

A sunset over the ocean with a ship's deck in the foreground. The sun is low on the horizon, casting a warm orange glow. The ship's deck is visible in the foreground, with a helipad in the center. The sky is a mix of orange, yellow, and blue.

PART 2

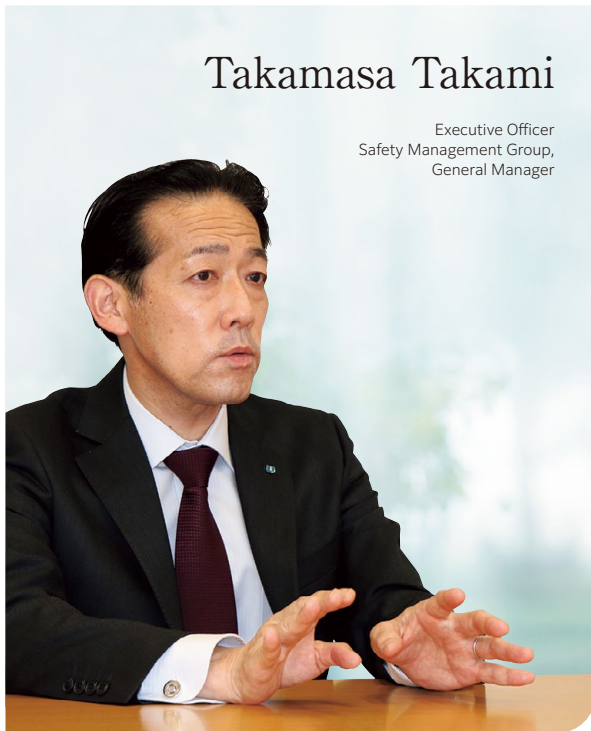
MATERIALITY TOPICS

NS United Kaiun's Value Creation



Maximizing the Potential of a Diverse Workforce to Build Sustainable Safety Management Systems

Safety constitutes the bedrock of transport service, and our Company has a social responsibility to ensure safe operation. With the objective of passing on safety management systems we have established to future generations, we are stepping up efforts to secure and develop human resources and capitalize on the diverse personnel capacity.



Takamasa Takami

Executive Officer
Safety Management Group,
General Manager

Increasing employment and capabilities of non-Japanese seafarers in preparation for a future seamen shortage

In Japan, issues with shortages of seamen will likely become severer given the nation's fast-declining birth-rate. We need to prepare for this situation in advance in order to ensure safe navigation well into the future. To this end, we are increasing the recruiting of non-Japanese seamen and expanding their capabilities.

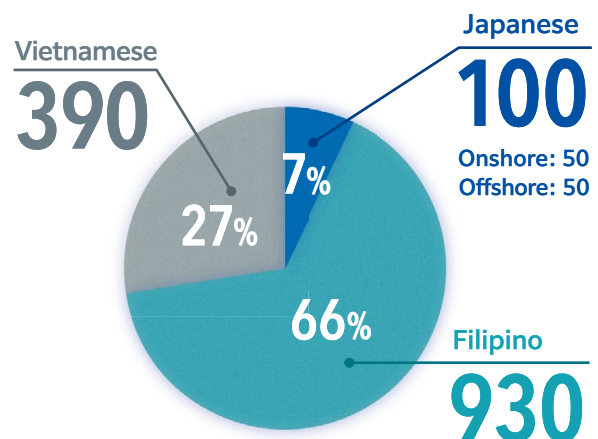
To expand the capabilities of non-Japanese crewmembers, we are considering scaling up a number of assignment to onshore functions, such as working in the Tokyo head office in the capacity of a seafarer, on seafarer training teams in various countries, and at training

centers as instructors. We will redevelop hiring plans to match the scale-up plans.

We are also ramping up recruiting activities, targeting a number of foreign nationalities. The Philippines is a stable supply source of seamen, and we hold recruiting sessions for several local schools in cooperation with NSUMPI.* Our selection processes include screening interviews as well as written examinations, with adequate importance placed on personality.

In Vietnam, with only a limited number of supply sources of seamen, we are striving to expand the scope of available sources by including maritime-related schools in addition to colleges that have produced graduates that our Company has hired in the past, and running recruiting sessions at such schools. In addition, we are planning to employ Indian superintendents known for their high levels of expertise in quality management and third-party vessel inspections. Furthermore, we are actively carrying out public advertising for seamen regardless of nationality, creating various opportunities by enhancing corporate presentation briefings, the

Seafarer composition at NS United Kaiun





Company website, our corporate profile, and other communications channels.

*NSUMPI stands for NS United Marine Philippines Inc., a Philippines-based crew manning company partly owned by the Company

Promoting assignment of non-Japanese seamen at the Tokyo head office, as a job rotation

We provide a job rotation program at the head office in Tokyo for non-Japanese seamen. It is an approximately three-year course in which participants are posted as superintendents to a number of teams engaged in onshore functions, such as marine affairs, crew manning, and ship maintenance. The program primarily aims to help participants enhance their professional knowledge and skills by broadening viewpoints and mindsets considering the interests of ship management companies as well as operators through performing supervisory duties on land while drawing on their past work experience onboard. Upon completing the course, participants return to work onboard, they will be able to demonstrate

newly acquired skills in managing operations and give instructions to ensure onsite safety from both onshore and offshore perspectives.

The program has accepted a total of 13 participants to date. Their performances have noticeably improved, showing raised empirical value, and being appreciated for facilitating smoother task completion. The program also plays a significant role in promoting diversity and inclusion in the workplace, as it provides participants and employees in the host office with opportunities to have better understandings of different cultures and social practices while engaging in various activities together during the period of the program.

The Seafarer Training Team holds a meeting with the local equivalent division in the Philippines and Vietnam every year to review details of the current learning and training programs and discuss new plans for the programs. We are continuously laying out various training plans, including head office-based work experience programs, onboard OJT, and other training courses, aiming to develop many more competent seafarers.

Initiatives for sustainable safe operation

Upgrade skills of crews	<ul style="list-style-type: none"> • Improve and enhance training and education programs • Clarify promotion standards by rank
Develop new operation capabilities	<ul style="list-style-type: none"> • Resume vessel management for liquid cargo shipping • Prepare for new types of fuel • Assign non-Japanese crewmembers to onshore operations
Promote DX for vessel management	<ul style="list-style-type: none"> • Implement new software for vessel management and improve operations • Utilize digital database for vessel management
Improve workplace environment	<ul style="list-style-type: none"> • Enhance harassment prevention measures, set up registry-based compliance advisory service desks • Improve mental health programs, set up healthcare consulting service desks directly accessible to seafarers • Ensure that seafarers' human rights are respected and improve the well-being of seafarers



I understand the significance of both onshore and offshore functions in playing essential roles in ensuring safe navigation, and I commit to dedicating my sincere efforts as an NSU family member.

Jeffrey Raphael T. Viray

OJT Master

Posted in the Marine Team, Safety Management Group, Head Office, from October 2019 to January 2023

I had various questions at first, but I looked at it in a positive way—as a challenge and a way to enhance my knowledge, experience, character and ability to facilitate safe operations on board.

For about three years, I was in charge of various operations: Marine-related matters (conventions, regulations, rules, SMS), CSO duties, supervisor for newbuilding vessels, safety/charterers’ inspection, insurance matters, assist for external management company and assist for other Company departments as required or instructed.

I expected a big adjustment because I hadn’t experienced working ashore or as an office worker. However, thanks to the support and assistance provided to me by the Company staff, especially my team leader and other colleagues, I was able to make the adjustment and complete my term as a marine superintendent. They provided me with a sense of working together like a family.

The Company is well established but if the board is thinking about adding more foreign national shore workers, we should have some of the Company files, programs etc. translated into English.

This program of the Company greatly helped me to develop various abilities that are contributing factors for ensuring greater safety. Since

there are too many to mention, I will share below some of the ones that I think are very important:

1. Knowledge - It provided me with a clear and complete idea about the effects of ensuring safe operations on board for my own and my shipmates’ safety, for the company’s reputation and for the customer’s satisfaction amid numerous challenges including the outbreak of COVID-19.
2. Communication with company - My confidence in my ability to communicate openly/freely with each PIC of the Company has improved.
3. My personal outlook - It made me understand the difference between working on board ships and working in an office. Due to this experience, I better appreciate how both play a significant role in ensuring safety, but I also now see the most important thing is to work together as a family, which means working with heart ... for the continuous growth and expansion of our “NSU family.”

I am now scheduled to return on board as OJT master this June (2023) and hopefully, on board as well, I can fulfill the purpose of my deployment at our Tokyo headquarters.

PART 2



Mr. Viray gained valuable work experience at the head office that will help him work, either on land or at sea, and give him a strong advantage in building a career path.

Zoilo H. Paa

President
NS United Marine Philippines Inc.

The objective of sending an superintendent to serve as a trainee at the Tokyo head office was for him to acquire skills and absorb the company culture, to develop his knowledge around technical support for vessels and to get a full understanding of overall shipping operations.

I worked in Tokyo for nearly 3 years. With the help of my colleagues, I learned a lot and developed my knowledge and skills as a technical superintendent. I also met people, especially businesspeople connected to shipping. My work experience in Tokyo made me aware of and understand how shipowners will react and gave me the ability to relate to that and to respond to whatever circumstances arise as needed.

Mr. Viray is now ready to be our OJT master, a shipowner’s representative ready to maneuver the vessel safely, promptly, efficiently and economically; ready to comply with international rules of the sea and port regulations. He is also able to become a marine superintendent in Manila if he wants to someday.

The experience can be advantageous for either working in the office as a superintendent or returning to a life at sea, having become fully aware of the essential needs for the safe operation of ships in compliance with international rules and regulations and within the operational cost parameters.



I am aspiring to becoming an engineer in Vietnam, where there are only a few women working in the profession at present. I work onboard as a trainee to build the necessary skills, and am receiving support from many people.

Nguyen Thi Thai Chau

Engine Cadet

To prepare to become a licensed engineer, she is engaged in the 12-month onboard training program. The program started in December 2022 on board of NSU BRAZIL, and it has reached its seventh month at the time of this publication.

In September 2022, I joined the VINIC*. After completing the training course, I officially embarked to start work on December 2022. Maritime transportation is a growing industry, not only in Vietnam, but worldwide. The number of female crewmembers who work on board vessels is very small, however, especially in Vietnam. When I chose to work in the maritime industry, my mother was the first one to support me, and then my uncle, who is a seafarer himself, introduced me to this job. Learning and working on board has been a dream come true for me.

I'm currently learning and working on board under the supervision of the first engineer. I am learning about the duties of the third engineer—operation and maintenance of equipment and machinery—under the guidance of the third engineer. In addition, I also participate in the team of the second engineer to study the methods of operating and maintaining machines under the instructions of the second engineer. I assist the third engineer in the engine room, and I support the chief engineer and second engineer as well. I am always excited and never get tired because I am always learning more things. Day by day, my knowledge is improving and will get better.

My current position is engine apprentice. I will acquire as much knowledge as possible to become a third engineer in the near future. I'll have a one-year contract as a cadet, then I'll get a license. Next, I'll try to get promoted to third engineer. If everything goes well, my ultimate target is to become chief engineer in about 10 years.

Working onboard as a female is difficult and is my biggest challenge. The work environment and interpersonal relationships are both factors in this job. In particular, big and heavy tools are the largest barrier for me. However, I can overcome such problems thanks to good workplace relationships with those around me, who offer kind help to me when in need. Crewmembers on the vessel are all cheerful and friendly, and I enjoy working and living with them. They teach me and help me a lot in my work and they provide me with a lot of knowledge. I feel lucky for everything that I have received in this environment. To make the workplace more diverse and effective, I think first about my own responsibility. Each person needs to be responsible for their work in order to achieve a high level of efficiency and create a more comfortable workspace.

*VINIC refers to The Company for Training, Labors Supply and Maritime Services Ltd., a Vietnam-based crew manning company and a partner of the Company.

Conducting seamen happiness surveys

As a result of the COVID-19 pandemic, many crewmembers suffered from very stressful work conditions due to rigorous embarkation/disembarkation controls and restricted opportunities to go ashore. In this context, we conducted happiness surveys of all crewmembers on our fleet in February 2023.

The survey asked questions about a sense of professional engagement and the Company's welfare benefits for onboard personnel, and respondents entered their specific suggestions and requests for improvements in a free format. We will conduct this survey on an ongoing basis. Survey results are used to understand crewmembers' thinking and requests accurately and improve the well-being of our crews in the future.

Conducting safety campaigns

In fiscal 2022, we held a safety campaign with a focus on preventing casualties, injuries and illnesses onboard under the slogan: "No accidents, no injuries, no illness, disembark in good health and with a smile!" Visiting vessels to collect the opinions of crewmembers onboard was restricted due to COVID-19, but now we have returned to this practice for the first time in three years with infection prevention measures taken to ensure the safety of each vessel visit, in addition to continuing to distribute video messages from the president and board members to the entire fleet. Based on our recognition of the importance of close communication between land and sea functions and perspectives shared to strive for safety navigation, we will continue the safety campaign while making improvements.



Board members and others visit vessels in turns and hold a small group discussion



Safety campaign calendar for preventing occupational accidents



Advancing toward High Goals of Achieving Carbon Neutral Marine Transportation Services

According to our Purpose “Through Marine Transportation, We Will Work Together to Shape the World Today and Create a Sustainable Future,” the Environment Conservation Promotion Group is committed to achieving carbon neutrality. We are laying out a battery of scenario-based plans, including for the production and supply of future vessel fuels.



Toru Fujita

Director,
Managing Executive Officer
Environment Conservation
Promotion Group,
General Manager



Examining every possible approach to reducing CO₂ emissions from operating vessels while putting all into practice one by one

Environmental conservation is one of the major social challenges today. We are facing with many environmental issues associated with global warming and ocean pollution, among others. Recognizing the severity of this situation, NS United Kaiun proactively promotes environmental conservation activities.

One of our highest priority issues is to reduce GHG emissions. Vessels engaging in marine transportation services consume huge amounts of heavy fuel oil, emitting enormous amounts of CO₂ from the industry as a whole. The scientific theory says that the ship's fuel consumption is proportional to the cube of its speed. As a leading measure to diminish CO₂ emissions, we are promoting slow steaming operations as much as possible according to transportation schedules and weather conditions.

Also, we carry out energy-saving retrofitting for the main engine of our vessels. We adopt systems to set limits on fuel consumption and navigating speed in order to control fuel supply while installing pulsation dampeners and other cutting-edge efficiency improving technologies that are suitable for each of the different types of engines, in a bid

to promote environmentally friendly vessel operation.

Another important strategy is propeller replacement. Generally, ships are fitted with propellers designed to optimize performance at normal output of the main engine. For switching to a slow steaming with output ceiling levels kept down, the fitted propellers should be replaced with an energy-saving type suited to the lower output in order to raise energy efficiency and facilitate fuel-saving operation. We promote this replacement in accordance with the regular dry dock schedule.

Steadily proceeding with various projects to develop and introduce next-generation marine fuels

We are moving forward with research and verification to introduce next-generation marine fuels to replace heavy oil. Toward the goal of achieving carbon neutrality by 2050, we need to convert to zero emission marine fuels, represented by ammonia, green methanol, and bio-LNG. However, it will likely be 2030 at the earliest when the industry begins to adopt these fuels in full scale, given the many hurdles to overcome to build necessary functions, such as production systems and supply infrastructure. Thus, as transition measures, we are specifically considering alternative plans, including replacement with new dual-fuel vessels combining heavy oil and ammonia/methanol, and the introduction of ships equipped with wind-powered auxiliary propulsion systems.

In addition, we are pursuing methods to cut CO₂ emissions substantially by using biodiesel fuel mixed with heavy oil. In March 2022, we conducted a trial operation on our very large ore carrier powered by biodiesel fuel refined from used cooking oil, which was supplied in Singapore. The operation was completed successfully.

Following this, we conducted two more trial operations using internationally certified biodiesel fuel supplied at the Ports of Nagoya and Singapore. Biodiesel fuel is regarded as a highly versatile, low-carbon fuel because of

its compatibility with existing vessel engines and utilization of existing infrastructure for fuel supply.

Preventing ocean pollution as well as global warming to demonstrate our commitment to responsibility for the future of oceans and the earth

As a marine transportation service provider, we recognize our serious responsibility for protecting the ocean environment, and thus devote our fullest efforts to preventing oil pollution. Oil pollution accidents may cause devastating damage to oceanic ecosystems, typically with spilled oil doing harm to marine creatures and birds immediately as well as exerting an adverse impact on the affected ecosystems overall for the long term. We are fully aware of these risks and the severity of possible damage, and taking action to prevent oil pollution accidents.

In order to minimize the risk of oil pollution, we have set strict safety standards and established thoroughgoing training and monitoring systems. Ship maintenance and inspection is performed by onboard and onshore functions working together, and near-miss reporting activities are encouraged to prevent machine failures and human errors from leading to accidents. In preparation for possible oil pollution accidents, extensive training is carried out to boost emergency response capabilities, specifically with each vessel running onboard drills at least every

three months to be able to promptly respond to the situation and take the appropriate actions while establishing cooperation with the relevant authorities.

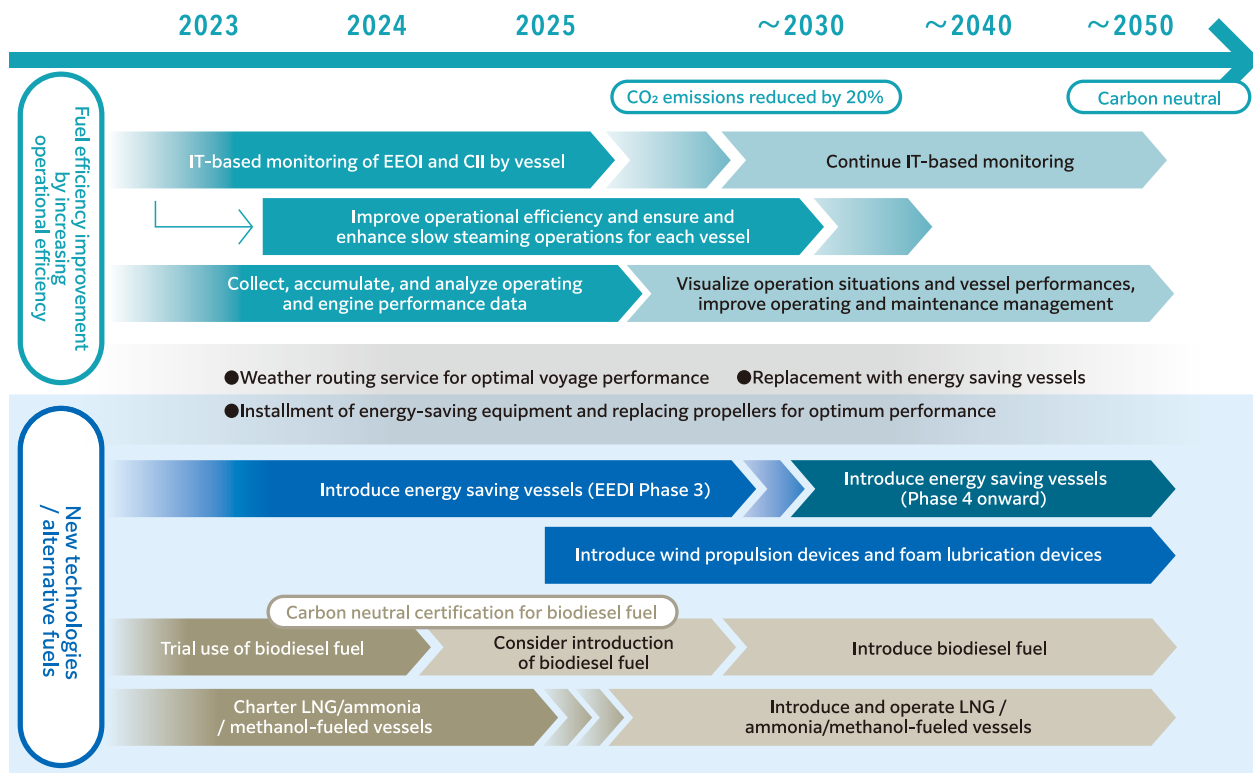
By promoting the above-described activities, NS United Kaiun will devote the utmost effort to prevent ocean pollution and global warming, aiming to achieve sustainable marine transportation services. We hereby state our firm commitment to preserving the invaluable ocean environment as well as the overall global environment.

Joint research on a vessel with hard sails

For development and implementation of wind-powered fuel-saving technology using sails, joint research with Namura Shipbuilding Co., Ltd., has been conducted since May 2021. The new vessel is characterized by:

- (1) sails that can be stowed below deck so as not to obstruct cargo operation, (2) in order to get the maximum wind force, the sails are outspread in the width direction to expand the wind receiving area and (3) use of multiple sail shapes in order to secure visibility from the bridge, as set forth in the International Convention for the Safety of Life at Sea (SOLAS Convention).

Timeline up to 2050, the target year of carbon neutrality





Innovating Future Ship Technologies Together with Stakeholders

To pursue our Purpose of “Through Marine Transportation, We Will Work Together to Shape the World Today and Create a Sustainable Future,” the NS United Kaiun Group needs to develop ship technology innovation strategies while accurately anticipating the future. For this purpose, our Group is promoting various initiatives to develop and implement new technologies, with a principal focus on safe navigation, environmental impact reduction, and human capital maximization.



Takashi Kawamoto

Ship Management Group
Senior Counselor

Aiming to solve ESG issues through technology innovation

Ship technology innovation is essential to solving various ESG-related issues, such as improving navigation safety, reducing environmental impacts, and increasing human resources utilization, in order to enhance transportation quality. Delay in taking action on technology innovation can result in a loss of business opportunities. Based on this understanding, our Group is developing various technology innovation strategies.

For example, we are promoting the use of digital technologies to increase navigation safety and efficiency. The ship management division is introducing systems to collect and process data related to engines, navigation and cargo operations and provide necessary information in real time to the relevant parties.

Our initiatives for the environment center on the reduction of GHG emissions. Specific plans being implemented and considered cover a broad range: from replacing propellers with optimal design models and retrofitting various energy saving devices to improve energy efficiency, to research and development on a vessel with hard sails as well as the introduction of rotor sails and air lubrication systems. We are also conducting the research on the intro-

duction of next-generation fuel, such as LNG, biodiesel, and ammonia.

In the area of human resources, we are adopting all-inclusive systems that cover key ship management operations, including maintenance planning, spare parts management, and crew management. These systems are being deployed across the entire fleet as well as in the onshore operations management division, and are aimed at reducing the overall workload significantly. We are also working to increase the well-being of seamen. Among a number of measures being taken are installing ultralow frequency devices onboard that keep food fresh to improve onboard dining and adopting a low orbit satellite-based communications service with faster speed and a larger capacity.

Promoting decarbonization initiatives in cooperation with customers

The EU has launched the Fit for 55 package to achieve the target of reducing net GHG emissions by at least 55% by 2030 (compared with 1990 level). In addition, the EU-ETS will apply to the shipping industry, starting in 2024. Response to these actions will entail new costs for CO₂ emissions from vessels, which is likely to prompt the shipping sector to accelerate emissions reduction efforts for economic reasons.

The Company has set the medium-term goal of reducing CO₂ emissions per transportation unit by 20% by 2030 based on the 2019 level, and we are carrying out technology innovation activities sequentially to achieve that goal, as I before mentioned. The Company is also implementing slow steaming operations while employing weather routing services.

The Company is working earnestly on the IMO's CII rating system for ship fuel efficiency, initiated in 2023. All the sales groups and the Environment Conservation Promotion Group work together to monitor the performance of each vessel on a regular basis while sharing CII scores with customers to ask for their understanding and cooperation.

For fleet development, we are examining the possibility of including vessels featuring state-of-the-art fuel efficiency technologies, wind propulsion systems, and methanol-fuel or ammonia-fuel engines while conducting the relevant research. We also exchange opinions with customers on a regular basis, aiming to achieve an optimal fleet composition.

Going forward, the decarbonization of steel-making processes will progress faster, which will cause an increase in shipping demand for direct reduced iron and scrap as well as ammonia and liquid CO₂ in the future. Anticipating this, we will effectively meet customers' needs for the reduction of Scope 1 and 2 emissions while working to enhance services in collaboration with our subsidiaries in London and Singapore.

AiP obtained for the design of an ammonia-fueled ship

The Company is engaged in an ammonia-fueled ship development project jointly with ITOCHU Corporation, Kawasaki Kisen Kaisha, Ltd., Nihon Shipyard Co., Ltd., and MITSUI E&S Co., Ltd. The project is supported by the Green Innovation Fund (adopted in 2021). In order to ensure safety when using the toxic substance of ammonia as a marine fuel, the project identified risks associated with operations (particularly for fuel bunkering), made verifications, and implemented necessary measures. In 2022, the basic design of the ship under joint development was assessed and recognized as being "capable of ensuring

the same level of safety as ships operating with existing fuels," and obtained an Approval in Principle (AiP) from Nippon Kaiji Kyokai (ClassNK). Based on this milestone achievement, the project has moved to the next step, which involves the verification of equipment to prevent ammonia leaks from the facility and the layout of safety and detection devices. We are drawing on the expertise we have built up from many years of operating bulk carriers to improve the design to the greatest extent possible, aiming to provide customers with the same level of ease of use as before.

The ammonia-fueled ship development project aims to implement the technology for real-life applications at the earliest possible time before 2028. Together with our partner companies, we will move forward to create the world's first distinctively innovative and user-friendly ammonia-fueled ship.

Together with all stakeholders

Ship technology innovation cannot be achieved by a single company. Rather, collaborations with many different stakeholders including shippers, customers, shipyards, equipment manufacturers, accreditation bodies, international organizations, national governments, research institutes, and environmental groups are essential. Collaborations offer a diverse spectrum of perspectives and suggestions, which should be appropriately understood and shared to create new value. Going forward, we will continue with our technology endeavors while boosting relationships with all stakeholders.

Major ship management strategies

Initiatives	Details		Related material issues
Reviewing ship management software	Advanced ship management system	Increase operational efficiency, promote data utilization	Safety, Environment, Human resources
Introducing operating support software	Installing fuel bunkering calculation software	Prevent errors in fuel bunkering calculation, prevent oil spills	Environment
Introducing data analysis system	Equipment monitoring / remote diagnosis system	Remote monitoring of vessel operation data, efficient operations, accident prevention	Safety, Environment
	Introducing ship operation support program	Remote monitoring of vessel operation data, efficient operations, accident prevention	Safety, Environment
	Installing motion sensors	Monitor vessel motion, improve safety	Safety, Customer satisfaction
Retrofitting to save energy	Replacing with the latest design of high-efficiency propellers	Improve propulsion efficiency, reduce fuel consumption	Environment
	Installing energy saving main engine controller	Reduce fuel consumption	
	Replacing with propeller boss cap fins	Improve propulsion efficiency, reduce fuel consumption	
	Installing rotor sail system	Reduce fuel consumption by adopting a wind-powered auxiliary propulsion system	
	Installing LED lighting	Reduce power use to reduce fuel consumption	
Ultra-slow steaming operation		Reduce fuel consumption per ton-mile	Environment
Onboard device that keeps food fresh	Installing ultralow frequency devices that keep food fresh	Improve welfare benefits for seamen	Environment, Human resources
High-speed satellite communications service	Introducing new satellite communications service	Offer high-speed satellite communications for operations and employee welfare	Safety, Environment, Human resources
Environmental impact reduction	Replacing refrigerants of freezers and refrigerators	Replace with low global warming potential refrigerants	Environment



Promoting Personnel System Reform in the Time of Changes

Human resources constitute a key source of enhanced corporate value. Based on this recognition, we are striving to increase employee engagement and develop an organization that can maximize the potential of each person. To this end, we launched the personnel system reform initiative in fiscal year 2022.



Reforming the personnel system to implement business strategies successfully in the future

It has been 20 years since the present personnel system was launched. Over these years, our business environment has gone through significant changes chiefly attributable to the advancement of environmental and DX technologies and heightening awareness of sustainability. In response to these changes, we urgently need to pursue strategic investments in areas with high sustainability and growth potential, and to this end, to establish human resources management systems to build capabilities for implementing relevant tasks.

Against this backdrop, we started personnel system reform in 2022, with the objective of: linking the creation of corporate value with job satisfaction of individuals so as to increase employee engagement; resolving the gap between the ideal state of human resources and organizations that implement business strategies and the current state; and securing and developing core personnel with the aim of raising added value and productivity.

To attain these objectives, we started by identifying issues to address. We did this in the following way: analyzing the present systems, performing employee surveys for the entire onshore personnel and job analysis surveys for directors who execute business, and holding the ESG Week discussion on “job satisfaction,” and using the related results to clarify the ideal personnel qualities envisioned by the management, issues with present systems and their application,

and thoughts and desires of employees. The following are major issues identified through the above process.

Issues related to job position

One major problem with the job grade system derives from its simple double structure of management and non-management careers. Instead of focusing only on management skills, we need a system for recognizing contribution made to the Company by using other specialized skills and treating the person appropriately. Improvement is also needed with the job position system, which offers two separate paths—career track position and semi-career track/administrative position—with the latter occupied by women, characterized by limits set on work place and eligible position level. The system should be able to properly acknowledge not the role anticipated at the time of joining the company, but abilities and performances displayed.

Issues related to target management and assessment accuracy

For the target management system, in which, presently, the assessee submits annual target plans at the beginning of each term and the assessor makes assessment based on the plans, we have specified a number of issues to address: create specific standards for setting targets (deadline, level of detail, direction) to ensure consistent operation of the system; hold evaluation interviews with an appropriate interval of time (once a year at present) to keep up with the times effectively; and revise evaluation formats to shift from the ongoing formats based primarily on the absolute evaluation method prone to overevaluation and bias toward the average.

Issues related to diversity

In Japan, where the national population is rapidly aging, we need to step up efforts to recruit good talents for new graduate and mid-career employment as well as promoting women’s empowerment. Also, environmental improvements are needed for supporting elderly employees to continue working productively for the long term, in response to requirements such as for companies to raise the mandatory retirement age to 65, as described in the Act on Stabilization of Employment of Elderly Persons, which will go into effect in April 2025.

“Be simple” “Feel secure” “Enjoy challenges” —keys to the new personnel system

Institutional designs were made to deal with the issues identified. We aimed to form an appropriate organizational culture with a particular focus on transparency, psychological security, recognition of challenges taken on, and rewarding experience. To promote relevant activities, we set three key phrases: “Be simple,” “Feel secure,” and “Enjoy challenges.”

Multi-path job grade system and united path for job position system

The job grade system will be reorganized by creating a new grade structure for specialists in order to treat such professionals appropriately in recognition of their contribution to creating value by using advanced technical prowess, while maintaining the previous structure for management career. In the job position system, semi-career track/administrative positions will be united into the career-track path, and the limit on eligibility will also be removed. These reforms aim to encourage strong motivation, abilities, and aspiration for higher positions.

Assignment and commitment

A new model will be adopted to establish the practice in which the assessor assigns quantitative and qualitative operational targets and deadlines to the assessee (assignment) and the assessee commits to the targets (commitment). The plan is to link individuals' operational targets with policies of the management and business units so as to help each person to become mindful of achieving their targets to contribute to our Purpose and specific portions of the six priority issues, look at the approach toward the future goals in a retrospective fashion from the point of time in the future set to achieve them, and think and act from this perspective.

Introducing the one-on-one interview format, developing evaluation skills

The target management system will be redesigned by

introducing the quarterly one-on-one interview format to replace the previous annual cycle format characterized by a single end-term evaluation performed for the targets submitted at the beginning of the term. The key purpose of the new format is to increase assessor-assessee interaction. We hope it will be used both for giving professional and personal advice. It is also expected to accelerate the PDCA cycle for assignment-commitment practice to be able to make correction as necessary in a timely and flexible manner. At the same time, we are preparing programs to improve evaluation skills for assessors to fulfill their responsibilities of interviewing the assessee in person to evaluate the progress made toward the operational targets, describe the gap to fill to achieve them, and give advice to this end. Assessor training programs will also be offered to develop comparative perspectives in order to improve assessment accuracy as well as raising the awareness of accountability for evaluation results.

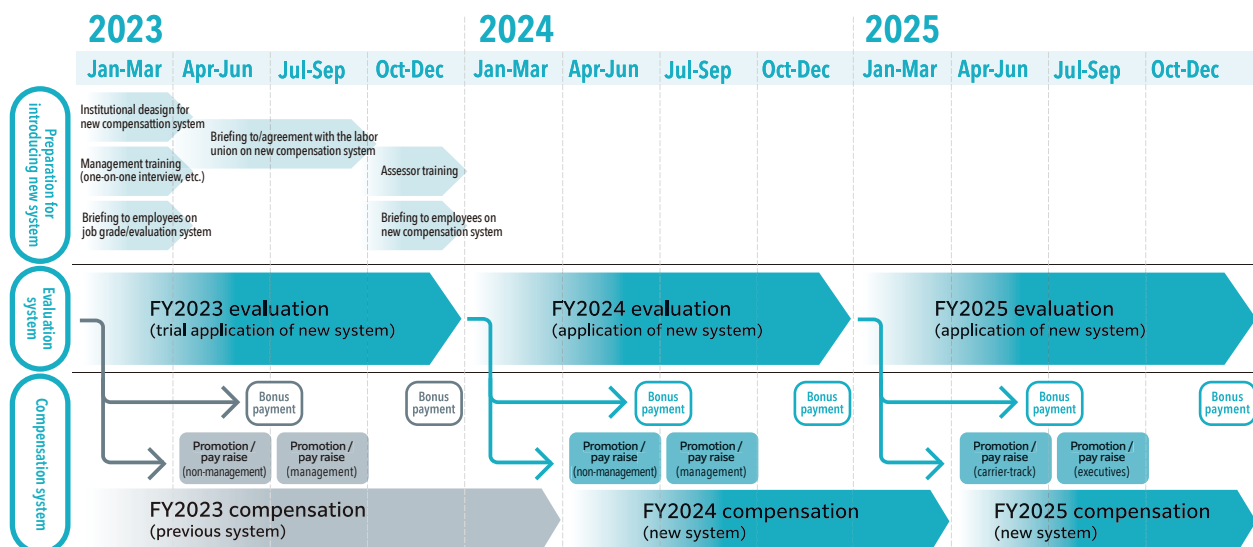
Encouraging elderly employees to play an active role

We are aiming to create an environment that can support elderly employees to work productively with professional pride and job satisfaction while passing down their precious professional expertise and experience to future generations.

ESG Week discussion on “job satisfaction”

Every year, as part of the ESG Week campaign, a workplace discussion meeting is held on related topics, involving all the employees. In fiscal year 2022, the president attended the meeting to present a number of agenda items on the theme of job satisfaction, and employees exchanged opinions in response to each item. The meeting produced many different suggestions and requests, such as for environment supportive of self-development efforts made through fulfilling work duties, and more fair and proper personnel evaluations, which were collected to be shared with the Board of Executive Officers and the Board of Directors. We will continue to carry out these activities, looking to link employees' job satisfaction with the views of the management.

Transition schedule for personnel system reform





Aiming for Sustainable Growth and Enhanced Corporate Value, We Are Pursuing the Diversity of Core Personnel

NS United Kaiun (NSU) Group is committed to corporate governance as an important management issue in line with its group corporate philosophy to “contribute to the development of society by providing trusted and high-quality marine transportation services.” In June 2023, as part of the above commitment, the Company invited three new female members to join its Board of Directors.



Noriko Miyamoto

Director, Senior Managing Executive Officer

Career summary

Apr. 1983	Joined Nippon Yusen Kabushiki Kaisha (NYK Line)
Apr. 2008	Transferred to NYK LINE (MALAYSIA) SDN, BHD. KL
Apr. 2012	General Manager, IR Group, NYK Line
Apr. 2014	Corporate Officer
Apr. 2018	Managing Corporate Officer
Jun. 2019	Audit & Supervisory Board Member

In pursuit of NSU’s sustainable growth, I will take on new challenges, thinking flexibly and working together with employees

I joined Nippon Yusen Kabushiki Kaisha as a new graduate. In the company, I was posted in various departments according to the job rotation system designed to develop

generalist skills. I was also assigned to overseas offices in Singapore and Malaysia where I served as president of the local subsidiary. Upon returning to Japan, I worked as the general manager of the IR Group, Corporate Officer, and Audit & Supervisory Board Member. Then, I assumed the current position of Director and Senior Managing Executive Officer of NS United Kaiun. In this position, I am in charge of the General Affairs Group and Project Group. I think that my role is to assist the Company to keep on its right following the well-established self-guided trail and choose better directions when necessary, rather than suggesting the possibility of making a complete about-face.

One of my important roles is to increase diversity. By accepting three female members, including me, the Board of Directors, previously composed exclusively of male management executives of almost the same age, compromises the positive benefit from the past homogeneous membership, which is non-verbal, heart-to-heart communication. In this context, I hope, I could offer new, different views and thinking that are useful. While the Board of Directors has achieved 30% of female directors among the board members, a standard condition for being a socially advanced enterprise, business execution functions lag behind in this area, with zero female manager, which indicates a need for improvement in promoting women managers in the Company. I will endeavor to boost the motivation of female employees, help them to build up experience to increase self-confidence, and encourage them to pursue a career as a manager.

The Company has a competent hard-working workforce with individuals committed to their field of specialization and embracing many challenges, which constitutes the Company’s strength. Another robust source of the Company’s strength is dry bulk services, our core business. Despite its susceptibility to the volatile market, the business remains to be a stable earner by concluding long-term contracts with major customers based on long-established trust relationships with them, which

gives us a unique competitive advantage. It is a vitally important management issue to ensure the capacity for keeping or raising this level of profitability, while pursuing targeted investments in areas where we can take full advantage of our unique strength to achieve growth. For carbon neutrality, while implementing policies set in the medium-term business plan, we need to effectively respond to external rapid changes, particularly related to environmental regulations in the EU and other regions, social trends, and the situation involving fuel and cargo.

As a board member, I will strive to keep watchful eye on the industrial situation and collect relevant information, and at the same time, I will take on new challenges, thinking flexibly and working together with employees.



Ryuko Inoue

Outside Director

Career summary

Apr. 1981	Joined the Ministry of Agriculture, Forestry and Fisheries
Jan. 2003	Minister of Embassy of Japan in Italy, Permanent Representative of Japan to Food and Agriculture Organization of the United Nations (FAO) and the United Nations World Food Programme (WFP)
Apr. 2016	Research Councillor (Deputy Director-General) of Agriculture, Forestry and Fisheries Research Council, Ministry of Agriculture, Forestry and Fisheries
Nov. 2017	Registered as attorney-at-law, Atsumi & Sakai (current)
Feb. 2019	Member of Employers Committee of Central Labor Relations Commission (current)
Jun. 2021	Outside Director, Cosmo Energy Holdings Co., Ltd. (current)

High expectations for NSU as a transporter of resources and raw materials for the steel industry, the backbone of industrial and economic development, as well as an active player for carbon neutrality

I had served for the central government, mainly in the

Ministry of Agriculture, Forestry and Fisheries, until I retired as a government official and became a lawyer, which is my current occupation. My major fields of specialization are in compliance, internal control, and corporate governance. NSU offered me the position of outside director, as I understand, primarily in consideration of the gender balance of the Board of Directors. Yet, I felt greatly honored to accept the offer, given my past career involved in international marine transportation when working for the Ministry of Transport. In my new position, I will commit to my role in enhancing NSU's corporate value and further solidifying its governance systems, principally by drawing on my past and present experience as a central government official, lawyer, and outside director of other companies.

Major roles of the Board of Directors are in presenting the overall direction of the management through business strategies and other policies, supporting an appropriate risk-taking attitude, and overseeing directors and employees effectively. Outside directors are responsible for supporting the fulfillment of these roles by offering advice and performing oversight duties appropriately based on their expertise. In particular, I place a great deal of importance to taking advantage of the independent position from the management and controlling shareholders in order to reflect opinions of minority shareholders and other stakeholders properly in decisions made by the board.

The Company's recent decision to accept three female members into the Board of Directors represents a significant milestone in its history. Especially, by inviting Ms Miyamoto as director and executive officer, the management team made a bold decision. That said, personally, I suggest that the Board should basically keep its previous regular operating style, rather than trying to make hasty changes. It is indeed important to respond to the government policy of requiring "TSE Prime-listed companies to achieve an at least 30% of percentage of women directors/officers by 2030." However, I think each company should pursue this target in a realistic, flexible and effective way, considering the characteristics of the industry and the company and avoiding focusing only on meeting the target figures.

The key strength of NSU is attributable to its specialist capabilities as a career of resources and raw materials for the steel industry, representing the backbone of the world's industrial and economic development. Also, promoting the marine transportation business is a vitally important social mission to support the development of Japan as a maritime state. The marine transportation industry is facing issues related to fuels in the context of technology innovation progressing toward carbon neutrality. The sector needs to tackle this challenge squarely as international standards require many individual industries, including marine transportation, to act as Scope 3 emitters in the cross-sector context, while addressing their own Scope 1 emissions. In the area of human capital,



I notice the management policy of placing particular focus on developing individual abilities as a source of organizational capabilities, and capitalizing on human resources to raise profitability. I see a strong potential for the Company, by pursuing this policy, making a quantum leap into the future.

Masako Yoshida

Outside Director



Career summary

Apr. 1980	Joined Tokio Marine & Fire Insurance Co., Ltd. (currently Tokio Marine & Nichido Fire Insurance Co., Ltd.)
Jun. 2013	Executive Officer; General Manager, Travel and Tourism Production Dept.
May 2017	Outside Director, Matsuya Co., Ltd. (current)
Apr. 2018	Managing Executive Officer, Tokio Marine & Nichido Fire Insurance Co., Ltd.
Apr. 2022	Managing Director
Apr. 2023	Audit & Supervisory Board Member, Tokio Marine Millea SAST Insurance Co., Ltd. (current)

In order to accomplish the Purpose, a fruit of corporate-wide cooperative efforts, I will strive to achieve an organization that can maximize the potential of workplace diversity

I joined Tokio Marine & Fire Insurance Co., Ltd., where I had engaged in various jobs related to administration, sales, system development, and personnel affairs, over years before serving as a general manager and then executive officer. I was employed into the general staff position for non-management career path, and women's career development was yet to be a social issue in Japan in those days. So, I had never imagined that I would continue to work these long years, much less become a manager and managing director.

In 2000, when many business people began to talk

about "diversity," I was transferred to the personnel affairs department. In response to this trend, the company launched initiatives to address this issue. While working on individual projects, I met a diverse range of people, who provided me with new business opportunities and encounters with new people. My cherished mottoes are "Small things make a big difference," "Turn a challenge into an opportunity," and "Go and see the site to understand what is happening." My basic policy is to embrace challenges. When someone on the team hesitates to accept the offer of transfer or promotion, I basically advise the person to give it a try.

I became first involved in the shipping industry when I attended the naming and delivery ceremony of a containership taking place in the Seto Inland Sea before the outbreak of COVID-19. I was honored to cut the champagne cord and sent off the vessel departing into the oceans of the world on her maiden voyage. That was a truly captivating, unforgettable experience. So I was very pleased to accept the offer to assume the role of director of the Company. I particularly note the understanding that the outside director is a position to represent minority shareholders and the general public. Based on this understanding, I will fulfill my role primarily by presenting new angles, different ways of thinking, and multifaceted views, and for this purpose, I will endeavor to broaden my horizon and look closely at areas outside the scope of internal knowledge. Despite having low experience in the shipping industry, I am willing to express my opinions at board meetings, hoping that such could effect a deeper discussion.

What particularly intrigues me about NSU is its Purpose, which is a result of cooperative efforts involving all the employees in its formulation, as I was told. I will commit to pursuing this unique corporate commitment. I would like to help the Company establish a diverse and inclusive workplace where each person, regardless of gender, age, or years of experience, looks at their duties in light of the Purpose and shares their views with each other, even when in doing this they need to exercise special courage to overcome a challenging situation caused by different opinions and conflicting values. This is critically important in order to promote workplace diversity to be able to drive organizational growth. In order to build a strong team, it is imperative to encourage individuals to overcome challenges related to diversity.

Accomplishment of the Purpose means the growth of the Company, a source of enhanced corporate value. I am confident in the strong potential of NSU to achieve this.