



ANNEX - SECOND PARTY OPINION

NYK LINE

NYK TRANSITION BOND (#3)

Prepared by: DNV Business Assurance Japan K.K.

Location: Kobe, Japan

Date: 29 March 2024

Ref. Nr.: PRJN-716481-2024-ANX-TB3-JPN-1

This opinion is prepared based on the NYK Green/Transition Finance Framework Second Party Opinion (hereinafter, "Master SPO") (Ref. Nr.: PRJN-258246-2021-AST-JPN-Rev.1 *25 January 2024), which was assessed against to the NYK Green/Transition Finance Framework (hereinafter, "Framework").

*For more information on the ANNEX - Second Party Opinion, see following DNV website

<https://www.dnv.jp/news/page-227965> Release of a new evaluation service (Master SPO+ANNEX).

Executive Summary

DNV Business Assurance Japan K.K. (hereinafter, "DNV") confirmed that the NYK Transition Bond (#3) issued by Nippon Yusen Kabushiki Kaisha, also known as NYK Line (hereinafter, "NYK"), meets the various principles and guidelines requirements for such bond issuance and is planned to be issued and managed through appropriate internal processes based on the Framework^{*1}, which has been assessed its eligibility^{*2}.

*1: NYK Green/Transition Finance Framework

*2: NYK Green/Transition Finance Framework Second Party Opinion

Table-1 shows an outline of the NYK Transition Bond (#3) and ANNEX - Second Party Opinion. The additional items to be assessed in the ANNEX - Second Party Opinion are Principle-1 (Use of Proceeds) and Principle-4 (Reporting) which are under the bonds with specific use of proceeds (response to the four principles). The conformity of the other principles to the criteria has already been assessed its eligibility in accordance with the Framework.

Table-1 NYK Transition Bond (#3) ANNEX - Second Party Opinion

Target finance	NYK Transition Bond (#3)	
Target organization	NYK Line	
Target framework	NYK Green/Transition Finance Framework	
Targeted external review	NYK Green/Transition Finance Framework Second Party Opinion Ref. Nr.: PRJN-258246-2021-AST-JPN-Rev.1 Issued on 25 January, 2024	
Target criteria	Criteria for Climate Transition Finance	
	<ul style="list-style-type: none"> - Climate Transition Finance Handbook (ICMA, 2023) - Basic Guidelines on Climate Transition Finance (FSA, METI, and MoE, 2021). 	
	Criteria for the use of proceeds bond	
	<ul style="list-style-type: none"> - Green Bond Principles (ICMA, 2021) - Green Bond Guidelines (MoE, 2022) 	
Climate Transition Finance (response to the four disclosure elements)	Disclosure element-1 (Transition strategy and governance)	- Confirmed reliance on Framework
	Disclosure element-2 (Environmental materiality)	- Confirmed reliance on Framework
	Disclosure element-3 (Science-based strategy)	- Confirmed reliance on Framework
	Disclosure element-4 (Implementation transparency)	- Confirmed reliance on Framework
Bonds with specific use of proceeds	Principle-1 (Use of proceeds)	<ul style="list-style-type: none"> - Confirmed reliance on Framework. Additional assessment was implemented as follows: - LNG-fuelled vessels



(response to the four elements)

Principle-2
(Process for project evaluation and selection)

- Confirmed reliance on Framework

Principle-3
(Management of proceeds)

- Confirmed reliance on Framework

Principle-4
(Reporting)

- Confirmed reliance on Framework. Additional assessment was implemented as follows.
- Status of fund allocation: allocated, unallocated and refinanced amounts
- Environmental benefits: CO₂ emission reduction rate, SO_x emission reduction rate, NO_x emission reduction rate

As an external reviewer, DNV assessed the NYK Transition Bond (#3) in terms of the use of proceeds and reporting eligibility, based on an evaluation of the Framework and other relevant documents provided by NYK. DNV also confirmed that the other items are in accordance with the Framework.



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Revision history

Date of issue	Remarks
29 March 2024	Prepared and issued as NYK Transition Bond (#3) ANNEX - Second Party Opinion

Disclaimer

Our assessment relies on the premise that the data and information provided by Issuer to us as part of our review procedures have been provided in good faith. Because of the selected nature (sampling) and other inherent limitation of both procedures and systems of internal control, there remains the unavoidable risk that errors or irregularities, possibly significant, may not have been detected. Limited depth of evidence gathering including inquiry and analytical procedures and limited sampling at lower levels in the organization were applied as per scope of work. DNV expressly disclaims any liability or co-responsibility for any decision a person or an entity may make based on this Statement.

Statement of Competence and Independence

DNV applies its own management standards and compliance policies for quality control, in accordance with ISO/IEC 17021:2011 - Conformity Assessment Requirements for bodies providing audit and certification of management systems, and accordingly maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. We have complied with the DNV Code of Conduct¹ during the assessment and maintain independence where required by relevant ethical requirements. This engagement work was carried out by an independent team of sustainability assurance professionals. DNV was not involved in the preparation of statements or data included in the Framework except for this Statement. DNV maintains complete impartiality toward stakeholders interviewed during the assessment process.

¹ DNV Code of Conduct is available from DNV website (www.DNV.com)



I. Scope and Objectives

DNV has been commissioned by NYK to conduct a pre-issuance assessment of the NYK Transition Bond (#3) to evaluate whether NYK meets the criteria for bonds with specified use of proceeds as defined in the CTFH/CTFBG and GBP/GBGLs and to provide ANNEX - Second Party Opinion regarding the eligibility of the Transition Bond.

As an independent external reviewer, DNV declares that it has no factual or perceived conflict of interest in providing ANNEX - Second Party Opinion for NYK.

Furthermore, this report does not provide any assurances regarding the financial performance, value of any investments, or the long-term environmental benefits of any Transition Bonds issued under this Framework.

(1) Scope of review *

The review assessed the following elements and confirmed their alignment with four core elements in GBP.

- | | |
|---|---|
| <input checked="" type="checkbox"/> Use of proceeds | <input type="checkbox"/> Process for Project Evaluation and Selection |
| <input type="checkbox"/> Management of proceeds | <input checked="" type="checkbox"/> Reporting |

*1 The scope of the review is to be applied as a part of the evaluation of the transition bond with use of proceeds.

*2 DNV has already reviewed the four disclosure elements of CTFH/CTFBG, "Process for Project Evaluation and Selection" of GBP/GBGLs, and "Management of Proceeds" and has delivered our opinion below.

"NYK Green/Transition Finance Framework Second Party Opinion"

Ref. Nr.: PRJN-258246-2021-AST-JPN-Rev.1 Issued 25 January, 2024

(2) Role(s) of review provider

- | | |
|---|--|
| <input checked="" type="checkbox"/> Second Party Opinion | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification | <input type="checkbox"/> Ratings |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

(3) Standards/guidelines to be applied

No.	Standards/guidelines	Scheme owner
1.	Climate Transition Finance Handbook (CTFH) ^{*1}	International Capital Market Association (ICMA), 2023
2.	Basic Guidelines on Climate Transition Finance (CTFBG) ^{*1}	Financial Services Agency, Ministry of Economy, Trade and Industry, Ministry of the Environment, 2021
3.	Green Bond Principles (GBP) ^{*2}	International Capital Market Association (ICMA), 2021
4.	Green Bond Guidelines (GBGLs) ^{*2}	Ministry of the Environment, 2022

*1 The concept of climate transition focuses principally on the credibility of an issuer’s climate change-related commitments and practices (quoted from CTFH and CTFBG).

*2 It confirms compliance with the four core elements (use of proceeds, process for project evaluation and selection, management of proceeds, and reporting) that must be met when implemented as a bond/loan that meets the four elements (Issuer’s climate transition strategy and governance, Business model environmental materiality, Climate transition strategy to be science-based including targets and pathways, Implementation transparency) of transition and has a specific use of proceeds (quoted from CTFBG).

II. Responsibilities of NYK and DNV

NYK has provided the information and data used by DNV in this review. DNV’s ANNEX - Second Party Opinion represents an independent opinion and is intended to inform NYK and its stakeholders as to whether the NYK Transition Bond (#3) meets the established criteria, based on the information provided to us. In our work we have relied on the information and facts presented to us by NYK. DNV is not responsible for any aspect of the nominated projects and assets referred to in this opinion and assumes no responsibility for any inaccuracies in any facts, findings, opinions or conclusions. Thus, DNV shall not be held liable if any of the information or data provided by NYK and used as a basis for this assessment was not accurate or complete.



III. Basis of DNV's Opinion

To provide a more flexible ANNEX - Second Party Opinion for the issuer, NYK, DNV identified the key assessment targets and carried out assessments in accordance with its procedures.

DNV, as an independent external reviewer, provides ANNEX - Second Party Opinion according to the protocol.

Our Protocol includes a set of suitable criteria that can be used to underpin DNV's opinion. The overarching principle behind the Climate Transition Bond with a use of proceeds bond as the basis for the opinion are as follows:

"provide an investment opportunity with transparent sustainability credentials"

"enable capital-raising and investment for new and existing projects with environmental benefits"

As per our Protocol, the criteria against which the NYK Transition Bond (#3) has been grouped into (1) four common elements of CTFH and CTFBG (disclosure elements) and (2) four common elements of GBP and GBGLs, as shown on the following page.

The additional assessment for this ANNEX - Second Party Opinion covers Principle 1 and 4 of (2).

Part of (1) and (2) has already been assessed for eligibility. Detailed results of the eligibility assessment for such parts of (1) and (2) can be found in the "NYK Green/Transition Finance Framework Second Party Opinion" (Ref. Nr.: PRJN-258246-2021-AST-JPN-Rev.1 25 January, 2024).



(1) Four common elements of CTFH/ CTFBG (disclosure elements)

Principle One: Issuer's climate transition strategy and governance

The financing purpose should be for enabling an issuer's climate change strategy.

Principle Two: Business model environmental materiality

The planned climate transition trajectory should be relevant to the environmentally-material parts of the issuer's business model.

Principle Three: Transition is science-based including targets and pathway

Issuer's climate strategy should reference science-based targets and transition pathways.

Principle Four: Implementation transparency

Market communication in connection with the offer of a financing instrument which has the aim of funding the issuer's climate transition strategy should also provide transparency of the underlying investment program.

(2) Four elements of GBP/GBGLs

Principle One: Use of proceeds **Subject to additional assessment of ANNEX – Second Party Opinion*

The Use of Proceeds criteria are guided by the requirement that an issuer of a transition bond with specific use of proceeds must use the funds raised to bond eligible activities. The eligible activities should produce clear environmental benefits.

Principle Two: Proceeds for Project Evaluation and Selection

The Project Evaluation and Selection criteria are guided by the requirements that an issuer of a transition bond should outline the process it follows when determining eligibility of an investment using the proceeds from transition bond, and outline any impact objectives it will consider.

Principle Three: Management of Proceeds

The Management of Proceeds criteria are guided by the requirements that a transition bond should be tracked within the issuing organization, that separate portfolios should be created when necessary and that a declaration of how unallocated funds will be handled should be made.

Principle Four: Reporting **Subject to additional assessment of ANNEX - Second Party Opinion*

The Reporting criteria are guided by the recommendation that at least Sustainability Reporting to the bond investors should be made of the use of bond proceeds and that quantitative and/or qualitative performance indicators should be used, where feasible.



IV. Work Undertaken

Our work constituted a comprehensive review of the available information, based on the understanding that this information was provided to us by the issuer in good faith. We have not performed an audit or other tests to check the veracity of the information provided to us.

The work undertaken to form our opinion included:

i. Pre-issuance assessment (ANNEX - Second Party Opinion)

- Assessment of additional documentary evidence provided by NYK on the NYK Transition Bond and supplemented assessment by a comprehensive desktop research. These checks refer to current assessment best practices and standards methodologies;
- Discussions with NYK, and review of relevant documentation;
- Documentation of findings against each element of the criteria to be additionally assessed.

ii. Post-issuance assessment (periodic review) (not included in this report*)**

- Interviews with NYK managers and review of relevant documentation;
- Site surveys and inspections (if required);
- Documentation of post-issuance assessment results.



V. Findings and DNV's Opinion

DNV's findings and opinion are as described below.

GBP·GBGLs-1. Use of Proceeds

NYK has defined the criteria applied to eligible projects as transition projects which meet NYK Transition Strategy and related handbook, principle, and guidelines (CTFH and CTFBG).

The proceeds of the NYK Transition Bond (#3) will be used for the following three projects (01, 02 and 03). Please see Schedule-1 for details.

All three projects are eligible projects that are aligned with the NYK Green/Transition Finance Framework and the NYK Group ESG Story 2023, as well as environmental targets set by IMO and the Ministry of Land, Infrastructure, Transport and Tourism.

The maximum amount of proceeds of the NYK Transition Bond (#3) is expected to total JPY 20 billion. DNV confirmed at the time of this assessment that the proceeds will be used for new investments and partly as refinancing. The actual allocation results will be reported on an annual basis in accordance with GBP/GBGLs-4.Reporting.

Project-01, 02, 03: Partial funding for the construction of three LNG-fuelled car carriers

- The LNG-fuelled carrier is an essential transition project for the implementation of the Transition Strategy set out in the NYK Group ESG Story 2023.
- Preparation for construction of the first vessel, Car Carrier Vessel Project 1, has started in September 2022 and the construction is expected to be completed in the Q2 2026. Preparation for construction of the second and third vessels, Car Carrier Vessel Project 2 and 3, has started in June 2023 and the construction is expected to be completed in the Q4 2025 and the Q2 2026, respectively.
- According to the fuel conversion path developed by NYK, the first step is to reduce CO₂ emissions by promoting the introduction of LNG-fuelled vessels as described below, with the aim of achieving zero emissions in the future by introducing and increasing zero-emission fuel vessels. Measures to avoid lock-in can include improvement of operational efficiency and energy-saving technologies, early introduction and expansion of the number of next-generation fuel vessels, increased use of bio and synthetic fuels, and utilization of carbon offsets.
- As possible environmental benefits, CO₂, SO_x, and NO_x reduction rates, compared to those by heavy oil-fuelled vessels of similar size, have been calculated. See Table-2 for details.

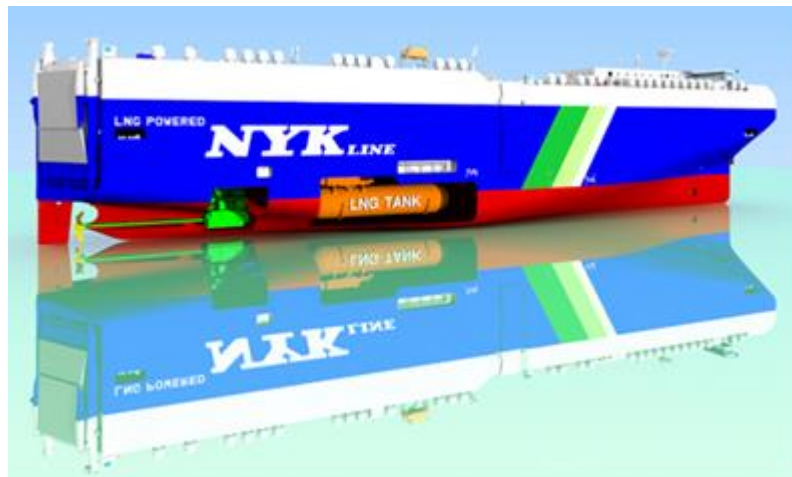


Figure-1 LNG-fuelled car carrier vessel (image)

Table-2 Summary of Project-01, 02, 03 LNG-fuelled car carrier vessels

Project Name:	Car Carrier Vessel Project 1	Car Carrier Vessel Project 2	Car Carrier Vessel Project 3
Estimated allocation:	Approx. JPY 20 billion for construction of three carriers		
Total length:	Approx. 199.95 m	Approx. 199.95 m	Approx. 199.95 m
Mould width:	38.00 m	38.00 m	38.00 m
Maximum number of loadable cars:	Approx. 7,000 units	Approx. 7,000 units	Approx. 7,000 units
Gross tonnage:	Approx. 73,500 tonnes	Approx. 74,600 tonnes	Approx. 74,600 tonnes
Scheduled completion:	Around the Q2 2026	Around the Q4 2025	Around the Q2 2026
Estimated environmental benefits: (Compared to those by heavy oil-fuelled vessels of similar size)	CO₂ Reduction rate: 26.1% SOx reduction rate: 97.6% NOx reduction rate: no change	CO₂ Reduction rate: 27.9% SOx reduction rate: 99.1% NOx reduction rate: 76.3%	CO₂ Reduction rate: 27.9% SOx reduction rate: 99.1% NOx reduction rate: 76.3%

GBP•GBGLs-4. Reporting

DNV confirms that NYK will report (annual reporting) on the Transition Bond (#3) until the proceeds are fully allocated, and disclose information on the status of the allocation, the projects to which the proceeds have been allocated or the environmental benefits on the issuer’s website.

DNV confirmed that, even after allocation have been completed, NYK plans to report any changes in Transition Strategy or pathways, or any major changes in the allocation plan or project implementation status, in a timely manner in NYK’s reporting.

<Allocation status>

- Allocated amount
- Balance of unallocated amount
- Approximate amount of the proceeds allocated for refinancing

<Environmental benefits> * Any or all of the following will be disclosed

Project		Reporting item
01	Offshore Wind Power	<ul style="list-style-type: none"> • Introduction record (number of vessels) and specifications of SEP and CTV • Location, cardinal numbers and capacity (kW) of introduced offshore wind power generation
02	Green Terminal	<ul style="list-style-type: none"> • Cardinal numbers and capacity (kW) of introduced wind power generation • Capacity of Solar PVs (kW)
03	Ammonia fuelled vessel	<ul style="list-style-type: none"> • Numbers and main specifications of ammonia fuelled vessels
04	Hydrogen fuelled cell vessel	<ul style="list-style-type: none"> • Numbers and main specifications of Hydrogen fuelled cell vessels
05	LNG fuelled vessel	<ul style="list-style-type: none"> • Number and main specifications of LNG fuelled vessels • GHG emissions (mt/vessel/year) • GHG • CO₂ • SO_x • NO_x emission reduction amount or ratio compared to the case of using HFO (heavy fuel oil)
06	LNG fuel supply vessel	<ul style="list-style-type: none"> • Number and main specifications of LNG fuel supply vessels • GHG emissions (mt/vessel/year) • GHG • CO₂ • SO_x • NO_x emission reduction amount or ratio compared to the case of using HFO (heavy fuel oil)
07	LPG fuelled vessel	<ul style="list-style-type: none"> • Number of LPG fuelled vessels • Main specifications • GHG emissions (mt/vessel/year) • GHG • CO₂ • SO_x • emission reduction amount or ratio compared to the case of using HFO (heavy fuel oil)
08	Operation efficiency & optimization	<ul style="list-style-type: none"> • GHG / CO₂ / SO_x / NO_x emission reductions or ratios before and after the introduction of equipment and systems compared to standard operations



Use of Proceeds reporting:

- | | |
|--|--|
| <input type="checkbox"/> Project-by-project | <input checked="" type="checkbox"/> On a project portfolio basis |
| <input type="checkbox"/> Linkage to individual bond(s) | <input type="checkbox"/> Other (<i>please specify</i>): |

Information reported:

- | | |
|---|--|
| <input checked="" type="checkbox"/> Allocated amounts | <input type="checkbox"/> TB refinanced share of total investment |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

Frequency:

- | | |
|---|--------------------------------------|
| <input checked="" type="checkbox"/> Annual | <input type="checkbox"/> Semi-annual |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

Impact reporting (Environmental Impact):

- | | |
|--|---|
| <input checked="" type="checkbox"/> Project-by-project | <input type="checkbox"/> On a project portfolio basis |
| <input type="checkbox"/> Linkage to individual bond(s) | <input type="checkbox"/> Other (<i>please specify</i>): |

Frequency:

- | | |
|---|--------------------------------------|
| <input checked="" type="checkbox"/> Annual | <input type="checkbox"/> Semi-annual |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

Information reported (expected or ex-post):

- | | |
|---|---|
| <input checked="" type="checkbox"/> GHG Emissions / Savings | <input type="checkbox"/> Energy savings |
| <input checked="" type="checkbox"/> Other ESG indicators (<i>please specify</i>): | SOx, NOx emission reductions |

Means of Disclosure:

- | | |
|--|--|
| <input type="checkbox"/> Information published in financial report (Integrated Report) | <input type="checkbox"/> Information published in sustainability report |
| <input type="checkbox"/> Information published in ad hoc documents | <input checked="" type="checkbox"/> Other (please specify): on NYK website |
| <input type="checkbox"/> Reporting reviewed (if yes, please specify which parts of the reporting are subject to external review) | |



VI. Assessment Conclusion

On the basis of the information provided by NYK and the work undertaken, it is DNV's opinion that the NYK Transition Bond (#3) meets the criteria established in the Protocol, and that is aligned with the following stated definition or purpose of the bonds that specify the use of proceeds within the CTFH/CTFBG and GBP/GBGLs:

"provide an investment opportunity with transparent sustainability credentials"

"enable capital-raising and investment for new and existing projects with environmental benefits"

DNV Business Assurance Japan K.K.

29 March 2024

Masato Kanedome

Technical Reviewer

DNV Business Assurance Japan K.K.

Naoki Maeda

Managing Director/SCPA Vice President

DNV Business Assurance Japan K.K.

Jun Chokai

Project Leader

DNV Business Assurance Japan K.K.

Kazumasa Terada

Assessor

DNV Business Assurance Japan K.K.

About DNV

Driven by our purpose of safeguarding life, property and the environment, DNV enables organisations to advance the safety and sustainability of their business. Combining leading technical and operational expertise, risk methodology and in-depth industry knowledge, we empower our customers' decisions and actions with trust and confidence. We continuously invest in research and collaborative innovation to provide customers and society with operational and technological foresight.

With our origins stretching back to 1864, our reach today is global. Operating in more than 100 countries, our 16,000 professionals are dedicated to helping customers make the world safer, smarter and greener.

Disclaimer

Responsibilities of the Management of the Issuer and the Second-Party Opinion Providers, DNV: The management of Issuer has provided the information and data used by DNV during the delivery of this review. Our statement represents an independent opinion and is intended to inform the Issuer management and other interested stakeholders in the Bond as to whether the established criteria have been met, based on the information provided to us. In our work we have relied on the information and the facts presented to us by the Issuer. DNV is not responsible for any aspect of the nominated assets referred to in this opinion and cannot be held liable if estimates, findings, opinions, or conclusions are incorrect. Thus, DNV shall not be held liable if any of the information or data provided by the Issuer's management and used as a basis for this assessment were not correct or complete

Schedule-1 NYK Transition Bond (#3) Eligible Projects

Category ^{*1}	Project ^{*1}	Project Name	Project Overview				Expected Environmental Benefits		
			Target for Allocation	Total length / Mould width	Maximum number of loadable cars / Gross tonnage	Scheduled Completion	CO ₂ reduction rate	SO _x reduction rate	NO _x reduction rate
LNG-fuelled vessel	Expenditure on LNG-fuelled vessels (incl. capital investment, research and development, business development and operations, working capital)	Car Carrier Vessel Project 1	Partial funding for the construction	Approx. 199.95 m / 38.00 m	Approx. 7,000 units / Approx. 73,500 tonnes	Scheduled for Q2 2026	26.1%	97.6%	No change
		Car Carrier Vessel Project 2	Partial funding for the construction	Approx. 199.95 m / 38.00 m	Approx. 7,000 units / Approx. 74,600 tonnes	Scheduled for Q4 2025	27.9%	99.1%	76.3%
		Car Carrier Vessel Project 3	Partial funding for the construction	Approx. 199.95 m / 38.00 m	Approx. 7,000 units / Approx. 74,600 tonnes	Scheduled for Q2 2026	27.9%	99.1%	76.3%

*1: Excerpted from the NYK Green/Transition Finance Framework