

For the fiscal year ended March 31, 2021
NS United Kaiun Kaisha, Ltd.

NS UNITED REPORT 2021





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Editorial Policy

This report explains to all stakeholders, using both financial and nonfinancial information, how the NS United Kaiun Group fulfills social responsibilities, including ESG initiatives, in addition to pursuing corporate profits from supplying marine transportation services. In editing this report, we have referred to the *Guidance for Integrated Corporate Disclosure and Company-Investor Dialogues for Collaborative Value Creation* by the Ministry of Economy, Trade and Industry. Our goal is to provide a deeper understanding of the Group's strategy for sustainable growth. In addition to this report, other information is available on our website: <http://www.nsuship.co.jp/en/>



Period Covered

April 1, 2020 through March 31, 2021

Please note that some matters that fall outside this period are also reported. Fiscal years referred to in this report cover the period from April 1 to March 31. Fiscal 2020 refers to the fiscal year ended March 31, 2021.

Organizations Covered

The NS United Kaiun Group and related affiliates

Forward-Looking Statements

The forward-looking statements in this report, including performance forecasts, plans, and business strategies, are based on information available at the time and are subject to risks and uncertainties. Please note that actual business results could differ substantially due to several factors, including changes in the business environment.

The U Brand Value
Creation Story
with Sustainability
Management as a Pillar



Kazuo Tanimizu
President and Representative Director
NS United Kaiun Kaisha, Ltd.

Review of the Past Year

It has been more than a year since the start of the COVID-19 pandemic. While the situation doesn't allow optimism on a global level, some things are becoming clearer as we look to the future. It can be said that the pandemic marked the end of one era and that the world has begun to move toward the next era.

For one thing, the pessimism that dominated the world around this time last year has receded, and the global economy has been steadily normalizing and speeding up a recovery toward the post-COVID-19 world. At the center of this recovery is the US and China, the two major powers competing for economic domination. The pursuit of national strength and economic growth by both countries is a positive for the global economy. More importantly, business has entered a cycle with major technological innovations that appear once in several decades, where new industries and services are created while traditional businesses can be replaced, in other words, there are risks and opportunities.

The other factor is that new norms are being established that will give direction to the economy and society for the future. This new norms is sustainability. The current state and challenges facing the capitalist system, which have evolved since the end of the Cold War based on key

concepts: shareholders first, globalization, and the pursuit of profits, are critically evaluated. I believe that sustainability is the fourth revolution that will be necessary for fair and permanent prosperity, not only for us with richer and more convenient lives due to the agricultural, industrial, and information revolutions, but also for future generations. A long time ago, the term Spaceship Earth was used to express this concept.

These two factors overlap, and a long road lies ahead of us. Going forward, it is expected that sustainability will become the cornerstone of society. Although it is still not easy to foresee, we need to pave the way for both business and society with the key concept of sustainability. One of the most urgent megatrends is the realization of a decarbonized society.

Shipping connects the world, and we transport the resources and energy needed for key industries, such as steel and electric power, as well as the goods essential for our daily lives. Shipping contributes to the improvement of economic society and people's lives and most basically, supports the development of the world, but we are also required to continue to evolve.

Companies, Stakeholders, and Society

The development from the United Nations' MDGs to SDGs has gained broad acceptance. Support for companies that engage in ESG (environment, social, and governance) activities to contribute to the SDGs has grown, with the Principles for Responsible Investment (PRI) becoming the driving force. This support show that we are now living in an era where the attitude of companies and society toward sustainability is being questioned. It would be wonderful if companies could start by adapting to changes in society, work with society to change its structure, and then collaborate with stakeholders to bring about innovations. We believe that contributing to sustainability will lead to answering the question of what we stand for, as we move ahead with society through technological, business, and social innovation.

The way companies are managed is viewed in the context of their interrelationships, and corporate activities are evaluated from the triple bottom line: the economy, the environment, and society under solid governance. While financial value is still the basis of corporate value, nonfinancial values such as ESG and intangible assets will become even more important moving forward. Through sound governance, we will contribute to global warming

countermeasures and strengthen our human capital and social initiatives, while creating a virtuous cycle that will create new corporate value and growth opportunities in the expanding ocean.

Our basic philosophy is to contribute to the development of society by providing trusted and high-quality marine transportation services, and we are strongly committed to both safe navigation and environmental protection in marine transportation and to contribute to society and people's lives by meeting the needs of customers at a high level. Our corporate value is based on the intangible sense of security and trust that comes from our long track record in dealing with many customers. This security and trust forms the U brand, and each of us is always aware of this through our daily work. In the 10 years since the merger, we have built up a solid track record and have been highly evaluated by the market. Our achievement has become a point of pride for our employees.

We must continue to refine our U brand over the next 10 years. When doing this, we must recognize what will be important in the future: whether the competitive advantages we have enjoyed in the past will continue and whether we can keep doing the same as before in a

changing world. With the recognition of these issues leading us back to the drawing board, we formulated our medium-term business plan last year. The medium-term business plan focusses on six materiality issues, as sustainability initiatives that is a new norm for the future of corporations and society: safe navigation, environmental conservation, customer satisfaction, securing and

Sustainability Initiatives

With the prolonged COVID-19 pandemic holding up crew changes, safety is once again a top priority. In the shipping industry, where we connect logistics services around the world, our top-priority issues are preventing accidents and pollution to the precious marine and natural environment; delivering customers' cargoes safely; and the safety and health of Japanese and international seafarers who work as essential workers and their families. Once again, I can only express my gratitude to our professional seafarers who support our transportation services. We will further support them by improving the onboard working environment and through training in the Philippines and Vietnam.

Also, the world is now on track to become carbon neutral from 2050 to 2060. From an early stage, the shipping industry has been actively promoting initiatives, by closely following global trends, based on the common targets and rules for reducing greenhouse gas emissions established by the IMO, International Maritime Organization. We need to follow the IMO's directives, while also exploring more developments.

What is needed is not a trade-off between the environment and the economy, but rather the two should be seen as mutually supportive; We need to turn the environment into a business. Until now, the environment has been seen not as direct matter for companies, however as the impact on environment finally becomes increasingly intolerable, how do we overcome this situation? It was Professor Hirofumi Uzawa who pointed out this problem early on in his works *The Social Cost of Automobiles* and *Economic Analysis of Social Common Capital*. However, in economic theory, there is no clear solution for how to

developing human resources, technological innovation, and corporate governance. Each of these six materiality issues is both a risk to our business and an opportunity for growth. Turning these issues into opportunities is what ESG management is all about, and contributing to a sustainable society is our purpose.

incorporate global warming issues into sustainable economic development, and carbon pricing is on the agenda as a regulatory measure (or incentive). While there is cautious debate as to whether an appropriate inducement effect can be obtained, I believe it is important for us to take the initiative and steadily reduce greenhouse gas emissions without falling behind our competitors.

I believe that sustainable growth means to optimize the balance between cost, return, and risk from a long-term perspective. The new norms are expected to spread, as not only companies but society as a whole accept the issue of greenhouse gas emissions. We, too, would like to envision the next phase of growth by reducing greenhouse gas emissions from our fleet and transporting cargo in ways that meet our customers' requirements for decarbonization and a small carbon footprint.

We are committed to proactively addressing safety and environmental issues, while effectively responding to domestic and international market trends; deepening cooperation with customers; improving transportation services; creating internal systems to improve the engagement of employees, who support these initiatives and who are the source of value creation; and making upfront investments in new technologies and commitments to innovation that will overcome difficulties and achieve breakthroughs. By continually taking on the challenge of these materiality issues, from a long-term perspective, we will seize the opportunity for the next stage of growth, build a sustainable business structure, and create a more resilient management base.

Toward FORWARD 2030 and Value Creation

Last year, on the 10th anniversary of the merger, we formulated a new medium-term business plan (FORWARD 2030) with the goal of building on and developing the management philosophy that has been in place since the Company was founded and, by 2030, becoming a company

that is both profitable and socially responsible. Based on this general strategic direction, we are now selecting specific themes and developing initiatives to tackle them.

The first step was to create a system in line with the ESG management strategy. In response to global warming in "E"

(environment), we have established a new Environment Conservation Promotion Group to focus on the environment and have begun taking action as a company-wide cross-sectional organization that includes ship engineering, general affairs, planning, and sales departments. Under "S" (social), we have established a new DX Promotion Committee to work on improving employee engagement and internal transformation, including using advanced information technology in offices and on ships, as well as business enhancements, improved workstyles, and better personnel and evaluation systems.

For "G" (governance), the Internal Control and Compliance Committee covers the three basic links between governance, risk management, and autonomous internal control. Our actions in this area are characterized not only by control, but also by our contribution to the integrated operation of the workplace and management as a more proactive advisory and consultative function for the workplace. Although the development of ESG is still in its infancy, I expect this will lead to a new type of workplace and corporate culture.

The ESG Committee—the renamed CSR Committee—was established as the supervising organization to promote ESG by coordinating with all other committees. The ESG Committee selects effective ESG issues under the supervision of the Board of Directors and plays a leading role in making commitments by the Board of Directors and driving initiatives throughout the Company.

The movement toward sustainability is accelerating around the world, and the responsibility we must fulfill is growing. In particular, in response to global warming, Japan has announced plans to raise the national 2030 emission reduction target from 26% to 46%. At a special session on shipping at the Leaders' Summit on Climate in April this year, the United States raised the issue of strengthening the IMO's efforts to move forward the target of zero emissions in shipping to 2050. In addition, Europe is steadily discussing business frameworks for decarbonization, such as

the EU-ETS and border carbon taxes. The steel and energy industries, our customers, are also shifting their focus from using coal to using hydrogen and ammonia. We must also respond to the needs for decarbonization from the viewpoint of transportation.

In our medium-term business plan, we have set targets for reducing greenhouse gas emissions by 2030 and by 2050, and have just begun to draw a roadmap for achieving these targets. Although the first target is 2030, the IMO's goal is a minimum level for the entire shipping industry, and this is only a reference point. We will continue to challenge ourselves to see if we can go even one or two steps further. A major advance will be required to achieve the 2050 goal.

As a company-wide theme, we will work on studies and preparation for implementing future zero-emission fuels, such as LNG and ammonia. It is important to remember that shipping is part of the infrastructure, and that we need to consider issues on the entire supply chain, not just from a technical standpoint. With the support of the government, we need to focus on developing an infrastructure that contributes to Japan's industrial policy and sustainable growth. The key to this is a perspective of collaboration with many stakeholders, not just within a shipping company. From technological to business innovation, then to social innovation that leads to harmony with society, we intend to overcome challenges together with people who share our goals, including shippers, shipyards, engine manufacturers, classification societies, and new fuel suppliers. We hope this kind of collaboration will lead to our own unique value creation story.

The above is a long-term story spanning the next 10 to 20 years and the challenge to optimize returns, costs, and risks over the long term. A strong financial base is essential to invest management resources ahead of time for future value creation. We will take appropriate measures for our business structure, while accurately taking into account the trends in the shipping market.

A Message to Our Stakeholders

I am determined to do my utmost to steadily make happen the items I have mentioned so far. First of all, we value empathy for the story of our employees and strive to manage the Company and employees so that they can grow together based on motivation and engagement. With these new norms as the foundation of our management, we will strive to openly address corporate and social issues and achieve profit growth. We sincerely ask for the support of all of our stakeholders.



Continue to create new value placing the U brand at the core

We refine the U brand to create corporate value and growth opportunities in emerging global trends, while striving to be a sustainable company that works together with society.

Basic Philosophy The NS United Kaiun Group will contribute to the development of society by providing trusted and high-quality marine transportation services.

- Management Philosophy**
- 1 **Credibility and Reliability**
 - 2 **Safe Navigation and Environmental Protection**
 - 3 **Response to Customers and Reform**
 - 4 **Nurture and Mobilize Employee Abilities**

Business model of the U brand
FORWARD 2030
FY 2020-FY 2023 Medium-Term Business Plan ▶ pp. 12-15



Megatrends
Changes in the business environment

Changes in the business environment

- Growing momentum for a sustainable society, including mitigating climate change and promoting resource recycling
- Accelerating technological progress, including digitalization

Outlook for shipping demand

- Although shipping demand for iron ore to Japan and China will peak out in the mid-2020s, it will gradually increase globally until 2030 due to increasing demand in emerging economies.
- Shipping demand for food and energy will go up due to increasing populations and rising standards of living in emerging economies.

Promoting environmental and social initiatives through sound governance

We will contribute to a sustainable society by seizing opportunities for growth through the challenge of materiality (safe navigation, environmental protection, customer satisfaction, human resources, innovation, and governance).



Items marked with * are themes for the key strategies in FORWARD 2030, our medium-term business plan.

History of the Company

In the 10 years since the merger, we have developed a corporate culture that combines our comprehensive strengths and deep expertise and we have demonstrated our capabilities on a larger stage.

Even in times of enormous change, we will continue to move ahead over the vast ocean overcoming the waves that surge ahead of us using the trust we have built up throughout our history as the driving force.

2011

Transported emergency relief supplies to flood-hit Thailand.



2013

A vessel operated by the Company rescued 11 victims of a shipwreck off the western coast of India.

2015

NS United Naiko Kaiun Kaisha, Ltd. became a wholly owned subsidiary in order to strengthen sales capabilities and competitiveness by integrating coastal and international shipping and to improve the efficiency of Group management.



2016

Concluded a 25-year long-term shipping contract with Vale, and decided to build a 400,000-dwt ore carrier.



2018

NSU KEYSTONE, a bulk carrier, won the Best Quality Ship Award 2017, which is given to vessels that pilots view as outstanding.

2018

Installation of ballast water treatment systems is in full operation to prevent the impact of ballast water discharge on health and the marine environment.

2018

Paid out an interim dividend for the first time in a decade, or since 2008.

Medium-Term Business Plan

FY 2014-FY 2016

Unite & Full-Ahead! II

Start for Further Development

Executed strategic fleet development, including construction of new vessels with excellent environmental performance.

Medium-Term Business Plan

FY 2011-FY 2013

Unite & Full-Ahead!

Aiming for New Value Creation

Implemented the integration of industrial and common carriers as well as establishing a business structure capable of withstanding market downturns.



2019

Installation of SOx scrubbers (exhaust gas cleaning systems) was in full operation in preparation for stricter SOx emission regulations to conserve air quality.

Medium-Term Business Plan

FY 2020-FY 2023

FORWARD 2030

~ Driving U forward over the next decade ~

The Company aims to be both profitable and socially responsible by 2030, based on the key strategies of strengthening our brand power, building a sustainable business structure, and establishing a resilient management base.



Medium-Term Business Plan

FY 2017-FY 2019

NSU2021

~ Next Stage after United for 2021 ~

Built a sound financial structure by expanding the revenue base.

2021

Obtained a third-party verification for our calculated greenhouse gas emissions.



2020

IBUKI, a biomass fuel carrier was delivered.



2019

UTASHIMA, a coastal cargo carrier equipped with a hybrid propulsion system powered by lithium-ion batteries, was delivered.

Shinwa Kaiun Kaisha, Ltd.



Apr. 1950

Established as Nittetsu Steamship Co., Ltd.

Dec. 1957

Opened a liaison office in London

Feb. 1962

Merged with Toho Kaiun Kaisha and changed registered name to Shinwa Kaiun Kaisha, Ltd.

May 1964

Joined the Nippon Yusen Group in response to the Marine Transportation Restructuring Act

Sep. 1969

Opened a liaison office in New York

Jan. 1970

Established Shinwa (U.K.) Ltd., as a subsidiary

Jun. 1974

Spun off the domestic transportation section into Shinwa Naiko Kaiun Kaisha, Ltd.

May 1975

Established Shinwa (U.S.A.) Inc

Apr. 1992

Opened a liaison office in Singapore

Jan. 1995

Opened a liaison office in Hong Kong

Jun. 1996

Established Shinwa Shipping (H.K.) Co., Ltd.

Jul. 2004

Opened a liaison office in Shanghai

Apr. 2007

Established Shinwa (Singapore) Pte. Ltd.



Oct. 2010

The two companies merged and changed the registered name to **NS United Kaiun Kaisha, Ltd.**

Nippon Steel Shipping Co., Ltd.



Jan. 1957

Established as Nippo Kisen K.K.

Apr. 1964

Joined the Showa Shipping Group in response to the Marine Transportation Restructuring Act

Sep. 1983

Nippon Steel Corporation became the largest shareholder

Sep. 1985

Opened a liaison office in London

Dec. 1990

Merged with Nippon Steel Shipping Co., Ltd. and changed registered name to Nippon Steel Shipping Co., Ltd.

Sep. 1997

Began stationing employees in Hai Phong, Vietnam

Nov. 2003

Concluded a business alliance contract with Hsin Chien Marine Co., Ltd. in Taiwan

Apr. 2008

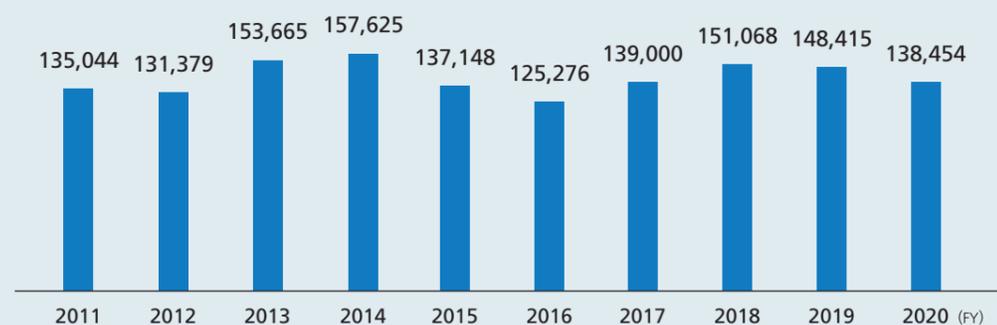
Opened a liaison office in Manila



2015

PACIFIC SPIKE, a long rail carrier, won the Ship of the Year 2014 award in the large cargo ship category, which is given to ships built in Japan that are outstanding technologically, artistically, and socially.

Revenues (million yen)



Progress of the Medium-Term Business Plan

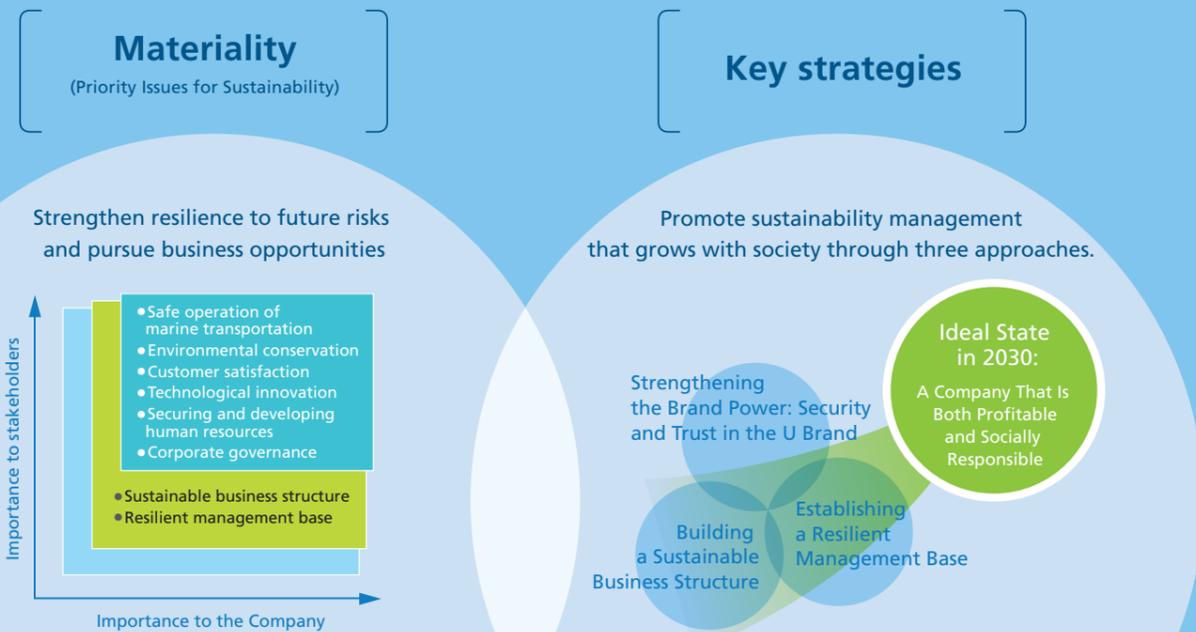
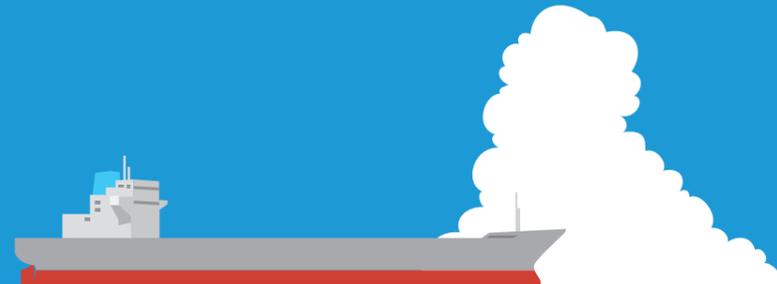
FORWARD 2030

Driving **U** forward over the next decade

Last year, we formulated a medium-term business plan, FORWARD 2030, in order to achieve more progress for the next decade.

ESG, which is at the core of this plan, is becoming increasingly important as a measure of corporate value.

With the aim of becoming a company that is both profitable and socially responsible, we will build on the initiatives we implemented in the first year to achieve even more success.



Recognition of the Business Environment

We will accurately grasp the dynamism surrounding our business in real time, including accelerating technological innovation and structural market changes.

Risks and Opportunities

We will accurately assess the likelihood and severity of various risks in line with materiality and identify commercial opportunities in amid uncertainty.

Strengthening Brand Power

We will strengthen the U Brand as a symbol of security and trust with ESG management at the core, specifically environmental protection, contribution to a sustainable society, and corporate governance.

Building a Sustainable Business Structure

We will build a business structure that is profitable and socially responsible by improving both a stable revenue base that can withstand the volatility of the shipping market and the social value that is being increasingly needed worldwide.

Establishing a Resilient Management Base

We will continue to improve our business continuity plan (BCP) to prepare for unforeseen events.

Progress in FY 2020

1. Improving Our ESG Management Structure

In October 2020, we established the Environment Conservation Promotion Group, which is working to formulate a long-term roadmap for reducing greenhouse gas (GHG) emissions in collaboration with internal and external stakeholders. In addition, we have reorganized the CSR Committee into the ESG Committee, which will work comprehensively to resolve issues related to the environment, social, and governance, all important pillars of our medium-term business plan. We have also established the DX (Digital Transformation) Promotion Committee under the ESG Committee, which is working to improve operational efficiency and productivity through the use of data and digital technology. To further improve the U brand that we have built up over the years, we will continue to promote ESG initiatives, including strengthening our initiatives for safe navigation and environmental conservation, introduction of advanced technologies, increased investment in people, and reinforcing governance.



2. Establishing a Business Continuity Plan (BCP) Structure

We have implemented remote working, which we introduced as an emergency response to the recent spread of COVID-19, as a permanent system since October 2020. In addition to reinforcing the BCP, we have also built a framework for more effective communications within the Company and with outside stakeholders by improving both intangible factors, such as regulations, and the tangible factors, such as electronic authentication and IT equipment.

Turning to vessel operations, we continue to ensure safe, stable navigations by reviewing the latest regulations of countries and ports around the world where vessels call, in cooperation with relevant parties. To minimize the impact on the schedule of vessels, arrangements for crew changes are made after thoroughly investigating and confirming the entry and exit restrictions for crewmembers in potential changeover areas.

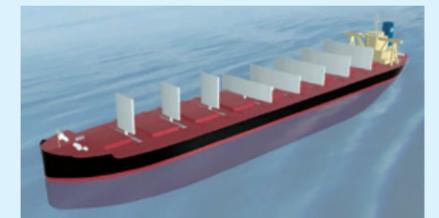
Further, we continue to take all necessary actions to prevent infections on board, such as PCR testing and online pre-boarding seminars, in order to maintain the health of crewmembers and for appropriate crew manning rotations.

We will continually improve our BCP, including further strengthening risk management to prepare for unforeseen circumstances.

3. Project for a Ship with Steel Sails

To reduce GHG emissions, we are conducting joint research with Namura Shipbuilding Co., Ltd., to develop and commercialize fuel-efficient technology using wind power from sails. The features of this research include:

1. The vessel will store sails under the deck during cargo operations or when the wind conditions are not suitable for sailing.
2. The vessel has a mechanism that allows the sails to extend laterally to get the maximum propulsion from the wind.
3. By setting several criteria for determining the shapes of sails and adopting those multiple shapes, it is possible to secure visibility from the bridge as stipulated in the International Convention for the Safety of Life at Sea (SOLAS).



183,000 tons bulk carrier with the sails for this project (image)

4. Ammonia-Fueled Ship Project

To meet the decarbonization goals of the International Maritime Organization, we are participating in a joint study with more than 30 other companies on common issues related to ammonia, which is expected to be a next-generation marine fuel. Through this cross-industry collaboration, we will jointly discuss safety assessments of ammonia-fueled ships and ammonia bunkering, specifications for ammonia as a marine fuel, net CO₂ emissions in the production process, and other issues, aiming for early adoption of ammonia in society as a whole.

5. Coastal LNG-Fueled Ship Project

The Ministry of Land, Infrastructure, Transport and Tourism (MLIT) and the Ministry of the Environment (MOE) have selected a project of NS United Naiko Kaiun Kaisha, Ltd. that introduces a hybrid propulsion system using gas-fired engines and batteries for limestone carriers. This selection was part of the fiscal year 2021 project to promote the introduction of advanced technologies that will simultaneously realize social innovation and the decarbonization of logistics (project to promote introduction of LNG fuel system, etc.). We will work together with the government to introduce an LNG fuel system that is expected to reduce GHG emissions.

Progress of the Medium-Term Business Plan

Financial Targets

For the financial targets for fiscal year 2023, the final fiscal year of our medium-term business plan, FORWARD 2030, we will strive to build an even more solid financial base by managing business with an emphasis on capital efficiency, including return on equity (ROE), and by reducing interest-bearing debt.

Financial Targets for FY 2023

Operating income **10** billion yen or more
 ROE **10** % or more
 Net DER **1.0** time or less

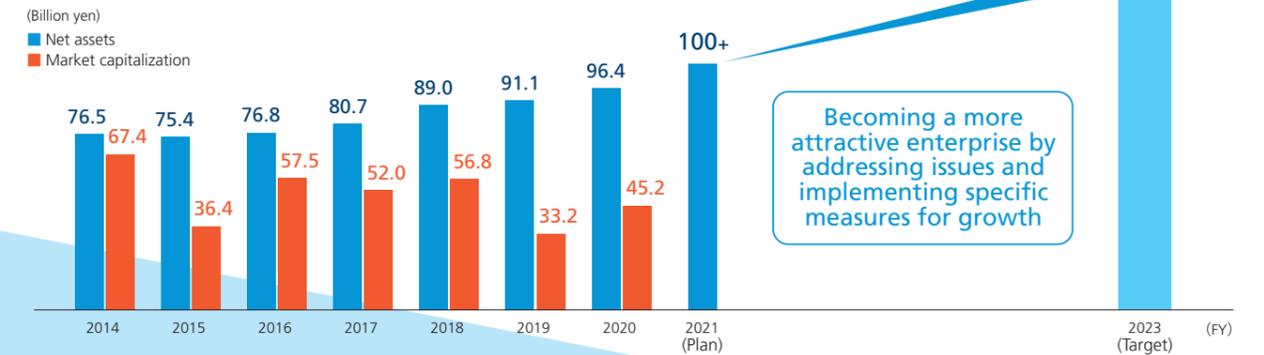
Progress FY 2020 Results and Forecast for FY 2021

Consolidated (Billion yen)	FY 2020			FY 2021			Change from previous year
	First half (Results)	Second half (Results)	Full year (Results)	First half (Plan)	Second half (Plan)	Full year (Plan)	
Revenues	65.7	72.7	138.5	80.0	70.0	150.0	+11.5
Operating income	1.8	5.0	6.7	10.5	8.5	19.0	+12.3
Ordinary income	0.8	4.8	5.5	9.5	8.0	17.5	+12.0
Profit attributable to owners of parent	2.9	3.2	6.1	8.0	7.0	15.0	+8.9

Establishing Stable Returns and Financial Base

Since the merger in 2010, we have been strengthening our efforts to build stable returns and financial base from a long-term perspective. Although our profits are inevitably affected by the volatility of the shipping market, the Group has been able to secure profits on an operating income basis due to earnings stability that exceeds the industry average. From a financial perspective, we have built a solid financial base by maintaining an equity ratio of over 30% since fiscal year 2014.

We will continue to accelerate our growth from the perspectives of both profitability and social responsibility, and strive to improve our corporate value to become even more attractive enterprise to our stakeholders.



Becoming a more attractive enterprise by addressing issues and implementing specific measures for growth

FORWARD 2030

Business Portfolio

We have identified specific issues by analyzing the external business environment and internal profit structure from a long-term perspective until 2030 and a medium-term perspective until 2023. We intend to build a business portfolio that will help us to resolve these issues.

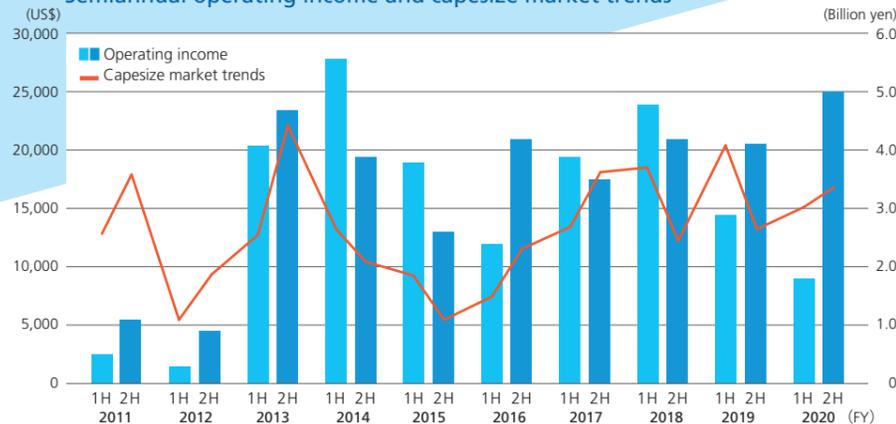
We have built a stable business foundation so far by focusing on marine transportation services for key domestic and overseas industries, such as steel and electric power. As a result, we have maintained profitability since the merger in fiscal year 2010, securing profits even during a sluggish market and when we had the impact of COVID-19 last year.

At the same time, we recognize that the accelerating pace of domestic and international initiatives to reduce the risk of global warming and GHG emissions, as well as changes in the international supply chain structure, will have a significant impact on our business environment and transportation needs. Under FORWARD 2030, we are working to build a business model that can withstand changes in the industrial structure and to strengthen our ESG management system to support them.

Further, to maintain and improve the quality of transportation, which is highly evaluated by our customers, systematic and continual investments in both tangible and intangible factors are essential. Going forward, we will formulate the criteria needed to improve corporate value, including environmental conservation and contributions to a sustainable society.

Up until now Securing profits through a strengthened management base

Semiannual operating income and capesize market trends



Unite & Full-Ahead! (First Business Plan)
 Unite & Full-Ahead! II (Second Business Plan)
 NSU2021 (Third Business Plan)

2011–2013 Unite & Full-Ahead!

- Integrated an industrial carrier and a common carrier
- Built a business structure withstanding market downturns through drastic structural reforms

2014–2016 Unite & Full-Ahead! II

- Executed strategic fleet development, including construction of new vessels with excellent environmental performance

2017–2019 NSU 2021

- Built a sound financial structure by expanding the revenue base through promotion of medium- and long-term contracts
- Increased our dividend payout ratio to 30% and revived interim dividends

Post-merger structural measures and strengthening a stable revenue base have resulted in stable earnings, even during slow markets.

Fiscal year 2020 had the highest profit for the second half of a fiscal year since the merger, as the Company seized opportunities amid the economic recovery following the spread of COVID-19.

Going Forward Building a sustainable business structure

Present vs **Business portfolio (2030)**

Before Resolution of Issues vs **After Resolution of Issues**

Strategic Business Domains: Industrial Carrier, Common Carrier, Coastal Shipping, International Shipping

Industrial Carrier: Structural changes in transportation demand for key industries, which have been our stable business base

Common Carrier: Increasing marine shipments in food and energy due to population growth and improved living standards in emerging countries; Concerns over instability in earnings due to the short-term orientation of consumers and the commoditization of products

Strategic Business Domains: Increasing momentum to curb climate change and promote resource recycling

After Resolution of Issues: Acquire stable business in the future to compensate for long-term changes in the industrial structure; Improve profitability through a set of three points: Establish a mechanism for strong performance that overcomes market conditions; Establish a fleet portfolio; Improve the accuracy of market forecasting; Determine the role of the Company and build businesses that contribute to the realization of a sustainable society

Risks and opportunities

- Capture changes in the business environment from a long-term perspective
- Build a revenue structure that adapts to changes in the business environment
- Strengthen risk management and governance

Business model

- Ensure safe navigation
- Promote environmental conservation: Introduce LNG-fueled vessels and research into next-generation fuels
- Strengthen management system: Comply with Corporate Governance Code
- Strengthen cost competitiveness: Capital costs: Reduce financing costs; Ship management costs: Enhance competitiveness through benchmarking; Operating costs: Utilize data and digital technology; General and administrative expenses: Business process improvements/promotion of DX



Favorable outlook for achieving financial targets of our medium-term business plan, FORWARD 2030

Masahiro Samitsu
Director and Senior Managing Executive Officer
In charge of Finance and Accounting Group and Project Group

Review of FY 2020 and Business Forecast for FY 2021

In FY 2020, the international shipping business significantly slowed down in the first quarter due to the impact of COVID-19. However, the shipping market gradually recovered in the middle of the year, especially for large vessels, as shipping demand picked up with the resumption of economic activity in China. Similarly, in coastal shipping, while steel-related and electric power-related shipping volume fell in the first half due to the impact of the spread of infections, shipping volumes, primarily for steel raw materials and steel products, improved from the second half due to a recovery in demand for steel products in the manufacturing industry, mainly for automobiles. As a result, for the consolidated financial results for FY 2020, ordinary income was just over 5.5 billion yen, an increase of 1.0% year on year.

Looking at the economic environment surrounding the Company in FY 2021, a report released by the IMF in April this year says that the global economic growth rate in 2021 is expected to increase by 6.0% year on year, which is a significant recovery from negative growth in 2020. On the other hand, the number of new vessels to be delivered in FY 2021 is expected to remain at a low level due to constraints on orders for new vessels as a result of the longstanding slump in the shipping market. Due to this tightening of supply and demand, the shipping market in FY 2021 is expected to remain strong overall. In addition, all new vessels built based on the fleet development plan aimed to improve energy saving performance began operating during the previous fiscal year and engaged in long-term shipping contracts signed in conjunction with the delivery of those vessels, and this expanded our stable revenue base. In addition, we implemented structural reforms last year, including the sale of vessels ordered under soaring shipping market before the financial crisis and the early cancellation of time charters, which further strengthened our revenue structure. As a result of these measures, we expect ordinary income in FY 2021 to be 17.5 billion yen, a significant increase compared with the previous fiscal year.

Financial Position

Since the merger in 2010, we have continually accumulated profits without posting an ordinary loss for the full fiscal year, taking advantage of our business foundation as an industrial carrier, despite facing an unprecedented shipping recession. To further strengthen the solid financial base established through these initiatives, we have been working to reduce interest-bearing debt by effectively using the surplus funds of Group companies. However, as there were concerns last year for the prolonged slump in the shipping market due to the significant drop in shipping demand caused by the spread of COVID-19, we turned our focus on taking a more defensive approach to management, including temporarily increasing our funds on hand. At the same time, capital needs accompanied the delivery of new vessels in the previous fiscal year, and as a result, the balance of interest-bearing debt at the end of FY 2020 was 149.2 billion yen, an increase of about 10.0 billion yen from the end of the previous fiscal year. The balance of cash and deposits was 27.6 billion yen, an increase of about 8.0 billion yen from the end of the previous fiscal year. However, the shipping market shifted to a recovery trend in the latter half of 2020, mainly due to a higher shipping demand accompanying a resumption of economic activity in China. We have turned our focus back to reducing interest-bearing debt by allocating our own funds to refinance equipment funds and others. As a result, the balance of interest-bearing debt at the end of FY 2021 is expected to be reduced to 130.0 billion yen or less.

Financial Positions

(FY)	2017	2018	2019	2020	2021 (plan)
Cash and cash equivalents (billion yen)	27.3	26.7	19.8	27.6	32.0
Interest-bearing debt (billion yen)	125.7	113.8	137.5	149.2	130.0
Own capital (billion yen)	80.7	89.0	91.1	96.4	108.0
Net DER (times)	1.22	0.98	1.29	1.26	0.90
ROE (%)	8.4	11.0	6.6	6.5	14.7
Cash flow from operating activities (billion yen)	15.8	20.0	16.9	22.7	31.0
Cash flow from investing activities (billion yen)	(6.5)	(5.0)	(39.9)	(25.0)	(5.0)
Depreciation (billion yen)	15.6	14.6	15.0	17.9	17.0

Our policy for investments is to pursue social responsibility—as part of our ESG management practices—as well as investment returns. In addition to evaluating profitability based on investment criteria that take into account the cost of capital (WACC), the Investment Committee examines investments from a social perspective, including an appropriate understanding of ESG-related risks and opportunities, in order to determine the suitability of investments. For the construction of new vessels, the fleet development plan that had been underway settled down at the end of FY 2020, including the delivery of the large iron ore carriers or Valemaxes. As a result, for the time being, investment will focus on incorporating sophisticated IT systems for navigation process to improve ship safety and reduce our environmental impact as well as improving work operation systems to raise labor productivity through the digitization of accounting operations. New vessel orders are planned to be limited to the replacement of essential vessels. For the next fleet development, we are in discussions with shipyards to implement next-generation fuels, such as LNG and ammonia, which are expected to reduce CO₂ emissions as part of our work to mitigate climate change. Because significant funds will be required for the construction of next-generation vessels powered by new types of fuel, we will limit the construction of new vessels until 2024, when their delivery will be in full swing, to prepare for future capital needs.

To Achieve the Medium-Term Business Plan

Under our medium-term business plan, FORWARD 2030, which was formulated last year, we aim to grow our strategic business domains, such as bolstering core businesses that generate stable returns and responding to transportation needs for a low carbon society, and to strengthen resilience to downturns in the shipping market by building a highly flexible fleet portfolio. In addition, as a financial strategy, we will conduct business management with an emphasis on capital efficiency to build a strong financial base. In this way, we intend to achieve the targets of operating income of 10.0 billion yen or more, ROE of 10% or more, and Net DER of 1.0 or less by FY 2023, the final year of the medium-term business plan. Among these targets, operating income is expected to reach our goal, or 19.0 billion yen in FY 2021, two years ahead of schedule, due to more long-term shipping contracts and the structural reforms implemented to date, as well as the improved shipping market since the beginning of the year. Net DER is expected to be lower than 1.0 by the end of FY 2021, and we are well on our way to achieving the financial targets set out in our medium-term business plan.

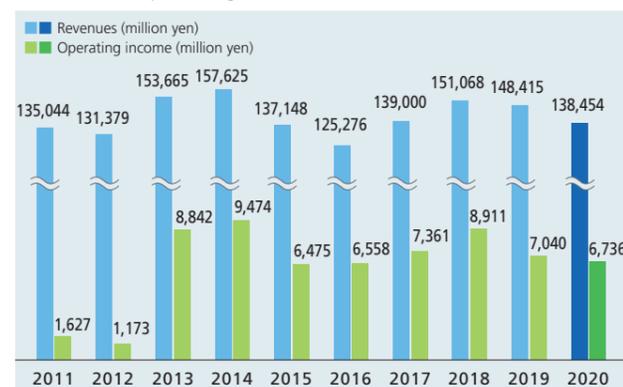
Shareholder Returns

While securing internal reserves necessary for future growth, such as the construction of next-generation vessels powered by new types of fuel, we will continue to pay dividends of approximately 30% of consolidated financial results as a stable return of profits to our shareholders. In addition, the Tokyo Stock Exchange is scheduled to reorganize its market segments in April next year, and we will work to meet the expectations of our shareholders by striving for sustainable growth and improved corporate value, while providing higher standards of governance to ensure that we are a company that is suitable for the Prime Market, the top-tier market that will replace the First Section of the Tokyo Stock Exchange.

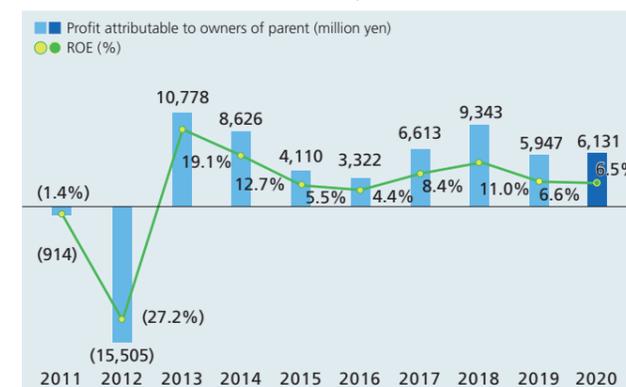
Fiscal Year (consolidated)	unit	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Target 2023
Revenues	million yen	135,044	131,379	153,665	157,625	137,148	125,276	139,000	151,068	148,415	138,454	10 billion yen or more
Operating income	million yen	1,627	1,173	8,842	9,474	6,475	6,558	7,361	8,911	7,040	6,736	
Ordinary income	million yen	496	2,529	8,920	10,380	4,064	4,607	5,555	7,784	5,479	5,532	
Profit before income taxes	million yen	(1,446)	(14,977)	12,005	10,691	4,343	3,814	6,419	10,502	7,197	7,351	
Profit attributable to owners of parent	million yen	(914)	(15,505)	10,778	8,626	4,110	3,322	6,613	9,343	5,947	6,131	
Per share data												
Net income	yen	(39.6)	(672.1)	467.2	374.0	175.4	140.9	280.6	396.4	252.3	260.2	
Net assets	yen	2,744.0	2,192.8	2,709.1	3,195.6	3,197.2	3,259.0	3,423.2	3,778.0	3,866.0	4,090.6	
Dividends	yen	—	—	90	90	40	40	85	115	80	80	
Share Price (Closing price on March 31)	yen	1,340	1,600	2,450	2,920	1,520	2,400	2,170	2,369	1,387	1,885	
At fiscal year-end												
Total assets	million yen	190,659	181,682	224,507	227,663	217,524	233,071	228,229	223,528	248,522	270,760	
Net assets	million yen	65,581	52,633	64,943	76,481	75,372	76,826	80,691	89,038	91,110	96,402	
Equity ratio	%	33.2	27.8	27.8	32.4	34.6	33.0	35.3	39.8	36.7	35.6	
Major Financial Indicators												
Return on equity (ROE)	%	(1.4)	(27.2)	19.1	12.7	5.5	4.4	8.4	11.0	6.6	6.5	10 % or more
Price earnings ratio (PER)	times	—	—	5.2	7.8	8.7	17.0	7.7	6.0	5.5	7.3	
Dividend payout ratio	%	—	—	19.3	24.1	22.8	28.4	30.3	30.3	31.7	30.7	
Interest-bearing debt	million yen	95,917	99,723	135,716	125,912	121,880	133,707	125,729	113,801	137,494	149,207	1.0 time or less
Net DER	times	1.24	1.57	1.72	1.29	1.30	1.40	1.22	0.98	1.29	1.26	
Capital investment	million yen	30,505	23,275	58,295	20,344	24,733	29,491	23,656	18,602	60,805	41,330	
ESG Data (nonconsolidated)												
Number of employees	Onshore (women)	people	125 (33)	123 (30)	166 (34)	163 (34)	158 (37)	160 (37)	158 (37)	163 (38)	162 (35)	
	Offshore (women)	people	40 (—)	42 (—)	39 (—)	42 (—)	44 (—)	47 (—)	45 (1)	44 (2)	50 (3)	
Fleet tonnage	Number of the vessels / ten thousand tonnes		130/1,083	121/1,006	125/1,072	124/1,135	115/1,124	124/1,219	128/1,284	121/1,180	125/1,306	127/1,403
Ship stoppage rate			9.69	5.49	1.39	3.07	0.51	1.20	0.43	0.58	2.16	11.95
Cargo volume	kton		55,520	59,383	58,658	65,112	64,088	62,483	62,134	64,206	59,866	72,149
Fuel consumption (MDO/HFO)	kton		15/699	12/706	13/681	15/688	19/658	21/644	22/634	28/672	35/609	35/662
CO ₂ emission volume	kton		2,184	2,194	2,123	2,149	2,068	2,033	2,005	2,139	2,008	2,175
Reduction rate of CO ₂ emission per load unit (compared with 2019)	%		—	—	—	—	—	—	—	Base year	6.77	
ESG Data (consolidated, CO₂ emissions)												
Scope 1 (Direct emissions from our activities)	kton		—	—	—	—	—	—	—	2,199	2,328	
Scope 2 (Indirect emission from the use of purchased electricity, heat, and steam.)	kton		—	—	—	—	—	—	—	0.2	0.2	

* The Company conducted a reverse stock split at a ratio of 1 to 10 common shares effective from October 1, 2017. The per share data shown above has been calculated as if the reverse stock split had been conducted at the beginning of fiscal year 2011.
 * Ship stoppage rate = Total annual ship stoppage hour ÷ Total annual operating hour x 1,000
 * Among ESG Data, figures of cargo volume and below are calculated on a fiscal year basis until 2018, and on a calendar year basis in and after 2019.
 * In July 2021, the Company underwent third-party verification and obtained a verification statement from Nippon Kaiji Kyokai (ClassNK) for the Group's CO₂ emissions, which were calculated internally by the Company.

Revenues / Operating income



Profit attributable to owners of parent / ROE



Interest-bearing debt / Net DER



Dividends



Main Transport Services



Iron Ore and Coking Coal Transport Service

Taking Charge of the World's Steel Infrastructure

Since taking the global lead by building an 18,000-dwt iron ore carrier in 1958, we have stayed on the cutting edge of vessel size and efficiency improvements, contributing to more reliable transportation while reducing costs. We support the world's steel infrastructure by shipping steel raw materials for domestic and overseas steel companies as well as overseas resource companies, while reducing our environmental impact by deploying the most advanced energy-saving vessels and by installing SOx scrubbers.

Type of vessel
100,000 to 200,000 dwt bulk carrier
230,000 to 400,000 dwt ore carrier
Total: 52 vessels
*As of March 31, 2021

Cargo
● Iron ore ● Coal



NSU TUBARAO

Energy Resources Transport Service

Contributing to the Global Energy Supply

Our wide range of businesses include shipping bulk cargoes and LPG for both domestic and overseas customers, transporting raw materials for steel companies around the world, and combined transportation: delivering raw materials from Asia to India and then delivering grain from Brazil to Asia through our subsidiaries in Singapore, London, and around the world. We also procure marine fuel for our fleet.

Type of vessel
80,000 to 100,000 dwt bulk carriers: 24 vessels
VLGC (Very Large Gas Carrier): 3 vessels
*As of March 31, 2021

Cargo
● Coal ● Grains
● Coke ● LPG (liquefied petroleum gas)



NS DREAM

Tramp Chartering Service

Flexibly Responding to Various Transportation Needs, at Any time, to Any Place

We connect the world through a range of transportation services, and especially for shipping steel products, we have developed unrivaled expertise since advancing into this field in 1966. We were one of the first Japanese shipping companies to establish commercial bases in the UK and the US, which, along with Tokyo, enable us to closely monitor the global shipping market around the clock. Our US subsidiary operates its own fleet in the Atlantic Ocean and focuses on meeting local needs in a timely manner.

Type of vessel
20,000 to 60,000 dwt bulk carrier: 25 vessels
*As of March 31, 2021

Cargo
● Steel products ● Salt
● Nonferrous metals ● Cement
● Grains ● Limestone
● Fertilizer ● Biomass fuel



ATLANTIC PRISM

Near Sea Service

Supporting Logistics for China and Southeast Asian Countries

The Near Sea Service covers transportation in China and Southeast Asia. Especially in the Japan–China trade, we have secured our position as a main player, taking advantage of our proven track record in transportation services for the Japan–China route beginning in the 1950s. Through our subsidiaries in Hong Kong and Singapore and representative offices in Shanghai and Vietnam, we are gathering information in the continually developing China and Southeast Asian region.

Type of vessel
6,000 to 16,000 dwt general cargo carrier: 23 vessels
*As of March 31, 2021

Cargo
● Steel products ● Dolomite
● Biomass fuel ● Gypsum
● Fertilizer



ASIAN HAWK



Turn new waves of decarbonization and changes in transportation patterns into opportunities

Kiyoshi Kanemitsu
Executive Officer,
In charge of Capesize Group

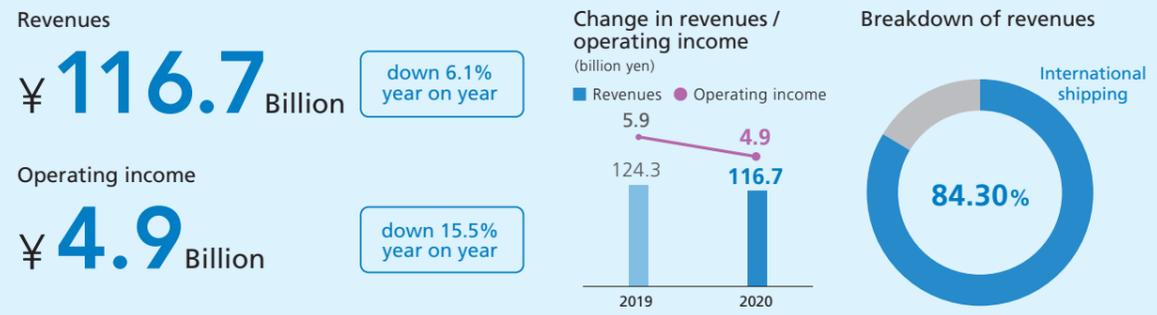
To achieve carbon neutrality by 2050, specific targets are being clearly set and implemented by the world's major steel companies and resource companies, the main customers of the Capesize Group. We, too, are required to take on the challenge of next-generation innovations in transportation with a sense of speed and from the perspective of our customers. The entire company will work together with enthusiasm to make this new wave into an opportunity for us.

The accumulation of safe and stable navigation is the foundation for earning the trust of customers and being chosen as a partner in the supply chain. We will sincerely reflect on the accidents that have occurred in recent years, learn from them together with our seafarers, and work to restore trust.

Looking at demand and supply for transportation by large vessels, the key point has been the unipolar and growing shipping demand for iron ore from Australia and Brazil to China. However, in the long term, marine transportation patterns are expected to be impacted by a slowdown in the growth rate of imports to China, the development of Africa and the growing presence of South Asia, as well as a trend toward local production for local consumption. The Capesize Group will continue to strengthen our relationship with Nippon Steel Corporation, the largest customer, while we strive to further stabilize revenues by focusing even more on transportation between third countries in response to changes in transportation needs.

International Shipping

Overview for FY 2020



Capesize Bulk Carriers

For capesize bulk carriers (roughly 180,000 dwt), the market remained at a low level since the beginning of the fiscal year due to the impact of COVID-19. The average daily charter rate for the five primary routes fell below 2,000 dollars in May, raising concerns about the future. From June onward, the economic recovery in China—where the containment of COVID-19 was declared ahead of other countries—sharply boosted the market due to transportation demand, including for iron ore imports. The market reached the high 34,000-dollar level in October. Under these circumstances, we secured stable earnings through medium- and long-term shipping contracts concluded with domestic and overseas customers, including our major shipper Nippon Steel Corporation, and we worked to get cargo for transportation between third countries. As a result, we mostly achieved our annual targets for this business segment, which was formulated by taking into account the temporary impact of the spread of COVID-19.

Panamax Bulk Carriers

In the market for Panamax bulk carriers (between 70,000 and 80,000 dwt), the average daily charter rate for the five primary routes fell to the 5,000-dollar level in May due to the low shipping volume caused by the spread of COVID-19. However, the rate recovered to over the 16,000-dollar level in August, mainly due to robust grain shipping. The market softened after that due to restrictions placed on coal shipments from Australia to China. However, China expanded imports of US grain from early fall, and demand for South American grain shipments moved into full swing from the start of the calendar year, causing the market to soar to the 20,000-dollar level by mid-February. Under these circumstances, although we made an effort to deploy our fleet to domestic and overseas customers and operate vessels efficiently, this was not enough to compensate for the impact of the slump in the market until the middle of the year. As a result, we were unable to achieve our initial targets in this business segment.

Supramax/Handy-Size Bulk Carriers

In the market for supramax / handy-size bulk carriers (between 20,000 and 60,000 dwt), the average daily charter rate for the 38,000-dwt class on seven primary routes fell to around the 4,000-dollar level in May, as a result of a decline in steel and raw material-related cargo shipments due to the impact of COVID-19 during the first half of the fiscal year. In the second half of the fiscal year, however, the rate rebounded due to a recovery in shipping demand of minor bulk items, such as copper and nickel, as a result of a resumption in steel shipments and automobile production, as well as an increase in shipments of thermal coal due to cold waves in the Northern Hemisphere. However, the rebound was not enough to make up for the decline in the first half of the fiscal year, and we were unable to achieve our initial targets in this business segment.

Near Sea Going Vessels

In the market for near sea going vessels (around 16,000 dwt or below), the shipping volume for exporting steel products to China, our main business line, fell sharply in the first half of the fiscal year due to lower demand caused by the spread of COVID-19 combined with a downward trend in domestic crude steel production. Despite the fact the market after that was on a recovery track (backed by demand from China), the shipping volume for exporting steel products decreased overall compared with the previous fiscal year. Although a market recovery has become apparent since the start of the calendar year, improvements in revenue have been limited, and we were unable to achieve our initial targets for the full year in this business segment.

VLGC

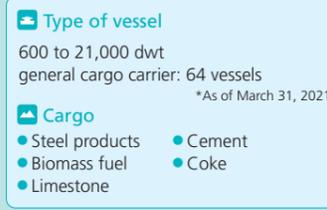
All of our VLGCs (very large gas carriers) are engaged in long-term charter out contracts, which contribute to securing stable revenue. In addition, some of our vessels under market-linked contracts performed better due to generally strong market conditions. As a result, we were able to significantly exceed our initial targets in this business segment.

Coastal Shipping

NS United Naiko Kaiun Kaisha, Ltd.

Pursuing Efficiency and Safety with One of the Largest Coastal Fleets

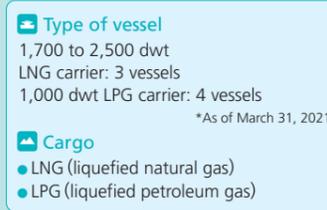
Since our founding in 1961, NS United Naiko Kaiun Kaisha has built and maintained many state-of-the-art vessels for dedicated purposes in response to customers' requirements. In recent years, we have been studying next-generation ships. In 2019, we took delivery of the first Japanese coastal cargo carrier equipped with a hybrid propulsion system powered by lithium-ion batteries, and we are currently working on an LNG-fueled hybrid ship.



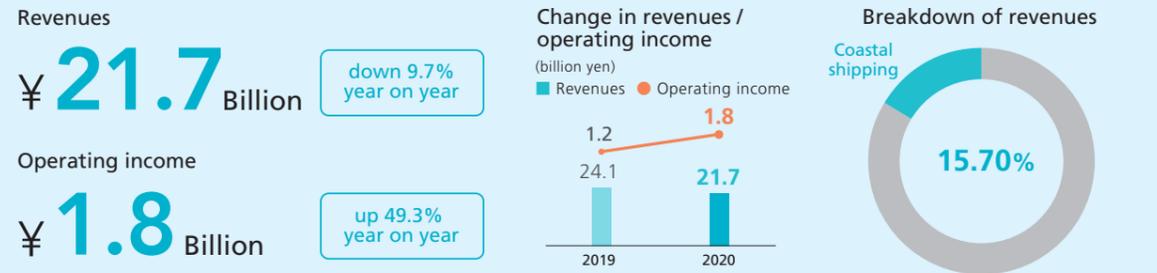
NS United Coastal Tanker Kaisha, Ltd.

An LNG Transport Pioneer

NS United Coastal Tanker Kaisha provides coastal shipping services for LNG and LPG, which are attracting attention as environmentally friendly energy sources. For LNG transportation, in particular, the company launched the first coastal LNG carrier in Japan in 2003, and now operates three of Japan's six coastal LNG carriers, the largest operating volume in Japan.



Overview for FY 2020



In the dry bulk business, demand for steel-related cargo declined sharply in the first half of the fiscal year due to the spread of COVID-19. Demand showed signs of recovery in the second half of the fiscal year, and began to pick up in line with the increase in crude steel production. However, the shipping volume of both raw materials and steel products was not enough to make up for the impact of the decline during the first half of the year, and fell below our initial targets. In addition, shipping volume for cement fell short of our targets due to COVID-19's impact as well as lower construction demand in the summer. On the other hand, electrical-related cargo shipments exceeded our targets, mainly due to the launch of biomass transportation services for new power generation plants.

For tankers, LNG shipments exceeded our targets as a result of more efficient operations in the face of declining demand due to progress in energy conservation and the spread of COVID-19. In LPG shipments, although shipping volume for consumer use was strong for the high-demand season in winter, shipping volume for industrial use and as chemical ingredients was sluggish due to declining demand. As a result, overall shipping volume fell short of initial targets.

Initiatives for Sustainability

Co-existence and Co-prosperity with the Environment and Society

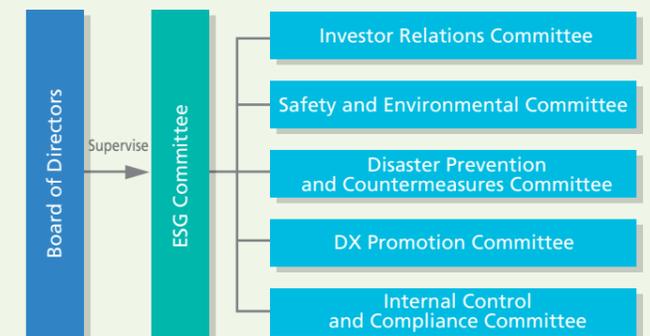
As a corporate group that provides marine transportation services worldwide, we will contribute to the creation of a sustainable society and take on the challenge of increasing our corporate value by promoting our business based on our corporate philosophy and by helping to resolve the social issues set out in the SDGs (Sustainable Development Goals).



Management system to support sustainable growth

We view ESG initiatives as the foundation for supporting corporate sustainability, aiming to become a company that is both profitable and socially responsible by 2030.

As part of these efforts, we established a system to comprehensively address issues related to the key pillars of the medium-term business plan announced in 2020: E (environment), S (social), and G (governance). We did this by reorganizing the conventional CSR Committee into the ESG Committee, which now includes seven executives, including the president who chairs the committee, directors and executive officers, and managing executive officers, as well as the presidents of major Group companies. Going forward, the ESG Committee will take the lead in incorporating social issues into our management strategy with the aim of achieving sustainable growth, in cooperation with the Board of Directors and other committees that it supervises.



Main Issues of the ESG Committee

- Ensuring safe navigation
- Environmental protection
- Developing diverse human resources
- Strengthening governance

Environmental Protection

Creating a new department to address imminent environmental issues

Toru Fujita
 Director, Executive Officer
 In charge of Safety Management Group, Ship Management Group,
 and Environment Conservation Promotion Group



Mission of the Environment Conservation Promotion Group

We launched a new department, the Environment Conservation Promotion Group, in October 2020.

We recognize that initiatives for environmental conservation—the key concept of our medium-term business plan, FORWARD 2030—will be important for our business strategy over the next 10 years. As a shipping company that transports large volumes of fossil fuels, such as coal and oil, and that is also a large consumer of fuel oil, we need to gain the understanding of our stakeholders and we must show our initiatives, in order to secure business continuity.

The mission of the Environment Conservation Promotion Group is to improve our corporate value, namely the U brand, with a focus on environmental protection and technological innovation. For the time being, there are three major initiatives: (1) systematically reducing CO₂ emissions, (2) communicating with society and acquiring official certifications, and (3) improving internal awareness and education.

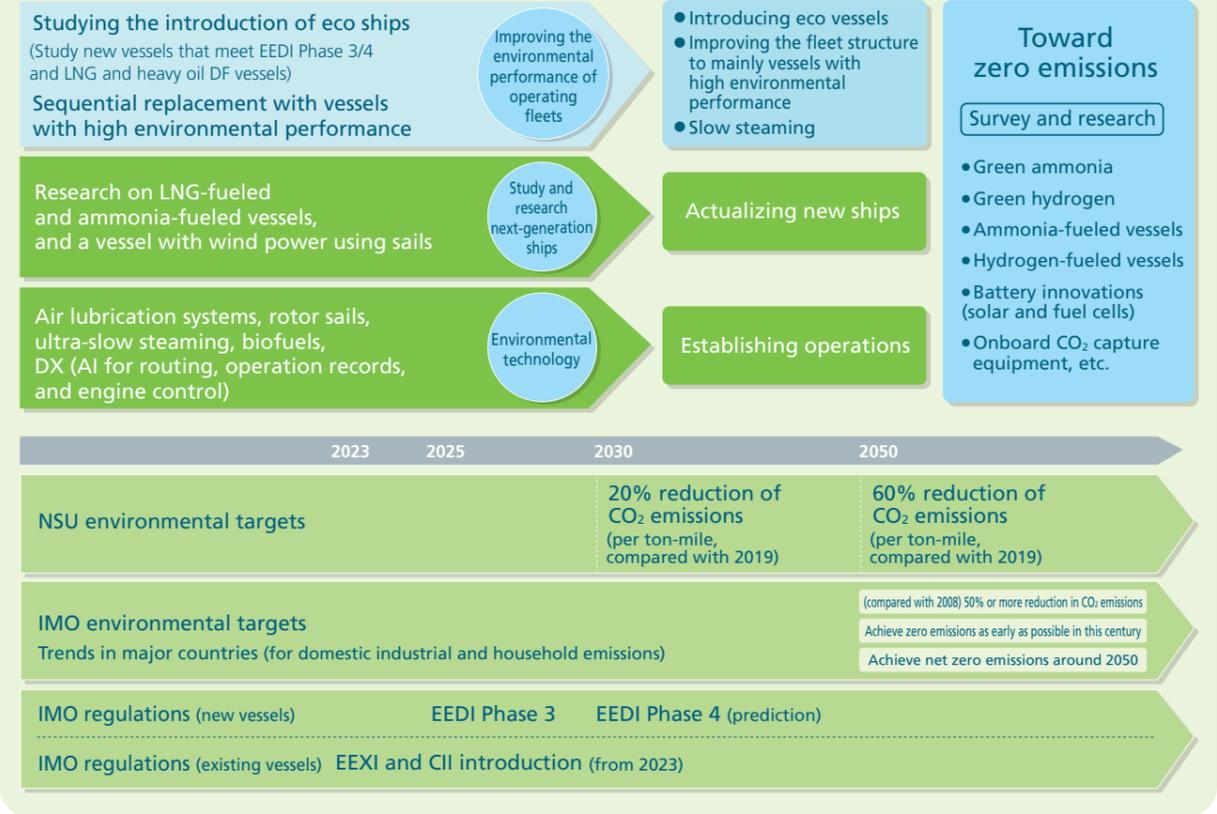
For the first initiative, we have set targets to be achieved in 2030 and 2050, analyzed past data, forecasted future CO₂ emissions, and are formulating a roadmap through simulations in order to reduce CO₂ emissions. We are also working on reducing fuel consumption by using a system for improving operational efficiency by optimizing route and speed profiles (Optimum navigation support system) and by researching next-generation fuels for zero emission ships.

The second initiative is communicating with society. We consider responding to climate change as a risk as well as an opportunity when carrying out our business activities and we will disclose this as environment-related information. In addition, to improve the reliability of environmental data, such as greenhouse gas emissions (Scope 1, Scope 2, and Scope 3), we will seek certifications by third parties and disclose that information to our stakeholders through our website and other media.

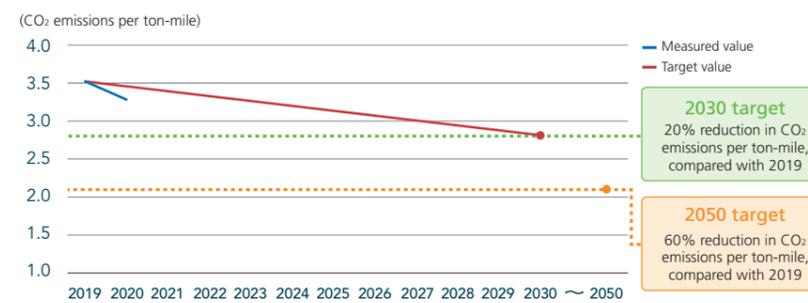
For the third initiative, improving internal awareness and education, we would like to make our environmental initiatives easy to understand and continual. We are considering how we can plan courses, events, and e-Learning that are easy for employees to participate in and we are also using internal bulletin boards, emails, and newsletters. Although we often see the term SDGs, I could not say that I and others fully understood how they connect to our work, so we made a series of videos distribution, using internal bulletin boards and emails.

The figure on the right page shows our forecasts for the future. We have set a goal of reducing CO₂ emissions per transported unit in 2030 by 20%, compared with 2019. We believe we will be able to achieve this goal by gradually introducing slow steaming; by replacing vessels with those with high environmental performance; by introducing LNG-fueled vessels; and by the conversion to new fuels, such as ammonia and biofuels. We have set the goal of reducing emissions by 60% by 2050, compared with 2019. Beyond that, we are working toward zero emissions by participating in domestic and international networks and councils, using human and information resources.

Prospects for achieving environmental targets: 2030 and 2050



Achievement of Medium-Term Targets for 2030 (nonconsolidated)



CO₂ emission volume (nonconsolidated)



Glossary

EEDI (Energy Efficiency Design Index)
 IMO (International Maritime Organization) regulations for new vessels on fuel efficiency. Regulations are strengthened gradually starting with Phase 0. Phase 3, which requires a 30% increase in the reduction of CO₂ emissions compared with Phase 0, will be applied to vessels for which construction contracts are signed after 2025.

LNG and heavy oil dual fuel vessels
 A vessel equipped with a main engine that can use dual fuel (DF): LNG and conventional heavy oil or just heavy oil.

Air lubrication system
 A technology to reduce propulsive resistance and improve fuel efficiency by pumping air into the bottom of a vessel and covering the hull with air bubbles.

Rotor sail
 Cylindrical propulsion equipment that uses wind power.

EEXI (Energy Efficiency Existing Ship Index)
 In contrast to the EEDI, which is applied to new vessels, the EEXI, scheduled to take effect in 2023, is fuel efficiency regulations for existing vessels.

CII (Carbon Intensity Indicator)
 The IMO's environmental regulations for existing vessels and scheduled to take effect in 2023. Vessels will be rated on their fuel efficiency, and those with a low rating will be required to take measures to improve their fuel efficiency.

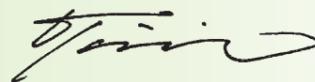
Green ammonia and green hydrogen
 Ammonia and hydrogen produced in a way that uses renewable energy and does not emit CO₂ during production.

Environmental Policy

- 1 We, as a corporate group that provides marine transportation services worldwide, will strive to protect the global environment, the common property of all humankind. Examples of Initiatives 3
- 2 We will establish an environmental management system and commit to continually improving it to enhance environmental performance and to prevent pollution. Examples of Initiatives pp. 30, 31
- 3 We will comply with the laws, regulations, and other environment-related requirements that are applicable to the navigation of our vessels and to our business activities in offices.
- 4 Every department of our company will establish environmental objectives and targets that comply with our Environmental Policy and strive to attain these objectives and targets based on our environmental program. We will also review their performance on a regular basis to ensure these environmental objectives and targets are being achieved. Examples of Initiatives pp. 30, 31
- 5 We will strive to ensure, through environmental education and promotion activities, that all employees of the NS United Kaiun Group raise their awareness of environmental issues and act in accordance with this Environmental Policy. Examples of Initiatives 2
- 6 When acquiring vessels, instruments, other products, and materials required for providing our services, we will procure them by taking into consideration a reduction of the environmental impact and a life cycle perspective. Examples of Initiatives 1
- 7 We, the NS United Kaiun Group as a whole, will promote energy and resource saving as well as the reduction and appropriate disposal of waste.
- 8 We will disclose our Environmental Policy and environmental preservation activities when necessary.

Revised June 27, 2018

Kazuo Tanimizu
President and Representative Director
NS United Kaiun Kaisha, Ltd.



Examples of Initiatives 1 Reducing Environmental Impact

Valemaxes (400,000 dwt iron ore carriers) have been delivered. Following the delivery of *NSU CARAJAS* in 2019, the first Valemax in Japan, *NSU TUBARAO* and *NSU BRAZIL* were delivered in 2020. Valemaxes are equipped with energy-saving ducts and valves that improve fuel efficiency, fins that reduce hull resistance, and SOx scrubbers that comply with sulfur oxide regulations to reduce environmental impact.

Furthermore, we have taken the following measures.

- Fuel additives are used to improve the fuel efficiency of vessels under our operation.
- Propeller coating is applied in drydock to maintain propulsion performance.
- Optimum navigation support system is introduced on a trial basis for some of the company-managed vessels.
- Slow steaming is carried out with approximately 50% output, with some vessels equipped with an auxiliary blower reserve for ultra-slow steaming.
- In line with the Ballast Water Management Convention (BWMC), ballast water treatment systems are being installed sequentially to ensure that ballast water management meets the regulations.
- Joint research on fuel-efficient technology using wind power (→ p. 13)
- Study of ammonia fuel for vessels (→ p. 13)



NSU BRAZIL



SOx scrubber being retrofitted



Propeller being coated in drydock

Examples of Initiatives 2 Environmental Education

Internal Education

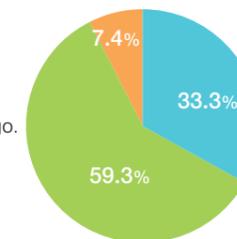
We created an Environmental Education Implementation Plan to provide education on the environment and carry this out during the training for new employees, including seamen, and at the meetings of each group. While the Environmental Management System, which focuses on Environmental Policy, is being introduced during new employee training, the agenda of the Safety and Environmental Committee, the status of internal and external environmental audits, and reports on near-miss accidents are shared at the meetings of all groups.

In addition, to raise environmental awareness among employees, the Environment Conservation Promotion Group took the lead in distributing a video in December 2020 to deepen our understanding of the SDGs.

The results of the survey on the video about SDGs

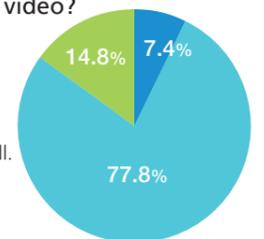
How much did you know about the SDGs?

- I had an understanding of the content of the SDGs.
- I knew all 17 targets in general.
- I knew the term SDGs and the logo.
- I never heard of it before.



Did you become more interested in the SDGs after watching the video?

- It increased my level of interest a lot.
- It increased my level of interest.
- It didn't raise my level of interest very much.
- It didn't raise my level of interest at all.



Education for Crewmembers

For crewmembers of our managed vessels, we have developed and conducted onboard education and training programs as part of OJT (on-the-job training) in addition to classroom training on land. The curriculum covers environmental protection, and participants watch environmental titles from the videos on education and training that we distribute to our managed vessels. On shore, preboarding and inhouse seminars by crew manning companies, as well as some training conducted online, are used to create an awareness of safe, efficient vessel operation as well as environmental preservation among crewmembers. During the inhouse seminars, we provide a curriculum related to MARPOL Convention compliance that includes vessel waste management and the structure and operation of SOx scrubbers, together with the switchover of fuels, to comply with stricter NOx and SOx emission regulations. Further, participants are provided with case studies of past accidents and countermeasures. The seminars are designed to raise awareness of cybersecurity programs. As well, they help crewmembers acquire new skills and improve existing ones.

Examples of Initiatives 3 Emergency Response Drills

The NS United Kaiun Group regularly holds emergency response drills with simulated marine accidents. We hold company-wide drills every year. Once every two years, we invite external parties (members of the shipping media, insurance companies, etc.) to participate in large-scale drills, including mock (simulated) press conferences. Drills are based on the scenario of an accident involving an oil spill from a vessel, enabling participants to confirm the emergency procedures used to minimize marine pollution.

In November 2020, we conducted a large-scale drill based on the scenario of an accident where one of our operating bulk carriers loaded with iron ore ran aground when it hit a shoal to avoid a fishing boat, rupturing the oil tank at the bottom of the ship and causing an oil spill. The president, executives, and employees of related departments participated in the drill partially remotely. They set up an internal Emergency Measures Headquarters just as they would for a real accident. We coordinated communications between the vessel and shore, and contacted all the external parties involved. The participants confirmed the response measures necessary during an emergency. For the second half of the drill, a mock press conference was held with members of the maritime press.

NS United Naiko Kaiun Kaisha, Ltd. studied the items to be dealt with in the event that a crewmember was infected with COVID-19, including isolation on board, contacting medical institutions, onboard disinfections, and making arrangements for crew changes. Issues to be addressed in the future were identified.

NS United Coastal Tanker Kaisha, Ltd. conducted a drill on all vessels under operation simulating a fire on board. The ship focused on the initial response to the accident and on reporting the situation to the company. The company verified the response to the accident and the parties to be contacted.



Emergency response drill

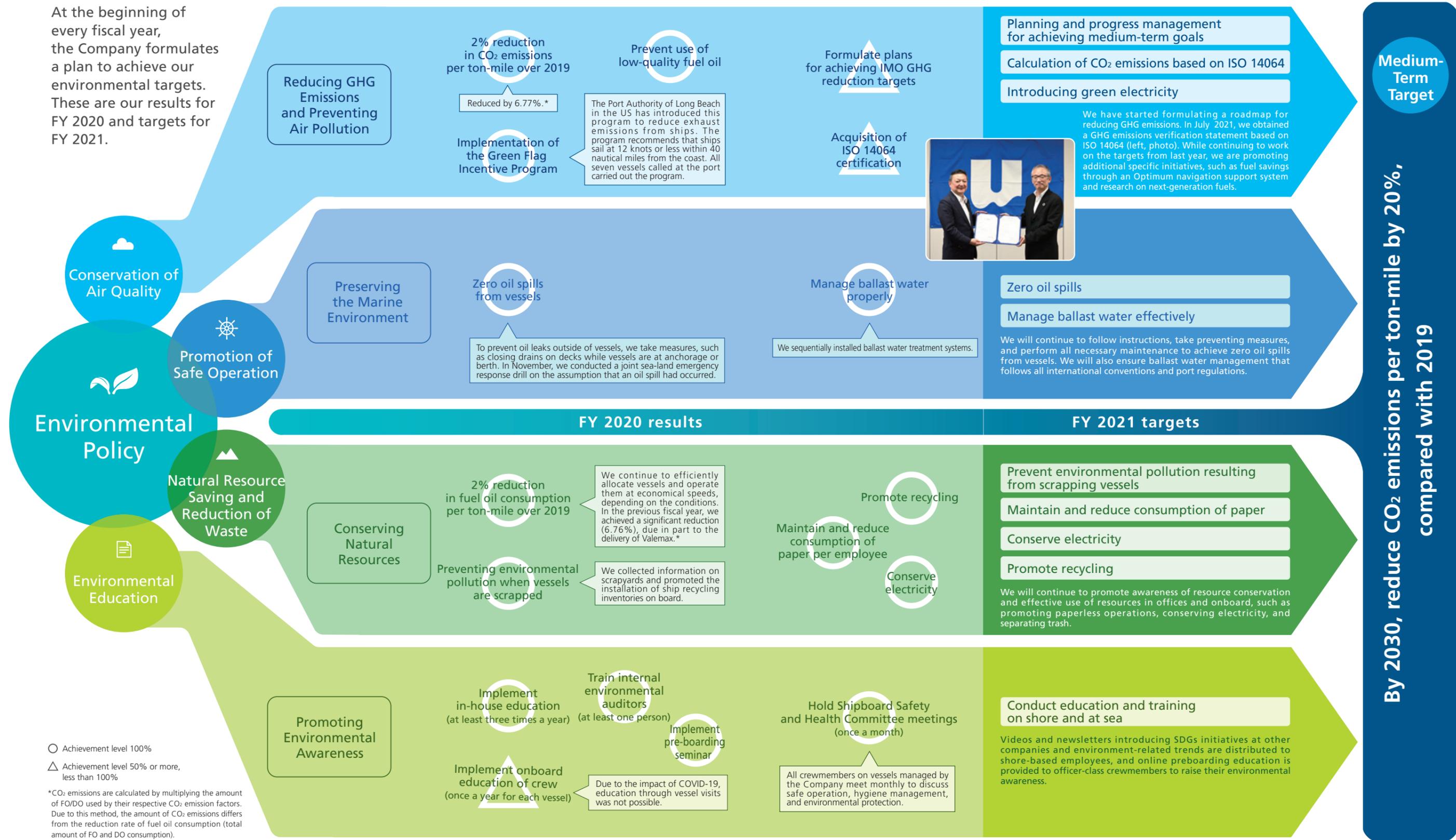


Mock press conference

Environmental Management Programs

Please refer to the ESG page of our website for details of our results for FY 2020 and targets for FY 2021.

At the beginning of every fiscal year, the Company formulates a plan to achieve our environmental targets. These are our results for FY 2020 and targets for FY 2021.



Engagement with Stakeholders

The business of NS United Kaiun Group is supported by many stakeholders. We will continue to work to enhance our corporate value through close communication with all of our stakeholders.

Shareholders and Investors

Based on the principle of ensuring transparency, fairness, and continuity, we disclose management and financial information to our shareholders and investors timely and accurately. We set up individual briefings with domestic and overseas institutional investors upon request, the executive in charge of Investor Relations mainly answer questions and explain our current business condition. We also see shareholder returns as an essential part of management and our basic policy is to maintain stable and continual dividends.



Specific activities

- General Shareholders' Meeting
- IR interviews
- Disseminate the following information on our website
 - Corporate disclosures (financial highlights, etc.)
 - Integrated Report
 - Securities reports, quarterly securities reports (in Japanese)
 - Corporate Governance Report (in Japanese)
 - Materials for general shareholders' meetings
 - Business reports (in Japanese)

Employees, Seamen (Families)

One element of our management philosophy is to nurture and mobilize employee abilities. We will foster a corporate culture that respects the diversity of all individuals. To develop a dynamic workplace where employees can experience the joy of work and exercise their full potential, we will continue to promote initiatives that improve our personnel system as well as workstyle reforms.



Specific activities

- Personnel system
- Training system
- Measures related to workstyle reforms
- Questionnaire survey on employee awareness
- Physical and mental health checks



Maritime Authorities, Regulatory Authorities, and Other Organizations

When we conduct business, we always comply with the laws of every country and region and we respect international norms, cultures, and customs. Our Group is also collaborating with the government on environmental conservation, including participating in the government's project to promote the introduction of advanced technologies that will simultaneously realize social innovation and the decarbonization of logistics.

Specific activities

- Compliance with conventions and regulations related to vessel operations
- Providing safety-related information
- Participating in a project to promote the introduction of LNG fuel systems, etc.

Customers and Suppliers

We have built trust as a shipping company with comprehensive strengths and expertise by fully employing the information and know-how on our industry that we have accumulated over time at our bases worldwide in order to meet the transportation requirements of customers around the world. We will continue to improve customer satisfaction by deepening communications with customers, while strengthening our partnerships with our suppliers.



Specific activities

- Interviews with customers
- Participation in safety meetings with customers and suppliers
- Sending supervisors to cargo operation sites
- Joint research on low-carbonization and decarbonization

Local Communities and the Global Environment

We have a mission to contribute to the development of society by connecting countries and regions around the world through the transportation of a range of goods. In addition, we will respond to the demands of society and the global community at a higher level by becoming more deeply involved in safe navigation and environmental conservation that helps to create a sustainable society.

Specific activities

- Initiatives for safe navigation and environmental conservation
- Community contributions (support for disaster-stricken areas, etc.)

With Our Employees

The Group believes in the importance of contributing to the creation of a sustainable society by developing human resources who can respond to changes in the business environment. We are making the most of diverse individuality and actively investing in human resources. In addition to our existing programs for personnel development, we intend to be a company that is rewarding to work for and to develop a vital organization by improving our personnel systems and through workstyle reform.

Basic Employment Policy

We have a fundamental assumption that our core staff, both administrative and technical, are permanent employees. In the spirit of Japan's Law on Securing Equal Opportunity and Treatment between Men and Women in Employment, employment is based solely on the abilities and aptitude of each person, and the growth of employees is fostered by the Company's training system.

Recently, we have also been focusing on mid-career hiring, actively recruiting human resources from diverse cultures and with experience to increase the flexibility of the organization and vitalize the Company.

The percentage of women that make up our workforce is gradually rising. While there are no women in executive positions, over the past three years women have made up 40% of all new graduate hires for the main career track. Considering the significant life events that can place a heavy burden on women, we believe that creating a workplace

environment favorable to ongoing employment is an important task. We are undertaking this task by using a variety of effective means, such as IT-based approaches to improve operational efficiency and information sharing.

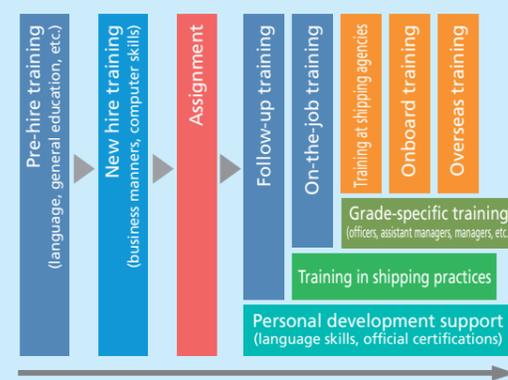
Concerning our non-Japanese crews, we strive to improve retention rates on vessels managed by the Group by increasing the types of training available to officers and ratings, supporting in-house executive training through our qualification support system, and giving preference to long-term employees. In addition, we have established a scholarship program to discover and foster even more talented people.

We have introduced a retirement age of 60. We have also established a reemployment program so employees who have reached the age of 60 can be rehired under one-year employment contracts; contracts can be renewed until employees are 65 years old. We will continue to consider this program in response to social demand.

Personnel Development

One element of our management philosophy is to nurture and mobilize employee abilities. Specifically, we provide training tailored to the rank and the requirements of employees so that all of them can become a professional in the field of international shipping. On-the-job training (OJT) is at the core of this system which includes training for new employees, training in shipping practices, training at shipping agencies, onboard training, overseas training, and grade-specific and job-specific education.

After joining the Company, crewmembers work at sea for three to four years and then cycle between shore and sea work in intervals of roughly three to five years. Through these transfers, they gather experience as seamen and of shore-based management, developing as independent officers with broad perspectives. For non-Japanese crewmembers, we have a promotion support system and skill improvement training programs that include pre-boarding seminars both in the country of recruitment and in Tokyo, classroom training, assistance in obtaining advanced marine certifications, and OJT.



Response to COVID-19

As part of our countermeasures for COVID-19, since March 2020 we have limited office attendance to 30% to 50%. In addition to installing partitions in work areas, we are also promoting the use of digital documents and distributing computers to all employees in order to promote working from home. In these both tangible and intangible ways, we ensure employee safety.

With regard to crewmembers, there were times last year when their replacement did not progress and long-term boarding became normal due to the effects of stricter entry restrictions at borders in various countries and the suspension or reduction of flights. Currently, we are working with the cooperation of concerned parties to ensure that crew can disembark in their own countries, such as the Philippines and Vietnam, out of regular shipping routes. The situation has improved compared with the past, and the number of crew on board for extremely long periods has decreased. However, as it will still be some time before this issue is completely resolved, so we will continue to closely monitor the situation and do our best to provide support.

Personnel System

In fiscal year 2001, the Company introduced a personnel system for promotions and advancement that accurately reflects an assessment of an employee's abilities, motivation, and performance. The primary aim is to make certain that everyone works at his or her level of effectiveness and help them to develop their abilities while ensuring fair treatment. Today, we are considering reforming our personnel system to better contribute to the efficient use of human resources. Our goal is to realize one of our key strategies in our medium-term business plan: securing and developing diverse human resources.

Promotion of Workstyle Reforms

To achieve diversity and inclusion, it is essential to raise awareness and have diverse workstyles throughout the Company. Through the following initiatives, we intend to create a corporate culture that is easy to work in and every employee can maximize his or her abilities and individuality, with the aim of further improving productivity.

Flextime and Working from Home System

We introduced a flextime system (core hours: 11:00 to 15:00 on weekdays) from August 2020. We are promoting a better work-life balance while boosting efficiency by easing the stress caused by commuting and helping to prevent long working hours, which is the pillar of workstyle reforms. In October 2020, we permanently introduced remote working, which was initially implemented as an emergency measure in response to the spread of COVID-19, allowing employees to work from home up to twice a week.

VOICE



Yosuke Musha
Assistant Manager,
Secretary
and Personnel Team

The scheduled working hours used to be 9:15 to 17:15. With the introduction of flextime and remote working, employees can now make flexible choices to suit their lifestyles. As a result, in the first quarter of fiscal year 2021, overtime hours in excess of statutory working hours were reduced by 18.4% when compared with the same period of the previous fiscal year.

Paid Leave, Welfare and Benefit Programs

The legal requirement of all employees' acquisition of five days annual paid leave, which was enforced in 2019, was fully met for fiscal year 2020, due to the Company's thorough raise of awareness among the employees. Further, we are now enabling employees to maintain a good balance between work and home and to lead satisfying lives. For example, we allow employees who meet certain conditions, such as years of continuous service and age, to take sabbaticals for self-improvement, and we provide subsidies for these sabbaticals. The Company provides dormitories for single employees (two locations in the Tokyo area), company housing, an employee savings system, a supplementary housing loan system, and various other welfare and benefit programs, in addition to helping fund employee cultural groups that engage in cultural activities (including sports). In April 2008, the Company also introduced lump sum childrearing support payments.

Promotion of DX

The DX Promotion Committee was established in October 2020 to achieve greater operational efficiency and productivity by using digital technology. The Committee takes the lead in establishing these initiatives throughout the Company, in order to respond to major changes in workplace environments and to further increase our competitiveness in line with the needs of our customers and society.

Childcare and Nursing Care Support

We have created an environment that makes it easier for employees to continue working by providing maternity protection, including both maternity leave and maternity pay, as well as childcare support, such as childcare leave and shorter working hours, which exceeds legal requirements. We are also offering nursing care leave and shorter working hours for employees providing nursing care. Through these programs that go beyond what is required by law, we are creating working environments that encourage long-term employment, regardless of age or gender.

VOICE



Takuya Miyamoto
Officer,
Ship Maintenance Team

Taking childcare leave not only helped me to support my wife and children after childbirth, but it also gave me a good opportunity to communicate more with my family and to clarify my awareness as a father. It also helped me understand the difficulties of raising children, even after childcare leave. During my leave, I was relieved that the Company, my supervisor, and my colleagues provided solid support for my work.



Comments from a Non-Japanese Crewmember

Our crewmembers continue to provide safe and stable transportation services through comprehensive preventive measures to avoid bringing COVID-19 onboard, such as pre-boarding quarantining, PCR testing, and using types of transportation that avoid contact with other people. At the same time, employees who arrange crew manning are also working to ensure the safety and health of crewmembers by flexibly addressing a number of issues.



Dang Chi Thanh
NSU PRIDE
Captain

As an Essential Worker Supporting Logistics

It's very difficult and expensive to conduct crew changes during the COVID-19 pandemic. Some crewmembers were obsessed by the risk of infection on board especially after calling at a port, others were worried about their family, if something was wrong in their home town.

Under these circumstances, with the cooperation of customers, we conducted crew changes in Nha Trang, Vietnam. These made all the crew happy because they could go back to their home country during their contract.

We still take into account the risk to be infected during domestic transportation and staying in hotels before joining a vessel. As the Master, I think the most important thing is that we all understand there might be many crewmembers, many senior officers to be replaced at one time, so it could affect the safe operation on board the vessel.

We believe that the pandemic would come to the end soon, then the shipping industry will become peaceful again.

(Contributed in March 2021)



All crewmembers on our managed ships wear protective clothing until boarding, and undergo thorough temperature checks and disinfection at the gangway.

A Word from a Crew Manning Staff



Jonathan A. Tumamao
Seamen Team
Superintendent

With so many unexpected events taking place due to the COVID-19 pandemic, there is always something going wrong at the last minute with those signing on. Some who was signing on had two negative PCR tests in Vietnam as well as negative antigen tests on arrival and their first PCR test in Japan. A second PCR test in Japan, after quarantine, was positive. In this case, we canceled the crew change. The joining crewmember were sent back to their home country. So, unexpected things can happen.

Now, I need a more advanced method of planning, more wisdom, and lots of patience to deal with things with my coworkers so that I can fulfill my everyday tasks in the way they should be done. I am also rethinking how I can contribute, even in very small ways, to deal with this pandemic.

(Contributed in June 2021)

Comments from a Female Crewmember



On the right

An Example of Workstyle Diversity

Chihiro Yamada
SAKURA BRIGHT
Second Officer

I jumped into the world of marine transportation for the simple reason that I thought the female deck officers on training ships were cool, and I felt it was not long before I was on my fourth ship. Since April this year, I have been onboard for the first time as a second officer. My main duties are daily watch keeping as well as to maintain and check navigational instruments and to plan voyages. This ship was recently delivered and is now less than a year old. She is equipped with latest management systems for nautical charts and publications on the bridge. Seeing this equipment, I realized how rapidly technology has evolved in recent years. I am studying every day to be a reliable second deck officer who can flexibly respond to and catch up this high-speed technological evolution.

When performing my daily duties, I am always mindful of what I need to do to improve the ship and gain a broad perspective, as my superiors have done. I feel that the responsibilities of a second deck officer are greater than those of a third deck officer, especially after I completed mooring/un-mooring work and loading operations for the first time as a second deck officer. At the same time, I feel a great sense of accomplishment when completed these operations.

In all four of my previous boardings, I shared duties with Filipino crewmembers. They are cheerful and easy to get along with, and I have never had any trouble communicating with them. However, I always keep in mind that I am their superior, while also learning skills and knowledge from these experienced crewmembers. If they see me as just a girl, it can raise concerns over trust and

confidence. In the end, the ship is operated by people, and close cooperation with the crew ensures the safe operation of the ship. I try to build good communications and a comfortable sense of distance where we can talk about anything with them, as they are my important colleagues who share duties and lives.

In my private life, I just married last year. I am working as a navigational officer at sea, while I lead a new life in cooperation with my husband on land.

I would like to express my gratitude to my family and parents who understand my job and give their enormous support for me. However, I cannot say that I don't have concerns about my future career plans. When the time comes for me to have a baby, there will be some restrictions on me that men do not have. However, I intend to achieve a balance between work and child-rearing by discussing this with my family and the Company.

It is customary for our maritime staff to work at sea for a few years before moving on to shore-based work, and I am sure that one day I will be working at the head office. Until that day, I will continue to work and study on the ship. I look forward to the day in the near future when I can work onboard ships with junior female staff.



Inspection inside a ballast water tank

Meeting with the crew on the bridge

A Word from the Captain



Noritoshi Orita
SAKURA BRIGHT
Captain

For the first time in my many years of seafaring, we had a female crewmember join our ship. While on board, I always keep in mind that crewmembers should be distinguished by position but not be discriminated against based on age, nationality, or gender. Her addition to the crew has been a good opportunity for me to reflect on the teachings of the captains who have been onboard with me since I joined the company, as well as the circumstances at the time. We share this basic principle with all crewmembers.

Although this is Ms. Yamada's first time onboard as a second officer, I feel that she is learning and growing every day, thanks to both her motivation and the advice she receives from the chief officer and other crewmembers around her. Her perception of events and mindset offering a different perspective than ours are astonishing at times, and give us a good sense of inspiration onboard. I hope that she will continue to make the most of her clear and alert personality to play an active role going forward.

Securing Safe Navigation

Our Most Important Mission for More Reliable Safety

Safety is the foundation of our transportation services. In the ten years since the merger, the Company has increased the size of the fleet and focused on maintaining and improving safe operations as well as environmental protection. As a result, we have achieved a certain outcome, including lower ship stoppage rates.

However, an incident by a large ore carrier caused in Brazil last year reminded us that the impact of incidents is not limited to their physical damage, but that it can, instantly, cost us the trust in our services that we have built up over our long history.

Taking this incident seriously, we have formulated and implemented measures to prevent any reoccurrence by focusing on the causes identified through an analysis of the incident, such as reviewing the training and education that were lacking in our crews as well as our operational procedures, including the way we assess our managed vessels.

Going forward, all the staff, on shore and at sea, will work together to provide services that are more than ever trusted by our stakeholders, not only by achieving zero-accident operations, but also by establishing safety management methods that respond to changes in the environment.

Initiatives Supporting Safe Navigation

Improving BRM Training

In response to the accident by a large ore carrier that occurred during berthing last year, we implemented a new simulator training program for maneuvering as part of the measures to prevent a reoccurrence.

The berthing and unberthing of large vessels are usually carried out with assistance from pilots and tugboats in ports. The new training is mainly aimed at improving navigational safety under operations with pilots. Our captains and officers are asked to review maneuvering procedures and safety standards for berthing and unberthing. The training begins with lectures on the latest theories on maneuvering and using tugboats, followed by practical exercises on maneuvering using a simulator to physically confirm the safety standards. Once every trainee has learned the safety standards, we create a mock drill for a berthing maneuver by placing a pilot, captain, officer, and helmsman on the bridge of the simulator.

Next, the pilot intentionally operates the vessel dangerously. Our aim is to have the participants recognize the points of risk and to take evasive action, so that they can challenge the pilot's decision when it is required, which will lead to safe navigation onboard a ship.



BRM (bridge resource management) with a pilot

Developing Team Skills through Safety Campaigns

Our Group companies conduct annual safety campaigns and strive to raise safety awareness. Since 2010, the president, executives, and employees of the Company have been visiting vessels under our management to help continually raise safety awareness on both land and sea. In fiscal 2020, due to the impact of COVID-19, we sent video messages from the president and an executive in charge of the ship management division, instead of visiting vessels, to prevent the spread of the virus to vessels.

In addition to the main slogan "Borderless Communication for Safety," we have coined a sub-slogan, "Always CHECK! CONFIRM! REPORT! with you," with the main focus on the importance of team management. This message was delivered not only to all the crews of vessels under our management, but also to manning companies overseas. Since the beginning

of the year, we have also launched Safety Campaign II, an online conference for captains, chief engineers, and other officers to directly discuss the importance of team management.

No matter how digitized and mechanized the world becomes, the operation of a ship is controlled by people, and it can be only operated with the combined efforts of the entire crew. Borderless communication and repetition of "CHECK, CONFIRM, REPORT" by multiple pairs of eyes will nip accidents in the bud. Through this campaign, we intend to improve the effectiveness of teams in varied situations.



Crewmembers listening to the president's message

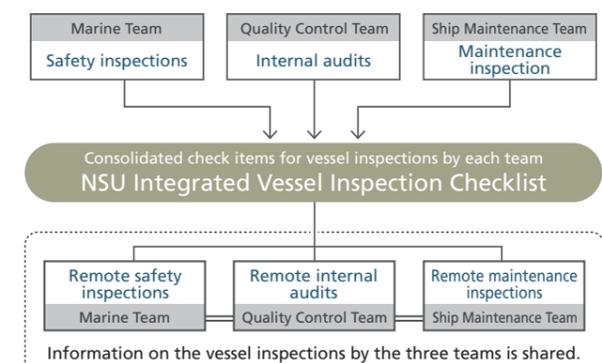
Systematizing Remote Vessel Inspection

Our vessel inspections include internal audits by our Quality Control Team, safety inspections by our Marine Team, and maintenance inspections by our Ship Maintenance Team. However, in fiscal year 2020, in order to prevent the spread of COVID-19, a system for remote vessel inspections by email was formally introduced instead of onsite vessel inspections by superintendents.

For remote vessel inspections, the NSU Integrated Vessel Inspection Checklist is used for all audits and inspections to improve operational efficiency and establish a system for sharing information. This checklist has 379 items that integrate the audit and inspection checklists of every team. Captains and other crewmembers follow this checklist and perform their own checks, which has the advantage of making it easier for the crew onboard to understand the requirements. On the other hand, it is not possible to directly interact with crewmembers during a vessel inspection, which makes it difficult to identify any concerns, and there may be a lack of information shared between the crewmembers and the superintendent in charge on shore. For these reasons, we

make sure to take as much time as necessary for the remote inspection (about a month from start to finish).

Although the number of complicated tasks has gone up and the workload has increased on vessels under our management, every vessel takes part in this program, which has led to higher levels of safety awareness.



Corporate Governance

(b) Fixed compensation

Fixed compensation is paid in cash each month, and the standard amount is based on the director's position, taking into consideration the capabilities and responsibilities required of directors in the shipping industry, as well as conformity with global standards and wage gaps with employees.

(c) Performance-based executive bonuses

In order to provide incentives for maintaining and improving revenues, bonuses are linked to dividends per share and are paid in cash as compensation linked to short-term performance. This is based on dividend policies and the assumption of paying special allowances (bonuses) to a certain percentage or more of employees.

(d) Share purchase compensation

Share purchase compensation is paid as compensation linked to medium- and long-term performance. This compensation is linked to the degree of achievement of the medium-term business plan and the amount of increase in corporate value (stock value). Specifically, stock purchase compensation is paid based on comprehensive evaluations which reflect the degree of achievement of medium-term business plan targets such as operating income, return on equity (ROE), the company's stock price (market capitalization), and safe navigation results. It aligns directors' interests with the interests of shareholders. Directors provide amounts equivalent to the stock purchase compensation they receive to the directors' shareholding association, purchasing stocks through the association. Calculation methods are reviewed and revised when formulating new medium-term business plan.

(e) Compensation for outside directors and Audit & Supervisory Board members

Outside directors and Audit & Supervisory Board members are paid fixed compensation since they are responsible for performing audits and providing advice regarding the Company and the entire Group's management from a position independent of business operations. Outside director compensation is decided by resolution of the Board of Directors, and Audit & Supervisory Board member compensation is decided through deliberation by Audit & Supervisory Board members.

(2) Procedures for Determining Compensation

Compensation for directors is determined by the Board of Directors based on inquiries to and advice from the Nomination and Compensation Advisory Committee, which comprises five directors, including the president / representative director (a majority of which are outside directors).

As an advisory organ to the Board of Directors, the Nomination and Compensation Advisory Committee examines the appropriateness of calculated executive compensation, including whether fixed compensation is appropriately determined in accordance with the position, and whether performance-based compensation appropriately reflects the Company's performance evaluation, and reports to the Board of Directors.

At the same time, the Board of Directors determines the amount of compensation for each individual director for the relevant fiscal year based on the report of the Nomination and Compensation Advisory Committee, by confirming that the method and content of the decision are consistent with the decision policy resolved by the Board of Directors.

Directors	Total fixed compensation (compensation for outside directors)	¥155 million (¥28 million)	8 persons (3 persons)
	Total performance-based compensation	¥22 million	5 persons
Audit & Supervisory Board Members	Total fixed compensation (compensation for outside Audit & Supervisory Board members)	¥62 million (¥40 million)	4 persons (3 persons)

Note: The total amount of compensation for the Directors indicated above includes the amount paid to one director who retired on June 25, 2020 at the close of the 94th Ordinary General Shareholders' Meeting held on the same day.

2 Risk Management

Risk Management System

Risk management regulations have been established as fundamental requirements for risk management. By following these requirements, we ensure the continuation and stable development of our business, even if substantial risks impacting management should emerge.

Based on these regulations, the relevant departments of the Company analyze risk and study assessments to such risk that could arise in the course of business activities. The Board of Executive Officers and Board of Directors discuss and determine these issues, in addition to performing a yearend review of risk items and report of management implementation status based on the Risk Item List. In order to comprehensively and easily understand risks, we have created a risk map and are developing company-wide initiatives to identify risks by priority and respond to them in more detail.

In fiscal year 2020, we confirmed that risks were being properly managed as a whole; all risk items are managed in accordance with internal rules which are created and revised as necessary, and hedging was properly carried out against those risks.

In addition, the Investment Committee was set up in August 2016 to identify any possible impact on and risks to the Company associated with large and high-risk projects under consideration, before investment decisions are made by the Board of Executive Officers.

Management of Personal Data

To safeguard personal data, the Company has been appropriately controlling information that can identify individuals, such as data regarding employees. We have adopted a policy of not offering personal data to any third party unless required by law or when approval has been obtained from the individuals themselves. Data is only used for the intended purposes.

In conjunction with the enforcement of Japan's revised Act on the Protection of Personal Information, the Company completely updated internal regulations on the management of personal data and made them known at all Group companies. Since that time, we have taken steps to ensure that all personal data is being managed appropriately.

In addition, following the introduction of the Social Security and Tax Number System, we promptly established internal regulations for handling specified personal information in January 2016, and have complied with the new rules since then.

Business Continuity Plan (BCP)

NS United Kaiun Kaisha, Ltd. established a BCP, so that, in the event of a major disaster or other emergency, the Company can safeguard employees and their families as well as continue operations to fulfill the responsibility of delivering marine transportation services to customers as contracted.

In fiscal year 2020, we distributed laptops to all employees and established a system that allows them to work from home, in response to concerns over the prolonged impact (since last year) of the COVID-19 pandemic.

As our main systems are installed in a data center, we are prepared to work from home even if our head office is shut down in the event of a major disaster. We regularly update our security systems and software to the latest versions to strengthen our cybersecurity, in response to recent cyberattacks on other companies. In addition, the Emergency Response Manual was created to set out initial actions to be taken in the event of an

emergency. Among these actions, the highest priority is given to promptly confirming the safety of employees and their families and reporting the results according to the established reporting line. To familiarize employees with the related procedures, periodic emergency drills are conducted using a system to confirm employee safety.

At the same time, an international communications network has been set up to enable the Company's headquarters and subsidiaries outside Japan to relay information in the event of an emergency. Guidelines have been drawn up for initial emergency response via the network, and similar emergency drills are carried out.

3 Promoting Compliance

Compliance Promotion System

Everyone in the Group understands that maintaining relationships of trust with stakeholders is the foundation of our sustainable growth together with the communities that we serve. To reinforce this concept, we created a Group Corporate Philosophy, along with a Corporate Code of Conduct, designed for putting the spirit of our philosophy into practice. Moreover, an Internal Control and Compliance Committee chaired by the president executive officer has been set up to promote full compliance throughout the Group. The committee strives to raise awareness of compliance so that all officers and employees obey all laws and regulations, as well as internal rules, social norms, and business ethics while performing their everyday work.

Compliance Advisory Service Desks (Whistleblower Hotlines)

NS United Kaiun established two Compliance Advisory Service Desks (whistleblower hotlines), one inside and one outside the Company, to accept direct reports from employees who become aware of contraventions of the law, misconduct, or similar acts committed by executives or other employees. Both hotlines accept anonymous reporting. Whistleblowers are guaranteed protection

from unreasonable treatment as a result of making a report, with the goal of protecting individuals who report company information that is in the public interest.

Further, the Company has appointed a female in-house compliance adviser to field inquiries via the internal hotline, while the external consultation hotline is handled by an outside lawyer.

Compliance Awareness Month

The Company has designated October as the month for raising compliance awareness and is engaged in several activities across the Group. The campaign aims to remind all executives and employees of the importance of this theme, implementing a range of activities to further enhance their awareness as well as give them the knowledge and information needed to practice compliance. In fiscal year 2020, our president delivered a message on compliance to all executives and employees, and we conducted internal awareness-raising activities, such as distributing videos on harassment, in order to foster a sense of ownership of compliance by every employee. Further, the Company conducted an employee awareness survey on internal controls and shared the results with the Group employees in order for them to recognize issues in each department, which helped create a more open working environment.

4 Internal Controls

Guided by Japan's Companies Act and Regulation for Enforcement of the Companies Act, the Board of Directors has established a basic internal controls policy, while also working to ensure the reliability of financial reports in accordance with the provisions of the Financial Instruments and Exchange Act.

In recent years, internal controls and compliance initiatives taken by corporations have been attracting an increasing amount of public attention. In that context, the Company merged the Internal Control Committee and the Compliance Committee into the Internal Control and Compliance Committee in April 2018

with a view to more effectively address these issues Company-wide. The committee was reorganized to appoint the president as the chairperson and each executive officer in charge of a business division as a committee member. Every department has established a system for autonomous internal controls, where they proactively identify local risks in daily operations and makes improvements to mitigate these risks.

All the directors and employees of the Company will work together to strengthen compliance, establish an appropriate internal control system, and put it into practice.

5 Basic Policy on Information Disclosure and Dialogues with Shareholders and Investors

The Company has established the Investor Relations Committee as a system to respond to requests for interviews from shareholders and investors. In accordance with the annual plan and our investor relations (IR) interview standards, the executives in charge of IR handles those interviews, except for certain periods prior to the disclosure of financial results.

At general shareholders' meetings, we readily provide information and respond to individual questions. In previous years, we held a dialogue session where shareholders were invited to speak directly with our executives at a later time on the same day.

However, we canceled the dialogue session for fiscal year 2020 due to the impact of COVID-19. At the same time, we have begun live streaming of general shareholders' meetings in order for shareholders, who are unable to attend the meeting, to view the meeting in real time from remote locations via the Internet. We have also accepted questions in advance. For IR interviews, executives in charge of IR deal with the required tasks in accordance with internal rules on handling insider information (non-public material information about the business).

Directors, Audit & Supervisory Board Members and Executive Officers

(As of June 28, 2021)

Directors (* indicates outside director)



Kazuo Tanimizu

President / Representative Director /
President Executive Officer
Chairperson of the Board of Directors
Member of the Nomination
and Compensation Advisory Committee



Masahiro Samitsu

Director
Senior Managing Executive Officer



Mitsuhiro Oyamada

Director
Senior Managing Executive Officer
Member of the Nomination
and Compensation Advisory
Committee



Naruhiko Miyai

Director
Managing Executive Officer



Toru Fujita

Director, Executive Officer



Kazuma Yamanaka

Director*



Masayuki Kinoshita

Independent Director*
Chairperson of the Nomination
and Compensation Advisory
Committee



Setsu Onishi

Independent Director*
Member of the Nomination
and Compensation Advisory
Committee

Audit & Supervisory Board Members (* indicates outside auditor)



Isamu Nakamura

Independent Director*
Member of the Nomination
and Compensation Advisory
Committee



Yoshifumi Nakata

Audit & Supervisory Board
Member
(full-time)



Naoki Yoda

Audit & Supervisory Board
Member*



Yasuhito Mitani

Audit & Supervisory Board
Member
Independent Auditor*

Executive Officers



Shohei Yamamoto

Audit & Supervisory Board
Member*

Naoki Asuwa

Managing Executive Officer

Shinichi Kitazato

Managing Executive Officer

Kiyoshi Kanemitsu

Executive Officer

Yuji Fukuda

Executive Officer

Toru Kihira

Executive Officer

Yasuo Nakajima

Executive Officer

Takamasa Takami

Executive Officer

Messages from Independent Outside Directors



I will contribute to ESG management by leveraging the broad knowledge I have cultivated at a general trading company.

Masayuki Kinoshita
Independent Director

I believe that my role is to guide the management of the Company by providing input on various ways of thinking that will help to determine how the Company can achieve sustainable value creation from the perspective of every shareholder and stakeholder. I worked for a general trading company for 40 years. About two-thirds of that time, I was involved in sales and project investment related to mineral and metal resources. For the other one-third of that time, I worked in corporate planning. For the final five years, I worked on formulating new growth strategies for the company as CIO and the person in charge of

innovation creation. In addition to leveraging this experience, I intend to make use of the updated knowledge I gain from my personal network, both inside and outside the Company, to make effective decisions, as necessary.

ESG management has been a focal point of discussions by the Board of Directors over the past year. Viewing ESG initiatives as the foundation that supports the Company's sustainable development, we have established the ESG Committee that will implement ESG management under the supervision of the Board of Directors. As the business environment is changing rapidly, I would like to encourage the Company to carefully assess the changes we need to make and the characteristics that should remain the same and to accurately recognize risks in order to manage proactively and decisively.

During my participation in the management of banks and leasing companies, I felt the need to respond deliberately and swiftly to the many changes in the environment surrounding the shipping industry, while at the same time strengthening the business and management base over the medium and long term.

In fiscal year 2020, the medium-term business plan was launched amid the tremendous disruption caused by COVID-19. At the beginning of the fiscal year, we managed financial risks partly based on my own experience. Later in the year, when the situation began to settle down, we held discussions on how to reform our business foundation and attain the objectives of the medium-term business plan. Fortunately, the economy gradually recovered, from the second half of the fiscal year, and we believe that various measures have helped to further stabilize and strengthen our business foundation.

During fiscal year 2021, our goal is to take concrete steps to further strengthen our business from a medium- and long-term perspective, including environmental measures. At the same time, we need to pay attention to the risk of a rebound from extreme monetary easing in the face of accelerating movement towards the post-COVID-19 era. I would like to play my role in realizing management shifting into a higher gear by paying attention to agile decision-making and teamwork.



I will provide highly effective advice on financial and capital strategies.

Setsu Onishi
Independent Director



I will be actively involved in the diversification and vitalization of the organization.

Isamu Nakamura
Independent Director

The business environment in which we operate is undergoing tremendous and rapid changes, such as major fluctuations in market conditions due to COVID-19 and global trends for reducing environmental impact and decarbonization. Given these circumstances, a number of issues have been discussed and plans boldly implemented, including improving transportation services for domestic and overseas customers, structural reforms, and digital transformation (DX) used to build a sustainable business structure, as well as restructuring the overall plan for the safe navigation of vessels.

I worked for a general insurance company for more than 40 years, gaining experience from life and general insurance, financing, overseas assignments, being seconded to banks, pensions, and banking channels business promotion. In the final four years, I was also involved in the management of a group nursing care company. As an university graduate in the field of navigation, I would like to make use of my experience and contribute to the medium- and long-term improvement of our corporate value. Going forward, I will continue working to strengthen our management's ability to adapt to changes in the environment surrounding the Company, including the safe navigation of vessels, motivating employees to work on reforms, and strengthening our management structure to be less susceptible to market influences. In addition, from the perspective of securing diverse viewpoints, I would like to be more active in drawing out the idea of every member, promoting the active participation of women, and vitalizing communications for working as the purpose of the whole organization, rather than just giving instructions and orders.

Consolidated Financial Statements (Summary)

Consolidated Balance Sheet

Million yen

	2020 As of March 31	2021 As of March 31
ASSETS		
Current assets	50,484	61,109
Fixed assets	198,038	209,651
Tangible fixed assets	187,295	198,558
Intangible fixed assets	2,546	2,216
Investments and other assets	8,197	8,876
Total assets	248,522	270,760
LIABILITIES		
Current liabilities	52,630	49,931
Long-term liabilities	104,783	124,427
Total liabilities	157,412	174,358
NET ASSETS		
Shareholders' equity		
Common stock	10,300	10,300
Capital surplus	17,181	17,181
Retained earnings	65,748	70,347
Treasury stock, at cost	(995)	(995)
Total shareholders' equity	92,235	96,833
Accumulated other comprehensive income		
Unrealized gains (losses) on securities	(0)	911
Gains (losses) on deferred hedge	(1,239)	(1,655)
Foreign currency translation adjustment	(55)	(85)
Remeasurements of defined benefit plans	169	399
Total Accumulated other comprehensive income	(1,125)	(431)
Total net assets	91,110	96,402
Total liabilities and net assets	248,522	270,760

Consolidated Statement of Income

Million yen

	FY 2019 (Apr. 1, 2019 - Mar. 31, 2020)	FY 2020 (Apr. 1, 2020 - Mar. 31, 2021)
Revenues	148,415	138,454
Operating expenses	135,613	126,066
Gross profit	12,802	12,388
General and administrative expenses	5,762	5,652
Operating income	7,040	6,736
Non-operating income	416	865
Non-operating expenses	1,977	2,069
Ordinary income	5,479	5,532
Extraordinary profits	2,888	4,668
Extraordinary losses	1,170	2,849
Profit before income taxes	7,197	7,351
Income taxes—current	541	847
Income taxes—deferred	710	373
Profit	5,947	6,131
Profit attributable to owners of parent	5,947	6,131

Consolidated Statement of Cash Flows

Million yen

	FY 2019 (Apr. 1, 2019 - Mar. 31, 2020)	FY 2020 (Apr. 1, 2020 - Mar. 31, 2021)
Cash flow from operating activities	16,905	22,654
Cash flow from investing activities	(39,935)	(25,012)
Cash flow from financing activities	16,099	10,051
Effect of exchange rate changes on cash and cash equivalents	(55)	166
Net increase (decrease) in cash and cash equivalents	(6,985)	7,859
Cash and cash equivalents at the beginning of the year	26,738	19,753
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	—	0
Cash and cash equivalents at year-end	19,753	27,613

Consolidated Statement of Shareholders' Equity

Million yen

	Shareholders' equity					Accumulated other comprehensive income					Total net assets
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity	Unrealized gains (losses) on securities	Gains (losses) on deferred hedge	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at April 1, 2020	10,300	17,181	65,748	(995)	92,235	(0)	(1,239)	(55)	169	(1,125)	91,110
Changes of items during the term											
Dividends of surplus			(1,532)		(1,532)						(1,532)
Profit attributable to owners of parent			6,131		6,131						6,131
Acquisition of treasury stock				(0)	(0)						(0)
Change of scope of consolidation			(1)		(1)						(1)
Net changes of items other than shareholders' equity						911	(416)	(31)	230	694	694
Total changes of items during the term	—	—	4,599	(0)	4,599	911	(416)	(31)	230	694	5,293
Balance at March 31, 2021	10,300	17,181	70,347	(995)	96,833	911	(1,655)	(85)	399	(431)	96,402

For more details, please refer to the financial report on our website.
<http://www.nsuship.co.jp/en/ir/financial-data/>

Glossary

BRM (Bridge Resource Management) training

..... p. 39
BRM training aims to develop maritime management competence by encouraging mariners' attitudes and behavior to enable effective use of people and any other resources available on bridges, to achieve safe, efficient navigation throughout an entire operation.

GHG (Greenhouse Gas)

..... pp. 13, 15, 30, and 31
A general term for gases considered to be the main cause of global warming. Carbon dioxide (CO₂) emission is needed to be reduced, since CO₂ is widely thought to be the most influential human-derived GHG and related to climate change.

ISO 14064

..... p. 31
An international standard for calculating, reporting, and verifying GHG emissions and absorption generated by an organization or project.

GHG emissions Scope 1 - 3

..... pp. 18, 26
The GHG Protocol (an international standard for the calculation and reporting of GHG emissions) classifies emissions as follows.

Scope 1: Direct greenhouse gas emissions by the reporting company itself.

Scope 2: Indirect emissions from the use of electricity, heat, or steam supplied by others.

Scope 3: Other indirect emissions besides Scope 2 (Emissions by others related to the company's activities).

MARPOL Convention

..... p. 29
The International Convention for the Prevention of Pollution from Ships, 1973, as Modified by the 1978 and 1997 Protocols.

This convention stipulates initiatives for preventing air pollution as well as contamination through mishandling of oil, water, and waste.

SOx (sulfur oxide), NOx (nitrogen oxide)

..... pp. 11, 20, 28, and 29
Exhaust gas from engines and boilers used in vessels contains SOx and NOx generated in the course of fuel combustion. SOx and NOx react with water vapor or oxygen in the air to become nitric acid and sulfuric acid, respectively. These substances return to the earth in the form of acid rain after being absorbed by raindrops.

The acid rain often causes severe environmental damage such as damage to forests or killing lake and river organisms.

IMO (International Maritime Organization)

..... pp. 4, 5, 13, 27, and 31
IMO is a specialized organization of the United Nations that researches and establishes international maritime treaties and conventions. The IMO promotes cooperation among the governments of every nation with regard to technological and legal issues bearing on marine transport, including maritime safety, improvement in marine transport technology, prevention of ocean pollution by vessels, and the abolition of discriminatory treatment between countries.

PRI (Principles for Responsible Investment)

..... p. 3
A global initiative launched in 2006 under the leadership of the United Nations. PRI requires investors to take a long-term perspective when analyzing and evaluating companies, and to incorporate not only financial information but also ESG perspectives into investment decisions.

WACC (Weighted Average Cost of Capital)

..... p. 17
The average cost of raising capital which includes interest and dividends that companies incur when they raise funds by borrowing from banks or through investments from shareholders.

EU-ETS (European Union Emissions Trading System)

..... p. 5
A CO₂ emissions trading system in the EU. Emission allowances are set for companies that consume large amounts of energy, such as power plants. Companies are required to purchase excess allowances if their emissions exceed a set limit.

Stock Indicators

Evaluation Criteria for the Current Share Price (High or Low)

Price Earnings Ratio (PER): p. 18
(market capitalization ÷ profit = share price ÷ earnings per share)

PER indicates the multiple of the profit per share at which the shares can be purchased.

The higher the value, the more expensive the share price is in relation to the company's earnings.

Return on Equity (ROE): pp. 7, 14, 17, 18, and 42
(profit ÷ own capital)

ROE is an indicator of a company's profitability. It shows how much corporate profits (earnings) were generated from shareholders' equity (capital from shareholders = own capital).

Net Debt Equity Ratio (Net DER): pp. 7, 14, 17, 18, and 19
([interest-bearing debt - cash and cash equivalents] ÷ own capital)

DER is a financial indicator of a company's health. It shows the ratio of a company's interest-bearing debt (loans to its own capital (shareholders' equity; no repayment obligations) as a multiple. The lower the value, the sounder the company's financials.

Net DER is an indicator using real interest-bearing debt, which is calculated by deducting cash and deposits from interest-bearing debt.

Company Outline (As of March 31, 2021)

Outline of the Company

Company name	NS United Kaiun Kaisha, Ltd.
Head office	Otemachi 1st Square West Tower, 5-1, Otemachi 1-Chome, Chiyoda-ku, Tokyo 100-8108, Japan
Established	April 1, 1950
Principal lines of business	International marine transportation services and related businesses
Capital	¥10,300,000,000
Stock Exchange Listing	Tokyo Stock Exchange (First Section)
Number of employees	212
Fleet	127 vessels (14,027,000 DWT)



Major Consolidated Group Companies

Company	Main Business
NS United Naiko Kaiun Kaisha, Ltd.	Coastal shipping business
NS United Coastal Tanker Kaisha, Ltd.	Coastal shipping business
NS United Marine Service Corporation	Seamen dispatching business, safety supervising and supervising construction of new vessels
NS United Business Co., Ltd.	General affairs and accounting agents
NS United Systems Co., Ltd.	Development/maintenance of information systems business

Principal Overseas Subsidiaries & Representative Offices

Overseas Subsidiaries	Representative Offices
United Kingdom	Shanghai, China
United States	Hai Phong, Vietnam
Hong Kong	
Singapore	
Philippines	

Stock Information (As of March 31, 2021)

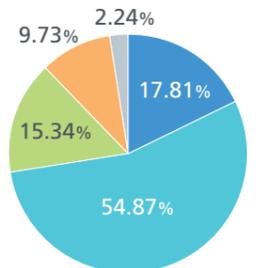
Shares Authorized	60,000,000
Shares Issued	23,970,679
Number of Shareholders	7,552

Major Shareholders	Number of shares held (thousands)	Percentage of shares held (%)
Nippon Steel Corporation	7,861	33.36
Nippon Yusen Kabushiki Kaisha (NYK Line)	4,324	18.35
Mizuho Bank, Ltd.	798	3.39
The Master Trust Bank of Japan, Ltd. (Trust account)	640	2.72
Tokio Marine & Nichido Fire Insurance Co., Ltd.	606	2.58
Hsin Chien Marine Co., Ltd.	504	2.14
Custody Bank of Japan, Ltd. (Trust account)	341	1.45
Mitsui Sumitomo Insurance Co., Ltd.	324	1.38
MUFG Bank, Ltd.	259	1.10
DFA International Small Cap Value Portfolio	242	1.03

Notes: 1. Number of shares held is rounded down to the nearest thousand.
2. The above list of major shareholders excludes NS United Kaiun Kaisha, Ltd., which holds 404,046 shares of treasury stock.
3. Percentage of shares held has been calculated excluding the treasury stock.

Shareholder Composition

- Financial institutions
- Other corporations
- Individuals, others
- Overseas investors
- Financial instruments companies



Share Price Trend



Notes: The opening price refers to the opening price on the first trading day of the month, and the closing price refers to the closing price on the last trading day of the month. The difference between the amounts is shown in white if the closing price was higher than the opening price, and in blue if the closing price was lower than the opening price. Effective from October 1, 2017, the Company changed the trading unit for shares from 1,000 to 100 shares, and conducted a reverse stock split at a ratio of one to ten shares. Accordingly, the Company's trading units on the Tokyo Stock Exchange have been changed from 1,000 to 100 shares from September 27. For convenience, share prices shown above up to September 2017 have been adjusted to reflect the reverse stock split.



<http://www.nsuship.co.jp/en/>

NS United Kaiun Kaisha, Ltd.

ESG Committee Secretariat, General Affairs Group

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