



# NIPPON KOEI GROUP INTEGRATED REPORT

2021 Fiscal year ended June 30, 2021

Act with integrity and contribute  
to society through technology and  
engineering.

***NIPPON KOEI***

Management Philosophy

# Act with integrity and contribute to society through technology and engineering

The Nippon Koei Group has been building infrastructure for society in Japan and overseas since 1946. Nippon Koei founder Yutaka Kubota proclaimed, "Tackle your problems with sincerity and the road ahead shall be clear," and dedicated his technical expertise and passion to building infrastructure that is safe and reliable.

All of our employees today remain dedicated to our fundamental conviction that our business is to contribute to society.

The world is full of people who desire better living standards.

The Nippon Koei Group is committed to acting with integrity as we help construct the infrastructure for societies and nations around the world.

Strengths of Nippon Koei Group

## A sustainable business model that evolves with progress in society

From its inception, Nippon Koei has been building infrastructure that helps solve social issues. The Group evolves as the needs of society change while continuing to expand our business and improve our profitability.



## Japan's leading engineering consulting firm

The Nippon Koei Group is Japan's leading civil engineering consulting firm\* and has participated in infrastructure development projects improving safety and security for people around the world for more than 70 years. The Group has developed projects that have become foundations for the advancement of nations and people in over 160 countries and regions.

\*Source: "Sales ranking of engineering consulting firms in Japan," Nikkei Construction, Monday, April 26, 2021



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### Editorial Policy

The Nippon Koei Group Integrated Report is published as a comprehensive communication tool for delivering corporate information to our stakeholders. By publishing this report, we aim to provide readers with a deep understanding about our corporate stance from the time of our founding to today and our efforts for further increasing corporate value. The disclosure framework of the International Integrated Reporting Council (IIRC) was used as a reference during the editing of this report.

Organizations Covered: Nippon Koei Co., Ltd. (the "Company") and its consolidated subsidiaries

Period Covered: The fiscal year ended June 30, 2021 (July 2020 to June 2021). However, some information from July 2021 onward has been included.

### Forward-Looking Statements

This Integrated Report contains forward-looking statements regarding the future performance of the Company and other matters. They are based on the judgment of the Company's management obtained from currently available information. Therefore, forward-looking statements are subject to change due to a variety of factors and are not guarantees of future performance.

# History of the Nippon Koei Group

Inheriting the “business mindset” and “integrity” that our founder, Yutaka Kubota, valued, we have taken on the challenge of pioneering initiatives since our founding.

Over the past 75 years, our efforts to find optimal solutions to ever-changing social issues and needs and to commercialize them have led to our current strengths.

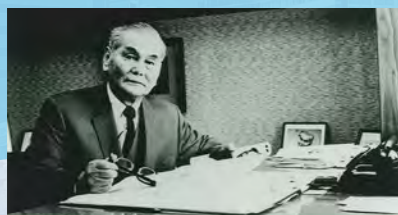
We will continue to grow with an eye on the future.

## 1946-1970

### Establishment Phase

**Contributed to postwar reconstruction and the creation of basic local infrastructure in Japan and abroad**

After the War ended, Yutaka Kubota, the founder of Nippon Koei, had the determination to rebuild his homeland. He brought together the repatriated specialists in civil engineering, geology, electricity, and machinery and focused their talents on reestablishing the country's national foundation and electric power infrastructure. He also saw the need for reconstruction in other countries destroyed by war and the 1954 project to build a power generation in Burma (now Myanmar) marked the first step in the globalization of the Nippon Koei Group. It also started full-scale overseas business development by opening offices in Vietnam, Indonesia, and South Korea.



Founder: Yutaka Kubota

## 1970-1990

### Development Phase

**Developed an infrastructure that contributed to industrial growth**

The Company responded with a comprehensive strategy to expand its technical expertise from disaster prevention to agriculture, waterways, transportation, and urban infrastructure during a time when various industries were impacted by the oil shocks that had occurred. The Company further grew its business by meeting the growing demand for public works and ODA projects, which established its position as an engineering consultant firm in Japan and overseas. With the addition of the Power Engineering Business, the Company has continued developing into a distinctive multifaceted corporation.



Akashi-Kaikyo Bridge Anchorage Design



Indonesia: Asahan No.2 Hydropower Development Project

## 1990-2010

### Maturity Phase

**Renovated and maintained infrastructure to support comfortable lives and to respond to environmental change**

After Japan's economic bubble burst in the 1990s, the government reduced spending on public works and ODAs and power companies cut capital investment. The Nippon Koei Group invested in the future by establishing the industry's first R&D center, fortifying its technical development, setting up local companies overseas, and conducting M&A with companies in Japan. These structural reforms established the quality and productivity that would provide the foundation for the Group's next period of growth.



Tokyo Coastal Highway Construction Project



Sri Lanka Greater Colombo Flood Control and Environment Improvement Project

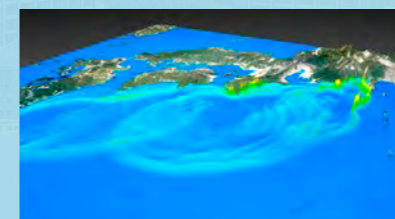
## 2010-2020

### Innovation Phase

**Create societies that are sustainable and resilient**

Japan is actively strengthening its national resilience and disaster prevention and mitigation strategies following the Tohoku earthquake and tsunami in 2011 and in response to the increasing frequency of major typhoons and heavy downpours accompanying global warming. The Japanese government is also acting on the United Nations' Sustainable Development Goals (SDGs), which include addressing poverty in developing countries and rapid urbanization as populations grow in emerging countries.

The Nippon Koei Group is aggressively developing its business by positioning these market changes as growth opportunities, such as launching its Urban & Spatial Development Business to respond to strong demand for urban development and its Energy Business to meet the growing global need for renewable energy.



Nankai Trough Earthquake Countermeasures Study Project



Bangladesh Dhaka Mass Rapid Transit Development Project

## 2021-2030

**Providing comprehensive solutions for the world's increasingly complex social issues**

We recognize that the challenge for today's globally active companies is to propose solutions for increasingly complex social issues around the world with an emphasis on the SDGs (Sustainable Development Goals) and ESG (Environmental, Social, and Governance) perspectives. To this end, we must make full use of cutting-edge technologies such as digital technology while constantly transform ourselves as a company.

The Nippon Koei group aims to provide unique value to “make the world a better place” based on our Management Philosophy “Act with integrity and contribute to society through technology and engineering.”

In order to advance toward becoming a 100-year company and respond to various social issues around the world in each region and field, each of our organizations is working independently beyond the corporate framework of a construction consultant, speeding up decision-making and strengthening risk management systems. By integrating technologies and knowledge from inside and outside of the Group, we will further our “evolution into a consulting and engineering firm that provides comprehensive solutions.”

Net sales  
Operating  
income

1970      1980

¥9.8 billion      ¥39.6 billion

¥0.5 billion      ¥3.5 billion

1990      2000

¥66.3 billion      ¥68.1 billion

¥3.6 billion      ¥3.0 billion

2010      2021

¥65.8 billion      ¥117.8 billion

¥2.7 billion      ¥7.1 billion

# Business Areas of Nippon Koei Group

Each of the three business segments of the Nippon Koei Group develops specialized services and products in line with our founding mission to pursue innovation and new challenges.

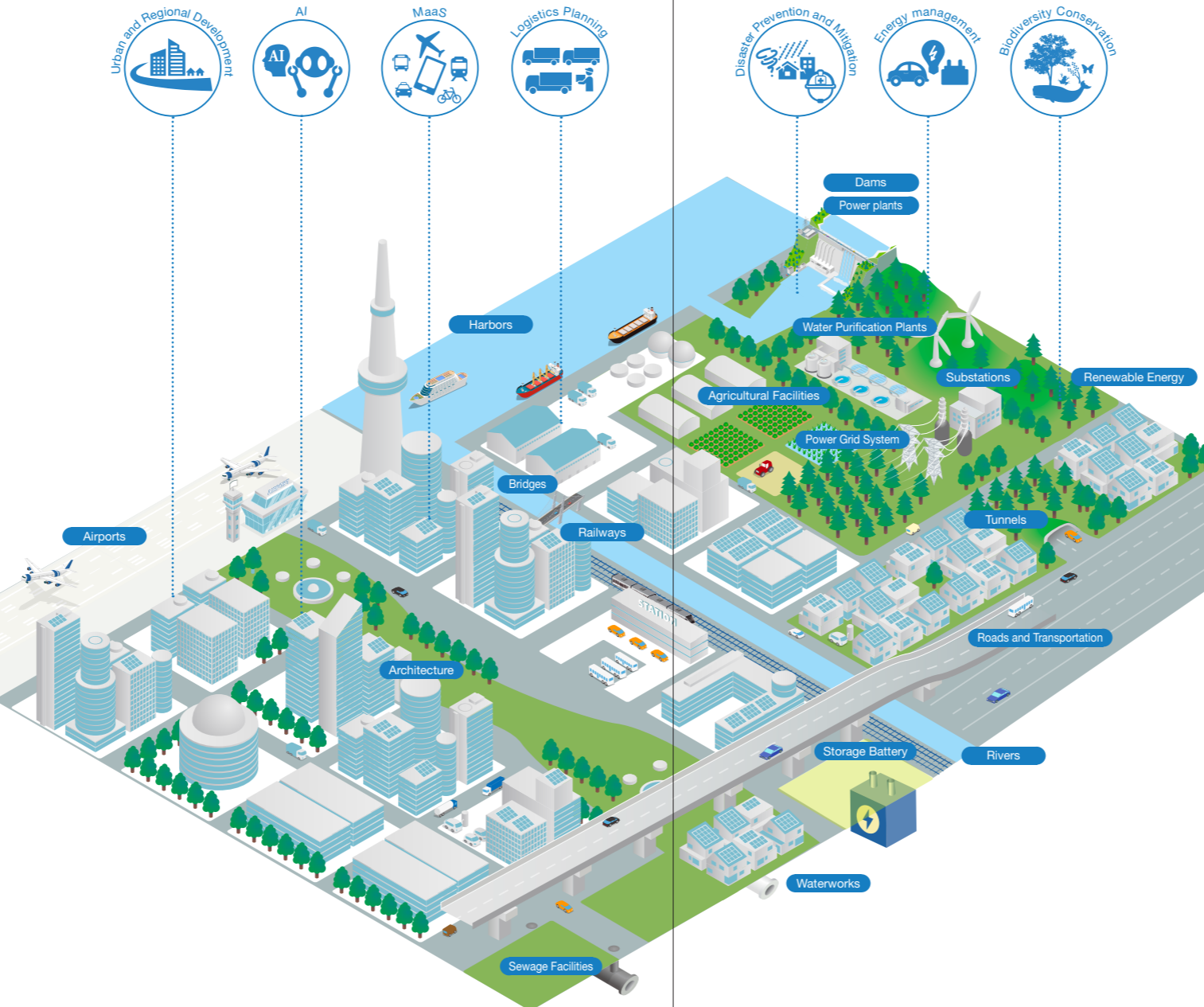
## Consulting Business

Infrastructure construction and maintenance and various projects providing a foundation for comfortable lifestyles

Engineering consultants use their specialized civil engineering and architecture technology to prepare, examine, and propose technologies for national, local, and city infrastructure projects to national (preliminary government agencies) and local governments, overseas governmental institutions, and private companies. Consultants also conduct studies and environmental assessments, design projects, and supervise the project construction, management, and maintenance.

In Japan and overseas, projects can vary immensely in terms of scale and the type of contract. In Japan, the government conceives and generally supervises projects with consultants mainly performing the studies, planning, and design operations. Overseas, consultants can carry out the overall supervision of a project from the initial conception stages to the final construction. In Japan, we receive 3,500 consulting orders annually and most projects are completed within the same fiscal year. The International Consulting Business often engages in large-scale projects that can last several years.

Our range of business has been growing substantially in recent years, particularly related to the increase in disaster restoration projects, risk management for disaster prevention and mitigation, improving and upgrading the existing infrastructure, and for management advisory and monitoring for public-private partnerships (PPPs) and private finance initiatives (PFIs). For social issues that are becoming increasingly complex, engineering consultants must have comprehensive abilities with higher levels of expertise and technical capabilities incorporating various technologies. The Nippon Koei Group is taking on an ever-expanding role as a comprehensive business partner in the development of infrastructure.



## Urban & Spatial Development Business

Meeting urban development demand with architectural design services worldwide

Architecture makes up a significant percentage of the worldwide sales of construction design companies. With demand for urban and spatial development soaring worldwide, Nippon Koei brought the U.K.-based architectural design company BDP Holdings into the Group in March 2016, followed by the Canadian firm Quadrangle in February 2019, and U.K.-based Pattern in July 2021. In Japan, together with Tamano Consultants\*, a Group company, and Kisho Kurokawa architect & associates, we are working to develop new markets for urban development and redevelopment, public-private partnerships, and smart cities, and to create urban spaces that meet the needs of a new era.

\* Company name will be changed to Nippon Koei Urban Space Co., Ltd. on July 1, 2022.

## Energy Business

Helping Japan and other countries meet electric power demand

The Company is involved in the construction and renovation of substations and power plant facilities, the provision of comprehensive consulting services related to electric power and electrical facilities in Japan and overseas, and the manufacture of power-related equipment and devices, such as centralized monitoring and control systems for power systems and dam management systems for hydroelectric power plants. The operations of these divisions give the Power Engineering Business the formidable advantage of offering services covering every stage of development and operation from planning, studying, and designing to building facilities, manufacturing equipment, and providing operation maintenance for electric power generation and electrical equipment in Japan and overseas.

In addition, amidst the drastic changes occurring around the world in businesses related to renewable energy, we have implemented energy management services in Europe for hydroelectric power plant operations and power distribution networks that stably manage and control energy provided by various power sources through storage batteries with the aim of expanding these services to power generation, transmission, and distribution businesses in Japan.

## Engineering Consulting Work Process

	Planning, Studies	Design	Construction			Operation, Management	Maintenance
Japan	Consulting		Construction (general contractor)			Consulting	
Overseas	Consulting		Construction (general contractor) Construction supervision (consultant)			Consulting	
Engineering Consulting Roles	Conception, Proposal/Planning Feasibility studies	Basic design/ Detailed design	Project tender Assistance/ Document preparation	Support bid evaluation and selection	Contract management/ Construction supervision	Operation instruction/ Management consulting	Monitoring/ Countermeasure proposals

## Power Engineering and Energy Business Domains

	Power generation	Power transmission	Power Transformation	Power Distribution	Storage/Electric Power Use
Facilities	Hydroelectric power plants Plants where power is generated using solar power, wind power, and other energy sources		Substations		Storage batteries For plants, commercial facilities, households (consumers)
Services Provided by Nippon Koei	Hydroelectric Power Generation Facilities (generators, dam management systems, and turbines) • Study and design • Equipment manufacturing and procurement • Construction and civil engineering • Operation and maintenance • Monitoring systems • Hydroelectric power generation	Other Types of Power Generation Facilities • Study and design • Equipment procurement • Construction and civil engineering • Monitoring systems	Substation Facilities (central monitoring and control systems) • Study and design • Equipment procurement • Construction and civil engineering • Provision of power transformation systems	Power Storage Facilities • Study and design • Equipment procurement • Construction and civil engineering • Provision of power transformation systems • Energy management systems • Virtual Power Plant (VPP) business	Consumer Power Facilities • Energy conservation consulting • Provision of Energy Management Systems (EMS) • Energy Service Company (ESCO) business

● Nippon Koei Services (for other companies)

● Asset Holding Business (in-house operation at Nippon Koei)



We will continue to be a consulting and engineering group that aims to be one of the top-ranked companies in the global market and solve social issues with a sense of ownership.

**Hiroaki Shinya**

President and Representative Director

## On my appointment as Nippon Koei's new President

### My background

I studied geomorphology at university, specializing in active faults and other tectonic landforms. After joining Nippon Koei, I was engaged in work related to landslides, erosion control, and other slope disasters with the goal of creating a national land where people can live safely. I also have long experience in working in regional areas. Immediately after the Tohoku earthquake and tsunami in 2011, I became General Manager of the Sendai Branch Office and engaged in various reconstruction support projects that went beyond the conventional framework of a consultant company by undertaking urban development to rebuild the affected areas.

The experience I gained during that time is a valuable asset for me today. For example, in a municipality where the entire town was

swept away by the tsunami, the function of the town hall itself, which was in charge of administration, was lost. In other words, we must support not only "hardware," such as buildings and roads, but also "software," such as administrative functions. For this reason, I was actively involved not only in the Consulting Business related to regional development, but also in management-related projects such as "Project Promotion PPP<sup>\*1</sup> Work" conducted by the national government and "CM<sup>\*2</sup> projects" conducted by municipalities. Nippon Koei is not only working with national and local governments, which are our direct clients, but also with the people who live in those areas to give form to what is most desired in that area. This is not something that is imposed unilaterally by those who provide support, but rather something that is truly necessary and is created together with the local residents. Now that I am President of Nippon Koei, I believe that the experience I gained in this way will be useful when I manage the company from now on.

## What is important to me as part of the Company's management

In terms of "management strategy," if you ask me what kind of company I would like Nippon Koei to be, firstly I would like to make Nippon Koei "Japan's No. 1, world's top-class consulting and engineering group that is indispensable to society." Many of the world's leading companies in this field have established a solid business presence in their home countries and have a strong presence in the global market. In order for us to achieve even greater heights and build a position on par with these top companies, the Nippon Koei Group must always be No. 1 in Japan. Secondly, I would like Nippon Koei to be a company that is easy to work for where employees are happy to demonstrate their abilities without regret. Especially now, in the midst of the Covid-19 pandemic and a challenging global economy, I believe that the fact that we are still profitable is due to the ingenuity and hard work of

each and every one of our employees. As a member of the Company's management, I would like to reward their efforts. After all, if we are "No. 1 in Japan," we must return profits to our employees and provide them with compensation commensurate with their efforts. I want to see us improve our business performance to please our shareholders and at the same time make our employees happy. As a result, this should lead to the sustainability of our company. Another thing I want to see is for Nippon Koei to become a "risk-resistant company." As symbolized by the Covid-19 pandemic, it is becoming increasingly difficult to predict when a company will face any risk in its corporate management operations today. In this regard in particular, I would like to utilize my own long experience in disaster prevention to develop a strong management foundation that can respond to all kinds of risks.

<sup>\*1</sup>: PPP (public-private partnerships)  
<sup>\*2</sup>: CM (construction management)



## Summary of the previous Medium-term Management Plan and the impact of Covid-19 on business

### Results of the Previous Medium-term Management Plan

In the previous Long-term Management Strategy (hereinafter “Long-term Strategy”) and the previous Medium-term Management Plan (hereinafter “Medium-term Plan”), both of which ended in the fiscal year ending June 30, 2021, we implemented various measures aiming to achieve the planned targets of 140 billion yen in sales and 14 billion yen in operating income. Unfortunately, however, we were unable to achieve these targets due to a combination of factors, including the disaster recovery efforts due to torrential rains at an overseas hydroelectric power generation business site and delays in progress in the Energy Business due to the impact of Covid-19.

However, there are many signs of hope. In particular, in the business strategy of the previous Medium-term Plan “Overseas Expansion of the Urban & Spatial Development Business (outside of the U.K. Market),” our wholly-owned subsidiary BDP Holdings, a British architectural design firm, has acquired Quadrangle Architects Limited, a Canadian architectural design firm, as a member of the BDP Group. In “consulting business creation,” we have entered new business domains such as satellite-based disaster prevention services and comprehensive management of municipal infrastructure, which are major achievements. Although some

issues have been carried over to be handled under the new Medium-term Plan, such as the “establishment of the Energy Business,” which we expect to become a future earnings pillar, and “enhancement of operating system for railways business.” I believe that we have made solid preparations to achieve these goals.

As for one of our functional strategies, which is to “integrate all companies into a one-stop marketing system,” we have newly established a Business Promotion Headquarters that is involved in all our business fields in order to make a cross-sectional approach to customers beyond the boundaries of our business segments. Now that the form is in place, we will step up to the level of putting our “soul” into it, such as by improving the awareness of our employees during the new medium-term plan. In terms of “investment in technologies and human resources,” we have established a Digital Technology Department under the leadership of the Business Strategy Headquarters, a step toward commercializing DX-related businesses. We will continue to focus on “investment in technologies and human resources” so that DX will not be merely the implementation of digital technology, but will reach the level of transforming business models based on digital technology. In addition, we have completed the adoption of IFRS (International Financial Reporting Standards) for “enhancement of Group governance.” We will continue to work on these three functional strategies in the new medium-term plan to achieve even higher level goals.

### Impact of Covid-19

Although the pandemic caused by Covid-19 has inflicted severe damage on the global economy, fortunately we did not see a major

decline in our business performance thanks to the concerted efforts of all our employees. Of course, there were some difficulties in communicating with customers, and in the first half of the period, although overseas project sites were in operation, it was difficult for our engineers to travel overseas to visit those sites, which was a frustrating situation. However, overall sales revenue and operating income reached record highs despite the Covid-19 pandemic due in part to positive changes brought about by operations in Japan.

I believe this was due in large part to the experience gained during the past year as we scrambled to respond to Covid-19. I feel that since we can now share measures with our customers to deal with the major problems of Covid-19, both we and our customers will be able to operate much more efficiently. In particular, remote meetings can be held frequently, easily, and without traveling, which saves time for both parties and increases productivity. This awareness is also shared among employees, enabling them to make effective use of their limited time and work efficiently in accordance with their individual lifestyles. We have proactively introduced facilities and systems that support flexible work styles, such as a free-address system at the Head Office, telecommuting support, and satellite offices. As a result, some employees have commented that it has become “very easy to work” at Nippon Koei.

## To become a company that solves social issues through our businesses

### The social issues to be solved

In order for us to solve social issues through our businesses, I believe it will be important for us to assess changes in the business environment. In my address when I was nominated as President, I identified five major social trends that we will face in the future: the “increasing intensity and frequency of disasters” due to global climate changes; “changes in demographic structure” due to the aging of the population in developed countries and the population explosion in developing countries; and “rapid urbanization” triggered by a “lack of resources” and technological advances, and the “shift in the world’s economic center of gravity.” Various phenomena caused by these social changes are already manifesting themselves in the form of rapid changes in the social environment and geopolitical risks. In particular, a condition where risks have a significant impact on specific regions and social strata due to the fragility of the international coordination system is becoming more pronounced, and I strongly feel that our role is to solve social issues that cannot be resolved without taking a long-term perspective.

Furthermore, as my own field of expertise is disaster prevention, I am most concerned about the possibility of major earthquakes

occurring in regions such as Japan’s Tonankai and Nankai regions in the future. Having experienced how difficult the recovery from the Tohoku earthquake and tsunami in 2011 was and considering the accumulated know-how that the Company possesses, I would like to see Nippon Koei contribute to countermeasures and advance disaster prevention against possible future earthquakes.

### Having the “awareness of being a concerned party” to face various challenges

The most effective measure for dealing with risks is to prevent risks before they materialize. I describe it being quick to take action leads to victory and not having to worry due to being prepared. It is estimated that the cost of taking measures before an event occurs is only about one-third of the cost of taking measures after the event has occurred. We know based on our own experience gained during the Tohoku earthquake and tsunami in 2011 and the pandemic that responding to an emergency after it has happened is always costly. Therefore, the key to solving problems is to predict and respond to them in advance. Those are the important roles of our company.

What is indispensable for “actions based on preliminary forecasts” is to have the awareness of being a concerned party. The Management Philosophy of the Nippon Koei is “Act with integrity and contribute to society through technology and engineering.” However, I understand that the word “integrity” means “a state of mind where one approaches things with sincerity,” which is similar to “active awareness.” Also, “a state of mind where one approaches things with sincerity,” means having a sense of purpose, crisis awareness, and the awareness of being a concerned party. For example, I believe that the SDGs also strongly call for having the awareness of being a concerned party. I want Nippon Koei to be a company that resolves issues with the awareness of being a concerned party. I believe that having an awareness of being a concerned party is also important for being a sustainable company that will survive for 100 years.

In order to have an awareness of being a concerned party when it comes to social issues, I will always link materiality with our business activities and define which of the 17 targets of the SDGs are contributed to so that it is easy for ordinary employees and people outside the company to understand. In addition, the Sustainability Promotion Committee was established in September 2021 as a cross-organizational committee to further improve the level of sustainability promotion efforts throughout the entire Nippon Koei Group. This committee first formulated the “Basic Sustainability Policy,” which forms the core of our thinking. Going forward, we plan to discuss what initiatives we will implement in line with the Basic Sustainability Policy.

## Long-term Management Strategy and Medium-term Management Plan

### Linking our “Long-term Management Strategy” with materiality

Nippon Koei itself has always had the mission of “making the world a better place” and has a vision of “what we want to be” as a company that provides unique value, and all employees share the value that “if we do things with sincerity, we will always find a way.” In this context, we will continue to develop our businesses while constantly confirming our reason to exist. Our Long-term Management Strategy, which sets 2030 as its target year, is filled with such concepts.

The world is facing a variety of social issues, as I mentioned earlier, and technological advances are bringing about major changes in the world. We have been asked how we should think about the needs to create a sustainable society in the midst of these uncertainties, and we have established our materiality in light of these social conditions. Recently, the creation of new businesses based on sustainability has become a global trend, and we are formulating business plans for each of our business segments in line with our materialities in order to create businesses that aim to solve social issues.

The first materiality, “Development of infrastructures that allow people to live safely and with peace of mind,” is the very business effort that Nippon Koei is responsible for and is a fundamental area of our Consulting Business which focuses on “safety and security.” The next one, “Development of an infrastructure that allows all people to freely interact and engage in activities,” refers to our role in the railroad sector and other areas related to the movement of people. The third, “Creating attractive cities with a diverse range of people and industries,” is the primary core concept of our Urban & Spatial Development Business, and the fourth, “Preservation of the global environment through the realization of decarbonized societies,” symbolize the challenges we face in our Energy Business. Each of our four materialities is linked to the businesses and fields that we have positioned as our pillars.

### Aiming to become one of the top-ranked companies in the global market

Without a financial base to fund our Long-term Business Strategy, we will not be able to promote sustainable initiatives. Naturally, we have also set financial targets in our Long-term Business Strategy. I previously mentioned that I want to make Nippon Koei a top-class company in the global market and I have set a specific target of at

least 250 billion yen in annual sales, which would place us in the top 10 in the world. This scale of operations will bring various advantages, such as name value that will make people think, “Let’s ask this company to handle our next project,” and will facilitate investment in sustainability activities as well as sufficient investment in business and R&D. In other words, I believe that the key to achieving our Long-term Business Strategy goals is to first expand our business to a top-class scale in the global market.

### New Medium-term Management Plan Promotes Three Measures to Strengthen the Company's Businesses

The new Medium-term Management Plan is positioned as a three-year plan for laying the foundation for new developments in our Long-term Business Strategy. We will focus on three “resilience measures” in addition to continuing the goals set in the previous Medium-term Management Plan. The first of these measures is a “business strategy based on the independence of our three businesses.” In order to integrate and fuse together our various resources, we will unify our domestic and overseas consulting businesses and our R&D Center, aiming to create a world-class consulting organization of the highest scale. Similarly, in the Energy Business, we will integrate our existing Power Engineering and Energy Business to provide a one-stop service center for our customers. Looking at another front, since BDP has built a solid name value in the Urban & Spatial Development Business, we will take on the challenge of developing new markets in Southeast Asian countries where economic growth is remarkable by combining this name value with our Urban & Spatial Development Business in Japan and the expertise of Tamano Consultants. By integrating our separate businesses and resources into three major areas of “consulting,” “urban & spacial development,” and “energy,” we will clarify the axis of our business and improve its quality. The first measure to strengthen our business is to create a structure that will allow each of our businesses to become independent, with a view to making us a pure holding company in the future, and this is positioned as the “vertical axis” of the new Medium-term Management Plan.

The second measure to strengthen the company is to establish a group management structure that realizes matrix management of business and regions. We will strengthen our regional presence and enhance our presence and brand power in all regions, both in Japan and overseas. We have positioned this second strategy as the “horizontal axis” of the new Medium-term Management Plan and will establish a matrix management system that weaves a fabric on the vertical axis of “resource integration” and on the horizontal axis of “strengthening regional presence.”

In order to realize this matrix management while providing technologies and products with high customer satisfaction, it is essential to develop human resources and promote DX. For this reason, we have decided that the third measure to strengthen the Company is to “establish the Nippon Koei brand and Nippon Koei Group quality.” Currently, we are planning to open the “NKG Global Academy” as an institution to cultivate the next generation of human resources both within and outside the company.

Quality and brand value are things that do not increase overnight. Although the three measures for strengthening the company are the most important points of the new Medium-term Management Plan, we are determined to take the time to build them up over the course of our Long-term Business Strategy rather than focusing on the course of the Medium-term Management Plan.

## To our stakeholders

### Nippon Koei will be a sustainable company for 100 years

In June 2021, Nippon Koei celebrated the 75th anniversary of its founding. From here on, we will finally take a new step forward as “a 100-year company.” As the person who has been entrusted with the important responsibility of President during this critical time, I will first reflect on our founding spirit and strive to manage the Company with integrity and in line with our company philosophy.

As a global company, we will foster a corporate culture that recognizes mutual diversity and nurture human resources who have an awareness of being a concerned party regarding the various issues that exist in society. I would like to make the entire Nippon Koei Group a company that has a collective sense of ownership. I believe that this is indispensable in order for us to be a sustainable company for 100 years and to contribute to achieving the goals of the SDGs if we look at the world at large.

I would like to ask all of our stakeholders for their continued support as we look forward to the future development of the Nippon Koei Group.



# Nippon Koei Group Value Creation Process

Using its unique strengths to its advantage, the Nippon Koei Group creates social and economic value by solving the social issues that accompany the development of countries and regions worldwide through our business.



Improving the strengths of the Nippon Koei Group through outputs

# Creating Value through Nippon Koei Group Capital and its Utilization

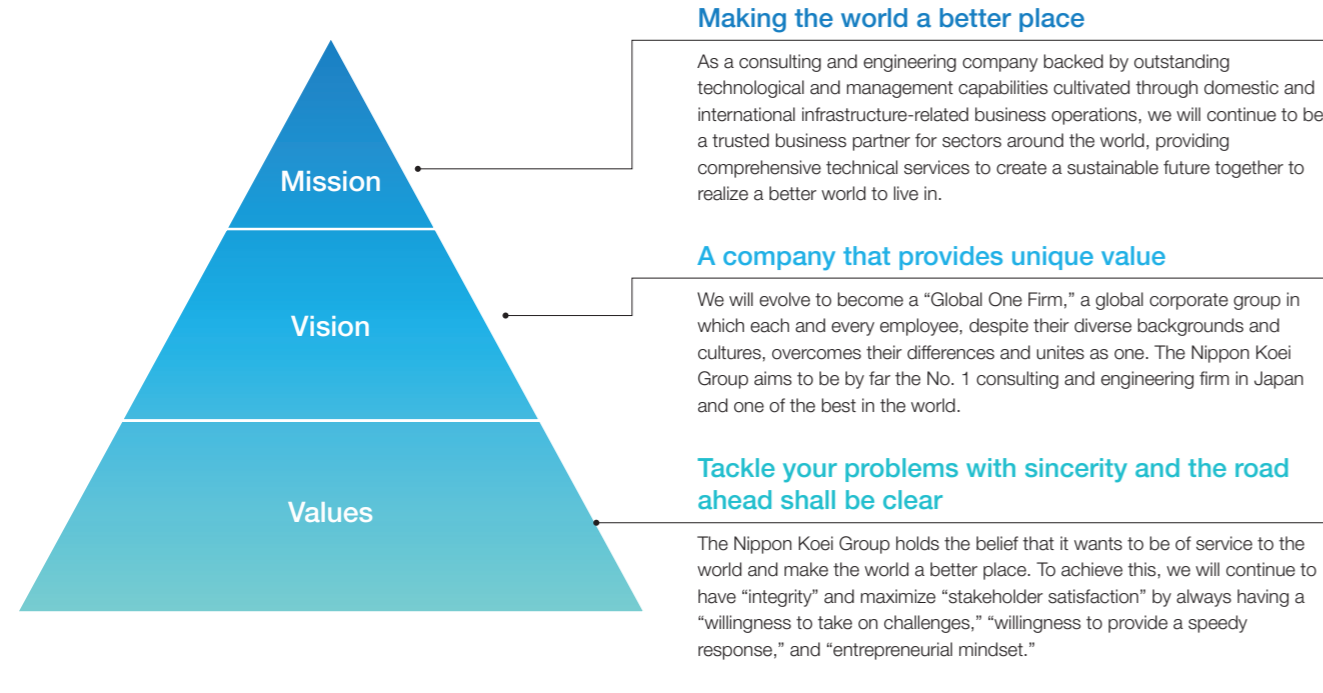
	Importance of Capital in Value Creation	Policy for Medium/Long-term Enhancement
<b>Financial capital</b>	Achieve a balance between growth and returns by building a strong financial base and achieving high capital efficiency that allows for flexible investment	<p><b>Realization of medium/long-term growth</b></p> <ul style="list-style-type: none"> <li>Review and enhance investment screening criteria as well as establish and enhance investment screening system</li> </ul> <p><b>Ensure financial soundness</b></p> <ul style="list-style-type: none"> <li>To ensure financial soundness, maintain an equity ratio of approximately 40% even during periods of concentrated investment</li> </ul> <p><b>Provide capital efficiency to achieve a balance between growth and returns</b></p> <ul style="list-style-type: none"> <li>Aim for an ROE of 9% in the Medium-term Management Plan</li> <li>Aim for a payout ratio of 30%</li> <li>Buyback/cancellation of treasury stock as necessary to achieve an appropriate total return ratio</li> </ul>
<b>Manufacturing capital</b>	Create a safe and secure infrastructure by providing services in more than 160 countries, in all prefectures in Japan, and through overseas offices around the world	<p><b>Promote workplace reform</b></p> <ul style="list-style-type: none"> <li>Develop a post-Covid-19 workplace environment</li> </ul> <p><b>Improve quality of information systems</b></p> <ul style="list-style-type: none"> <li>Enhance support for diverse work styles</li> <li>Enhance financial and accounting systems</li> <li>Establish shared platform for group companies</li> </ul> <p><b>Enhance information security</b></p> <ul style="list-style-type: none"> <li>Strengthen cybersecurity measures</li> </ul>
<b>Intellectual capital</b>	Accumulate advanced intellectual capital through the foundation of advanced technology research at the Research & Development Center and knowledge gained through advanced operations while creating new value through innovation	<p><b>Development and utilization of DX technologies</b></p> <ul style="list-style-type: none"> <li>Expand DX investment</li> </ul> <p><b>Business development investment</b></p> <ul style="list-style-type: none"> <li>Conduct research and development for new business development from a medium- to long-term perspective</li> <li>Conduct research and development for the creation of new business areas such as smart city business development, SDGs business development, and climate change business</li> </ul>
<b>Human capital</b>	Drive all types of value creation through a diverse workforce of highly specialized domestic and international professionals	<p><b>Develop and improve employee skills</b></p> <ul style="list-style-type: none"> <li>Establish "NKG Global Academy" in FYE June 2024 which all group employees can use to raise the level of human resource capabilities of the entire group</li> <li>Visualize knowledge and develop leaders by effectively utilizing knowledge management, talent management, and various data</li> <li>Expand the regional engineer system (a system that enables local human resources to be active in third countries)</li> </ul> <p><b>Enhance the recruitment</b></p> <ul style="list-style-type: none"> <li>Increase the number of employees by more than 1,600 on a consolidated basis during the period of the current Medium-term Management Plan by strengthening the recruitment of new graduates and career employees</li> </ul> <p><b>Promotion of Well-Being Management</b></p> <ul style="list-style-type: none"> <li>Promote work styles that respect diversity</li> </ul>
<b>Social capital</b>	Stable and continuous value creation through a solid client base and strengthened relationships with partner companies, etc. based on a long history and track record of supporting developing countries through domestic infrastructure and ODA	<p><b>Co-creation with other companies including those in different industries</b></p> <ul style="list-style-type: none"> <li>Create stable and long-term cooperative relationships with partner companies in Japan and overseas</li> </ul> <p><b>Transfer technologies to developing countries</b></p> <ul style="list-style-type: none"> <li>Develop human resources in developing countries through "NKG Global Academy" and collaborate with academic institutions</li> </ul> <p><b>Strengthen social activities</b></p> <ul style="list-style-type: none"> <li>Enhance opportunities for dialogue with stakeholders</li> </ul>
<b>Natural capital</b>	Contribute to the preservation of the global environment by contributing to environmental preservation and reducing environmental impact through our business	<p><b>Enhance sustainability promotion</b></p> <ul style="list-style-type: none"> <li>Establish Sustainability Promotion Committee</li> </ul> <p><b>Focus on business creation through co-creation by linking materiality and business strategy</b></p>

FY2021 Main Initiatives (Input)	FY2021 Results (Output)
<ul style="list-style-type: none"> <li>Secure on-hand liquidity through long-term borrowings, increased borrowing capacity, etc.</li> <li>Sale of a portion of cross-shareholdings</li> <li>Adoption of IFRS in consideration of global standards</li> </ul>	<ul style="list-style-type: none"> <li>ROE 6.7%</li> <li>Payout ratio of 25.0%</li> <li>Rating and Investment Information, Inc. (R&amp;I) rating of BBB+ (same rating maintained from November 2020)</li> </ul>
<ul style="list-style-type: none"> <li>Improve workplace environment</li> <li>Promote digitization of various documents</li> <li>Strengthen remote access</li> <li>Consider introduction of cybersecurity measures</li> </ul>	<ul style="list-style-type: none"> <li>Establish four satellite offices</li> <li>Establish a system that enables remote access for all employees</li> <li>Promote remote work through the computerization of stamping and paper-based work processes</li> <li>Realize no information system failures that have significant social impact</li> </ul>
<ul style="list-style-type: none"> <li>Search for/develop key themes that will lead to new businesses in the DX field</li> <li>Promote collaboration to create business models</li> <li>Establish platform for sharing technical information on technology and sales</li> </ul>	<ul style="list-style-type: none"> <li>Number of certified professional engineers (consolidated): 1,727</li> <li>Introduction of Tochigi Prefecture's first AI-based vehicle demand allocation system in Shimotsuke City</li> <li>Participation in Comprehensive Road Management Project implemented by the Tokyo Metropolitan Government and Fuchu City</li> </ul>
<ul style="list-style-type: none"> <li>Strengthen development of qualification and human resource development programs</li> <li>Work style and workplace development: Establish telecommuting system, introduce free-address system at head office, and establish satellite offices</li> <li>DX: Introduced AI chatbot and productivity improvement tools</li> <li>Health management: Implementing industry-leading vaccination programs in workplaces</li> <li>Enhance the recruitment of new graduates and career employees</li> </ul>	<ul style="list-style-type: none"> <li>Number of employees (consolidated): 5,936</li> <li>Recognition as an Outstanding Health and Productivity Management Organization 2021 (White 500) for three consecutive years</li> <li>Recruitment Numbers Number of new graduates recruited: 162 Number of career employees recruited: 43</li> </ul>
<ul style="list-style-type: none"> <li>Launch business platforms related to SDGs and disaster reduction</li> </ul>	<ul style="list-style-type: none"> <li>Signing of Memorandum of Understanding (MOU) with Yamaguchi University</li> <li>Signing of Memorandum of Understanding (MOU) with Surbana Jurong Private Limited (Singapore) and SU-YAPI Engineering &amp; Consulting Inc. (Turkey)</li> <li>Nippon Koei employee receives Minister's Encouragement Award for Outstanding International Infrastructure Engineer</li> </ul>
<ul style="list-style-type: none"> <li>Provide consulting services for greenhouse gas reduction, climate change adaptation measures, and biodiversity conservation</li> <li>Implement disaster countermeasure projects utilizing new technologies such as AI</li> </ul>	<ul style="list-style-type: none"> <li>Formed a business alliance to provide Japan's first "Satellite Disaster Prevention Information Service"</li> <li>Released KIBOH 2030, an SDGs diagnostic system for small- and medium-sized enterprises</li> </ul>

# Long-Term Management Strategy (July 2022 – June 2030)

## Where We Aim to Go

In defining our Long-term Management Strategy, we believe that in order for our Group to achieve sustainable growth in light of surrounding business conditions, it is important to attract diverse human resources and co-create value in cooperation with external resources. Based on this recognition, we have now created a Mission, Vision, and Values to widely share the direction in which our Group is headed with those inside and outside the Group.

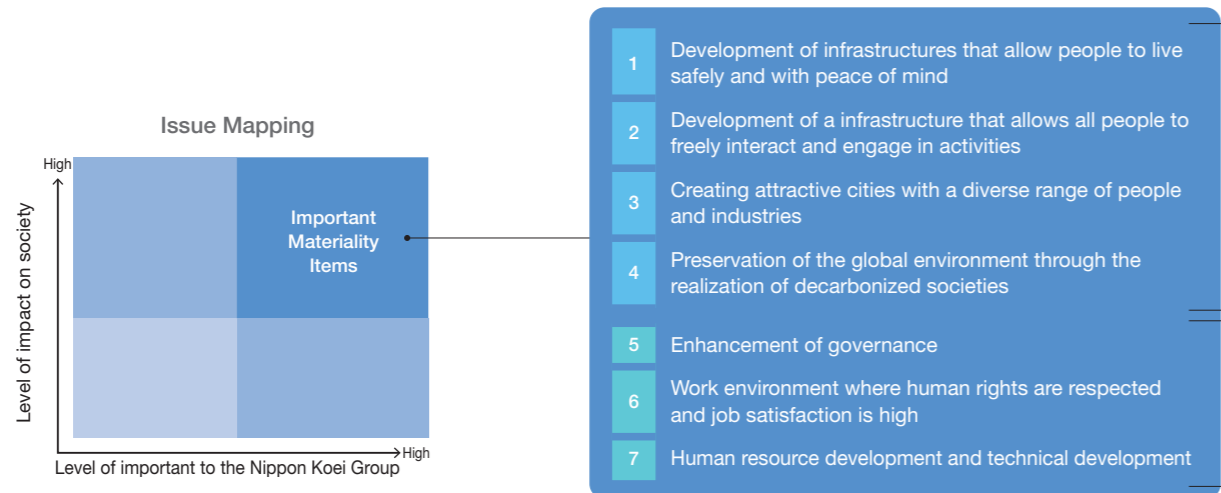


## Materialities

In order for the Nippon Koei Group to address global issues through its business activities and to grow sustainably with society, we have established materialities (key issues) that we will address by leveraging our strengths and prioritizing them.

### Identifying our materialities

We have integrated and reorganized the content of "issues that have a significant impact on society and are of high importance to the Nippon Koei Group," and summarized them into a list of seven materialities, including four that contribute through business and three that relate to management and serve as the foundation for business continuity.



## Materiality identification process

- STEP 1** Identify the most recent changes in social issues and their impact on the Group for each segment
- STEP 2** Review and organize changes/impacts in conjunction with our Mission, Vision, Values, and Long-term Management Strategy
- STEP 3** Exchange opinions with external experts
- STEP 4** Board of Directors decides on whether changes/impacts should become one of our materialities

## Comment on materiality identification from an expert

In order to verify the appropriateness of our list of materialities from an external perspective, we conduct interviews with experts and identify materialities based on the opinions we receive.

I believe that identifying a list of materialities is very important in order for companies to work on the SDGs and to promote partnerships. Specifically speaking, I see the consulting industry as a field where consolidation with other industries is a particular strength, and appreciate the fact that Nippon Koei has a business strategy based on their materialities and is committed to promoting co-creation.

I believe that the civil engineering world has been dominated by the construction and maintenance of existing infrastructure facilities. However, now that the public side is facing a decrease in manpower, the private side is required to make proposals for regional development and the development of society that will be fitting for our new society. I expect Nippon Koei to make proposals based on its wealth of experience and regional networks around the world as well as to further explore, for example, the definition of a "society where people can live with peace of mind" as well as what Nippon Koei considers to be "peace of mind" and "live," and make proposals for the society of the future.



**Kensuke Fukushi**  
Vice Director, Institute for Future Initiatives  
Professor, Institute for Future Initiatives  
University of Tokyo

## Materialities and Related SDGs

	Materiality	Main related SDGs	Examples of initiatives for each materiality
Business activities	1 <b>Development of a safe and reliable infrastructure</b> Development of infrastructures that allow people to live safely and with peace of mind	8 DECENT WORK AND ECONOMIC GROWTH, 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE, 10 REDUCED INEQUALITIES, 11 SUSTAINABLE CITIES AND COMMUNITIES	<ul style="list-style-type: none"> <li>Develop high-quality infrastructures in a wide array of fields</li> <li>Provide both "hardware" and "software" based services for disaster prevention and mitigation</li> </ul>
	2 <b>Development of smart societies</b> Development of a infrastructure that allows all people to freely interact and engage in activities	8 DECENT WORK AND ECONOMIC GROWTH, 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE, 10 REDUCED INEQUALITIES, 11 SUSTAINABLE CITIES AND COMMUNITIES	<ul style="list-style-type: none"> <li>Realization of a mobility society through the development of airports, railroads, and other transportation hubs/networks</li> <li>Development of electric power infrastructure in areas with no power supply located overseas</li> </ul>
	3 <b>Creating attractive cities</b> Creating attractive cities with a diverse range of people and industries	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE, 11 SUSTAINABLE CITIES AND COMMUNITIES	<ul style="list-style-type: none"> <li>Development of smart cities by co-creating through our Consulting, Urban &amp; Spatial Development, and Energy businesses</li> </ul>
	4 <b>Challenge to decarbonization</b> Preservation of the global environment through the realization of decarbonized societies	7 AFFORDABLE AND CLEAN ENERGY, 12 RESPONSIBLE CONSUMPTION AND PRODUCTION, 13 CLIMATE ACTION	<ul style="list-style-type: none"> <li>Provide consulting services for climate change adaptation measures</li> <li>Expand renewable energy business in Japan and overseas</li> </ul>
Management activities	5 <b>Enhancement of governance</b>	10 PEACE, JUSTICE AND STRONG INSTITUTIONS	<ul style="list-style-type: none"> <li>Review of organizational design</li> <li>Enhance compliance activities</li> </ul>
	6 <b>Work environment where human rights are respected and job satisfaction is high</b>	5 GENDER EQUALITY, 8 DECENT WORK AND ECONOMIC GROWTH, 10 REDUCED INEQUALITIES	<ul style="list-style-type: none"> <li>Further promotion of well-being management</li> </ul>
	7 <b>Human resource development and technical development</b>	4 QUALITY EDUCATION, 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE, 17 PARTNERSHIPS FOR THE GOALS	<ul style="list-style-type: none"> <li>Cultivate human resources that embody the Nippon Koei Group brand through the NKG Global Academy</li> <li>Create new added value by utilizing DX</li> </ul>

# Long-Term Management Strategy

## Assumed values

We at the Nippon Koei Group have been working to solve numerous social issues that have existed since the era that our founder, Yutaka Kubota, lived. The entrepreneurial mindset of connecting people and creating projects to solve social issues is our starting point.

Inheriting the spirit of our founder, the Nippon Koei Group has grown to the present day by continuing to provide business solutions to various global and social issues that change with the times through the accumulation of "wisdom," as represented by our technologies. We believe that our strength is our "integrated capabilities" based on our human resources and technology, and that the source of our strength is the "wisdom" of each and every employee, which is based on their "smarts," "knowledge," "skills,"

and "outstanding human qualities."

The Company has been contributing to the world as an essential business that contributes to the betterment of people's lives through the collective "wisdom" of our employees, who look at social phenomena, determine the essence of issues, and find optimal solutions with a sincere attitude by making full use of a variety of technologies.

We believe that it will become more important to create an environment that nurtures the "wisdom" - the assets of each employee, makes it easier to share that wisdom throughout the Group, and engages society as a whole with a "sense of creating together."



## Awareness of market conditions

The global trends of 2030, the target year of our long-term management strategy, and beyond include the increasing intensity and frequency of disasters due to global climate change; changes in demographic structure due to the aging of the population in developed countries and the population explosion in developing countries; and rapid urbanization triggered by a lack of resources and technological advances. Some of these risks are already manifesting themselves in the form of rapid changes in the social environment, geopolitical risks, and social risks.

In line with this, the need for the creation of a sustainable society is expected to increase in the future, including the development of infrastructure that allows people to live safely and securely, the development of infrastructure that allows all people to freely interact and play an active role, and the creation of attractive cities with a diverse range of people and industries, and the conservation of the global environment by creating a decarbonized society.

Against this backdrop, we recognize that the challenge given to global companies is to respond to these needs by emphasizing SDGs and ESG perspectives, as well as by making full use of cutting-edge technologies such as digital technology, which is experiencing accelerated development. In addition, the current environment is becoming more and more complex, so we need to change, not only to provide solutions to individual issues but also to derive optimal solutions to multiple issues. To achieve this, we need to become engineers who have an image beyond that of consultants and transcend preconceived notions by combining DX

with the strengths that the Nippon Koei Group currently possesses: our "integrated capabilities." For example, we recognize that we need project management skills to be able to work on large projects around the world, and the ability to produce new businesses such as subscription-based businesses and concession business.

Megatrend	Nippon Koei Group response
Rapid urbanization	Contribute to the development of railroads and other transportation systems, urban & spacial development, and urban development in Asia
Climate change and lack of resources	Promote water source development, renewable energy, and storage battery business
Changes in demographic structure	Secure production system and strengthening localization
Shift in global economic power	Create private businesses (new businesses)
Technological advancement	Promote collaboration with other industries

## Concept behind our Long-term Management Strategy

# Working together toward a future without boundaries

In order to respond to increasingly complex social issues and accelerating innovation, it is necessary not only to enhance the power of each employee and mobilize internal capabilities but also to collaborate with external partners who possess advanced technologies and unique know-how and to work together with local people to solve problems. The concept that emerged from this is "co-creation." Within the Nippon Koei Group, each company will use its own discretion to grow by making the most of its own individuality, wisdom, and technologies. We will implement measures with the aim of becoming a Group that is an aggregate of such companies. Furthermore, we will aim to create and develop new strengths together with new colleagues.

## Three Long-term Management Strategy co-creation measures

In our Long-term Management Strategy, we have positioned "Consulting," "Urban & Spacial Development," and "Energy" as the three core businesses of the Group and are aiming for their further growth. To promote autonomy and collaboration, we are transitioning to a new group management structure. By further strengthening group governance and deepening group management from a medium- to long-term perspective, we will further ensure future growth.

**Co-creation Measure 1**

**Reorganization of business segments**

- New development of three business domains
- Full-scale expansion into the business management field

**Co-creation Measure 2**

**Promote autonomy and collaboration and build a one-stop service center**

- Transition to a pure holding company for autonomy and collaboration, faster decision-making, and coexistence of diversity
- Realization of a one-stop service center and flexible business operations
- Implementation of matrix management based on both business and geographic regions

**Co-creation Measure 3**

**Embody the NKG brand and NKG quality**

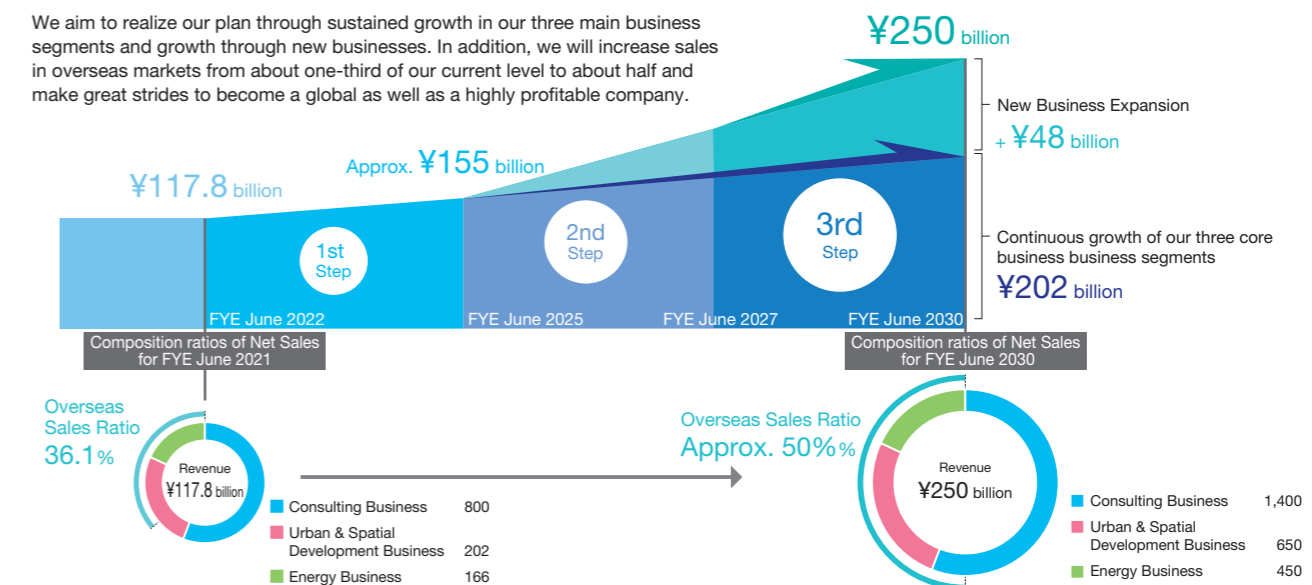
- Developing world-class human resources in coordination with our technology strategy
- Realization of digital transformation (DX)

## Quantitative targets for FYE June 2030

Revenue ¥250 billion	Operating profit ¥25 billion	Operating profit margin 10%	ROE 15%
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### Growth graph

We aim to realize our plan through sustained growth in our three main business segments and growth through new businesses. In addition, we will increase sales in overseas markets from about one-third of our current level to about half and make great strides to become a global as well as a highly profitable company.



## Long-Term Management Strategy

### Co-creation Measure 1 Reorganization of business segments

#### New development of three business domains

In order to respond to a wide range of social needs, we will establish a structure based on three business domains: Consulting, Urban & Spatial Development, and Energy. Through seamless integration and collaboration without segmenting by region or company, we aim to create a business structure that can provide a one-stop shop for services in each domain across the board.

#### Full-scale expansion into the business management field

By maximizing and integrating the technologies developed by each of the three domains, we will make a full-scale entry into the business management field, including infrastructure management, urban management, the energy business, and data business.

### Co-creation Measure 2 Promote autonomy and collaboration and build a one-stop system

#### Transition to a pure holding company

Group companies formed by business domain and region will manage autonomously while building an organization with a strong centripetal force based on the mission, technology, and governance of the Nippon Koei Group.

We will improve the profitability of each business, expedite decision-making, strengthen our risk structure, and build a flexible and robust governance system.

#### Build a one-stop system through collaboration with other business segments

Through seamless integration and collaboration without segmenting by region or company, we aim to create a business structure that can provide a one-stop shop for services in each domain across the board.

#### Implementation of matrix management based on both business and geographic regions

We will realize a matrix management system that operates and manages the businesses of our three domains and the businesses of each region.

The Company will address global and regional social issues as well as propose optimal solutions to diverse needs with a sense of urgency.

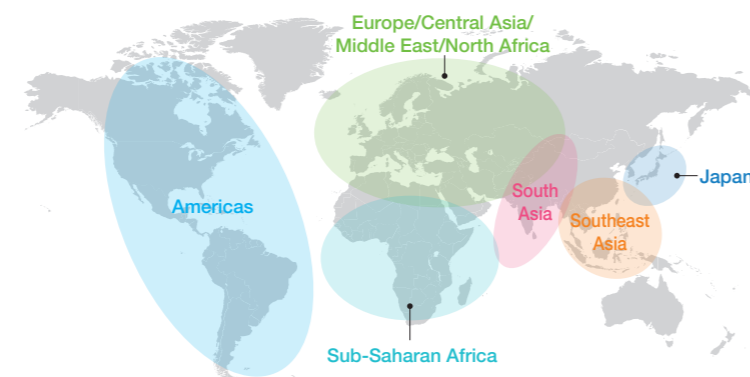
#### Transition to a pure holding company

We plan to establish a pure holding company by means of a share transfer in July 2023, and to spin off each business division and the business management and sales functions of the entire group by means of a corporate split in which our company being the splitting company. The business divisions and the management and sales functions of the entire group will be spun off into separate companies, each of which will become a wholly owned subsidiary of the pure holding company by October 2023.

Through appropriate allocation of management resources and further strengthening of Group governance, we will deepen the management of the Group from a medium- to long-term perspective and further ensure its growth.



#### Matrix management target areas



### Co-creation Measure 3 Embody the NKG brand and NKG quality

#### Cultivating world-class human resources and establishment of NKG Global Academy

Human resources are the most important management resource of the Nippon Koei Group. In addition to expanding educational opportunities and programs, we will actively promote local human resources and diversity at our bases in each country. By establishing the NKG Global Academy to cultivate world-class human resources throughout the Group, we will foster human resources who embody the

Nippon Koei brand at each of our bases in various countries where we do business.

#### Realization of digital transformation (DX)

We will provide optimal solutions using DX technology. The Company will develop promising technologies in-house as well as through alliances with external companies, and apply them to our businesses.

## Business strategy by segment

### Consulting Business

2030 Revenue Target **¥140 billion**

Becoming a world-class consulting firm handling everything from consulting to management

#### Market/Customer Strategy

##### Japan

- Enter the business management field with a focus on public works projects
- Enter the private sector and management field, including offshore wind power generation business, Osaka Expo/IR, etc.

##### International

- Aim for growth centered on non-ODA (infrastructure development funded by international organizations, national governments, and the private sector) at Group companies, with a focus on Japanese ODA projects
- Accelerate efforts in new business fields and measures to secure stable earnings in priority regions in Asia
- Promote market entry in the new markets of the Middle East, Europe, China, and North America in collaboration with other segments

#### Technology Strategy

- Develop next-generation core technologies for climate change, infrastructure maintenance and management, smart cities, etc.
- Accelerate needs-driven technology development
- Apply cutting-edge domestic technologies to overseas projects and raise the level of technologies on a global basis

#### Organizational/Human Resources Strategy

- Cultivate human resources with world-class technical and human skills
- Cultivate hybrid human resources who can work both domestically and internationally
- Cultivate human resources who can respond quickly to business characteristics and market needs
- Cultivate regional engineers (RE) who can work overseas

### Urban & Spatial Development Business

2030 Revenue Target **¥65 billion**

Comprehensive operations in urban land development, public-private partnerships for urban and regional revitalization, smart city development, etc.

#### Market/Customer Strategy

##### Japan

- Provide a one-stop service center for architecture, urban redevelopment, public-private partnerships, smart cities, etc., including research, planning, design, and management to address urban issues
- The Nippon Koei Group will provide a one-stop service center in the fields of architecture, rights conversion, urban civil engineering, and energy through collaboration among Nippon Koei Group companies, thereby demonstrating its competitiveness

##### International

- Actively promote collaboration and alliances with BDP (building technology) and Tamano Consultants (redevelopment technology such as land readjustment) for large-scale development around transportation hubs in Asia and urban development and redevelopment in Europe, the United States, and Oceania
- Provide a one-stop service center in the fields of architecture, civil engineering, energy, and the environment to attract ESG investment

#### Technology Strategy

- Establish a common platform within the segment, including BIM and Smallworld (an integrated tool for map information and asset management)
- Overseas application of technologies possessed by Tamano Consultants
- Provide integrated services for construction and civil engineering
- Establish next-generation smart technologies, including construction management/project management technology and energy technology, while leveraging internal and external resources

#### Organizational/Human Resources Strategy

- Establish a comprehensive production organization that engages in urban development and redevelopment to secure market superiority in urban infrastructure formation
- Acquire peripheral development businesses for large-scale civil engineering facilities (railroads, airports, etc.) overseas by strengthening cooperation with the consulting business
- Strengthen intra-group collaboration for smart city development
- Improvement of the environment and exchange of human resources to enhance technical capabilities within the segment

### Energy Business

2030 Revenue Target **¥45 billion**

Providing a one-stop service center for power systems associated with stable energy supply

#### Market/Customer Strategy

##### Japan

- Develop and operate power generation business, microgrids, smart cities, and aggregation
- International standardization and advancement of main products
- Expand manufacturing and sales of energy management-related equipment and services
- Expand orders for energy engineering services through Group cooperation
- Expand mechanical and electrical communication consulting services

##### International

- Establish energy management business in Europe
- Develop and operate micro-grid, smart city, and renewable energy power generation businesses in Asia
- Global expansion of hydroelectric power generation equipment, substation control equipment, etc.
- Expand energy engineering business orders through collaboration with other segments

#### Technology Strategy

- Enhance competitiveness through performance improvement and cost reduction
- Advance and bring substation control equipment to international standards, and develop DX-compliant systems
- Provide one-stop solutions integrating core technologies with storage battery and aggregation technologies
- Develop technologies in new fields through external collaboration
- Develop microgrid aggregation systems and expand business in Japan and Asia

#### Organizational/Human Resources Strategy

- Enhance production systems in manufacturing departments and establish supply chains
- Build a base for mutual understanding and collaboration among divisions to provide one-stop solutions by utilizing human resource exchange
- Cultivate management personnel who will be responsible for the entire energy field
- Accelerate acquisition and training of human resources for overseas expansion

## 75th Anniversary Project

The Nippon Koei Group celebrated the 75th anniversary of its founding on June 7, 2021. Inspired by the keywords “history,” “future,” “unity,” and “world,” Nippon Koei has conducted anniversary projects based on the concept of “building the foundation for a 100-year company” since 2017.

### 75th Anniversary Ceremony

The “Nippon Koei 75th Anniversary Ceremony” was held on June 7, 2021, the day of the 75th Anniversary of the Company’s founding. The ceremony was broadcast live online and was viewed by approximately 4,000 participants, including employees of group companies from more than 30 countries and regions around the world.

In his opening remarks, Chairman Ryuichi Arimoto reflected on the Nippon Koei Group’s 75-year history. Afterwards, video-based congratulatory messages from Naoki Makimura, President of Tamano Consultants, and Mr. Chris Harding, Chair

of BDP HOLDINGS, were shown on behalf of the Group companies. In the commemorative project results presentation, employees were asked to submit ideas for eight commemorative projects, and those in charge of the projects presented the results of each project.

A presentation by Chairman Arimoto on the Long-term Management Strategy that started in July 2021, screening of video messages conveying the enthusiasm of employees of Group companies around the world, and a talk session between Chairman Arimoto and President Shinya were also conducted.



### NKG Art Contest

The NKG Art Contest invited entries for art (photo and video categories) under the themes of “75 Years of Gratitude and Strength” and “Our Workplace and the People Who Work Here.”

The contest received 270 entries from 17 Group companies in the photo category and 31 entries from seven Group companies in the video category. A total of 1,563 Group

employees participated in the employee voting process, after which the final judging was conducted by a panel of experts. The 13 winning entries in the photography category were selected for use in the 2022 Nippon Koei Original Calendar, and the six winning entries in the video category were compiled into a single movie, which can be viewed on Nippon Koei’s YouTube channel.



## Review of the Previous Medium-Term Management Plan “NK-Innovation 2021” (July 2019 – June 2021)”

### Previous Long-term Management Strategy and Previous Medium-term Management Plan Performance by Year

Although the initial plan for the fiscal year ending June 2015 was not achieved, business has expanded steadily and net sales have grown approximately 1.5 times over the past six years. The major achievement was the expansion of new business areas, including the launch of the Urban & Spatial Development Business by making BDP, a UK-based architectural design firm, a wholly owned subsidiary in the fiscal year ended June 2016, and the launch of the Energy Business in the fiscal year ending June 2019.



### Business Strategy Evaluation

**Results** Expansion of Urban & Spatial Development Business as well as business creation and overseas expansion in the Consulting Business are progressing steadily

**Issues** Delays in enhancing the production system for railway business and project origination in the Energy Business

Business Strategy	Main results/issues	Evaluation
Enhancement of operating system for Railways Business	<ul style="list-style-type: none"> <li>Achieved multiple orders for large-scale projects, mainly in South Asia, and built a solid track record</li> <li>In contrast, personnel shortages have become the norm, and strengthening the production system will continue to be an important issue in the future</li> </ul>	☁
Overseas expansion of Urban & Spatial Development Business	<ul style="list-style-type: none"> <li>Promoting expansion outside the U.K. by making Quadrangle a member of the Group</li> <li>Developing Asian markets through collaboration with Nippon Koei and BDP is still in progress</li> </ul>	☀☁
Establishment of Energy Business	<ul style="list-style-type: none"> <li>NKEE established in the Netherlands but project development delayed</li> <li>Domestic power generation and EM business is performing well</li> </ul>	☁
Consulting business’s efforts to generate new business and expand overseas	<ul style="list-style-type: none"> <li>Entering the management domain, such as comprehensive management of municipalities</li> <li>Full-scale entry into satellite disaster prevention information service business</li> </ul>	☀
Product development and overseas expansion of Power Engineering Business	<ul style="list-style-type: none"> <li>Steady progress in development of products with international standard specifications</li> <li>Profitability deteriorated due to delays in establishing overseas supply chains and intensifying competition</li> </ul>	☁

### Functional Strategy Evaluation

**Results** Steady progress in building a system to provide one-stop services to customers and in technology development by consolidating themes

**Issues** Despite the promotion of Group governance, retroactive adjustments to financial results occurred, which will be an ongoing issue in the new Medium-term Management plan

Functional Strategy	Main results/issues	Evaluation
Establishment of one-stop marketing system	<ul style="list-style-type: none"> <li>Established Business Promotion Headquarters responsible for cross-segment marketing</li> <li>Supported overseas development of domestic technologies; Examined and promoted M&amp;A and business investment</li> </ul>	☀☁
Investment in technologies and human resources	<ul style="list-style-type: none"> <li>Steady progress by consolidating themes</li> <li>Conducted recruitment activities during the Covid-19 pandemic using online capabilities to support efforts</li> <li>Newly established Center for Advanced Research</li> <li>Established Business Strategy Headquarters and launched DX business</li> <li>Development of telework promotion system</li> </ul>	☀☁
Enhancement of Group governance	<ul style="list-style-type: none"> <li>Established and implemented Nippon Koei Group business management guidelines and implemented PDCA model</li> <li>Adopted IFRS and started relevant disclosure</li> </ul>	☀☁

# Medium-Term Management Plan

## Building Resilience 2024 (July 2022 to June 2024)

Based on our Long-term Management Strategy, we have formulated "Building Resilience 2024," a medium-term management plan to strengthen the foundation for the co-creation of a sustainable future over a three-year period, keeping in mind our aspirations for the year 2030.

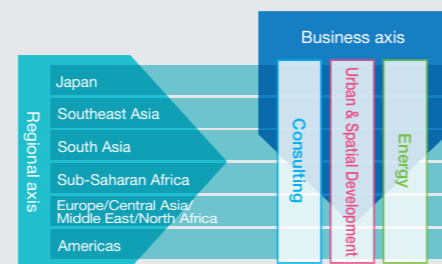
While improving business performance, we plan to make investments for medium- and long-term growth, which will lead to the future development of our Group.

### Three Measures for Strengthening the Company

**Measure 1** Promote business based on the independence of our three businesses

**Measure 2** Establish a group management structure that realizes matrix management of business and regions

**Measure 3** Establish the Nippon Koei brand and Nippon Koei Group quality



### Measure 1 Promote business based on the independence of our three businesses

We aim to promote independent businesses through three strengthened domains (Consulting Business, Urban & Spatial Development Business, and Energy Business).

Key initiatives	Materiality
<ul style="list-style-type: none"> <li>Advancement and global expansion of disaster prevention/mitigation technologies</li> <li>Full-scale expansion into the management field</li> </ul>	M1. Development of a safe and reliable infrastructure
<ul style="list-style-type: none"> <li>Expansion of transportation related businesses</li> <li>Creation of smart city projects with a focus on decarbonization, safety, and security</li> </ul>	M2. Development of smart societies
<ul style="list-style-type: none"> <li>Realization of one-stop service center for urban (re)development projects</li> <li>Expansion of BDP market</li> <li>Full-scale development into urban management field</li> </ul>	M3. Creating attractive cities
<ul style="list-style-type: none"> <li>Promotion of services that contribute to decarbonization</li> <li>Establish foundation for power generation and energy management business</li> <li>Strengthen manufacturing of core products and develop new products</li> <li>Provide one-stop solutions utilizing diversified and diverse technologies</li> </ul>	M4. Challenge to Decarbonization

### Measure 2 Establish a group management structure that realizes matrix management of business and regions

We will strengthen our regional axis, which is the cornerstone of the Group's management structure to realize matrix management of business and regions.

Key initiatives	Materiality
<ul style="list-style-type: none"> <li>Establishment of a pure holding company and governance structure to realize matrix management</li> <li>Establishment of regional management structure and support for autonomous regional management</li> <li>Realization of one-stop service center</li> </ul>	M5. Enhancement of governance
<ul style="list-style-type: none"> <li>Work style reform (promotion of well-being management)</li> </ul>	M6. Work environment where human rights are respected and job satisfaction is high

### Measure 3 Establish the Nippon Koei brand and Nippon Koei Group quality

With our technology strategy, we will grow into a pioneering company that realizes a sustainable society by creating innovative value centered on DX. Using our human resources strategy, we will enhance our knowledge management and talent management systems, which we have built up to date, and establish the NKG Global Academy, a human resources development system.

Key initiatives	Materiality
<ul style="list-style-type: none"> <li>DX Promotion</li> <li>Establishment of NKG Global Academy</li> </ul>	M7. Human resource development and technical development

### FYE June 2024 Numerical Targets (IFRS)

Revenue  
¥155 billion

Operating profit  
¥11.5 billion

Operating profit margin  
7%

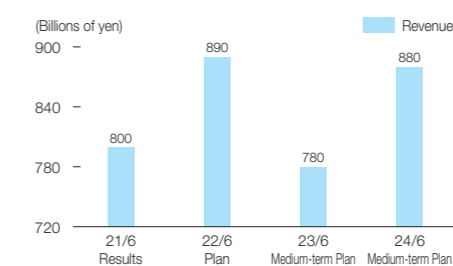
ROE  
9%

### Numerical Targets by Business Segment

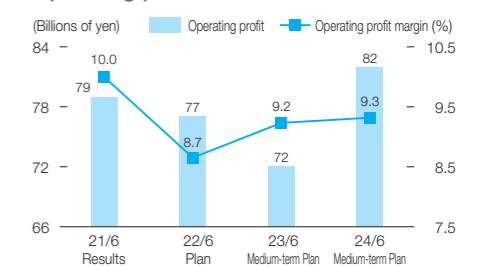
#### Consulting Business

- Revenue will decrease in FYE June 2023 due to the transfer of a consolidated subsidiary (Tamano Consultants) from this business segment
- Revenue will grow by more than 20 billion yen in real terms over the next three years

#### Revenue



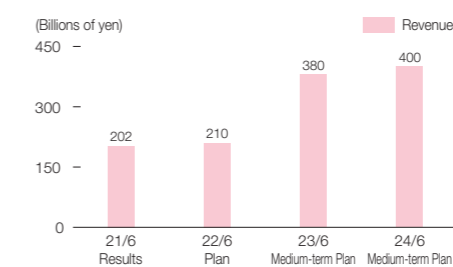
#### Operating profit



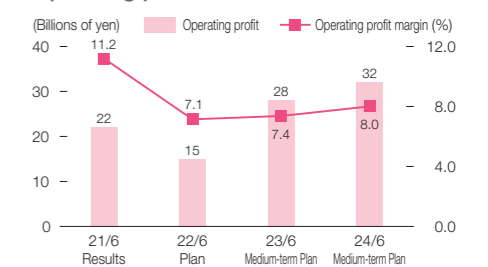
#### Urban & Spatial Development Business

- Revenue and earnings will increase in FYE June 2023 due to the transfer of a consolidated subsidiary (Tamano Consultants) to this business segment.

#### Revenue



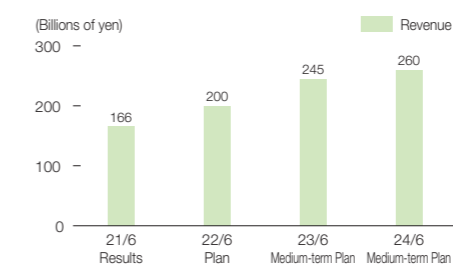
#### Operating profit



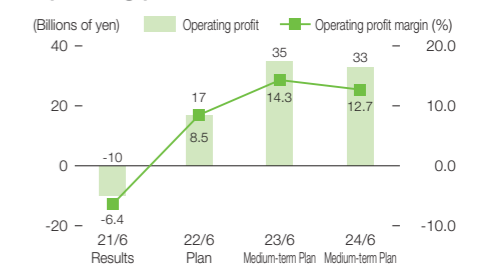
#### Energy Business

- Revenue will grow by approximately 9 billion yen over the next three years
- Operating profit is expected to enter positive territory again in FYE June 2022 due to the elimination of one-time losses, and a return on investment in our overseas energy management business is expected in FYE June 2023.

#### Revenue



#### Operating profit



### Investment Objective

During the period of this plan, we plan to invest approximately 32 billion yen over three years as growth investments (including M&A) for the future. In making investments, we will review and enhance investment screening criteria as well as establish and enhance our investment screening system. We will respond flexibly to investment opportunities and take on the challenge of creating various initiatives and new businesses for future growth.

Total investment  
Approx.  
¥32 billion

Breakdown of investment plan  
Business investment approx. 60%  
(To respond to new markets in each segment, for concession business, etc.)  
Strategic investment (including M&A) approx. 40%  
(Growth areas, new business development, etc.)

## Financial Capital Strategy

We will steadily invest in growth areas to achieve sustainable earnings growth and shareholder returns.

**Yasushi Hirusaki**

Director and Managing Executive Officer



### Promoting growth investment for business evolution

Since the time the previous Long-Term Management Strategy was implemented, our Group has been promoting diversification and sophistication of our businesses both in Japan and overseas. This policy will continue in the current Long-term Management Strategy and Medium-term Management Plan as we are in the phase of aggressively investing in growth to put new businesses on track and expand them. We expect to invest approximately 32 billion yen over the three years of the Medium-term Management Plan in growth investments, including new business development and M&A.

An example of a business that we are working to diversify is the Energy Business, which is undergoing a remarkable business transformation. In the current energy markets in Japan and Asia are in a transitional period of changing to new business forms, involving changes such as electricity deregulation, promotion of renewable energy use, and spread of distributed power sourcing. We consider this to be an important period for us to determine the future development policy of our power and energy businesses. For this reason, we are making up-front investments to conduct business in fields such as energy management in Europe where progress is being made in energy mixing and electricity deregulation. In the Energy Business, the number of asset maintenance business projects is increasing, and in FYE June 2022 we started construction of grid-connected electricity storage system projects (25 MW in Belgium and 100 MW in the U.K.) used for the energy management business. In American Samoa, we are aiming to enter the business

as an independent power producer through an onshore wind power project that incorporates batteries for storing electricity. In addition, we are developing our own power generation business in Japan and overseas, from the construction of hydroelectric power plants to their operation and sale of electricity.

In the Consulting Business, there are increasing opportunities for the Group to participate in projects that involve investment, such as concession (right to operate public facilities) based projects. We are also looking into alliances to strengthen our production system to meet strong demand, such as in the field of railroads in developing countries. Nippon Koei continues to make alliances and business investments for the further growth of the Group.

### Basic objectives for capital and shareholder return

Based on the aforementioned growth strategy, we recognize the need to further strengthen our financial strategy as we move forward with new asset holdings, alliances, M&A, and other investments. Therefore, in our Long-term Management Strategy, we are preparing for the development of an investment screening system with a stronger financial perspective, monitoring using ROIC, etc., further elaboration of fund management, upgrading of the Group's cash management system, and diversification of fund procurement methods according to the use of funds.

Our basic objective regarding capital is to improve capital efficiency through medium- to long-term growth investment and raising appropriate capital suitable for such investment. In terms of

financial soundness, we have set a target of maintaining an equity ratio of 50%, which becomes 40% or more even during periods of intensive investment.

The basic objective of our dividend policy is to provide stable dividends and enhance shareholder returns in line with rising profit levels, with a target dividend payout ratio of 30% over the medium to long term.

In terms of improving the quality of our balance sheet, we are working to sustainably increase ROE by improving asset efficiency. By implementing the growth strategy formulated in the new Medium-term Management Plan, we aim to raise ROE to the 9% level in FYE June 2024, the final year of the new plan, and to boost it to the 15% level over the long term. In achieving the ROE target, we will place emphasis on profitability and plan to raise the operating margin from 6.0% in FYE June 2021 to 7.4% in the final year of the new Medium-term Management Plan, and to 10% in the long term. Combining these plans with flexible share buybacks, we will continue to consider shareholder returns in order to improve capital efficiency and achieve an appropriate total return ratio.

increase the mobility of human resources in Japan and overseas and shift quickly to a more efficient work style through telecommuting and the use of digital technology. As a result, we achieved record-high profits for FYE June 2021. On the financial front, we took measures to improve on-hand liquidity through long-term borrowings, increased borrowing capacity, etc. We also completed the transition to IFRS accounting standards in response to globalization.

In FYE June 2022, we transformed our five business segments into three segments. For the Consulting Business we combined our domestic and overseas businesses as well as the Research & Development Center, and combined our former Power Engineering and Energy Business to form our current Energy Business. Both of these reorganizations are aimed at strengthening the linkage and mobility of technology and human resources in the business fields expanded under the previous Long-term Management Strategy, and the results of the linkage are gradually emerging. As for our earnings forecast, we expect to achieve record-high sales revenue and operating income.

In order to achieve our Long-term Management Strategy, which looks ahead to FYE June 2030, and our Medium-term Management Plan for the first three years of that strategy, we will strengthen our current strategies on the financial front and maximize our corporate value through appropriate and flexible measures tailored to business conditions. We ask for your continued support as we look forward to the future development of our Group.

### Outlook for FYE June 2022 and toward achieving the Long-term Management Strategy

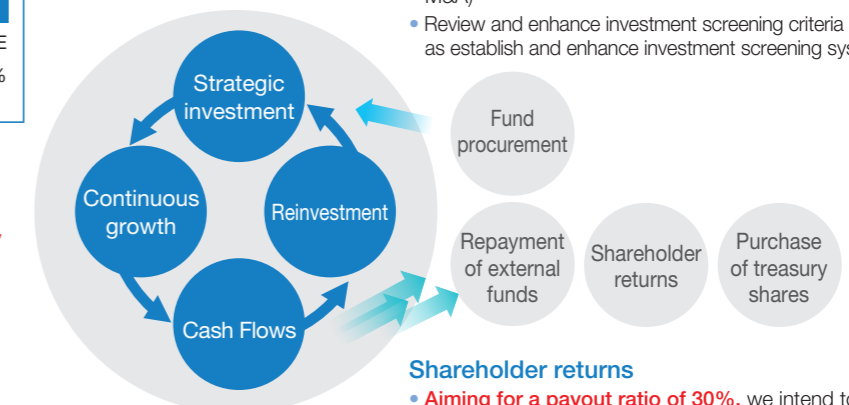
Although the spread of Covid-19 affected the Group in some business segments due to changes in the external environment and travel restrictions in various countries, the Group was able to

#### Financial Strategy

Target indicators			
Long-Term Management Strategy		Medium-Term Management Plan	
Operating Profit Margin	ROE	Operating Profit Margin	ROE
10%	15%	7%	9%

#### Ensure financial soundness

- To ensure financial soundness, we aim to maintain an equity ratio of approximately 40% even during periods of concentrated investment



#### Investment Objectives

- Plan to invest **approximately 32 billion** yen over a three-year period for growth investments (including M&A)
- Review and enhance investment screening criteria as well as establish and enhance investment screening system

#### Shareholder returns

- Aiming for a payout ratio of 30%**, we intend to provide stable dividends and enhance shareholder returns in line with rising profit levels
- Buyback/cancellation of treasury stock as necessary to achieve an **appropriate total return ratio**

# At a glance

In pursuit of solutions to social issues around the world, the Nippon Koei Group has come to show its world-leading conceptual and technological capabilities with pride, as well as its greatest asset, its human resources. Based on these advantages, the Nippon Koei Group has demonstrated its comprehensive strengths and continues to contribute to national development and development of societies in countries around the world.

(Fiscal year ended June 30, 2021)

## Financial Highlights



Orders

¥133,304 billion



Revenue

¥117,859 billion



Overseas Revenue Ratio

36.9%



Operating profit

¥7,128 billion

Operating profit margin

6.0%



Profit attributable to owners of parent

¥4,531 billion



ROE

5.7%

## Non-financial Highlights

(Fiscal year ended June 30, 2021)

### Human Resources

#### Number of Employees

2021 (2020)



Group 5,936 (5,772)

Non-consolidated 2,537 (2,397)

#### Ratio of female employees

Non-consolidated 28.4% (21.9%)



#### Number of new university graduates hired

(including by Group companies in Japan)

2021 (2020)

Non-consolidated 206 (187)

### Technologies

#### Number of Certified Professional Engineers



Group 1,727

Non-consolidated 1,420



#### Number of Patents

(including patents held by Group companies in Japan)

81

### Integrated Capabilities



#### Ranked number one in the industry for net sales in Japan

1

Source: "Sales ranking of engineering consulting firms in Japan," Nikkei Construction, Monday, April 26, 2021



#### Number of Orders for the Year

(Consolidated)

Approx. 9,000

### Sustainability

#### CO<sub>2</sub> Emissions

(all offices in Japan for the fiscal year)



Scope 1 98 t-CO<sub>2</sub>

Scope 2 3,502 t-CO<sub>2</sub>



#### Water Use (from water supply)

12,023 m<sup>3</sup>

Period: April 2020 - March 2021  
Pertains to water use in the Nippon Koei Head Office area (Head Office and Kojimachi Office)

# Opportunities and Risks Arising from Changes in the External Environment

The Nippon Koei Group formulated its Long-term Management Strategy based on an understanding of changes in the external environment and risks and opportunities, and implements initiatives to ensure continued sustainable growth.

Main Changes in the External Environment	Opportunities		Risks	Related Initiatives
<p><b>Changes in demographic structure</b></p> <p>Changes in demographic structure will vary widely from country to country with concerns that rapid aging in some countries will put pressure on the labor force as it will comprise a smaller portion of the total population.</p> <p>On the other hand, growing countries are expected to see the largest labor force and consumer markets ever.</p>	<p><b>Improvement of productivity through work style reform</b></p> <ul style="list-style-type: none"> <li>Pursuit of optimal work styles including telework</li> <li>Improvement of business efficiency and productivity through the use of IT tools</li> </ul> <p><b>Expansion of urban revitalization projects and public-private partnerships</b></p> <ul style="list-style-type: none"> <li>Increase in compact city planning that consolidates urban functions to cope with declining/aging populations</li> <li>Expansion of concessions, PPP/PFI projects, etc.</li> </ul> <p><b>Local subsidiary business expansion</b></p> <ul style="list-style-type: none"> <li>Increase in projects and workers in emerging countries</li> </ul>		<p><b>Shortage of workers</b></p> <ul style="list-style-type: none"> <li>Amount of human resources with expertise for securing and training workers is insufficient</li> <li>Loss of human resources due to overwork and harassment</li> <li>Loss of labor productivity and exodus of human resources</li> </ul> <p><b>Partner companies</b></p> <ul style="list-style-type: none"> <li>Insufficient securing of partner companies</li> <li>Decline in productivity and quality in the Group, including partner companies</li> </ul>	<ul style="list-style-type: none"> <li>Improvement of working environment by maximizing the use of AI and ICT</li> <li>Full-scale expansion into the business management field</li> <li>Establishment of NKG Global Academy to develop world-class human resources throughout the Group</li> <li>Operation of a regional engineer system to enable overseas human resources to be active in third countries</li> <li>Actively recruit new employees and strengthen the post-employment training system</li> <li>Regular labor monitoring</li> </ul>
<p><b>Climate change and lack of resources</b></p> <p>Climate change and lack of resources will have an increasingly severe impact on the economy with energy demand and water intake projected to increase by 50% and 40%, respectively, by 2030*. There are concerns that climate change will cause frequent extreme weather events and rising sea levels that will make agriculture and other activities using traditional methods difficult in some areas.</p> <p><small>* "Global Trends 2030: Alternative Worlds", US National Intelligence Council</small></p>	<p><b>Creation of businesses related to climate change</b></p> <ul style="list-style-type: none"> <li>Increased demand for decarbonization and carbon neutrality and an increase in projects that can take advantage of renewable energy-related technologies and know-how cultivated to date</li> </ul> <p><b>Large-scale natural disasters measures</b></p> <ul style="list-style-type: none"> <li>Increased disaster prevention and mitigation measures to cope with disasters caused by climate change</li> </ul> <p><b>Creation of projects related to energy and resource shortages</b></p> <ul style="list-style-type: none"> <li>Increased consulting needs for resource conservation, circular economy, agricultural reform, and food value chain</li> </ul>		<p><b>Increased conflicts and political tensions over resources</b></p> <ul style="list-style-type: none"> <li>Temporary suspension of projects and supply chain disruptions</li> </ul> <p><b>Business continuity</b></p> <ul style="list-style-type: none"> <li>Insufficient preparation for large-scale natural disasters</li> </ul>	<ul style="list-style-type: none"> <li>Proactively respond to projects that contribute to climate change countermeasures (transportation infrastructure development, environmental conservation, renewable energy-related projects, etc.)</li> <li>Proactive response to disaster prevention/mitigation, infrastructure maintenance and management (aging countermeasures), and other disaster countermeasure projects</li> <li>Acquisition of new energy technologies</li> <li>Establishment and periodic review of business continuity plan</li> </ul>
<p><b>Rapid urbanization</b></p> <p>The urban population as a percentage of the world's population was less than 30% in the 1950s and is now projected to rise to 50%. In 2015, there were 22 megacities in the world with populations of 10 million or more, and the world's urban population is expected to increase by approximately 72% by 2050.</p> <p><small>(According to the Population Division of the Department of Economic and Social Affairs of the United Nations)</small></p>	<p><b>Expansion of opportunities for the development of smart infrastructure and smart cities</b></p> <ul style="list-style-type: none"> <li>Support for integrated projects by leveraging integrated capabilities</li> </ul> <p><b>Increase in transportation &amp; urban planning field projects</b></p> <p>Transportation system development and response to MaaS and TOD utilization</p>		<p><b>Increase in multiple large-scale projects</b></p> <p>Increasing sophistication and complexity of project management and quality issues</p> <p><b>Compliance</b></p> <ul style="list-style-type: none"> <li>Violation of related laws and regulations in Japan and overseas and occurrence of serious accidents</li> </ul>	<ul style="list-style-type: none"> <li>Provision of one-stop solutions by integrating the Group's fields of expertise</li> <li>Expansion of Urban &amp; Spatial Development Business</li> <li>Acquisition of project management/construction management technology</li> <li>Strengthening of internal control systems including those at each Group companies</li> </ul>
<p><b>Shift in global economic power</b></p> <p>Emerging economies such as the BRICs, which have provided large amounts of labor and production functions in the past, have begun to shift to a consumption-based economy and are now exporting capital, human resources, and innovative technologies, which is changing the flow of capital.</p> <p>As emerging markets grow and expand in size, connections through trade and investment are being created at a fast pace among emerging economies.</p>	<p><b>Growth and expansion of scale in emerging markets</b></p> <ul style="list-style-type: none"> <li>Flexibility through leveraging of business expertise in emerging countries</li> </ul> <p><b>Local subsidiary business expansion</b></p> <ul style="list-style-type: none"> <li>Increase of projects in emerging countries, development of young workforce, and maintenance of diversity</li> </ul>		<p><b>Changes in competitive environment</b></p> <ul style="list-style-type: none"> <li>Declining competitiveness in mature markets, intensifying competition with competitors possessing different attributes than previously seen</li> <li>Delayed adaptation of own brand and positioning</li> </ul> <p><b>Group governance</b></p> <ul style="list-style-type: none"> <li>Fraud risk and inappropriate behavior, lack of synergy from M&amp;A alliances</li> </ul>	<ul style="list-style-type: none"> <li>Support for autonomous management of regions promoting matrix management</li> <li>Diversification of markets (business areas and regions) and customers (especially private-sector customers)</li> <li>Active promotion of local human resources</li> <li>Careful selection of new investment targets and strengthening of monitoring of existing businesses in which we have invested</li> <li>Transition to a pure holding company to improve management efficiency, strengthen governance, and realize coexistence of diversity</li> <li>Establishment of NKG Global Academy to develop world-class human resources throughout the Group</li> </ul>
<p><b>Technological development</b></p> <p>Breakthroughs in the field of nanotechnology and cutting-edge technologies in other R&amp;D areas will increase the likelihood of commercialization and provide increased opportunities for new investment.</p>	<p><b>Business creation utilizing DX</b></p> <ul style="list-style-type: none"> <li>Expansion of the utilization of BIM/CIM, 3D models, big data, etc.</li> </ul> <p><b>Expansion of alliance opportunities</b></p> <ul style="list-style-type: none"> <li>Promotion of collaboration beyond industry and regional boundaries</li> </ul>		<p><b>Increase in cyber attacks</b></p> <ul style="list-style-type: none"> <li>Leakage of confidential information such as customer information and our confidential information</li> <li>Delays in project progress due to large-scale failures</li> </ul>	<ul style="list-style-type: none"> <li>Realization of DX</li> <li>Promotion of both "offensive" DX (providing added value through the use of BIM/CIM, 3D models, big data, etc.) and "defensive" DX (improving productivity and business efficiency through in-house DX)</li> <li>Acceleration of needs-driven technology development</li> </ul>

# Environmental Management



## Approach to Nippon Koei Sustainability

Based on the Management Philosophy, the sustainability of our Group comes from preparing business strategies to pursue opportunities in the risk related to environmental and social issues and proposing solutions for environmental and social issues through promoting business activities.

Under the "Nippon Koei Group Code of Conduct," "Ten Environmental Principles," and "Basic Sustainability Policy," each and every one of our employees is working with a high level of awareness to address environmental and social issues toward the development of a sustainable society, and to contribute on a global scale by leveraging our business domain as a consultant.

### Ten Environmental Principles

1. Gain basic understanding.
2. Comply with environmental laws and regulations.
3. Give consideration to the actual status of the natural and social environments of the region.
4. Proactively engage in environmental impact assessment.
5. Pay attention to the diversity of environmental fields.
6. Enhance technological capabilities with environmental considerations as a value added.
7. Consider cost effectiveness in relation to environmental considerations.
8. Propose measures and processes enabling environmental considerations.
9. Accumulate, share and communicate knowledge and information relating to environmental considerations.
10. Incorporate environmental considerations into quality management system.

### Basic Sustainability Policy

Contributing to Society through Our Business Activities		We will actively promote the commercialization of solutions for social issues and contribute to the development of a sustainable society through business activities that support the development of optimal infrastructure to meet the needs of the times.
Environment	Environmental conservation	We will strive to create a richer social environment in harmony with the natural and living environments, emphasizing the need to respond to climate change, to make a transition to a resource-recycling society, and biodiversity.
	Respect for Human Rights	Throughout our supply chain, we recognize diversity and address human rights risks based on race, nationality, gender, ideology, creed, and social status, and strive to avoid complicity in human rights abuses.
Social	Human Resource Development	We will develop human resources who have the expertise to meet the needs of our clients and who can be active on a global scale, while maintaining fair and equitable employment relationships that enable our employees to play an active role in the company.
	Work Environment Improvement	We will support the safety and health of our employees and promote a working environment in which they can feel comfortable, prosperous, and fulfilled.
Governance	Enhancement of governance	We will comply with our corporate governance policies and ensure transparency of management and increase credibility through enhanced communication with stakeholders.
	Conduct Business with Integrity	We will comply with laws, regulations, and corporate ethics, including social norms, and conduct fair transactions with our business partners, respecting each other's position.

## Basic Sustainability Policy

The Nippon Koei Group promotes sustainability management in order to contribute to the development of a sustainable society, based on fair and transparent corporate management that establishes trust with stakeholders and is guided by values shared within the Group.

As there are various perspectives on sustainability, we promote the following activities from the perspective of contributing to the creation of social value through our business activities, in addition to the perspective of responding to the impact of our business activities on society and to social needs from a wide range of perspectives.

1993	Established Nippon Koei Basic Policy for the Global Environment
1996	Established Nippon Koei Action Plan for the Global Environment
1998	Ten Environmental Principles were established by the Consulting Unit (former name)
2015	A new version of the Ten Environmental Principles established based on the Nippon Koei Basic Policy for the Global Environment and the Nippon Koei Action Plan for the Global Environment as well as the Ten Environmental Principles of the Consulting Unit.
2022	Established Basic Sustainability Policy

## Sustainability promotion system

The Nippon Koei Group established the "Sustainability Promotion Committee" in September 2021 with the aim of further strengthening its efforts to realize a sustainable society.

This committee will be responsible for examining important issues and key targets for sustainability across the entire company and clarifying necessary implementation strategies, KPIs, and activity procedures. The committee is chaired by the Representative Director and Executive Vice President (in charge of Sustainability), with outside directors as advisors, and the committee members are responsible for each business headquarters, business unit, and committee.

The Committee is responsible for formulating business policies and approving and deciding on activities related to Group-wide sustainability risks and opportunities, and the Committee's activities are reported to the Board of Directors and the Management Council as appropriate. Specific business operations that contribute to the Sustainable Development Goals (SDGs) will also be considered by the Committee.

## Signatory of the UN Global Compact

In July 2019, Nippon Koei expressed its support for the United Nations Global Compact (hereinafter "UNGC") proposed by the United Nations. We are also a member of the Global Compact Network Japan, which is comprised of Japanese companies that have signed the UNGC.



Many of the projects in which we are involved, such as infrastructure construction, energy development, and environmental conservation in developing countries, will greatly contribute to the realization of the Ten Principles of the Global Compact. We will promote management in accordance with these principles and contribute to the development of a sustainable society through our business.

## Climate Change Countermeasures

Nippon Koei promotes the modal shift from automobiles to railroads and ships, supports conversion to renewable energy, supports the efficient use of energy, and provides consulting services for greenhouse gas reduction from the perspectives of various business fields, such as controlling greenhouse gas emissions by improving waste treatment technology and supporting the CDM (Clean Development Mechanism) business. In the area of

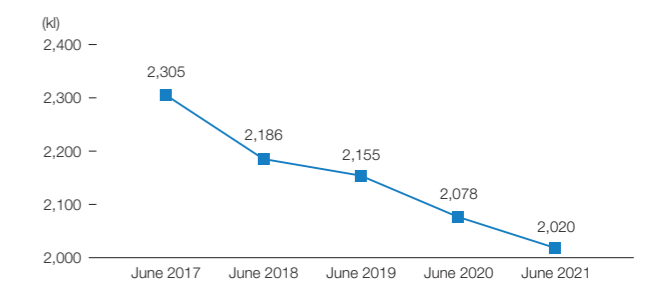
research and development, we have set "develop businesses responding to climate change" as one of the main technology measures that we are implementing across the entire company, and are for working on the development of related cutting-edge technology and new businesses. The Company also works to share and disseminate its technology and expertise widely, such as through the operation of NK-ClimVault, a portal site that allows users to obtain free future climate forecast information on rainfall and temperature in major cities.

In addition, in response to the Task Force on Climate-related Financial Disclosures (TCFD), the Sustainability Promotion Committee is analyzing the impact of climate change on our business and considering measures to address the issue. By promoting appropriate disclosure of related information and increasing communication with stakeholders, we aim to further build relationships of trust and enhance sustainable corporate value.

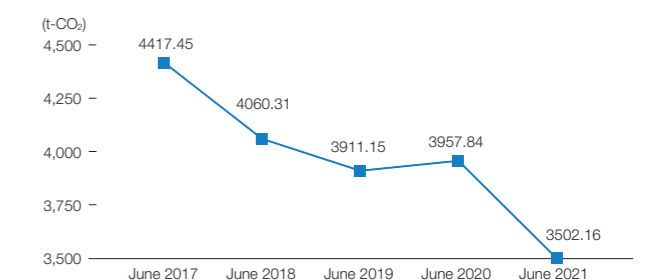
## Initiatives for reducing environmental impact in-house

At our head office building located in Chiyoda-ku, Tokyo, we are utilizing our knowledge in our main business to introduce an energy management system developed in-house and incorporate an energy-saving system that uses geothermal heat. In addition, Fukushima Works, located in Sukagawa City, Fukushima which has a manufacturing department, is also working on reducing power consumption by installing solar power generation and introducing storage batteries, reusing packaging materials, and recycling waste plastic and waste wood.

### Energy Consumption



### CO<sub>2</sub> Emissions (Scope 2)



\*All Nippon Koei offices in Japan

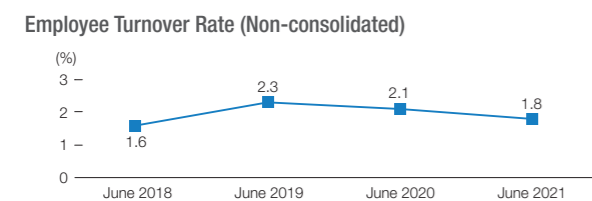
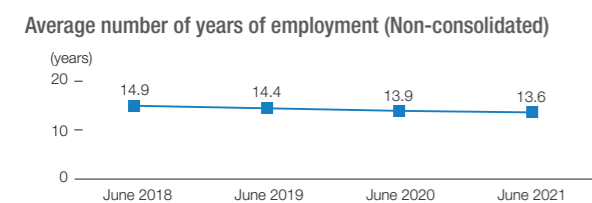
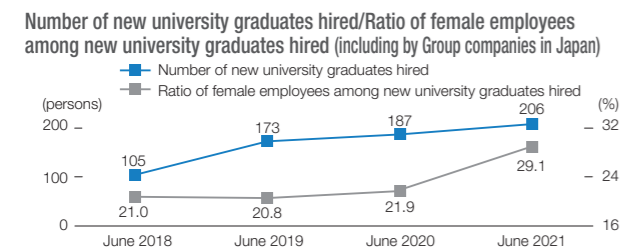
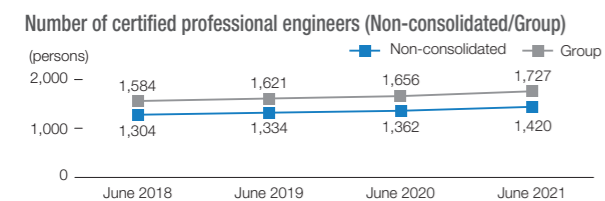


## Human Resource Development

The Nippon Koei Group considers its human resources as its greatest management asset and the source of value creation. The Group provides a full range of training and seminar programs designed so each employee is fully aware of their role as a professional, feels their own growth, freely demonstrates their abilities, and feels a sense of purpose in their work. In addition, the personnel structure and training systems are formulated to support continuing skill development.

### Training, Programs, and Systems for Human Resource and Skill Development

Training and Seminars	
<ul style="list-style-type: none"> <li>New employee introductory training</li> <li>Third-year training</li> <li>Mid-level employee training</li> <li>Manager training</li> </ul>	<ul style="list-style-type: none"> <li>Harassment prevention training</li> <li>Life planning seminars</li> <li>Technical development training/ TD follow-up training*1</li> <li>Professional engineer (secondary) exam preparation seminar</li> <li>Skill advancement courses, etc.</li> </ul>
Programs	Systems
<ul style="list-style-type: none"> <li>Personnel Exchange Multiseed Program*2</li> <li>Distance education</li> <li>Financial incentives for paper submissions and lecture attendance</li> <li>Financial incentives for certification attainment, etc.</li> </ul>	<ul style="list-style-type: none"> <li>NKG E-learning System</li> <li>Career Path Planning System</li> <li>CPD Activity Recording System etc.</li> </ul>



## Human Resources Sought After by the Nippon Koei Group

In order for the Nippon Koei Group to continue to exist as a group of professionals capable of solving the issues of the times and issues that regions face who are committed to society, we believe that it is important for our employees to work tirelessly and for the company to create an environment that encourages them to do so. Therefore, in 2001 we established a system and structure for career development based on the career vision. It is necessary for each and every employee to be aware of the role he or she should play and to act with a sense of unity throughout the Group. In order to achieve this goal, we indicate the following three roles as being necessary: Technical Manager (TM), General Manager (GM) and Project Manager (PM).

Furthermore, in order to smoothly promote work as professionals, we believe that communication skills, specialized technical skills, social skills, and management skills that integrate these abilities are essential, so we are implementing measures to improve these skills.

### Nippon Koei Job Training System

Purpose	Program	Overview
Required Skill Acquisition	NK Academy	<b>Common Courses</b> <ul style="list-style-type: none"> <li>Technology                             <ul style="list-style-type: none"> <li>Hydraulic Engineering Course</li> <li>Soil Engineering Course</li> <li>Structural Mechanics Course</li> </ul> </li> <li>Business Skills                             <ul style="list-style-type: none"> <li>Writing Skills Improvement Course</li> <li>Logical Thinking Course</li> </ul> </li> <li>Specialty Courses                             <ul style="list-style-type: none"> <li>Structural Design                                     <ul style="list-style-type: none"> <li>Concrete Maintenance Seminar, etc.</li> </ul> </li> </ul> </li> </ul>
	Other	<ul style="list-style-type: none"> <li>Quality control training</li> <li>Ethics (compliance) training, etc.</li> </ul>
Career Planning	Career Planning	<ul style="list-style-type: none"> <li>TD training</li> <li>TD follow-up training, etc.</li> </ul>
Role Awareness According to Level	Executive Training	<ul style="list-style-type: none"> <li>New department head training</li> <li>Field dynamics management training</li> <li>New section head training, etc.</li> </ul>
	Level-based Training	<ul style="list-style-type: none"> <li>New employee introductory training</li> <li>Third-year training</li> <li>Mid-level employee training, etc.</li> </ul>
Acquisition of Knowledge by All Employees	Other	<ul style="list-style-type: none"> <li>OJT Manager Seminar</li> <li>Harassment prevention training</li> <li>Life planning seminars, etc.</li> </ul>

\*1 Technical Development: A Nippon Koei training program for employees to define their career vision to serve as a guide for developing technical expertise to achieve their vision.  
 \*2 Abbreviation of Multi Seed Program, which is a system of personnel exchange that assign employees to a different department than the originating department for a set duration to develop engineers.

## Topics

### Initiatives for Developing Human Resources and Improving Skills

In June 2020, we opened the NK Academy, an in-house training program for young technical employees of the Nippon Koei Group, in order to develop young engineers and pass on skills to the next generation. Courses are conducted by in-house instructors and all videos of the courses are archived later to promote repeated learning.

In addition, as part of our Medium-term Management Plan, we aim to establish the "NKG Global Academy," which will enable engineers in the Group around the world to mutually exchange and integrate technical information. Through these efforts, we will raise the level of human resources capabilities of the entire Group.

#### NKG Global Academy

- Training programs raise each participant's skill level, instill engineering ethics, and foster a sense of group unity
- Dispatch of lecturers to universities and integrated R&D operations
- Cultivation of external human resources for future infrastructure development in developing countries

Educational Programs

Human Resources Database

Organizational Learning

## Diversity

We have established a working environment in which diverse human resources with different values and perspectives, regardless of nationality, gender, age, or employment status, can demonstrate their individuality and abilities and play an active role in the Company. In our Long-term Management Strategy, we have also included in our human resource strategy the development of a highly productive work environment that makes maximum use of innovative technologies such as AI and ICT in line with the progress of digitalization, and the pursuit of diverse work styles and diversity management regardless of the form, place, or time of employment.

In particular, with regard to the policy on women's advancement, we have set quantitative targets in the "Action Plan based on the Act on Promotion of Women's Participation and Advancement in the Workplace" and are continuing our efforts, but we will implement new priority measures at the recruitment stage to increase the ratio of female employees. Specifically, we have set a target for increasing the percentage of new female university graduates hired to 20%. In addition, we are making various fundamental changes, including holding meetings in English and shifting to internal documents provided in English.

## Work Style Reform

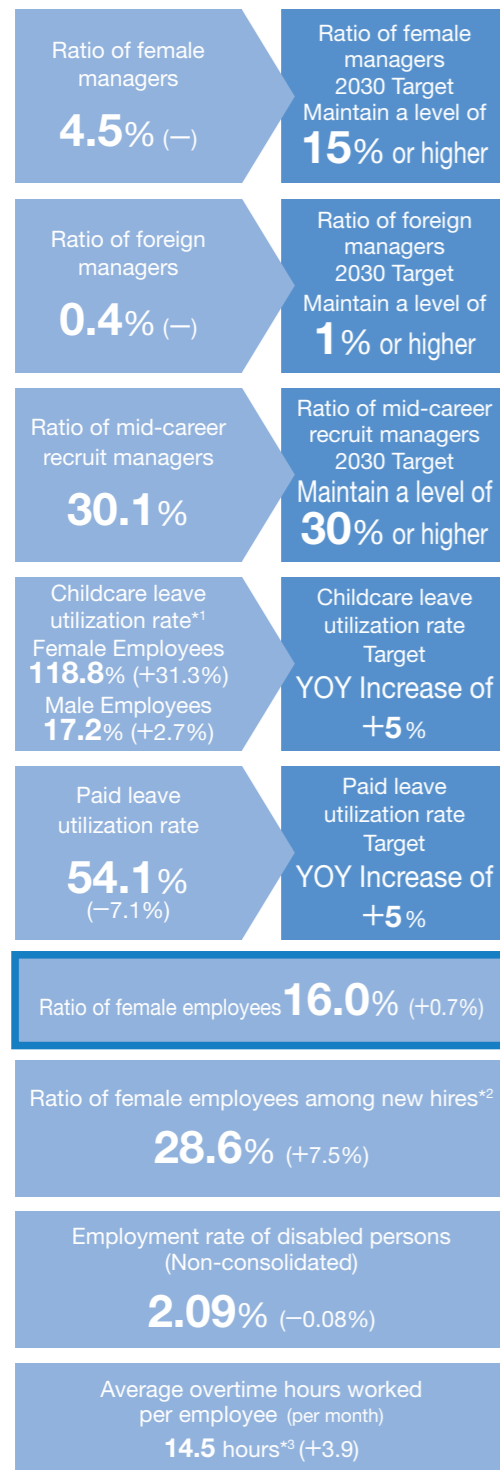
Based on the existing themes of "work style reform" and "productivity improvement," the Nippon Koei Group is working faster than other companies in the industry on work style reform with a focus on establishing systems and environments that make optional and diverse work styles possible which place emphasis on work quality. As a response to the Covid-19 pandemic that we currently face, we continue to maintain a work style that balances coming to the Company to work and telework to ensure the safety and health of our employees while using the decisions of the government and various local authorities as a standard. We are further promoting systems such as flextime and telework which support work style reform we have addressed and are expanding our IT capabilities, including cloud technology, to support these work styles.

At the new Head Office, by flexibly selecting and utilizing locations suited for work content, such as spaces for standing meetings and online meetings, offices for focused work, etc., we have established a work environment that encourages collaboration and improved productivity. In addition, the Production Promoting Office of the Digital Innovation Department, which is accelerating in-house DX, is promoting initiatives to realize both the promotion of work style reforms and productivity improvement by reforming new work styles to prevent the spread of Covid-19 and expanding our IT to support these new styles.

### Initiatives for work style reform and improving productivity

<b>Improve office system efficiency</b>
<ul style="list-style-type: none"> <li>Introduce a free address system and satellite offices</li> <li>Improve the efficiency of online meetings and regulate them</li> <li>Change to a paperless system</li> <li>Use smartphones for extension calls</li> </ul>
<b>Improve management work efficiency</b>
<ul style="list-style-type: none"> <li>Digitization of purchase management/contract management/</li> <li>Visualization of schedule management, labor management, and daily tasks</li> </ul>
<b>Improve efficiency of production activities</b>
<ul style="list-style-type: none"> <li>Digitization of sales tools</li> <li>Digital Transformation of activities from order acquisition to production through the use of AI, DB, and RPA</li> </ul>

Data and KPIs for Realizing Diversity and Work-life Balance



Values in parentheses indicate YOY changes.

\*1 Calculated by dividing the number of employees who started childcare leave in the current fiscal year by the number of employees whose child was born in the current fiscal year. Even if the date of birth of the child and the date of commencement of childcare leave belong to different fiscal years, they are included in the denominator and numerator of the calculation of the leave utilization rate.

\*2 Among employees who joined the company between Wednesday, July 01, 2020 and Wednesday, June 30, 2021 and who are still employed as of Wednesday, June 30, 2021.

\*3 Including work legal holidays

## Supporting Employee Health

In order for the human resources that form the foundation of our Company to fully demonstrate their abilities, the Nippon Koei Group is committed to health management that prioritizes the health and safety of our employees and promotes various health promotion measures. Nippon Koei was certified as a 2021 “White 500” Outstanding Health and Productivity Management Organization, continuing its status from 2020.



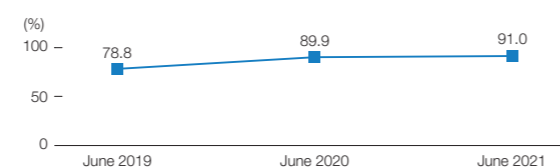
### Health Management Support

In addition to annual health checkups for all employees, gynecological examinations for female employees and physical examinations (including gynecological examinations) for all employees 35 years of age and older and their spouses are also conducted annually. We also established the Safety and Health & Environment Committee and health management room to improve checkup rate of regular health checkups. Furthermore, we offer health consultation service which employees can freely consult the Human Resources Department, in-house physician, health nurse, and psychologist work together to improve mental and physical health of the employees.

### Stress checks and personal health related interviews

Caring about the mental and physical health as well as the safety of our employees, we implement stress checks once a year which are made available for all employees. The number of employees who are participating in the stress checks is increasing year by year. In addition, we are working to grasp correct work situations of employees by utilizing home worktime record applications that allow bosses to grasp the working hours of employees even if they are working at home. For employees that work overtime more than the legally allowed 80 hours a month, interviews are held with industrial physicians to grasp their work and health situations.

Percentage of employees that received stress checks



## Human Rights Initiatives

In line with the “Nippon Koei Group Code of Conduct,” and the “Ten Environmental Principles,” the Nippon Koei Group obeys laws and ordinances related to the human rights of workers in each country where it conducts business while respecting basic human rights. We respect human rights and strive to maintain a fair workplace without discriminating against employees based on gender, age, origin, nationality, race, ethnicity, creed, religion, or disability.

### Training and Seminars

Nippon Koei provides harassment prevention training corresponding to each career stage. Third-year employees attend Mental Health Training for Learning How to Deal with Harassment, etc. and new section and department heads attend “Effect of Harassment on Mental Health” which are both given by specialists. In addition, the Company held various training sessions and seminars, including Training for Creating a Workplace Free of Power Harassment for managers and Manager Seminars for Training Female Subordinates based on an increase in young female employees due to our active hiring of new graduates in recent years.

### Harassment consultation system

We established a harassment consultation desk and introduced a system where employees can directly consult with the Human Resources Department, labor union, or an outside attorney. In addition, we offer consultations for new graduate (first-year) employees for creating career image. By providing advice through this consultation desk, those employees are supported by gaining a clear view of their future career.

### Business due diligence

While conducting business in Japan or overseas, Nippon Koei promotes business due diligence that focuses on environmental and social aspects. We work to reduce potential human rights risks by effectively assessing the impact of our activities on people and regional societies based on international standards.

by the Safety and Health & Environment Committee, which is supervised by the Total Risk Management Council. While planning to prevent injury to people or damage to facilities, the Work-Life Balance Promoting Committee, which is supervised by the Management Council, promotes and monitors measures to prevent overwork, etc.

In our business activities, responsible departments within each business headquarters will have control over quality and safety. While involved in an overseas project, we operate a safety portal site that immediately updates a safety and health manual and information related to safety. When traveling to high-risk countries and regions and when bidding on projects, we have established regulations and apply the same regulations for Group companies and partner companies to follow.

### Safety Patrols

Nippon Koei conducts safety patrols on project sites worldwide according to criteria determined by the scale and type of project for the purpose of eradicating occupational accidents and raising employee awareness.

On projects to supervise and manage construction, we verify the level of safety measures on-site and everyone involved in construction through measure such as joint safety patrols done monthly by Nippon Koei, clients and contractors weekly safety patrols conducted by contractors.

Based on the results of the safety patrols, a PDCA cycle is created for eradicating occupational accidents, and the Safety and Health & Environment Committee and each sub-committee receive the results from these safety patrols to share the safety management risks and best practices across organizational boundaries.

### Security Surveys

Nippon Koei has established its own unique risk standards for international joint development ventures and other overseas projects to make order and transit decisions. When launching projects in high-risk countries, security surveys are conducted with the cooperation of outside experts in crisis management at the startup of the project. Based on the findings of the survey, we strengthen security measures at our offices and dormitories to ensure that our employees can work in a safe and reliable environment.

### Power Safety Olympics

The manufacturing and construction departments of the Energy Headquarters holds Power Safety Olympics once a year to stipulate safety management procedures and improve employee safety awareness by sharing and exchanging ideas about training and measures using occupational accident examples.

## Safety and Health Initiatives

The Nippon Koei Group is focused on improving its management system with the idea that prevention in safety and health management is the best form of crisis management. Safety and health management is made comprehensive throughout the Group

# Corporate Governance

## Fundamental Approach to Corporate Governance

The Nippon Koei's fundamental approach to enhancing the Group's corporate value is to perform comprehensive corporate governance by strengthening oversight of management organizations, ensuring management transparency, and maintaining a structure facilitating the swift execution of business.

The Company's Board of Directors has established the "Fundamental Approach to Corporate Governance," which includes the following sections: Basic Objective of Corporate Governance (Chapter 1), Ensuring Shareholder Rights and Equality (Chapter 2), Appropriate Collaboration with Stakeholders Other than Shareholders (Chapter 3), Appropriate Information Disclosure and Transparency (Chapter 4), Responsibilities of the Board of Directors and Others (Chapter 5), and Dialogue with Shareholders (Chapter 6).

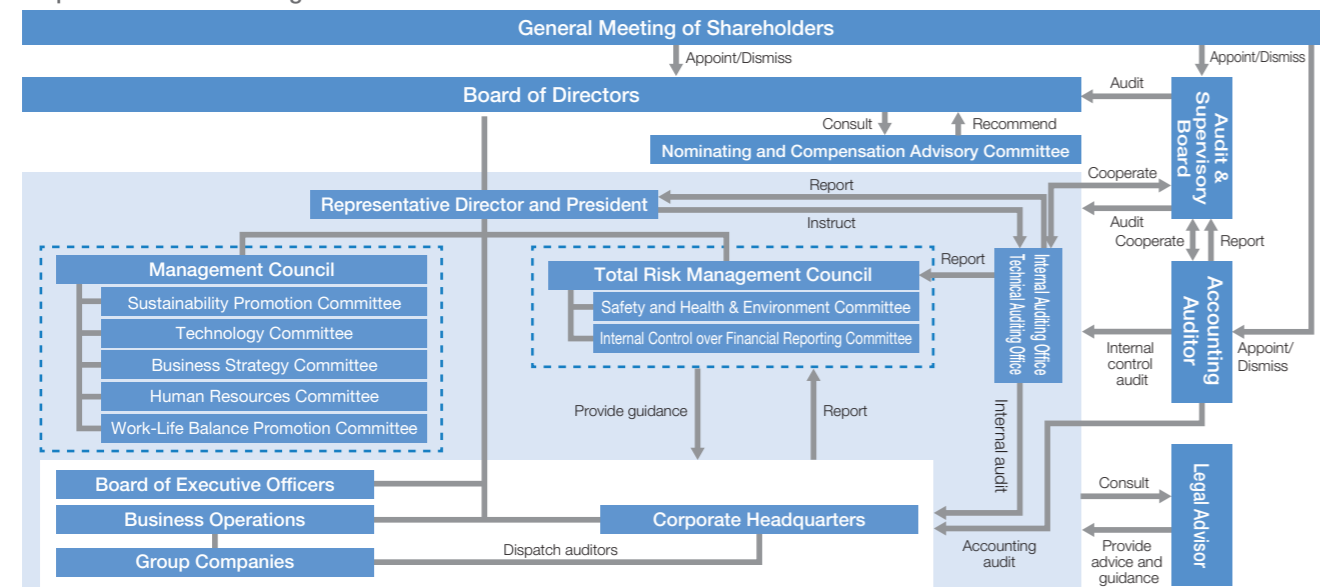
## Roles of Each Committee and Council

Nippon Koei maintains an Audit & Supervisory Board structure with a Board of Directors and Audit & Supervisory Board established. To further enhance management fairness and transparency, we also maintain a Nomination and Compensation Advisory Committee (since 2016) with members including independent outside directors and Audit & Supervisory Board members. Adopted in 2003, the executive officer system clarifies responsibility and expedites decision-making by separating the management supervision and monitoring functions from execution functions.

The main committees related to governance are listed below.

Committee/Council Name	Purpose	Meeting Frequency	Number of Members	Head
Board of Directors	The Board of Directors, in accordance with the Regulations of the Board of Directors, makes decisions about important matters and oversees the directors' execution of their duties.	Regular meetings Meetings are normally held once a month	Composed of 11 Directors, 3 are Outside Directors. Four Audit & Supervisory Board members, including two Outside Audit & Supervisory Board Members, also attend meetings of the Board of Directors.	Representative Director and Chairman
Nominating and Compensation Advisory Committee	The committee reports its discussions of personnel changes, director compensation, and other matters to the Board of Directors.	6 times a year	Composed of 6 members. These members include 3 Independent Outside Directors and 1 Independent Outside Audit & Supervisory Board Member.	Representative Director and Chairman
Management Council	The Management Council discusses basic policies related to business execution and important matters related to management.	Meetings are normally held twice a month	The council is composed of nine members, including the three representative directors, five directors designated by the president, and one Executive Officer. One Full-time Audit & Supervisory Board Member attends the council meetings as an observer.	President and Representative Director
Board of Executive Officers	The Board closely monitors the execution of specific measures related to the annual business plan and the medium-term management plan.	Meetings are normally held once a month	Composed of 31 members (Representative Director and President and 30 Executive Officers). Two full-time Audit & Supervisory Board members also attend the meetings.	President and Representative Director
Audit & Supervisory Board	The Audit & Supervisory Board conducts operational audits related to the execution of duties by directors and audits including monitoring the independence of accounting auditors.	Meetings are normally held once a month	Composed of 4 members (2 full-time Audit & Supervisory Board Members and 2 Part-time Audit & Supervisory Board Members)	Full-time Audit & Supervisory Board Member
Total Risk Management Council	The Total Risk Management Council supervises the overall promotion of risk management.	Meetings are normally held once a month	Composed of 8 directors with the president serving as the chair. One Full-time Audit & Supervisory Board Member attends the council meetings as an observer.	President and Representative Director

### Corporate Governance Organizational Chart



## Board of Directors

### Structure and Functions of the Board of Directors

The Board of Directors, in accordance with the Regulations of the Board of Directors, makes decisions about important matters and oversees the directors' execution of their duties. The Board of Directors is composed of 11 directors, including three outside directors. Four Audit & Supervisory Board members, including two outside members, also attend meetings of the Board of Directors.

The Board of Directors formulates medium- to long-term strategies and supervises Company's management in order to achieve sustainable growth and medium- to long-term improvement of corporate value based on trustee responsibility and accountability to shareholders, and recognizes that its basic responsibility is to improve profitability and capital efficiency.

The Board of Directors promptly makes decisions and holds in depth discussions while maintaining an overall balance of knowledge, experience, etc. In order to effectively fulfill its responsibilities, the Board of Directors is based on the concept that each member has character, insight, experience, knowledge, and ability, and can make comprehensive

decisions from a broad perspective. It is composed of members who are judged to be the best in consideration of their overall balance taking into account the company's business environment. One female Outside Director was added as a member of the Board of Directors on September 29, 2020 in order to incorporate diverse perspectives into management. In addition, there is one female Outside Audit & Supervisory Board Member. Although there are currently no foreigners serving as Directors, we have ensured diversity in the composition of the Board of Directors by appointing officers with various backgrounds, including those with global experience.

In order to improve fairness and transparency, proposals for appointing/dismissing Directors (proposals for the General Meeting of Shareholders or Board of Directors meetings regarding positions and appointments), which include the benefits and negatives of reappointment, are first screened by the Nominating and Compensation Advisory Committee and then discussed by the Management Council. Afterwards, plans are then decided by the Board of Directors. Plans for appointing/dismissing Audit & Supervisory Board Members (plans for the General Meeting of Shareholders) are decided by the Board of Directors after consultation by the Management Council which obtains consent from the Audit & Supervisory Board in advance.

### Backgrounds of Directors (eight Inside Directors and three Outside Directors) and Audit & Supervisory Board Members (two internal and two outside) (ages current as of September 2021)

Name and Position	Age	Number of Years Serving as Director	Number of Board of Directors Meetings Attended (FYE June 2021)	Background						
				Business Planning/Management	Technology	Sales and Marketing	Human Resources	Financial/Accounting	Legal	Global Experience
Ryuichi Arimoto Representative Director and Chairman	68	12	16/16 (100%)	●			●	●	●	
Hiroaki Shinya President and Representative Director	61	4	16/16 (100%)	●	●	●				
Hiroyuki Akiyoshi Representative Director Executive Vice President	65	9	16/16 (100%)	●	●					
Takayasu Tsuyusaki Director Executive Vice President	65	4	16/16 (100%)	●		●				●
Haruhiko Kanai Representative Director Senior Managing Executive Officer	63	4	16/16 (100%)	●	●					●
Yasushi Hirusaki Director and Managing Executive Officer	59	4	16/16 (100%)	●		●	●	●	●	●
Noriaki Yoshida Director and Managing Executive Officer	63	—	—	●	●					
Tomohisa Fukuoka Director and Managing Executive Officer	58	—	—	●	●					
Hiizu Ichikawa Outside Director	74	7	16/16 (100%)	●		●		●	●	●
Kazumasa Kusaka Outside Director	73	6	16/16 (100%)	●		●			●	●
Yoko Ishida Outside Director	64	1	12/12 (100%)	●	● (Business Evaluation)					●
Yoshizo Goto Full-time Audit & Supervisory Board Member	62	3	16/16 (100%)	●		●	●	●	●	●
Kunio Okamura Outside Full-time Audit & Supervisory Board Member	67	2	16/16 (100%)	●			●	●	●	●
Naoki Honjo Audit & Supervisory Board Member	67	3	16/16 (100%)	●			●	●	●	●
Yoshiko Koizumi Outside Audit & Supervisory Board Members	78	4	16/16 (100%)	●					●	●

\* Since Director Yoko Ishida was newly appointed and assumed her position at the 76th General Meeting of Shareholders held on September 29, 2020, the number of Board of Directors meetings that it was possible for her to attend differs from the other Directors listed.  
\* Because Directors Noriaki Yoshida and Director Tomohisa Fukuoka were newly appointed and assumed their positions at the 77th General Meeting of Shareholders held on September 29, 2021, their years of service serving as Director up to and included FYE June 2021 as well as their attendance rates are not listed.

## Evaluation of the Effectiveness of the Board of Directors

### Guidelines for conducting Board of Directors evaluations

Each year, the Company analyzes and evaluates the effectiveness of the Board of Directors, and the Board of Directors discusses issues to further improve its own effectiveness, thereby improving effectiveness.

#### Process for Evaluating the Effectiveness of the Board of Directors

- A survey for Directors and Audit & Supervisory Board Members is conducted (anonymous questionnaire using a third-party organization to ensure objectivity)
- The Board of Directors evaluates the effectiveness of the Board of Directors based on the aggregated and analyzed results of the survey, and the summary of the evaluation results is described in the Corporate Governance Report which is made public in October.

#### Evaluation Content

- The content of the questionnaire is based on fixed-point observation. However, social issues, recent issues faced by the Company, etc. will be newly added.
- This year's survey addressed 11 topics ((1) Board of Directors and management, (2) Management strategy and business strategy, (3) Risk and crisis management, (4) Group company monitoring/management evaluation and compensation, (5) Investment, (6) Dialogue with Shareholders, etc., (7) Status of improvement of matters indicated last year, (8) Existence of efforts including opinion exchange between Outside and Inside Directors regarding business execution, (9) Expected roles of Outside Directors and Outside Audit & Supervisory Board Members, (10) Utilization of IT to enhance Board of Directors meetings, (11) Long-term management strategy establishment (12) Other matters).

#### Evaluation results and future issues

(Evaluation results)

- Confirmed that the effectiveness of the Board of Directors of the Company was ensured, including the improvement of the matters indicated previous fiscal year.

(Issues)

- Enhancement of investment screening system
- Deepening of information sharing between Outside Officers and Inside Directors, provision of many opportunities for exchange, etc.

## Initiatives for enhancing the Board of Directors and Audit & Supervisory Board

In order to enhance the Board of Directors and the Audit & Supervisory Board, the Company is carrying out the following initiatives to train officers and stimulate discussion.

#### Officer training

In order for officers to properly fulfill their responsibilities, the basic objective of training is for officers to acquire necessary knowledge and improve abilities regarding corporate value, governance, etc.

- After taking the position of an officer, we provide training to them on the roles (including legal responsibilities) expected of Directors and Audit & Supervisory Board Member, compliance, etc. In addition, we explain our corporate history, Management Philosophy, business outline, management situation, governance system, etc. to outside officers.
- We regularly invite outside lecturers to provide seminars for all officers on current business themes. We also continue to provide opportunities for officers to acquire specialized knowledge, such as attending outside seminars.

#### Initiatives for stimulating discussion

- Since 2014, the Board of Directors has had two Outside Directors to encourage lively discussion. In September 2020, one female Outside Director was appointed, making the total number of Outside Directors three. This move is expected to further stimulate discussion based on the diversity of the Board of Directors.
- In order to demonstrate the function of the Board of Directors as a monitoring board, we have been transferring authority since 2018 to the President on certain orders, which were previously decided by the Board of Directors.

## Internal control

### Internal Control System

Nippon Koei will endeavor to ensure the legality and efficiency of business execution following the Basic Policies on the Development of Internal Control System (later partially revised) which was established during the Board of Directors meeting held on May 12, 2006. In order to further enhance its effectiveness, we are reviewing and improving the Internal Control System by referring to opinions of the Board of Directors and Outside Directors. The Basic Policies on the Development of Internal Control System stipulates the following six items, and the outline of the operational status during the fiscal year ended June 2021 is as follows.

#### 1. System for maintenance and management of information related to Directors' execution of duties

Minutes of meetings including Board of Directors meetings, approval documents, accounting books and other documents related to business execution (including electronic information) are created, stored, and disposed using prescribed method after setting an appropriate maintenance period for each information type. In addition, we have established an information management system by taking efforts, such as appointing an information manager in each department, and are striving to implement the system appropriately.

#### 2. Regulations and other systems for managing risk of loss

After identifying and evaluating business-related risks, we examined control measures for each risk and formulated a company-wide risk management plan in October 2020. Since then, risk management activities based on the plan have been monitored quarterly and reported to the Board of Directors by the Total Risk Management Council. In addition, risk information on business execution, including our response to the Covid-19 pandemic, is reported in a timely manner by each council member at the monthly meetings of the Total Risk Management Council (held 11 times during the current fiscal year). Important matters are then reported to the Board of Directors.

#### 3. System for ensuing efficient execution of Directors duties

The internal rules clarify the decision-making rules for matters to be resolved by the Board of Directors. The Board of Directors (meetings held a total of 16 times during the current fiscal year) and the Management Council (meetings held a total of 38 times during the current fiscal year) deliberated on prescribed matters and made decisions efficiently and flexibly. In addition, the Company has

established a medium-term management plan (covering the period of July 2018 to June 2021) as well as a fiscal year business plan (July 2020 to June 2021), systematically and strategically carrying out operations based on those plans.

#### 4. System for ensuring that the execution of duties by Directors and their assistants complies with laws and regulations as well as the Company's articles of incorporation

Throughout the year, we plan compliance activities for the entire Group to raise awareness regarding compliance. In addition, the Internal Auditing Office continuously engages in compliance activities through efforts including conducting internal audits of the Group (conducted once for 4 companies in the current fiscal year on the same theme across the board) and operating a consultation/reporting system for the Group.

#### 5. System for ensuring the appropriateness of business in the corporate group formed by the Company and its subsidiaries

Based on the Operating Regulations for Group Companies, we received reports on important business matters from our subsidiaries and approved them. In addition, we received regular reports such as monthly business reports from each subsidiary, confirmed the status of business, and provided guidance.

Regarding risk management, we provide guidance and support for the establishment of an appropriate risk management system according to the size and format of the subsidiary. As for compliance, we are making efforts as described in 4 above to include our subsidiaries.

#### 6. System for supporting audits by our Audit & Supervisory Board Members

In the fiscal year ended June 2019, the Company assigned one assistant to assist Audit & Supervisory Board Members.

During that fiscal year, Audit & Supervisory Board Members of the Company attended important internal meetings of the Board of Directors, Board of Executive Officers, Management Council, and Total Risk Management Council to directly confirm the status of business execution. Furthermore, our Audit & Supervisory Board Members held regular meetings with the accounting auditor and the Internal Auditing Office to exchange information for mutual cooperation.

## Approach to Officer Compensation and a Description of Each Type of Compensation

### Description of compensation system for Directors

The Company's compensation system for Directors is designed to be linked to shareholder returns in order to function as a sufficient incentive to sustainably increase corporate value and serves as the Company's basic policy for determining the compensation of individual directors is to set it at an appropriate level based on the responsibilities of each position.

Compensation is structured as described below.

Compensation of directors excluding that for outside directors:

Basic compensation (monthly fixed compensation), results-based compensation (bonus) and non-monetary remuneration (compensation related to restricted stocks).

Compensation for outside directors:

Basic compensation (monthly fixed compensation) only

The Company has adopted a structure in which these compensation systems are reviewed by the Nominating and Compensation Advisory Committee as necessary.

Also, Compensation for Audit & Supervisory Board members follows the compensation framework established at the General Meeting of Shareholders, and individual compensation amounts are set through discussions with the individual member.

### Description of Officer Compensation

	Compensation (annual amount)	Director	Outside Director	Audit & Supervisory Board Member
Basic compensation (monthly fixed compensation)	Directors: Set at ¥465 million (includes bonus) Outside Directors: Set at ¥45 million Audit & Supervisory Board Member: Set at ¥80 million	●	●	●
Performance-based compensation (bonus)	Standard amount decided based on profit attributable to owners of parent	●	—	—
Non-monetary Remuneration (Restricted Stock Compensation)	Set at ¥60 million	●	—	—

### Standard compensation structure for Director compensation

Basic compensation (monthly fixed compensation)	Performance-based compensation (bonus)	Non-monetary Remuneration (Restricted Stock Compensation)
67%	19%	14%

### Compensation amounts for Directors and Audit & Supervisory Board Members in FY2021

Officer Classification	Total Amount of Compensation (Millions of yen)	Total Amount of Compensation by Type (Millions of yen)			Number of Officers Eligible
		Fixed Compensation		Number of Eligible Officers	
		Base Compensation	Restricted Stock Compensation		
Directors (excluding outside directors)	344	207	41	94	8
Audit & Supervisory Board Members (excluding outside members)	28	28	—	—	2
Outside Director	41	41	—	—	3
Outside Audit & Supervisory Board Members	33	33	—	—	2

\* The bonus compensation amount is recorded in the provision for directors' bonuses in the current fiscal year.  
\* The above restricted stock compensation is non-monetary compensation. All other compensation is monetary compensation.

### Results-based compensation (bonus)

Performance-linked compensation (bonus) is intended to serve as an incentive for generating short-term earnings results, and a specific amount of profit attributable to owners of the parent for each business year is selected as an indicator for earnings performance for the period.

A standard amount is determined in accordance with the relevant performance evaluation index and is paid as a bonus at a certain time after the end of the relevant fiscal year every year within the annual limit of Directors' remuneration after the Representative Director and President evaluates the degree of achievement of each director and their contribution to the Company.

### Non-monetary Remuneration (Restricted Stock Compensation)

Restricted stock compensation is allocated at certain times each year with the aim of sharing the benefits and risks of stock price fluctuations with shareholders and motivating them to contribute more than before to share price increases and to enhance corporate value.

## Compliance

The Nippon Koei Group is increasingly engaged in business activities that span countries and regions with different administrative and economic systems, business practices, and values. In order to conduct business appropriately throughout the world and to prepare for all kinds of risks that may hinder business activities, initiatives and guidance that serve as common guidelines worldwide are becoming increasingly important.

We are thoroughly aware that compliance is a source for increased corporate value, and we are striving to achieve highly transparent management. The Group is promoting various activities with the aim of visualizing risks as much as possible in the course of promoting our business, so that we can share information on risks as quickly as possible and share wisdom on how to overcome and respond to them.

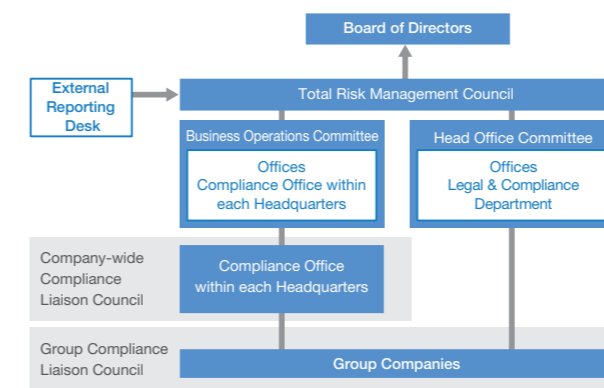
### Code of Conduct

The Nippon Koei Group has established the Nippon Koei Group Code of Conduct as a basic policy for the Group's common code of conduct, and aims to truly enhance corporate value by incorporating it into the daily actions of each and every executive and employee. It has been translated into seven languages, including Japanese, English, and Spanish, and shared with employees around the world. We aim to create a highly transparent management system and build a relationship of trust across the entire Group and identify various risks in our business and respond appropriately in order to put into practice our Management Philosophy "Act with integrity and contribute to society through technology and engineering" in accordance with laws and regulations.

[Nippon Koei Group Code of Conduct URL](https://www.n-koei.co.jp/profile/ideas/pdf/koudou_shishin.pdf)

[https://www.n-koei.co.jp/profile/ideas/pdf/koudou\\_shishin.pdf](https://www.n-koei.co.jp/profile/ideas/pdf/koudou_shishin.pdf)

### Compliance Organizational Chart



## Compliance Education Activities

### Compliance awareness survey

Since 2007, we have conducted an annual compliance awareness survey targeting all Group employees, including those outside Japan, with the aim of accurately grasping the current state and issues of employee awareness related to compliance and using this information to promote effective compliance activities in the future. In the latest survey, 4,275 employees (81% response rate) from Nippon Koei and domestic Group companies and 582 employees (66% response rate) from our companies overseas responded. All surveys are conducted anonymously with the results disclosed within the Group and reflected in our compliance activities.

### Compliance training

We conduct compliance training by career level, arrange lectures by outside lecturers for directors and executives, and conduct compliance training by department (exchange opinions on compliance violation cases) conducted by each department. During training sessions, lectures are given on causes and preventive measures with reference to specific cases, as well as on the Anti-Monopoly Act, Subcontract Act, and Unfair Competition Prevention Act, acts which are closely related to our business. In addition, E-learning is also used to provide education and testing on compliance and harassment as topics, giving more employees the opportunity to learn about compliance and harassment.

## Compliance Reporting System

In order to detect and prevent compliance risks at an early stage, we established the Consultation/Reporting System Regulations in 2003 and have set up a system where employees who become aware of compliance violations or actions that may violate compliance can directly consult or report to the department in charge of compliance or an outside attorney. This system is available not only to our employees but also to temporary employees, Group companies, and business partners. In the past few years, we have received more than a dozen reports annually, most of which were due to poor communication and have not led to any major problems.

### Number of Internal Reports

FYE June 2019	FYE June 2020	FYE June 2021
17	12	7

## Risk Management

As we conduct a wide range of business activities throughout Japan and on a global level, we believe that a solid risk management system is essential for capturing business growth opportunities and implementing our strategies. In formulating long-term management strategies and medium-term management plans, we identify multiple opportunities and risks that we recognize in each segment and closely monitor them as we conduct our business activities. We also engage in various initiatives such as formulating measures to offset risks. We aim to continuously improve our sustainable corporate value by appropriately managing various risks that may affect our earnings from a short-term perspective and medium- to long-term perspectives.

### Roles of the Total Risk Management Council

The Total Risk Management (TRM) Council meets monthly to identify and assess risk associated with Group business and operations and to formulate risk prevention and countermeasures. The council is comprised of eight directors with the President serving as the Chair. Each meeting includes an Audit & Supervisory Board member who attends as an observer. Council members are appointed by the chairman after discussions are held by the Management Council. Executive Officers of Nippon Koei are obliged to conduct risk management related to the assigned duties each was given. Total Risk Management Council members consist of individuals who are at the Executive Officer level or above.

In accordance with the basic policies established by the Board of Directors, the council identifies risks associated with business activities and formulates/promotes a risk management plan to prevent risk events from materializing or to minimize possible loss.

Total Risk Management Council meetings are held regularly once a month to promote preventive risk management by compiling drafts of risk management plans prepared by each division for each fiscal year and then formulating the Company-wide Risk Management Plan.

The PDCA (Plan-Do-Check-Act) cycle is implemented by the council in the form of identifying and monitoring risk items and reviewing the progress of countermeasures. When a significant risk event becomes apparent, we conduct a self-assessment of the risk management plan, take necessary measures and improvements, and reflect them in the risk management activities of each division. The state of risk management at Group companies is also reported to the head of each division.

### Risk Determination and Response Process

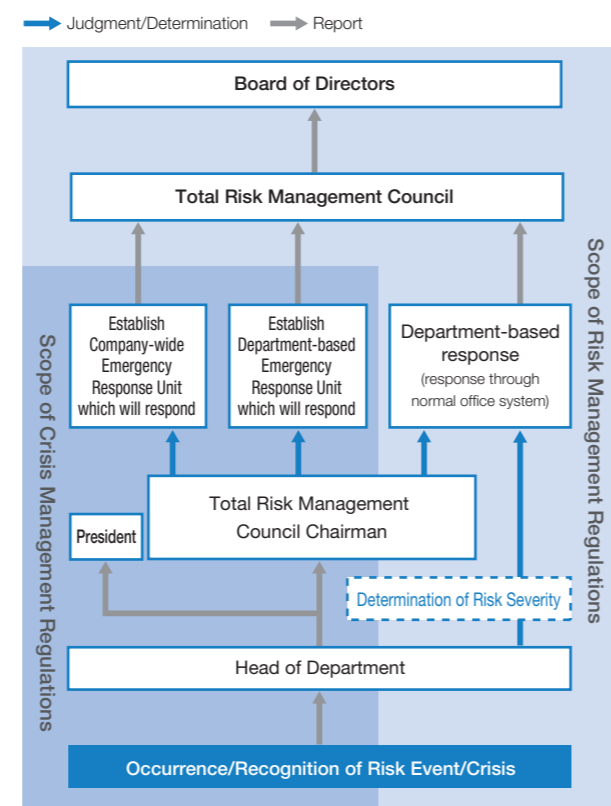
The Total Risk Management Council, consisting of the President and other officers, oversees the overall promotion of risk management, and the Safety and Health & Environment Committee and Internal Control over Financial Reporting Committee, which are under the supervision of the Total Risk Management Committee,

promote the identification, evaluation, response to, and prevention of risks throughout the entire Company. The Board of Directors is informed of important risk information as appropriate.

Based on the "Risk Management Regulations," the Company identifies and evaluates risks associated with its operations, formulates and promotes a risk management plan for each fiscal year, and continuously works on risk management.

In the event of a crisis, in accordance with the "Crisis Management Regulations," a Company-wide emergency task force or emergency task force of the relevant department is established to respond appropriately to the crisis after promptly reporting to the President and the Chairman of the Total Risk Management Council.

### Process for responding to apparent risk



### Business Continuity Initiatives

If we do not have adequate countermeasures for natural disasters, including earthquakes, windstorms, floods, as well as for epidemics and outbreaks of infectious diseases, it is anticipated there is a risk that we will be forced to suspend operations for a long period of time, which could result in significant losses that would have a major impact on our stakeholders. As a company involved in the infrastructure that supports people's daily lives, we believe that it is our social responsibility to continue to provide stable services. Therefore, we have established a business continuity plan and are working to create and periodically review rules for responding quickly and appropriately in the event of a crisis.

In accordance with those rules, the Total Risk Management Council centrally manages the collection of information on disasters, accidents, incidents, and other crises that have occurred in Japan and overseas as well as the responses to them.

### Quality and Environmental Management System

Nippon Koei aims to realize "sustainable social development" where the natural environment and living environment are in harmony by contributing to society through providing various services to our customers while our employees themselves actively work on eco-friendly measures and quality improvement. We have established the Quality and Environmental Management System compliant with ISO9001 and ISO14001. It is applied mainly by the Consulting Operations Headquarters and the Energy Headquarters.

This system standardizes the way work is done, reviewed, and verified during projects, and reviews the achievement of quality goals and the effectiveness of the system. This allows us to identify potential events and matters that may affect project implementation, minimize risks, and promote the achievement of project objectives. We provide services that meet the expectations of our customers through environmental considerations, including environmental risk management, as well as by improving our technical capabilities and knowledge and ensuring quality. We continue initiatives to improve customer satisfaction.

For project implementation, we have established a procedural flow from the public announcement for bids, preparation of the winning bid, work, delivery of deliverables to following up with the customer. We promote these procedures in cooperation with internal departments.

### Initiatives for Preventing Corruption

Our Group has established overseas business sites all over the world, including sites in Asia, Latin America, and Africa, and is engaged in many projects. While negotiating with local government agencies and companies in various locations with different laws and business practices, we are sometimes faced with risks that could lead to bribery, such as being asked for money in the form of donations, margins, etc.

The Nippon Koei Group referred to the United Nations Global Compact in formulating the Nippon Koei Group Code of Conduct and incorporates the four areas of human rights, labor, environment, and anti-corruption and the Ten Principles of the Global Company into our Code of Conduct which we follow. The Code of Conduct stipulates that we will not pursue profits by unfair means and that we will conduct our business activities in compliance with laws and regulations based on fair, transparent, and free competition. In addition, we have established internal regulations for compliance, such as "Antitrust Act Compliance Regulations," the "Antitrust Act Compliance Manual," and "Anti-Bribery Regulations," which we are committed to following. We have also established rules that require us to consult with the Head Office in the event of an unreasonable request, rather than making decisions on site alone. We take appropriate measures in accordance with these rules, the Nippon Koei Group Code of Conduct, and relevant anti-bribery laws in Japan and overseas.

Specifically, we implemented thorough risk management by conducting anti-bribery seminars for employees of overseas group companies, checked the understanding of the Appropriate Overseas Expenditure Standards and expenditures through International Consulting compliance audits, and conducted spot checks related to Overseas Expenditure Standards.

### Information Security

As a company that handles confidential customer information for consulting business purposes, the Nippon Koei Group recognizes the importance of information security. Our Code of Conduct thoroughly covers the protection and management of customer, personal and any other information obtained in its business activities to prevent unauthorized use or leakage. We have also drafted Basic Information Security Objectives. By thoroughly protecting and managing information and preventing unauthorized use and leakage, we are working on information security governance from both value creation and risk management perspectives.

We have been audited by a third-party organization and have obtained the ISO 27001 certification, an international standard for information security management systems (ISMS), as necessary for some departments. In order to keep up with the ever-changing business activities and rapid technological progress of the information society, we review our Basic Policy on Information Security for ISMS and all of our initiatives when appropriate to continuously improve our information security measures. We will strive to ensure a stable management base by continuously working on and improving our information security measures.

[Nippon Koei Group Code of Conduct URL](https://www.n-koei.co.jp/security-policy/)  
<https://www.n-koei.co.jp/security-policy/>

## Messages from Outside Directors

We value diversity in the Board of Directors and appoint three Outside Directors of various backgrounds. We asked these Outside Directors about our governance, the roles of the Board of Directors, expectations the society has for the Nippon Koei, how ESG management should be carried out, and other opinions when looking from outside the Company.



**Yoko Ishida**  
Outside Director

**Kazumasa Kusaka**  
Outside Director

**Hiizu Ichikawa**  
Outside Director

### Outside Director **Kazumasa Kusaka**

In the past decade, the question has been raised as to who can benefit from globalization and the market economy. And we now see a movement to seek better globalization and to rethink the role of the government to support the market. For globally active companies, it has become a challenge to keep a close eye on both the “improvement of corporate value” and the “impact of corporate activities on society.” Fortunately, in the case of Nippon Koei, the company’s reason to exist was clearly stated by its founder, Yutaka Kubota, as “contribute to society through technology and engineering.”

If there is an area where we are lacking, it is whether or not we are able to show that “increasing corporate value = sustainable earning power” in comparison with the high potential of our abilities. I am able to contribute to the Company by meeting with a diverse range of people, including those who are currently leading various departments both inside and outside the Company as leaders, as well as future leaders with a “longer-term perspective” who will support the group 10 to 20 years from now, based on my past experiences both inside and

outside the company. I believe that this is the process of creating a strategic story together through “face to face” discussions with a diverse range of people. This is a process to put the “soul” into the “Buddha” of the holding company, which is the foundation to support medium- to long-term management plans, by sharing this mindset, promoting friendship within the Group, and creating an open organizational climate that can welcome new friends.

The question of how Covid-19 has changed society requires free discussion with outside players, such as users of the services that Nippon Koei can provide. If Japanese society is inward-looking with an isolationist mentality, the realization of the company motto of “contributing to society on a global scale” will not come to fruition.

I hope that we can return to the starting point when the Company was founded as now is the time for us to play a leadership role in leading a Group of companies, both inside and outside Japan, to contribute to local communities and regions beyond national borders.

### Outside Director **Hiizu Ichikawa**

This is the fourth time that we are presenting our stakeholders with our Integrated Report. While an annual securities report shows the health of the body of a company so to speak, this report shows a company’s health of the mind from a numerical standpoint.

In our first Integrated Report of this report for the fiscal year ended June 30, 2018, we reported that the company had begun to move management resources to expand into new business fields about two years earlier, that in the next fiscal year we will further strengthen our efforts to become a business development company, and that we are striving to improve our front-line and management capabilities. In our previous Integrated Report for FYE 2020, we reported that we are working hard to improve our front-line and management capabilities, and that we recognize that our role in resolving various social issues associated with climate change is becoming increasingly important.

As for our current awareness of the issues, we believe that the turmoil caused by Covid-19 has somewhat subsided and

that overall the Company can maintain solid business performance. We recognize that new business investment is a mixture of good and bad, and that we must carefully follow up on each project and focus on improving the quality of each project, and through this process, improve the Company’s capabilities as a whole. We also recognize that the rapid progress of digitalization is forcing us to fundamentally reevaluate our business approach. Strong progress through “co-creation” with partners, including those in other industries, is a key theme. In particular, we see the establishment of a new pillar of business in the electric power and energy fields, such as aggregation business, as a major theme.

A few years ago, the concept of “ambidexterity” began to attract attention in the management world. The main idea is to “achieve growth by exploring new businesses while deepening our core businesses.” We are working to enhance our corporate value with this in mind. The success or failure of our efforts depends on the “leadership” of our management, and I hope that I can play a role as a supporter to a certain extent.

### Outside Director **Yoko Ishida**

It has been a year and a half since I was appointed Outside Director of the company. I have since learned a lot from the frank but careful discussions that take place during Board of Directors meetings where I, as a newcomer, am able to speak freely. Participating in discussions related to the formulation of long-term management plans and serving as an expert on the Sustainability Promotion Committee also helps me fulfill my duties as an Outside Director.

My field of expertise is valuation theory. In February 2022, I co-chaired the “ODA Evaluation Workshop (online)” held by the Ministry of Foreign Affairs in which about 50 government evaluation officers from 25 countries in Asia and the Pacific participated. I was impressed that when a presenter from the OECD-DAC asked which of the DAC evaluation criteria (validity, consistency, efficiency, effectiveness, impact, and sustainability) used in ODA evaluations most interested the participants, many of them answered “validity and sustainability.” This is in contrast to aid agency evaluations, which prioritize effectiveness and impact. In contrast to the

limited financial resources available, they want to conduct development projects that are truly necessary and useful for their own countries. Therefore, they want to evaluate the appropriateness and sustainability of their projects. This is not only about evaluation but also about ODA as a whole. At a time when democracy is in crisis, development projects without a careful understanding of the political, social, and economic conditions of the recipient country can cause a divide.

As Japan’s top construction consultant, Nippon Koei is required to contribute to “achieving the Sustainable Development Goals (SDGs) without leaving anyone behind.” As we pursue further breakthroughs as a company, we need to reexamine the relevance and sustainability of development in developing countries. As an outside director, I would like to focus on these issues myself as well.

# Nippon Koei Group Business Segments

Nippon Koei's business is comprised of the following three business segments and is building vibrant societies across the globe.

Financial results for the fiscal year ended June 30, 2021 show record highs in both sales revenue and operating profit.

## Consulting Business

Main Customers

National and local governments, JICA, overseas government agencies, and private companies

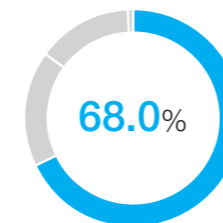
In Japan, the Consulting Business provides a full range of civil engineering consultation related to infrastructure development, maintenance, and safety for local and national government agencies, such as the Ministry of Land, Infrastructure, Transport and Tourism. With proven technologies informed by diverse experience and R&D, the operation has grown into a comprehensive consulting service covering a vast array of projects encompassing the improvement, management, and maintenance of infrastructure supporting daily community life.

Overseas, we are developing business mainly through Japanese government ODA projects, mainly in Asia, but also in

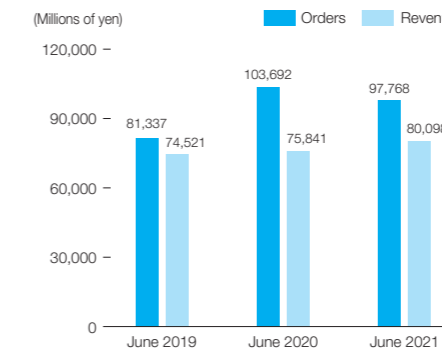
Africa, the Middle East, Central and South America, and other regions. The Nippon Koei Group is engaged in numerous projects in fields ranging from water resources and waterways, energy, urban and regional development, transportation, agricultural and rural development, environment, and disaster prevention. The Group is active on the front lines of social contribution and humanitarian aid across borders. Examples of our activities include environmental measures to combat global warming, developing regional transportation infrastructure in emerging countries undergoing rapid economic growth, and assisting in reconstruction in regions affected by conflict or natural disasters.

Fiscal year ended June 2021

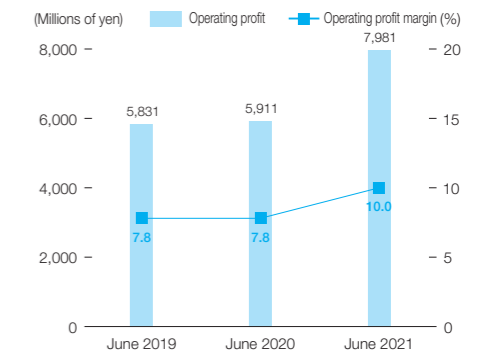
### Composition Ratio of Revenue



### Orders and Revenue (millions of yen)



### Operating profit and Operating profit margin (millions of yen/%)



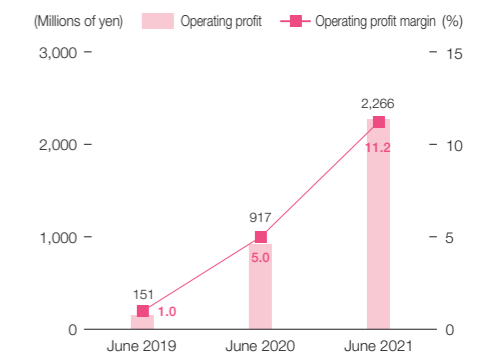
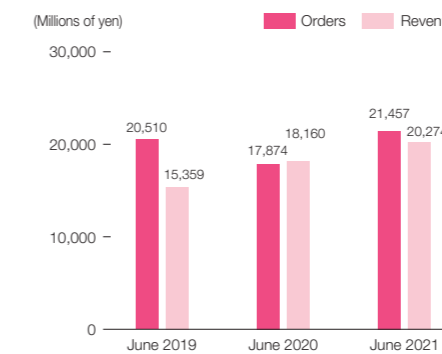
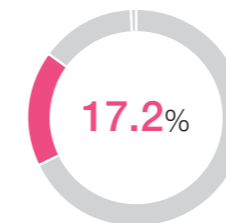
## Urban & Spatial Development Business

Main Customers

Private companies and local governments

Nippon Koei launched the Urban & Spatial Development Business in March 2016 when it welcomed BDP of the United Kingdom into the Group. The aim of the launch of this business segment is to expand business by capturing the growing needs in the architectural domain as urban development progresses around the world and combining it with the civil engineering domain, an area in which we excel. Through collaboration between Nippon Koei and BDP, we are working to create urban spaces in Asia by combining civil engineering and architectural technologies. We are also working to diversify our business fields by adding Canada-based Quadrangle, which specializes in high-rise construction, to our group in 2019, and UK-based Pattern, which specializes in sports facility construction, to our group in 2021.

Against the backdrop of the increasing number of projects in Japan that need to be approached from both civil engineering and architectural perspectives, such as urban development and redevelopment, we will integrate our Urban & Spatial Development Business with Tamano Consultants, a Group company, and operate it as a single new company from July 2022. By integrating the technologies and functions of both companies, we aim to enter the market for urban infrastructure formation in Japan and overseas, and become a comprehensive production company with greater proposal and development capabilities than ever before for urban and regional revitalization projects, public-private partnerships, and smart city development, in order to work toward the formation of sustainable cities.



## Energy Business

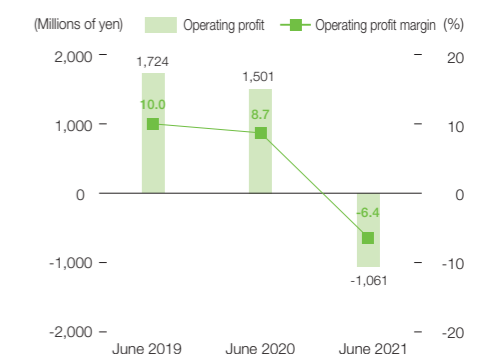
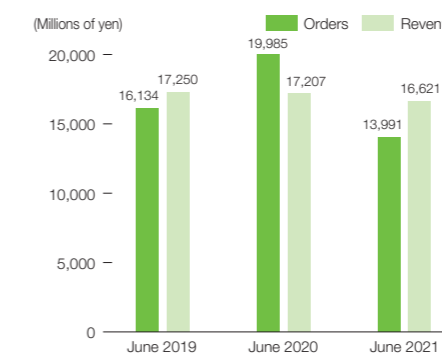
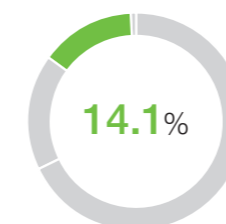
Main Customers

Power companies, local governments, and private companies

The segment constructs and repairs substations, switching stations, and power plants operated by power companies constructs central monitoring and control systems to improve operating efficiency, constructs dam control systems at hydropower plants, and manufactures related equipment. The Power Engineering Business proposes optimal solutions for electric power companies to support electric power development and meet electric power needs in Japan and emerging countries.

As a new initiative, we are engaged in research, development, design, construction, management and operation support, and system and technology development for energy management projects utilizing distributed energy resources in response to the

recent expansion of renewable energy markets and power system reforms in Japan and overseas. We are accumulating business and technological know-how in Europe, where the separation of power generation and distribution and the introduction of renewable energies are leading the way, and are aiming to expand our business in Japan and other Asian countries in the future. The Company is also involved in the business of operating hydroelectric power plants and sale of electricity. We install small-scale hydroelectric power plants in existing dams that are not used for power generation purposes to generate clean and economical small-scale hydroelectric power.



\* The Company has been conducting business in three business segments since FYE June 2022. For the Consulting Business, we combined our domestic and overseas consulting businesses and combined our former Power Engineering and Energy Business to form our current Energy Business. \* Financial results are presented under Japanese GAAP until the fiscal year ending June 30, 2020, and under IFRS from the fiscal year ending June 30, 2021. \* Results for the Consulting Business and Energy Business have been combined due to the business segment change, and the figures are simple totals before elimination of internal transactions.



Review of Operations

# Consulting Business

The Nippon Koei Group is evolving into an organization capable of competing globally by integrating its former Domestic Consulting and International Consulting businesses as well as the Research & Development Center.

The Consulting Business segment was created in July 2020 by integrating and reorganizing Domestic Consulting, International Consulting, and the R&D center mainly for the purpose of optimizing the allocation of resources in line with business conditions. The spread of Covid-19 during FYE June 2021 has made it difficult for engineers engaged in overseas operations to travel. Under these circumstances, we were able to achieve record sales and profits and reap the benefits of our organizational integration as a result of our operations to quickly and flexibly adapt to rapid changes in the external environment, including the efficient allocation of overseas personnel to the domestic market.

In the future, we will also focus on the management field. Starting with overseas construction supervision, which we have been promoting to date, we will take on new challenges in CM (Construction Management), PM (Project Management) and other management-specific operations, PFI (Private Finance Initiatives) in Japan and PPP (Public Private Partnerships) overseas.



**Haruhiko Kanai**  
Director General of Consulting Operations Headquarters

## Main Business Areas

**Water resources and waterways**  
Flood protection, efficient water use, and water environment improvement

**Water and sewage**  
Support for efficient operation and management of water and sewage facilities

**Urban and regional development**  
Policy planning support for master planning of urban areas and region development of local governments and equipment of development facilities

**Disaster Prevention and Mitigation**  
Emergency response to disasters such as earthquakes, volcano eruptions, and localized torrential downpour and planning of disaster prevention

**Dams and power generation**  
New dam construction, redevelopment and extension of service life for existing dams

**Transportation (roads, bridges, airports, etc.)**  
Establishment, extension of service life, efficient maintenance and management, automatic operation planning, and MaaS planning related to traffic and transport facilities

**Environmental Management**  
Improvement of air, water, and soil environments and biodiversity conservation

**Maintenance and aging countermeasures**  
Management planning of measures for aging infrastructure (bridges, tunnels, embankments, water supply and sewage systems, etc.) and efficient maintenance

**Management**  
Asset management, public-private partnerships (PPP, PFI)

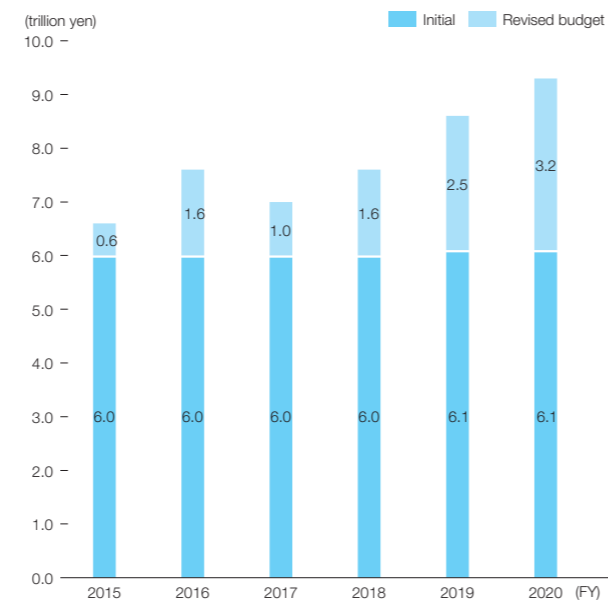
## Business Segments Strengths

- No. 1 in sales in Japan in the construction consulting industry and one of the top Japanese companies in terms of sales for Japanese government ODA projects for many years
- Established strong partnerships with our clients through our business bases in 47 prefectures in Japan and our extensive business experience overseas, especially in emerging Asian countries
- Largest number of professional engineers in the industry with certified professional engineers in each field
- Technical and comprehensive capabilities cultivated over many years of handling business in a variety of fields, and the development of advanced technologies by utilizing those capabilities

## Market Trends (Japan)

In Japan, our Consulting Business is mainly concerned with the study and design of public and utility projects. Therefore, its performance is affected by factors such as investment in construction and the scale of public investment. In recent years, the volume of work has been increasing due to the growing demand for disaster resilience and extension of infrastructure service life in the face of increasingly severe disasters. In addition, PPPs (Public-Private Partnerships) and PFIs (Private Finance Initiatives) are on the rise, where public and private sectors collaborate to provide public services. As a result, the roles of construction consultants are expanding year by year.

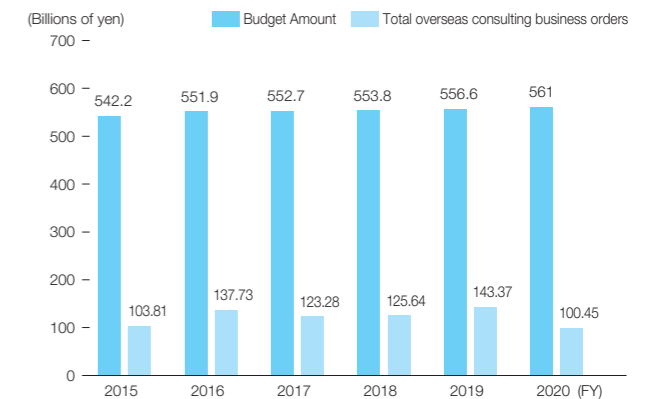
### Public works spending (initial + revised budget)



## Market Trends (Overseas)

Our clients include the Japan International Cooperation Agency (JICA) and other Japanese ODA implementing agencies, international organizations, such as the World Bank and the Asian Development Bank, and foreign governments. In recent years, due to the increasing demand for infrastructure in emerging countries, the number of projects has been increasing year by year and becoming larger in size. In regard to ODA loans, the ratio of projects in India and Bangladesh has been increasing, and in terms of fields, new development of transportation, such as railroads, and urban development, such as smart cities, have been increasing in order to cope with population growth in emerging countries and to achieve a decarbonized society.

### ODA budget/Total overseas consulting business orders (industry total)



## Performance Summary for Fiscal Year Ended June 30, 2021

Orders	¥97.7 billion
Revenue	¥80 billion
Operating profit	¥7.9 billion

- Orders received were favorable in Japan due to increased personnel and promotion of personnel mobility through overseas collaboration, etc. Overseas orders decreased due to order delays caused by the impact of Covid-19, etc.
- Revenue increased due to strong progress in orders in Japan and the resumption of local operations overseas
- Operating profit increased both in Japan and overseas due to increased sales and productivity improvement through more efficient operations

\* Simple totals of Domestic Consulting/International Consulting businesses before elimination of internal transactions.

## Key Initiatives of the Medium-term Management Plan Building Resilience 2024

Directionality	Key initiatives	
<ul style="list-style-type: none"> <li>• The Nippon Koei Group is evolving into an organization capable of competing globally by integrating its former Domestic Consulting and International Consulting businesses as well as the Research &amp; Development Center</li> <li>• Conduct business operations through proactive advances and defensive approaches to provide outstanding technology and quality to the global market</li> </ul>	<p><b>Advancement and global expansion of disaster prevention/mitigation technologies</b></p> <ul style="list-style-type: none"> <li>• Maintenance and upgrades of infrastructure to protect people's lives</li> <li>• Utilization of data that contributes to people's peace of mind</li> </ul> <p><b>Promotion of services that contribute to decarbonization</b></p> <ul style="list-style-type: none"> <li>• Strengthen services for global warming countermeasures, environmental management, and conservation measures</li> </ul>	<p><b>Expansion of transportation related businesses</b></p> <ul style="list-style-type: none"> <li>• Improve transportation infrastructure and strengthen development of areas around transportation hubs</li> <li>• Promote smart cities and next-generation mobility</li> </ul> <p><b>Full-scale expansion into the management field</b></p> <ul style="list-style-type: none"> <li>• Acquisition of management technology and development of concession business</li> </ul>

## Project Information

### Participation in the Osaka Industrial Water Supply Concession Project

A group of four companies, including Nippon Koei, have been selected as the operators of an industrial water concession project being promoted by Osaka City.

Most of the water pipelines in Osaka City were laid 40 years ago. As a result, many of the aging conduits have not been replaced and remain in place, making it a challenge to swiftly establish countermeasures in preparation for a Nankai Trough earthquake.

This is the first scheme in Japan in which companies operate as industrial waterworks operators and it is also the first example

in Japan of a full-package industrial waterworks concession project that includes operations from condition monitoring and maintenance to reconstruction and renewal of pipelines. Our Group was highly evaluated for its strategic asset management, new user-oriented rate plan, and other measures proposed to realize a sustainable industrial water supply business. This is also the first concession project for the Nippon Koei Group in Japan. We will continue to actively consider PFI/PPP projects for public infrastructure where we can utilize our strengths.

## Review of Operations

## Urban &amp; Spatial Development Business

## Aiming for comprehensive urban and regional revitalization through civil engineering and architecture

The mission of our Long-term Management Strategy is to operate in the capacity of a comprehensive producer of urban and regional revitalization projects in response to urban development demand, especially in Asia, including in Japan. In regard to current issues, in Japan we will focus on both developing the market in the construction field and CM (construction management) which is expanding in the market. The goal of the Nippon Koei Group's Urban & Spatial Development Business is to contribute to the creation of sustainable cities and regions to solve social issues such as population decline and aging, concentration of population in metropolitan areas, and global warming. The Nippon Koei Group's Urban & Spatial Development Business focuses on communities and public lands. From the perspective of town development, Nippon Koei's strength is that it can proceed with development not only of buildings in specific areas but also in the dynamic field of infrastructure including water and sewage, electricity, and transportation networks.



**Noriaki Yoshida**  
Director General of Urban & Spatial  
Development Headquarters

## Main Business Areas

## Architecture

Architectural design, structural design, facility design, and interior design

## Landscape and urban design

Redevelopment planning of districts and buildings in accordance with development policies, and design of railway lines, urban development, airport buildings, and station buildings during infrastructure construction

## Refurbishment of historic buildings

Repair and refurbishment of representative historic buildings in the UK

## Civil engineering and architecture

Comprehensive technical consulting service combining Nippon Koei's civil engineering technology and BDP's architectural technology

## Urban area and smart city development

Provision of one-stop services in the fields of civil engineering, energy, and architecture including research, planning, design, and management

## Business Segments Strengths

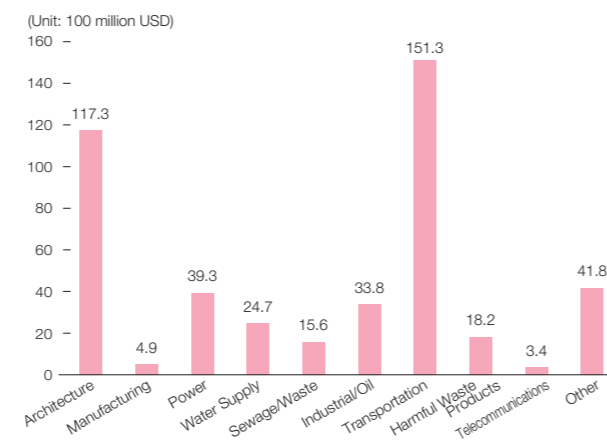
- Network and customer base shared with BDP (UK) and Quadrangle (Canada) including their leading partners in the UK and the North America area
- Our unique fusion of the civil engineering and architecture fields
- Advanced technologies including BDP's BIM

## Market Trends

The architecture field is one of the most active fields, accounting for 25% of the net sales of research and design companies worldwide. In Asia, Africa, and Latin America, the market for buildings integrated with transportation-related facilities such as railroads, roads, and airports, base development integrated with peripheral infrastructure development, and ancillary surface development and smart cities is expanding in the urban centers and suburbs of metropolitan areas that will serve as receptacles for population concentration and growth, and the growing industrial economy. In terms of funding, the appetite for infrastructure investment by the private sector is increasing.

In Japan, the market is expanding for the effective use and revitalization of the large amount of stock (buildings) that exists nationwide, and for the consolidation and reorganization of highly sustainable bases in regional cities as their populations decline.

## ENR 2021 Top 225 International Design Firms



## Performance Summary for Fiscal Year Ended June 30, 2021

Orders	¥21.4 billion
Revenue	¥20.2 billion
Operating profit	¥2.2 billion

- Orders received increased due to the acquisition of public projects and additional orders for Westminster in the 4th quarter
- Revenues increased due to the promotion of telework operations at BDP, the impact of foreign exchange rates, and the transfer of the Urban Development business from Domestic Consulting (approximately ¥2 billion) as a result of Nippon Koei's reorganization
- Operating profit increased due to cost reductions at BDP and the transfer of Nippon Koei's Urban Development business

## Key Initiatives of the Medium-term Management Plan Building Resilience 2024

<b>Directionality</b>	<ul style="list-style-type: none"> <li>• Comprehensive production and development of urban and regional revitalization projects in Japan and overseas</li> <li>• Development of new markets through integrated group operations within the business segment (urban development, smart cities, etc.)</li> </ul>		
<b>Key initiatives</b>	<table border="0"> <tr> <td style="vertical-align: top;"> <p><b>Realization of one-stop services for urban (re) development projects</b></p> <ul style="list-style-type: none"> <li>• Acquisition of urban area (re)development projects in Japan and overseas</li> </ul> <p><b>Creation of smart city projects with a focus on decarbonization, safety, and security</b></p> <ul style="list-style-type: none"> <li>• Creation of urban spaces taking into account infectious diseases, climate change, and decarbonization</li> <li>• Formation of mobility networks</li> <li>• Creation of people-friendly urban spaces, such as universal design and barrier-free spaces</li> </ul> </td> <td style="vertical-align: top;"> <p><b>Full-scale development of urban management field</b></p> <ul style="list-style-type: none"> <li>• Acquisition of new urban management businesses, such as PM, CM, and FM, which are expanding</li> </ul> <p><b>Expansion of BDP market</b></p> <ul style="list-style-type: none"> <li>• Expansion of BDP's business in the North American market</li> <li>• Aggressive acquisition of projects in the health care sector</li> <li>• Acquisition of stadium projects and development of adjacent locations</li> <li>• Promotion of BDP and Nippon Koei collaborations in Asia</li> </ul> </td> </tr> </table>	<p><b>Realization of one-stop services for urban (re) development projects</b></p> <ul style="list-style-type: none"> <li>• Acquisition of urban area (re)development projects in Japan and overseas</li> </ul> <p><b>Creation of smart city projects with a focus on decarbonization, safety, and security</b></p> <ul style="list-style-type: none"> <li>• Creation of urban spaces taking into account infectious diseases, climate change, and decarbonization</li> <li>• Formation of mobility networks</li> <li>• Creation of people-friendly urban spaces, such as universal design and barrier-free spaces</li> </ul>	<p><b>Full-scale development of urban management field</b></p> <ul style="list-style-type: none"> <li>• Acquisition of new urban management businesses, such as PM, CM, and FM, which are expanding</li> </ul> <p><b>Expansion of BDP market</b></p> <ul style="list-style-type: none"> <li>• Expansion of BDP's business in the North American market</li> <li>• Aggressive acquisition of projects in the health care sector</li> <li>• Acquisition of stadium projects and development of adjacent locations</li> <li>• Promotion of BDP and Nippon Koei collaborations in Asia</li> </ul>
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## Project Information

## BDP Acquires UK Architectural Design Firm Pattern Design Limited as a Group Company

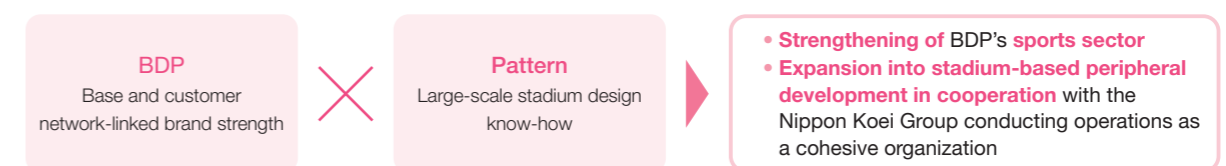
In July 2021, BDP acquired 100% of the shares of Pattern Design Limited (London, UK), a British architectural design firm.

Pattern is an architectural design firm with a high level of expertise mainly in the sports sector, having designed several of the world's most prominent large-scale sports facilities, primarily stadiums.

The synergy effect is expected to enhance the expertise of both parties by sharing Pattern's know-how in the sports sector. In addition, by utilizing BDP's offices and network, we can expand

our business in the design and engineering fields in the global sports sector market. Furthermore, large stadiums have the potential to develop into peripheral infrastructure development and urban development due to their ability to attract visitors. This will create opportunities for Nippon Koei to participate in projects in Asia, a region in which we excel, if needs arise.

BDP and Nippon Koei will promote market development and business development by leveraging their existing bases and regional networks.



Ahmad Bin Ali Stadium, one of the stadiums where matches will be held during FIFA World Cup Qatar 2022



Villa Deportiva Nacional (VIDENA) in Peru

## Review of Operations

## Energy Business

## Promoting the provision of one-stop service solutions in new energy markets

The Energy Business provides development and operation of hydroelectric power plants and substations, consulting, equipment manufacturing, and construction as services. In recent years, we have provided these services as one-stop service and are working to reduce the burden on the order side and provide value that cannot be imitated by other companies in terms of speed. Additionally, we provide energy management services using storage batteries in markets where the introduction of renewable energy is progressing, such as Europe.

Around the world, decentralized energy resources are being introduced and businesses are shifting to renewable energy, and a new market for power trading is being created in Japan as well. We see business opportunities here, and, while keeping a close eye on market trends, will establish new businesses, create one-stop energy storage solutions, and conduct cross-sales in cooperation with other segments as a unified group.

As a business that directly contributes to climate change countermeasures, we will actively take on the challenge of moving into new markets while maintaining high aspirations and a broad perspective as we solidify our foundation.



Hiroyuki Akiyoshi  
Director General of  
Energy Headquarters

## Main Business Areas

## Manufacture of equipment and devices

Manufacture of various types of water turbines for hydroelectric power generation, manufacture of substation control equipment, and construction of centralized substation monitoring systems and dam management systems

## Mechanical and electrical consulting

Comprehensive consulting services for domestic and international electric power and mechanical and telecommunications fields, energy engineering including EPC

## Geotechnical surveying, sale of civil engineering measurement devices

Installation, maintenance, and inspection of automatic observation systems for slope disaster prevention, and manufacture and sales of ground measurement equipment

## Construction of electrical facilities

Planning, investigation, design, construction, and management of substations, power plants, and other facilities for reinforcement and renovation

## Energy solutions

Consulting service for improving the efficiency of energy use

## Energy management related products

Manufacture and sale of EMS, in-house energy storage systems, and microgrid aggregation systems

## Overseas energy management

Investment in ancillary services business, etc. in Europe, New business development and business promotion

## Domestic power generation

Development of hydroelectric power facilities and sale of electricity through the operation of eight domestic hydroelectric power plants

## Domestic energy management

Renewable energy monitoring, renewable energy efficiency, and energy conservation consulting services

## Business Segments Strengths

- One-stop service solutions encompassing every stage from planning and surveying for electric power operations and electrical equipment to engineering and construction as well as equipment manufacture and maintenance in Japan and overseas. Speedy response and reduction of the burden on the order side
- Provides a wide range of services due to collaboration with our engineering consulting business
- Many years of experience in product delivery and construction for major power companies
- Business bases and capital and business alliances with startup firms in Europe, a forerunner in electric power market liberalization, and a track record in the energy management business

## Market Trends

The Japanese electric power market is expected to shift to a new competitive environment with the separation of electric power production and distribution and the complete liberalization of power generation, transmission, distribution, and retail. At present, we are working to strengthen our production system and earnings management to meet the cost reduction demands of power companies. Expanding demand in the global market for renewable energy accompanying the drive for low-carbon operations and distributed power sourcing. In line with this, it also anticipates the expansion of new markets for ancillary services, peak arbitrage, capacity markets, etc.

## Performance Summary for Fiscal Year Ended June 30, 2021

Orders	¥13.9 billion
Revenue	¥16.6 billion
Operating profit	△¥1 billion

- Orders received decreased due to the absence of large orders received in the previous fiscal year in the electric power facilities construction sector, although orders for dam management and monitoring systems were firm
- Revenue was at the same level as the previous fiscal year due to the extension of construction period for substation construction and substation control manufacturing
- Operating profit decreased due to higher hydroelectric power generation-related cost ratio and provision for construction losses

\* Simple totals of the Power Engineering Business and Energy Businesses before elimination of internal transactions.

## Key Initiatives of the Medium-term Management Plan Building Resilience 2024

Directionality	<ul style="list-style-type: none"> <li>• Creation of foundation for power generation and energy management business such as storage batteries and aggregation through internal and external collaboration</li> <li>• Stabilization of manufacturing businesses by strengthening core products and developing new products, and strengthening of the structure of the consulting and engineering businesses</li> </ul>
Key initiatives	<p><b>Establish foundation for power generation and energy management business</b></p> <ul style="list-style-type: none"> <li>• Respond to overseas needs for decarbonized electricity</li> <li>• Entry into the renewable energy aggregator business by utilizing the FIP system</li> <li>• Expansion of energy businesses owned and operated by the company</li> <li>• Construction of energy systems for local production and local consumption, improvement of disaster prevention capabilities, and realization of new value-added services</li> <li>• Stabilization of electric power systems that primarily use renewable energy</li> </ul> <p><b>Strengthen manufacturing of core products and develop new products</b></p> <ul style="list-style-type: none"> <li>• Contribute to the stable supply of electricity and resilience improvement</li> </ul> <p><b>Provide one-stop solutions utilizing diversified and diverse technologies</b></p> <ul style="list-style-type: none"> <li>• Strengthen structures of the consulting and engineering businesses</li> </ul>

## Project Information

## Large-Scale Battery Storage Project Construction Begins in the U.K. and Belgium

In Europe, where renewable energy account for a high share of power generation, policies for the use of storage batteries are being implemented one after another. In order to accumulate know-how in Europe where the market is leading the way, Nippon Koei has started a large-scale grid storage battery project in Belgium (25MW/100MWh) and two projects in the UK (totaling approximately 100MW/130MWh). Construction will continue until early 2023, after which the control systems manufactured by Nippon Koei will be used to provide grid stabilization services (ancillary services) and other services to major power companies

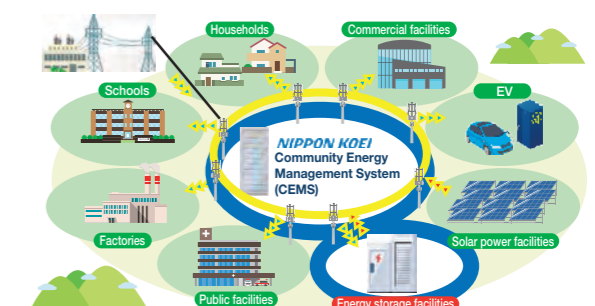
in each of those country.

Through each project in Europe, we will accumulate and improve our expertise in energy management using grid storage batteries, which we will then apply to power generation, transmission, and distribution projects in Japan. We will also enhance our ability to propose a variety of storage battery solutions to expand the introduction of renewable energy in Japan and abroad, and to enhance sophistication and efficiency of energy use.

## Provision of an Energy Management System in Katsurao, Fukushima Prefecture

In Katsurao, Fukushima Prefecture, which was severely damaged by the Tohoku earthquake and tsunami in 2011, Nippon Koei began the provision and operation of a regional energy management system developed by the Company in December 2020 for the purpose of local production and local consumption of renewable energy and to secure electric power during disasters.

This system developed by Nippon Koei manages energy for the entire community by monitoring facilities in the smart community and adjusting power supply and demand. By maximizing the use of renewable energy, the system minimizes the purchase of electricity from power companies and contributes to reducing electricity costs for businesses in the village.



# Board of Directors, Executive Officers and Audit & Supervisory Board Members

(as of September 29, 2021)

## Director



### Ryuichi Arimoto

Representative Director and Chairman

- 1977 Joined the Company
- 2009 Director and Executive Officer  
Director General of Corporate Headquarters and General Manager of Corporate Planning Department
- 2011 Director and Managing Executive Officer  
Director General of Corporate Headquarters and General Manager of Personnel & General Affairs Department
- 2012 Director General of Corporate Headquarters and General Manager of Personnel Department
- 2014 Representative Director and President
- 2021 Representative Director and Chairman (current position)



### Hiroaki Shinya

President and Representative Director

- 1985 Joined the Company
- 2017 Director General of Domestic Consulting Operations  
Director and Executive Officer
- 2018 Director and Managing Executive Officer
- 2020 Director and Senior Managing Executive Officer  
Director General of Consulting Operations  
Headquarters Executive Officer in charge of Urban & Spatial Development
- 2021 Representative Director and President (current position)



### Hiroyuki Akiyoshi

Representative Director and Executive Vice President/  
Director General of Energy Headquarters

- 1979 Joined the Company
- 2012 Director and Executive Officer  
Acting Director General of Power Engineering Operations and General Manager of Fukushima Works
- 2013 Director General of Power Engineering Operations
- 2015 Director and Managing Executive Officer
- 2016 Director and Senior Managing Executive Officer
- 2017 Representative Director and Senior Managing Executive Officer
- 2018 Representative Director and Senior Managing Executive Officer in charge of Energy Business and Power Engineering
- 2019 Representative Director and Executive Vice President (current position)
- 2020 Director General of Energy Headquarters (current position)



### Takayasu Tsuyusaki

Director and Executive Vice President/Director General of Business Promotion Headquarters

- 1979 Joined the Company
- 2015 Director General of Global Strategy Headquarters
- 2016 Managing Executive Officers
- 2017 Director and Managing Executive Officer
- 2018 General Manager of Business Development Office
- 2019 Director and Senior Managing Executive Officer
- 2020 Director General of Business Promotion Headquarters (current position)
- 2021 Director and Executive Vice President (current position)



### Haruhiko Kanai

Representative Director and Senior Managing Executive Officer/  
Director General of Consulting Operations Headquarters

- 1982 Joined the Company
- 2017 Managing Executive Officer  
Director General of International Consulting Operations  
Director and Managing Executive Officer
- 2019 Director and Senior Managing Executive Officer
- 2020 Acting Director General of Consulting Operations Headquarters
- 2021 Representative Director and Senior Managing Executive Officer (current position)  
Director General of Consulting Operations Headquarters (current position)



### Yasushi Hirusaki

Director and Managing Executive Officer in charge of IR/Director General of Corporate Management Headquarters, and General Manager of 75th Anniversary Secretarial Office

- 1985 Joined the Company
- 2017 Executive Officer in charge of IR, Director General of Corporate Headquarters and General Manager of Personnel Department  
Director and Executive Officer
- 2018 General Manager of the 75th Anniversary Secretarial Office (current position)
- 2020 Director and Managing Executive Officer (current position)  
Director General of Corporate Headquarters (current position)



### Noriaki Yoshida

Director and Managing Executive Officer/  
Director General of Urban & Spatial Development Headquarters

- 1980 Joined the Company
- 2014 Executive Officers
- 2018 Deputy Director General of Domestic Consulting Operations
- 2019 Managing Executive Officers  
General Manager of Urban & Spatial Development Business
- 2020 Director General of Urban & Spatial Development Headquarters (current position)
- 2021 Director and Managing Executive Officer (current position)



### Tomohisa Fukuoka

Director and Senior Managing Executive Officer  
Deputy Director General of Consulting Operations Headquarters

- 1988 Joined the Company
- 2018 Executive Officers
- 2020 Managing Executive Officers  
Deputy Director General of Consulting Operations Headquarters (current position) and Director General of Infrastructure Engineering Operations
- 2021 Director and Managing Executive Officer (current position)

Introduction

Strategy

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Review of Operations

Status of the Company



### Hiizu Ichikawa

Director [Outside](#) [Independent](#)

- 1970 Joined The Mitsubishi Bank, Ltd.
- 1993 General Manager of Singapore Branch of The Mitsubishi Bank, Ltd.
- 1996 General Manager of Industrial Research Department of The Bank of Tokyo-Mitsubishi, Ltd.
- 1997 General Manager of Sales Screening Department of The Bank of Tokyo-Mitsubishi, Ltd.
- 1999 Senior Executive Director of The Resolution and Collection Corporation
- 2001 Senior Executive Director of Chiyoda Corporation
- 2004 Representative Director and Managing Director of Mitsubishi Motors Corporation
- 2010 Representative Director and Executive Vice President of Mitsubishi Motors Corporation
- 2014 Outside Corporate Auditor of The Hyakugo Bank, Ltd.  
Outside Director of the Company (current position)



### Kazumasa Kusaka

Director [Outside](#) [Independent](#)

- 1970 Joined Ministry of International Trade and Industry (MITI)
- 1984 MITI Energy Minister of the International Energy Agency (IEA) of the Organization for Economic Co-operation and Development (OECD)
- 2001 Director-General, Industrial Science and Technology Policy and Environment Bureau, Ministry of Economy, Trade and Industry (METI)
- 2002 Director-General, Trade Policy Bureau, METI
- 2003 Commissioner of Agency for Natural Resources and Energy, METI
- 2004 Vice-Minister for International Affairs, METI
- 2006 Adviser, Dentsu Inc.
- 2007 President of Japan Cooperation Center for the Middle East
- 2008 Special Advisor to the Cabinet
- 2009 Senior Vice President of Mitsubishi Electric Corporation
- 2011 Visiting Professor of Graduate School of Public Policy, The University of Tokyo
- 2013 President of the Foundation for International Trade and Industrial Cooperation  
Chairman of Japan Economic Foundation
- 2015 Outside Director of the Company (current position)
- 2021 Adviser, Japan Economic Foundation (current position)  
President of the Institute for International Trade and Investment (current position)



### Yoko Ishida

Director [Outside](#) [Independent](#)

- 1991 Head of Corporate Planning Department, System Science Consultants Co., Ltd.
- 1997 Head of Project Department No. 2, KRI International Corp.
- 2006 Head of Evaluation Business Department, International Development Center of Japan
- 2010 Executive Director, International Development Center of Japan  
Head of Evaluation Business Department, Development Center of Japan  
Director, The Japan Nepal Society (current position)
- 2015 Director, International Development Center of Japan (current position)  
Professor, Center for the Study of International Cooperation in Education, Hiroshima University (current position)
- 2016 Cooperating Faculty, Education Culture Course, Graduate School for International Development and Cooperation, Hiroshima University  
Deputy Executive Director, Hiroshima University (current position)
- 2017 Auditor, The Japan Society for International Development
- 2018 Vice President and Executive Director, The Japan Evaluation Society (current position)
- 2020 Director, International Education Development Program, Division of Educational Sciences, Graduate School of Humanities and Social Sciences, Hiroshima University (current position)  
Outside Director of the Company (current position)  
Auditor, The Japan Society for International Development (current position)
- 2021 Director, Center for the Study of International Cooperation in Education, Hiroshima University (current position)

## Audit & Supervisory Board Member



### Yoshizo Goto

Full-time Audit & Supervisory Board Member

- 1982 Joined the Company
- 2008 General Manager of Logistics & Operations Department of International Consulting Operations
- 2010 General Manager of Operations Planning Office, International Consulting Operations  
General Manager of Revenue Management Office, International Consulting Operations
- 2011 General Manager of Revenue Management Office and General Manager of Compliance Office, International Consulting Operations
- 2013 General Manager of Corporate Auditing Office
- 2014 General Manager of Internal Auditing Office
- 2015 Deputy Director General of International Consulting Operations
- 2018 Audit & Supervisory Board Member (current position)



### Kunio Okamura

Full-time Audit & Supervisory Board Member [Outside](#) [Independent](#)

- 1979 Joined Overseas Economic Cooperation Fund
- 2008 Director General of Operations Strategy Department, Japan International Cooperation Agency
- 2012 Senior Special Advisor of the Japan International Cooperation Agency
- 2015 Ambassador Extraordinary and Plenipotentiary of Japan to the Republic of Cameroon, Ministry of Foreign Affairs of Japan (MOFA)
- 2016 Ambassador Extraordinary and Plenipotentiary of Japan to the Republic of Cameroon and the Central African Republic, MOFA
- 2019 Outside Audit & Supervisory Board Member of the Company (current position)



### Naoki Honjo

Audit & Supervisory Board Member

- 1978 Joined the Company
- 2008 General Manager of Finance & Accounting Department, Corporate Management Headquarters
- 2011 Executive Officer  
Deputy Director General of Corporate Management Headquarters and General Manager of Finance & Accounting Department
- 2014 Director and Executive Officer  
Acting Director General of Corporate Management Headquarters and General Manager of Finance & Accounting Department
- 2015 Acting Director General of Corporate Headquarters
- 2017 Special Adviser
- 2018 Audit & Supervisory Board Member (current position)



### Yoshiko Koizumi

Audit & Supervisory Board Member [Outside](#) [Independent](#)

- 1972 Registered in bar association (The Daini Tokyo Bar Association)  
Joined Kikuchi Law and Patent Office
- 1980 Partner at Masuda & Ejiri Law Office (current Nishimura & Asahi)
- 2000 Chair of Women Business Lawyers Committee, Inter-Pacific Bar Association (IPBA)
- 2003 Expert member of Food Safety Commission of Japan
- 2007 Auditor at Bosch Corporation
- 2008 Nishimura & Asahi Law Firm Counsel, International Civil and Commercial Law Centre Foundation Councilor
- 2009 Partner at City-Yuwa Partners (current position)
- 2012 Deputy Chair of the Government Procurement Review Board
- 2013 Director of the Japan Bar Association (current position)
- 2015 Outside Director of Taiheyo Cement Corporation (current position)
- 2016 Outside Auditor of Sumitomo Bakelite Co., Ltd.
- 2017 Outside Audit & Supervisory Board Member of the Company (current position)

## Executive Vice President

Yuichi Ishikawa

## Senior Managing Executive Officers

Yasuyoshi Iio Akimitsu Arai

## Managing Executive Officers

Ken Nishino Hiroshi Matsuda Hiroshi Yokota  
Yasusuke Kurosaki Hideo Tamura

## Executive Officers

Kevin Tynes Hiroyuki Yamate Toru Nakagawa Takuro Hamanaka Masaru Onodera Osamu Katsuyama Tadahisa Matsunaga Shinji Ishikawa  
Hitoshi Nagasaki Noriyuki Nakashima Michio Hasegawa Katsuya Fukasaku Tetsuro Takehara Yoshikazu Takahashi Shinichi Mizokuchi Kazuhiro Ibayashi

# Consolidated Financial Data

Japanese GAAP							IFRS				
	FYE March 2012	FYE March 2013	FYE June 2014	FYE June 2015	FYE June 2016	FYE June 2017	FYE June 2018	FYE June 2019	FYE June 2020	FYE June 2020	FYE June 2021
<b>Profit and Loss Statement</b>											
Net sales	65,945	72,411	79,193	81,839	81,865	101,338	106,023	108,589	112,214	108,441	117,859
Cost of sales	48,560	52,741	59,253	60,054	59,505	70,400	73,664	75,627	78,762	△ 75,202	△ 80,124
Gross profit	17,385	19,669	19,939	21,785	22,359	30,937	32,359	32,962	33,452	33,238	37,735
Selling, general and administrative expenses	14,355	15,027	15,683	17,283	17,636	25,472	25,797	27,851	28,861	△ 28,436	△ 29,173
Operating income	3,030	4,642	4,256	4,502	4,723	5,464	6,561	5,110	4,590	5,245	7,128
Non-operating income (loss)	296	444	286	975	△ 358	494	160	474	13	△ 216	48
Ordinary income	3,326	5,086	4,542	5,477	4,365	5,958	6,721	5,584	4,603	5,029	7,176
Extraordinary income/loss	△ 336	0	19	2,087	△ 333	△ 764	444	0	0	3,246	4,518
Income taxes	1,571	2,201	1,530	3,266	2,178	1,870	2,556	2,180	1,776		
Profit attributable to owners of parent	1,419	2,849	2,998	4,261	1,823	3,288	4,555	3,318	2,726		
<b>Consolidated Balance Sheet (end of period)</b>											
Total assets	79,371	84,795	76,144	84,110	100,989	113,865	113,890	113,175	130,215	147,408	156,137
Current assets	45,087	50,431	36,749	44,820	46,153	54,798	54,263	52,446	61,415	62,027	68,570
Cash and deposits	5,917	6,661	8,967	12,148	11,174	19,593	16,392	13,147	16,003	15,472	17,838
Non-current assets	34,284	34,363	39,394	39,289	54,836	59,067	59,626	60,728	68,800	85,380	87,566
Property, plant and equipment	23,331	23,248	26,588	24,525	24,561	24,535	27,624	29,882	40,756	42,039	40,832
Intangible assets	1,358	1,189	787	570	16,620	13,900	12,964	13,501	12,132	5,480	6,502
Goodwill	927	618	232	—	10,312	8,685	8,185	8,193	7,398	7,964	9,182
Investments and other assets	9,594	9,925	12,019	14,193	13,654	20,630	19,037	17,345	15,910	6,721	7,434
Investment securities	7,745	8,106	9,210	9,861	8,285	10,491	9,176	7,228	6,500	1,974	2,077
Total liabilities	35,866	37,866	28,309	31,128	49,529	58,991	54,440	52,969	70,745	81,687	83,843
Current liabilities	30,152	31,313	20,528	24,466	43,107	30,341	28,441	28,082	45,500	49,963	48,889
Short-term loans payable	12,000	9,000	100	—	16,000	—	—	—	13,000	15,778	8,320
Non-current liabilities	5,713	6,553	7,780	6,662	6,421	28,650	25,999	24,886	25,245	31,723	34,953
Long-term loans payable	79	520	1,690	1,526	1,260	21,413	18,934	17,639	14,922	14,923	18,712
Total net assets	43,505	46,928	47,835	52,981	51,460	54,874	59,449	60,205	59,470	65,721	72,294
<b>Consolidated Statement of Cash Flows</b>											
Cash flows from operating activities	△ 1,195	3,372	1,340	881	379	6,376	△ 602	3,109	2,821	4,365	12,073
Cash flows from investing activities	1	236	△ 4,559	2,702	△ 17,705	△ 4,172	977	△ 3,504	△ 7,463	△ 7,129	△ 2,750
Cash flows from financing activities	1,950	△ 3,084	62	△ 745	15,199	4,846	△ 3,062	△ 1,936	6,937	4,529	△ 7,928
Effect of exchange rate change on cash and cash equivalents	9	93	8	103	△ 146	△ 124	△ 22	△ 309	△ 268	465	970
Net increase (decrease) in cash and cash equivalents	766	618	△ 3,148	2,942	△ 2,272	6,925	△ 2,709	△ 2,641	2,027	1,765	1,395
Cash and cash equivalents at end of period	5,922	6,578	8,465	11,673	9,400	17,083	15,233	12,663	14,771	15,472	17,838
<b>Segment information</b>											
Orders											
Domestic Consulting Business	37,581	38,423	46,617	45,057	44,109	48,265	48,529	52,855	56,184	59,314	62,047
International Consulting Business	19,662	20,146	30,023	28,889	25,936	41,573	26,716	28,482	47,508	47,617	35,721
Power Engineering Business	11,990	12,541	15,831	13,595	14,716	14,087	15,943	15,411	19,829	19,829	13,880
Urban & Spatial Development Business	—	—	—	—	16,251	13,460	12,855	20,510	17,874	17,874	21,457
Energy Business	—	—	—	—	—	—	179	723	156	156	111
Other	33	23	13	30	64	55	126	100	79	81	86
Revenue											
Domestic Consulting Business	34,422	35,547	41,817	41,845	40,778	43,516	46,595	49,593	51,333	49,958	55,345
International Consulting Business	16,325	18,638	20,947	20,174	22,070	24,491	28,889	24,928	24,508	22,635	24,753
Power Engineering Business	12,932	15,929	14,169	17,857	17,522	17,577	15,762	16,531	15,747	15,382	15,831
Urban & Spatial Development Business	—	—	—	—	—	14,347	13,040	15,359	18,160	18,142	20,274
Energy Business	—	—	—	—	—	—	354	719	1,187	1,070	790
Real estate	1,192	1,130	1,125	821	514	473	440	439	451	1,251	865
Other	1,071	1,165	1,133	1,141	979	931	940	1,016	825		
Operating income											
Domestic Consulting Business	858	1,165	2,502	2,723	2,956	3,298	4,279	4,990	5,227	4,944	6,128
International Consulting Business	1,031	1,340	658	285	1,156	3,298	2,649	841	684	513	1,853
Power Engineering Business	878	1,979	1,267	2,834	3,048	2,683	1,873	2,089	1,069	995	858
Urban & Spatial Development Business	—	—	—	—	—	81	173	151	917	1,759	2,266
Energy Business	—	—	—	—	—	—	△ 18	△ 365	△ 383	△ 355	△ 1,919
Real estate	851	846	818	584	386	401	403	409	375	△ 2,611	△ 2,058
Other	△ 709	△ 689	△ 991	△ 1,925	△ 2,824	△ 2,886	△ 2,799	△ 3,006	△ 3,429		

\* The fiscal year ending June 30, 2013 is an irregular fiscal year (3 months) due to a change in the fiscal year end, so this information has been omitted. \* Orders for the 4th quarter of the fiscal year ended June 30, 2016 include BDP's outstanding orders (16,251 billion yen) as of April 1, 2016. \* Effective from the fiscal year ending June 30, 2017, the basis for calculating orders received was changed to a method that excludes differences due to foreign currency calculation. \* Due to the change in BDP's fiscal year end for the fiscal year ending June 30, 2017, BDP's results for the 15-month period from April 2016 to June 2017 have been consolidated.

\* In the fiscal year ended June 2018, the Nippon Koei Group changed its basis for recording sales from the completed-contract method to the percentage-of-completion method.

\* For the fiscal year ending June 30, 2020, the correction dated December 14, 2020 has already been reflected. \* International Financial Reporting Standards (IFRS) have been applied from the end of the fiscal year ended June 30, 2021.

# Corporate Data (as of June 30, 2021)

## Corporate Data

Corporate name Nippon Koei Co., Ltd.

Registered address 5-4 Kojimachi, Chiyoda-ku, Tokyo 102-0083, Japan

Phone 03-3238-8030

Representative Hiroaki Shinya, Representative Director and President

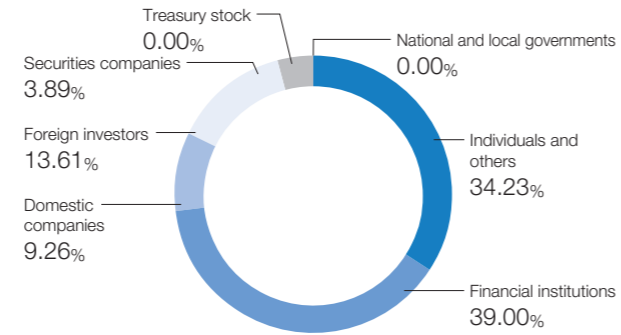
Established June 7, 1946

Capital stock ¥7,501,564,539 (As of Thursday, October 28, 2021)

Business areas Domestic Consulting, International Consulting, Power Engineering, Urban & Spatial Development, Energy

Number of employees 5,936 (consolidated), 2,537 (non-consolidated)

## Shareholder Distribution



## Major Shareholders (Top 10 by Shares Owned)

Major Shareholders (Top 10 by Shares Owned)	Shares Owned (Thousand shares)	Percentage of Total Shares Owned
1 The Master Trust Bank of Japan, Ltd. (Trust Account)	1026	6.8
2 The Koei Employees' Stockholders Association	951	6.3
3 MUFG Bank, Ltd.	739	4.9
4 Custody Bank of Japan, Ltd. (Trust Account)	728	4.8
5 Meiji Yasuda Life Insurance Company	564	3.8
6 Mizuho Securities Co., Ltd.	447	3.0
7 Mizuho Bank, Ltd.	382	2.5
8 Custody Bank of Japan, Ltd. (Trust Account 9)	358	2.4
9 Custody Bank of Japan, Ltd. (Pension Trust Account)	323	2.1
10 STATE STREET BANK AND TRUST CLIENT OMNIBUS ACCOUNT OMO2 505002	270	1.8

\* The shareholding ratio is the ratio to the total number of shares issued (15,048,568 shares).

## Stock Information

Number of shares authorized 38,000,000

Number of shares issued 15,048,568

Number of shareholders 6,525

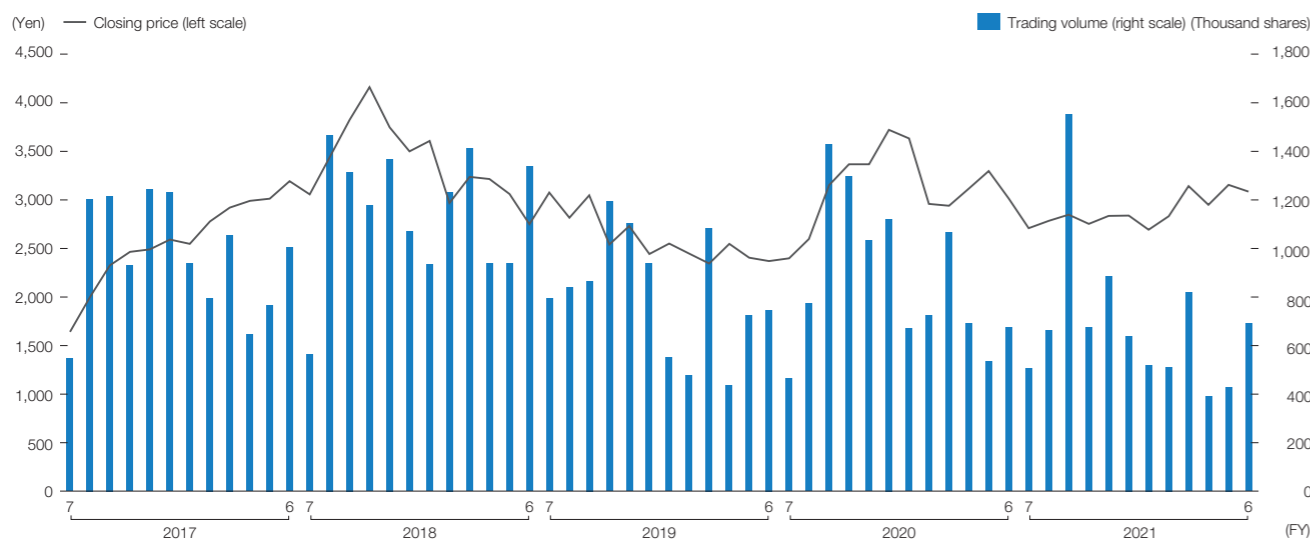
Fiscal year-end June 30

Stock listing Tokyo Stock Exchange, First Section

Securities code 1954

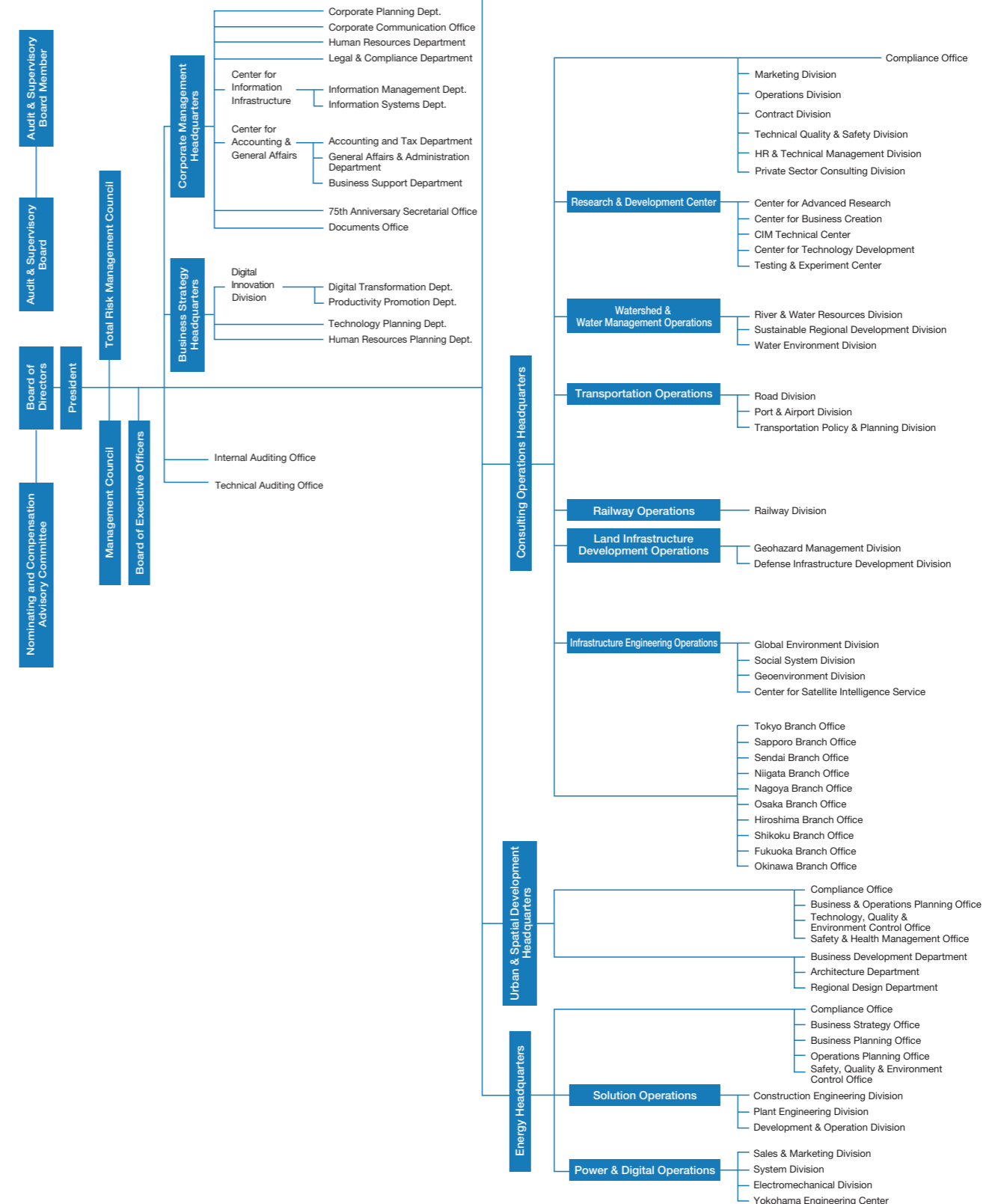
Transfer agent Mizuho Trust & Banking Co., Ltd.

## Stock Price



## Organizational Structure

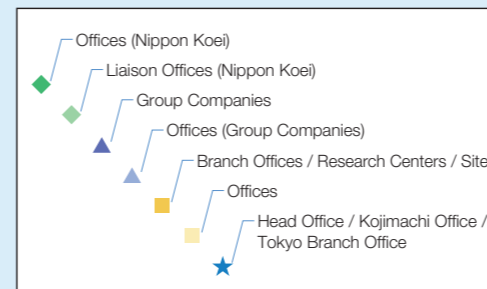
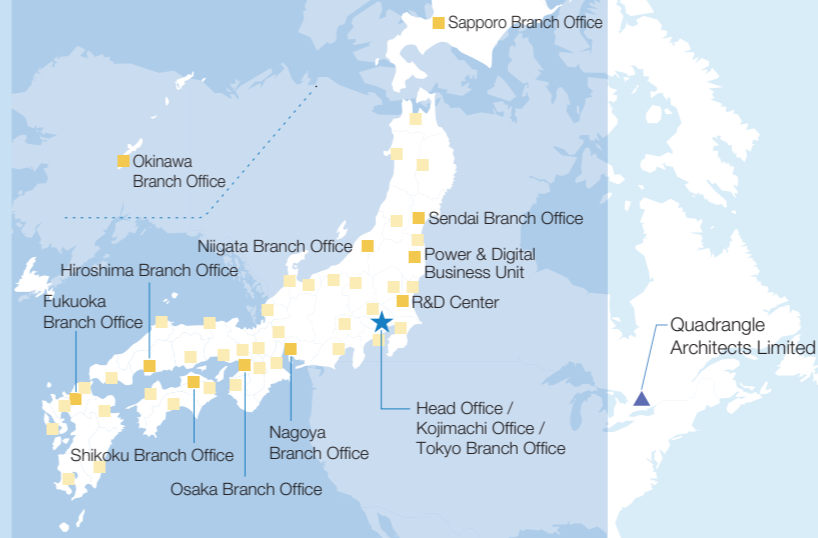
(As of Friday, October 01, 2021)



## Network (as of December 31, 2021)



## Main Domestic Bases of Nippon Koei



## History

- 1946** Nippon Koei established in Chiyoda-ku, Tokyo
- 1954** Received order for planning of Baluchaung Hydropower Plant in Burma (Company's first overseas project)
- 1958** Acquired Nikki Manufacturing Co., Ltd. (name changed to Nikki Corporation in July)
- 1963** Shares listed in the Second Section of the Tokyo Stock Exchange
- 1978** New head office building completed in Kojimachi, Tokyo; relocated head office; listing moved to the First Section of the Tokyo Stock Exchange
- 1986** Koei System Inc. established
- 1989** Philkoei International, Inc. established in the Philippines
- 1992** PT. Indokoei International established in Indonesia  
El Koei Co., Ltd. established
- 1995** KRI International Corp. established
- 2003** Nippon Koei Latin America-Caribbean Co., Ltd. established  
Nippon Civic Consulting Engineers Co., Ltd. becomes a subsidiary
- 2005** Tamano Consultants Co., Ltd. becomes a subsidiary
- 2007** Nippon Koei LAC do Brasil Ltda. established in Brazil
- 2008** Nippon Koei India Pvt. Ltd. established in India
- 2010** NKLAC, Inc. established in Panama (name changed to Nippon Koei LAC, Inc. in September 2011)
- 2012** Nippon Koei Vietnam International Co., Ltd. Established
- 2013** Myanmar Koei International Ltd. Established
- 2015** KOEI Energy Co., Ltd. established
- 2016** UK-based architectural design company BDP Holdings Limited becomes a subsidiary
- 2017** Koei Research & Consulting Inc. established (Koei Research Institute International Corp. and System Science Consultants Co., Ltd. merged)
- 2018** Nippon Koei Bangladesh Ltd. established
- 2019** Canada architectural design company Quadrangle Architects Limited becomes a subsidiary
- 2020** New head office building completed in Kojimachi, Tokyo (reconstruction)

## Major Group Companies

### Consulting Business

#### Consolidated Subsidiaries

- Tamano Consultants Co., Ltd.
- Nippon Civic Consulting Engineers Co., Ltd.
- El Koei Co., Ltd.
- Koei Research & Consulting Inc. (KRC)
- Nippon Koei Latin America-Caribbean Co., Ltd.
- Nippon Koei LAC, Inc.
- Nippon Koei India Pvt. Ltd.
- Nippon Koei Vietnam International Co., Ltd.
- Philkoei International, Inc.
- PT. Indokoei International
- Myanmar Koei International Ltd.
- PT. Cikaengan Tirta Energi

#### Non-Consolidated Subsidiaries

- Aichi Tamano Information System Co., Ltd.
- Tamano Ecost Co., Ltd.
- Geoplan Namtech Inc.
- Nakaze Kamp Co., Ltd.
- Koei Africa Company Limited
- Nippon Koei Bangladesh Ltd.

### Urban & Spatial Development Business

#### Consolidated Subsidiaries

- BDP Holdings Limited
- Building Design Partnership Limited
- Quadrangle Architects Limited
- Kisho Kurokawa architect & associates Co., Ltd.

### Energy Business

#### Consolidated Subsidiaries

- Koei System Inc.
- KOEI Energy Co., Ltd.
- Nippon Koei Energy Europe B.V.
- Ironmont Hydro Pte. Ltd.

#### Non-Consolidated Subsidiaries

- Ruilen Energy Storage NV

### Other

#### Consolidated Subsidiaries

- Nikki Corporation

#### Non-Consolidated Subsidiaries

- Nippon Koei Australia Pty. Ltd.



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