

March 31, 2022

To whom it may concern:

Company name: Nippon Yusen Kabushiki Kaisha
Representative : Hitoshi Nagasawa, President
Code No. : 9101, First Section of Tokyo Stock
Exchange
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Notice regarding Revision of Director Remuneration Plan for Directors and Executive Officers

At the meeting of the Board of Directors held on March 31, 2022, the Company resolved to introduce a performance-based variable remuneration plan (hereinafter referred to as the “Plan”) for the Company’s Directors and Executive Officers (hereinafter referred to collectively as the “Directors”), subject to the approval of the 135th Ordinary General Meeting of Shareholders to be held in June 2022 (hereinafter referred to as the “Shareholders Meeting”). The details are as follows.

Under the Plan, bonuses, which were previously paid within the scope of proposals submitted to and resolved at each shareholders meeting, will be abolished, and a performance-based monetary remuneration plan (hereinafter referred to as the “Performance-Based Monetary Remuneration Plan”) will be introduced as a short-term incentive. In addition, the performance-based stock remuneration plan introduced in 2016 will be continued with some revisions (the continued plan will hereinafter be referred to as the “Performance-Based Stock Remuneration Plan”).

The introduction of the Plan was discussed by the Compensation Advisory Committee* in response to a proposal by the President and Representative Director, and the Board of Directors passed a resolution based on the Committee’s report, thus ensuring objectivity and transparency in the process.

* The Committee consists of the Chairman, the President and Representative Director, and Outside Directors, and is composed of a majority of Outside Directors and chaired by a Chief Outside Director in principle.

Description

I. Outline and Purpose of the Plan

Currently, the Company’s remuneration for Directors consists of the monthly basic compensation approved at the 118th Ordinary General Meeting of Shareholders held on June 28, 2005, performance-based stock remuneration approved at the 129th Ordinary General Meeting of Shareholders held on June 20, 2016 and bonuses paid within a scope approved by each shareholders meeting. Now, as an incentive to achieve business results for a single fiscal year, the Company will abolish bonuses and introduce a new performance-based monetary remuneration plan, after reducing the stock remuneration (contribution to trust) under the current stock remuneration plan. In addition, with respect to the above performance-based stock remuneration plan, the Company will review the evaluation indices and implement other measures in order to further share medium- to long-term profit awareness with shareholders.

As a result of the above, the remuneration for Directors of the Company after the introduction of the Plan will consist of basic compensation, performance-based monetary remuneration and performance-based stock remuneration.

II. About the Performance-Based Monetary Remuneration Plan

1. Overview

The Company will introduce the Performance-Based Monetary Remuneration Plan with the aim of making it a system that contributes to the enhancement of corporate value by providing greater incentives than before for the achievement of short-term business results with respect to the remuneration of Directors. Specifically, the amount of annual monetary compensation is calculated by multiplying the base amount for each position by a coefficient (range of variation: 0 to 2.0) based on the degree of achievement of the performance-based indices (consolidated recurring profit and consolidated ROE. In principle, the base values shall be the targets defined in the Medium-Term Management Plan.), and is paid after the end of one fiscal year.

2. Establishment of Monetary Remuneration Thresholds

The upper limit for one fiscal year shall be 300 million yen.

3. Eligibility

Directors who concurrently serve as Executive Officers and Executive Officers are eligible. However, this excludes Executive Officers whose main responsibilities are the execution of business of the Company's affiliates and who concurrently serve as Executive Officer of the Company, and who are paid basic compensation determined separately from the Company's Executive Officers (hereinafter referred to as "Concurrent Executive Officers").

III. About the Performance-Based Stock Remuneration Plan

1. Overview

The Company introduced a performance-based stock remuneration plan by resolution of the Ordinary General Meeting of Shareholders in June 2016 to motivate Directors to contribute to sustainable growth and to share interests with shareholders. The plan will now be continued with partial revisions to its content.

(1) Mechanism of the Plan

- 1) Trust money up to a certain amount will be contributed for three consecutive fiscal years (At the time of the introduction of the Plan, the three fiscal years beginning on April 1, 2022. Each of these three consecutive fiscal years is hereinafter referred to as the "Applicable Period"), and a trust (hereinafter referred to as the "Trust") will be established for a trust term of approximately three years, with Directors as beneficiaries. The Trust acquires the Company shares^{*1} from the stock market using the trust money in accordance with the instructions of the trust administrator. The Trust will be established by continuing the trust system that has been in place and in operation since fiscal year 2016.
- 2) Directors are granted "fixed points"^{*2} based on their position and "variable points" based on their performance.
- 3) With respect to the fixed points issued, the Company shall deliver the corresponding number of the Company's shares (one point is equal to one share of the Company's shares^{*3}), and specifically, the Company shall deliver and give out (hereinafter "deliver, etc.") money and the remaining shares (these monies and the Company's shares are hereinafter collectively referred to as the "Company's shares, etc.") obtained after selling a certain percentage of the delivered shares after the end of each fiscal year.
- 4) With respect to the variable points issued, the Company shall deliver the number of the Company's shares calculated by multiplying the variable points for three fiscal years by the performance-based coefficient (range of variation: 0 to 2.0) calculated according to the degree of achievement of performance-based indices after the end of the Applicable Period, and specifically, upon selling a certain percentage of the delivered shares after the end of the Applicable Period, the Company's shares, etc. shall be delivered, etc. Performance-based indices are as follows.

<Performance-based indices>

Under the Performance-Based Stock Remuneration Plan, the Company's TSR (Total Shareholder Return) including dividends and the Company's own ESG indices based on its ESG policy (currently, "The NYK Group ESG Story" announced in February 2021) will be used as performance-based indices, and the Company's shares, etc. will be delivered, etc. according to the degree of achievement of each index (see figure below). Specific indices, calculations, and share delivery methods will be determined by the Company's Board of Directors.

	Index and method of measuring the degree of achievement	Weight	Purpose of choosing this index
(i)	Comparison of the Company's TSR (Total Shareholder Return) including dividends with: (a) The Tokyo Stock Exchange Stock Price Index (TOPIX) growth rate (b) Competitors' TSR	80%	To share medium- to long-term profit awareness with shareholders
(ii)	Achievement of the Company's own ESG indices	20%	Accelerate ESG management, which is a medium- to long-term growth strategy

(*1) Regarding the Company's shares held in the Trust, voting rights will not be exercised during the trust term in order to ensure neutrality toward management. In addition, dividends related to the Company shares will be received by the Trust and used for trust fees and trust expenses. After the dividends are used for trust fees and trust expenses, the final portion in excess of the trust expense reserve calculated by deducting funds for stock acquisitions from trust money will be donated to groups that have no vested interest in the Company.

(*2) The Company's shares to be delivered annually based on fixed points will be subject to a three-year transfer restriction after delivery. All delivered shares shall be subject to transfer restrictions in accordance with internal rules separately established from the perspective of insider trading regulations.

(*3) In the event of a stock split or reverse stock split of the Company's shares, the number of the Company's shares per point will be adjusted in accordance with the stock split ratio or reverse stock split ratio.

(2) Treatment at the End of the Trust Term

At the expiry of the trust term, the Company may decide by resolution of the Board of Directors to extend the trust period by three fiscal years of the trust agreement and to entrust additional money within the scope approved at the Shareholders Meeting, and the same shall apply thereafter. If the Trust is terminated by the expiry of the trust term, the Trust will transfer said remaining shares to the Company without compensation as a shareholder return measure, and the Company will cancel said shares by a resolution of the Board of Directors.

2. Establishment of Stock Remuneration Thresholds

The upper limit of the amount of trust money to be entrusted to the Trust by the Company during the trust term shall be 1.6 billion yen. If the trust term is extended, the total amount of the remaining Company shares, etc. (excluding shares of the Company equivalent to the points issued to Directors that have not yet been delivered, etc.) and the additional trust money to be contributed, if any, (hereinafter "Remaining Company Shares, etc.") remaining in the trust assets before the extension shall be within the upper limit stated above. The upper limit for the total number of the Company's shares to be delivered from the Trust during the trust term shall be 1,000,000 shares. This upper limit on the number of shares is set based on the maximum amount of trust money and other factors.

3. Eligibility (Beneficiary Requirements)

The eligible persons shall be Executive Officers excluding Directors who concurrently serve as Executive Officers, the Chairman who does not concurrently serve as the Chairman and Executive Officer, and Concurrent Executive Officers, who fulfil the below requirements.

(Common Beneficiary Requirements for Fixed Points and Variable Points)

1) be in office as Director during the period of execution of duties corresponding to the Applicable Period (including a person who is newly elected as a Director during the period of execution of duties corresponding to the Applicable Period)^{*1, 2, 3};

2) reside in Japan;

3) not to have committed certain acts of misconduct during term of office^{*4};

(*1) If an eligible Director retires, the Company shall, without delay after completing the prescribed procedures, sell a certain percentage of the number of shares calculated in accordance with the number of fixed and variable points granted at the time of retirement and deliver, etc., the Company's shares, etc.

(*2) If an eligible Director passes away during his/her time in office as a Director, a successor of the Director shall, after the prescribed procedures, receive without delay the amount equivalent to cash obtained by selling the number of Company shares corresponding to the issued fixed and variable points as of the death of the Director.

(*3) If it is decided that an eligible Director will no longer reside in Japan during his/her time in office as a Director, the Director shall, after the prescribed procedures, receive without delay the amount equivalent to cash obtained by selling the number of Company shares calculated corresponding to the issued fixed and variable points at that time.

(*4) If a person eligible for the Plan commits improper acts or other misconduct during the Applicable Period, the Company may confiscate all the points granted under the Performance-Based Stock Remuneration Plan or seek monetary compensation equivalent to the value of the shares, etc. (the role-fixed portion) delivered under the Performance-Based Stock Remuneration Plan retroactively for the past three years.

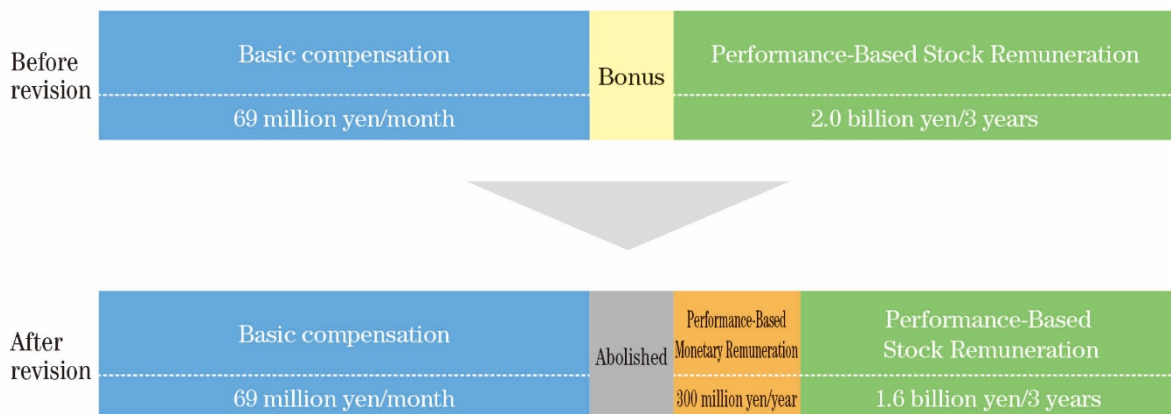
4. Measures Regarding Persons Not Eligible for the Performance-Based Stock Remuneration Plan Due to Non-Residency in Japan

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

Although the amount of money equivalent to such points will be determined by the share price at the time of actual payment and cannot be fixed at this time, the Company believes that such compensation will not be excessive because such compensation will be paid only to those who are excluded from the Performance-Based Stock Remuneration Plan due to non-residence in Japan, and the calculation method is the same as that of the Performance-Based Stock Remuneration Plan. The Company does not anticipate that any Director will be subject to this measure at the conclusion of the Shareholders Meeting.

IV. Reference

<Outline Diagram of Remuneration Plan for Directors>



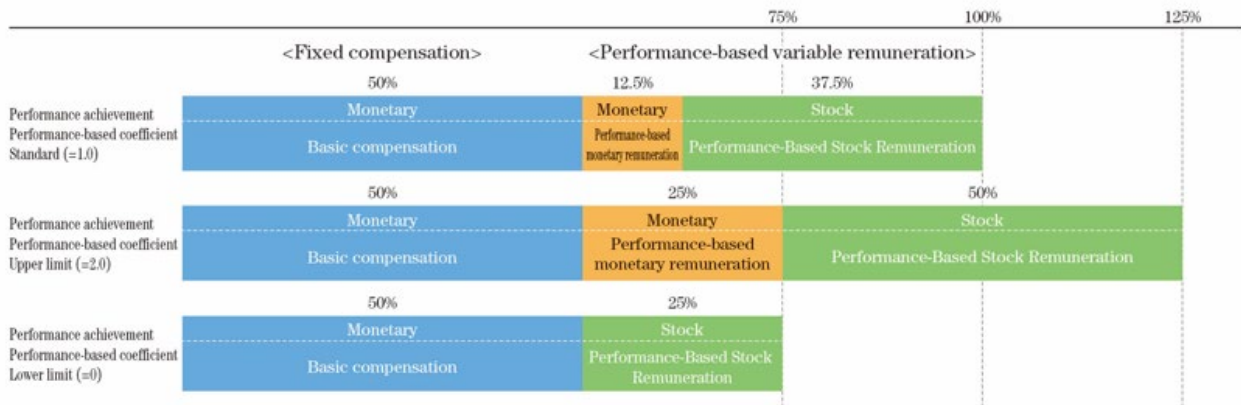
*1: Bonuses are paid within the scope of proposals submitted to and approved at shareholders meetings when payment is appropriate taking into consideration management conditions, shareholder returns, and other factors.

*2: The amount of performance-based stock remuneration is the maximum amount of trust money to be contributed by the Company.

*3: The Performance-Based Monetary Remuneration Plan and the Performance-Based Stock Remuneration Plan include Executive Officers who meet certain requirements, and the maximum amount shown above is the maximum amount for all the eligible persons under the Plans, including such Executive Officers.

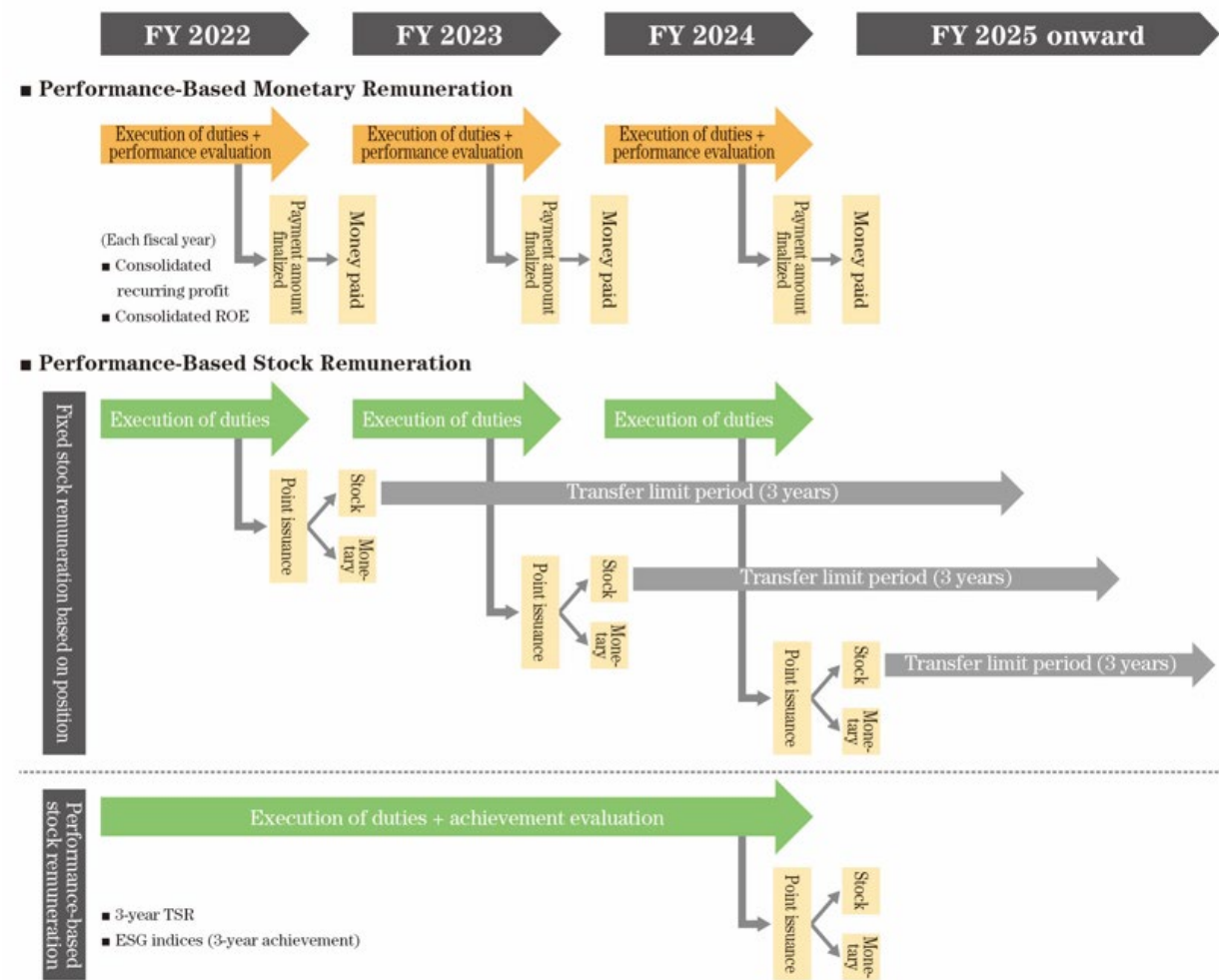
*4: This does not include those who are excluded from the Performance-Based Stock Remuneration Plan due to non-residence in Japan.

<Image Diagram of Remuneration Structure>

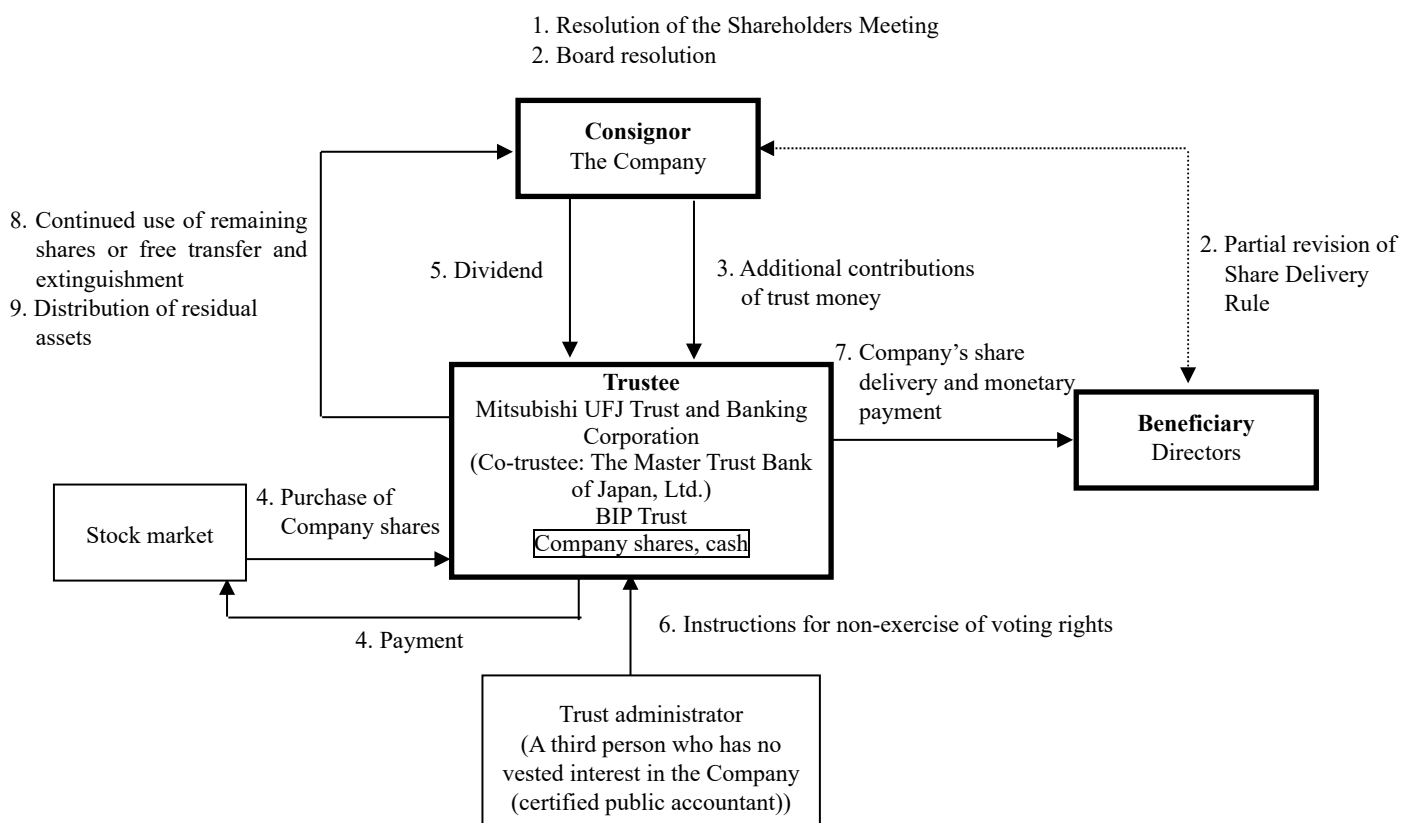


*The above percentages are assumed values in each case, and they may vary depending on each position.

<Image Diagram of Payment of the Performance-Based Monetary Remuneration and Delivery, etc. of the Performance-Based Stock Remuneration>



<Structure of the Trust Plan for the Performance-Based Stock Remuneration Plan>



1. The Company will obtain a resolution of approval for partial revision of the contents of the Trust plan at the Shareholders Meeting.
2. After obtaining the approval of the resolution at the Shareholders Meeting, the Company's Board of Directors shall pass a resolution to partially revise the Share Delivery Rule for the Trust plan.
3. The Company will make additional contributions of a certain amount of money to the trustee and extend and continue the trust period of the trust with beneficiaries being the point holders who satisfy the requirements for beneficiaries (the Trust).
4. The Trust acquires the Company shares (common shares) from the stock market mainly using the money additionally contributed in 3. above in accordance with the instructions of the trust administrator.
5. Dividends of the Company shares in the Trust will be distributed in the same manner as for other Company shares.
6. The voting rights of Company shares in the Trust will not be exercised during the trust term.
7. During the trust term, in accordance with the Company's Share Delivery Rule, the Company will issue a certain number of points and deliver shares of the Company's stock equivalent to a certain percentage of such number of points to beneficiaries, convert a certain percentage to cash and pay in cash, and deliver the remaining Company shares.
8. If there are remaining shares at the end of the trust term, either the Trust will continue to be used for the Plan or a similar stock grant plan by amending the trust agreement and making additional contributions to the Trust by resolution of the Board of Directors, etc., or the Trust will transfer such remaining shares to the Company without compensation and the Company will cancel them by resolution of the Board of Directors.
9. Residual assets (other than the residual shares mentioned in 8.) after distribution to beneficiaries at the

end of the Trust will belong to the Company to the extent of allowances for trust expenses, which are calculated by deducting the funds to acquire Company shares from the trust money. The portion exceeding the allowances for trust expenses will be donated to groups that have no vested interest in the Company.

(Note 1) After the resolution of the Shareholders Meeting, a trust extension agreement for the Trust plan will be executed (scheduled for early August 2022). The trust term is scheduled to last until the end of August 2025. The acquisition of shares is scheduled to take place during August 2022 (excluding the period from five business days prior to the last day of the fiscal year (or the quarterly/interim period) to the fiscal year-end (or the end of the quarterly/interim period))

(Note 2) There is a possibility that the Company may additionally acquire the Company's shares through the Trust by placing additional money in trust for the Trust to fund the acquisition of the Company's shares.

[Trust Agreement Contents]

Type of trust:	An individually operated designated trust of cash other than cash trust (third party benefit trust)
Purpose of trust:	To provide incentives to Directors
Consignor:	The Company
Trustee:	Mitsubishi UFJ Trust and Banking Corporation (Co-trustee: The Master Trust Bank of Japan, Ltd.)
Beneficiaries:	Directors who meet beneficiary requirements
Trust administrator:	A third person who has no vested interest in the Company (certified public accountant)
Date of trust extension agreement:	Early August 2022 (planned)
Trust period:	August 3, 2016 to the end of August 2025 (planned)
Start of the plan:	August 3, 2016
Exercise of voting rights:	No voting rights will be exercised
Type of acquired shares:	Common shares of the Company
Limit of the total amount of trust money:	1.6 billion yen (scheduled) (including trust remuneration and trust expenses)
Time of share acquisition:	From August 8, 2022 (planned) to the end of August 2022 (planned) (excluding the period from five business days prior to the last day of the fiscal year (or the quarterly/interim period) to the fiscal year-end (or the end of the quarterly/interim period))
Method of share acquisition:	To be acquired from the stock market
Vested rights holder:	The Company
Residual assets:	Residual assets will belong to the Company within the extent of allowances for trust expenses, which are calculated by deducting funds to acquire Company shares from trust money