operations and meeting certain requirements in terms of number of employees.

► Regional breakdown of all employees in the NYK Group (including NYK)

Number of office workers *Includes Japanese seafarers assigned to onshore duties and employees seconded from outside the group								
Country	Japan	Europe	South Asia	North America	East Asia	Oceania	Latin America	Total
Number of companies	79	47	54	15	28	6	11	240
Number of office workers	8,932	5,041	9,884	3,138	3,890	943	749	32,577

Seafarers *Excludes seafarers currently working at the office					
	NYK	Japan-based group companies	International group companies	Seafarers of chartered vessels	Total
266 vessels under management	351	285	9,765	—	10,401
561 chartered vessels	—	—	—	12,342	12,342
All 827 vessels	351	285	9,765	12,342	22,743

Total number of NYK Group employees (office workers and seafarers)	55,320
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Outside opinion

Tomohiro Tokura

Team Leader
Sustainability Services Division
SGS Japan Inc.



I'm impressed that the NYK Group positions CSR at the foundation of the achievement of its "More Than Shipping 2013" medium-term management plan, that the top management is committed to strengthening and improving CSR activities, and that you publish this report that clearly articulates the directions for your CSR activities. The report does a good job of communicating the specifics of initiatives, especially the two features that show the basic strategy of the medium-term management plan in action. Readers can see for themselves that the CSR activity program sets targets and objectives for CSR activities, implementation items, and annual goals. I am sure that goals are continually revised to account for new issues that arise in the CSR activity program. It would be great if the improvements to these programs were even more visible.

In the immediate aftermath of the Great East Japan Earthquake, you continued to use your business resources to provide transportation assistance. Now, more than a year after the earthquake, we are still in the process of rebuilding and there is still much rubble to clear. Logistics are one of the foundations of modern society and crucial to the rebuilding effort, and the assistance that you have provided is very significant to society and appreciated by people outside the company as well as inside. The Stakeholder Dialogue mentions directions for your social contribution activities, specifically with respect to earthquake rebuilding assistance. The exchange of opinions between your manager in the disaster area and representatives of NPOs provides a keen illustration of the growing need for companies to meet their social responsibilities. It also shows an awareness that

discharging one's social responsibilities translates directly into appreciation for the organization and sustainable business. NYK has made the decision not merely to provide transportation assistance, but also to assist in the rebuilding of the fishing industry and to send employees to the disaster area as volunteers. I think this is in line with stakeholder needs. ISO 26000 includes community involvement as a part of social responsibility. Recovery assistance is one facet of this, and I am impressed that your activities are conducted in collaboration with stakeholders rather than being unilateral efforts.

ISO 26000 was published as an international guidance standard on social responsibility, and companies will need to take account of the seven core subjects articulated in the standard as they plan their social responsibility activities. This report does a good job of organizing the CSR activity program around the seven core subjects and developing them into specific themes. These are topics very much of interest to your stakeholders. I would imagine that the expectations and concerns of a wide range of stakeholders influence the directions taken in your CSR activities. I hope that you will continue to talk with your stakeholders about the core subjects like you did in the dialogue on social contribution activities in this report, and I look forward to seeing ever more effective CSR activities as you adapt to changing stakeholder needs.

* This comment does not represent a conclusion with respect to whether this document has been prepared in compliance with generally accepted presentation standards for environmental reports or whether the figures contained herein have been accurately measured, calculated, and presented in full.

Response to outside opinion

Thank you for your evaluation of our NYK Group CSR report and the valuable opinions you have expressed. In this report, we try to highlight how we are simultaneously addressing social issues like environment and community involvement while achieving the growth strategy in the medium-term management plan. We have also tried to illustrate how our ISO 26000-based CSR activity program uses safe and certain *monohakobi* to achieve sustainable societies. In the Dialogue, we turned the spotlight on volunteers who provided assistance to the disaster area after the Great East Japan Earthquake and asked experts and people from the local volunteer center to provide opinions that we can use as we formulate and refine our corporate social responsibility programs and directions in the future.

We look forward improving our activities with your proposals for CSR activity programs and the points you raised about continuing to hold dialogues as opportunities to speak directly with stakeholders about their needs.



Naoya Tazawa

Representative Director, Senior Managing Corporate Officer, Chief Executive of General Affairs/CSR Headquarters

Awards and recognitions received from the general public during FY 2011

April 2011

- Selected for inclusion in the FTSE4Good Index, an index of socially responsible investment
- NYK Line and Nippon Steel Corp. given the 43rd (FY 2010) Ichimura Industrial Award from the New Technology Development Foundation for the development of “[NSGP[®]1-1](#),” the first commercial corrosion-resistant steel plate for oil tankers
- Received the highest possible rating in the “Environmental Management Support Loan” (CSR-type) evaluation of Bank of Tokyo-Mitsubishi UFJ Ltd., qualifying the company for the most favorable lending conditions

July 2011

- Named the World's Best Large-Ship Cruise Line in a reader survey conducted by U.S. travel magazine *Travel + Leisure* for the 16th consecutive year [[Crystal Cruises](#)]



- Received first “Clean-Air Action Plan Air Quality Award” from the Port of Los Angeles. Yusen Terminals Inc., which operates an NYK container terminal at the port, received its third award in the same ceremony [[Yusen Terminals](#)]

September 2011

- The NYK-TDG Maritime Academy in the Philippines became the first institution recognized by the Japanese Ministry of Land, Infrastructure, Transport and Tourism as a seafarer education institution under its new certification program. [[NYK-TDG Maritime Academy](#)]
- Selected for inclusion in the Dow Jones Sustainability Index

- LNG ships *LNG Jamal* and *Echigo Maru* awarded by the commandant of the Japan Coast Guard for contributions in improving the precision of maritime condition monitoring, recognizing numerous years of providing seawater temperature data
- Electronic Chart Display and Information System (ECDIS) training course certified by the Nippon Kaiji Kyokai (ClassNK)

October 2011

- *Crystal Serenity* cruise ship earned Gold Awards in two stateroom design divisions in the “Travel Weekly Magellan Awards” of U.S. travel magazine *Travel Weekly* [[Crystal Cruises](#)]
- Selected for the Best Cruise Line Award for the 18th time via the readers of travel magazine *Condé Nast Traveler* [[Crystal Cruises](#)]

November 2011

- Manning operations certified to conform with the Maritime Labour Convention by the Nippon Kaiji Kyokai [[NYK-Fil Ship Management](#)]
- First Japanese shipping company to be certified by Lloyd's Register Quality Assurance Ltd., a third-party certification institution, for disclosure of accurate environmental data

December 2011

- Three petroleum product tankers — *Challenge Premier*, *Challenge Paragon*, and *Challenge Polaris* — certified as having energy efficiency design indices in the Green Ship Programme of the Maritime and Port Authority of Singapore [[NYK Bulkship \(Asia\)](#)]
- Achieved the highest possible rating in the “SMBC Environmental Assessment Loan” of Sumitomo Mitsui Banking Corp., qualifying the company for lending under the program
- LNG ship *Broog* and its ship-management company certified by the Green Award Foundation as a ship and ship-management company with high levels of quality, safety, and care for the environment [[NYK LNG Shipmanagement](#)]

February 2012

- Received “Award for Excellence” under the Chiyoda-ku, Tokyo Global Warming Action Plan program in recognition of efforts to contribute to the community and prevent global warming
- The 2011 CSR report awarded the Sustainability Report Grand Prize (the Environment Minister Award) in the environmental reporting category of the 15th Environmental Communication Awards sponsored by the Ministry of Environment and Global Environmental Forum



March 2012

- Sydney and Melbourne offices in Australia achieved ISO 14001 certification under the global multisite system. All six global regions (North America, Latin America, Europe, East Asia, South Asia, Oceania) have now been certified
- Selected as one of the “2012 World's Most Ethical Companies” by the Ethisphere Institute
- Selected for inclusion in the FTSE4Good Index, an index of socially responsible investment
- Ranked 27th in the Toyo Keizai CSR ranking by Toyo Keizai Inc. Ranked first in the land/marine/air transportation and warehousing sector

¹ NSGP[®]

Nippon Steel Green Protect
Registered trademark of Nippon Steel Corp.



Corporate data (As of March 31, 2012)

Name: Nippon Yusen Kabushiki Kaisha (NYK Line)
Head office: 3-2, Marunouchi 2-chome
 Chiyoda-ku, Tokyo 100-0005 Japan
Commencement of business: October 1, 1885
Capital: ¥144.3 billion
Number of consolidated subsidiaries: 675
Number of consolidated equity-method affiliates: 120

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