

NIPPON KOEI



NIPPON KOEI GROUP
INTEGRATED REPORT

2020 Fiscal year ended June 30, 2020

Act with integrity and contribute to society
through technology and engineering



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.

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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, April 27, 2020

Society

Society's needs are constantly evolving



Nippon Koei

Commercialize solutions for social issues
Changes to meet new needs

Integrated Capabilities

We deploy the integrated capabilities of experts in various fields to meet the increasingly sophisticated and complex needs of our age.

Human Resources

We lead the industry with over 1,600 professional engineers who provide expert consulting in countries around the world.

Technology

We carry out advanced basic and applied research at our R&D Center, the largest in the industry in Japan.

Sustainability/ESG

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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.

* Business results for the fiscal year ended June 30, 2020 reflect revisions made on December 14, 2020.

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

Period Covered: The fiscal year ended June 30, 2020 (July 2019 to June 2020).

However, some information from July 2020 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

Since the postwar reconstruction period to the present where we witness the sustained growth of global society, the Nippon Koei Group has continued to grow by commercializing ever-changing social issues and needs.



Nippon Koei's Origins

Postwar reconstruction in Japan and abroad

From the 1930s until the end of WWII in 1945, Nippon Koei's founder Yutaka Kubota participated in engineering power generation facilities and dams on the Korean peninsula, which contributed to the economic development of the region. When the War ended, he returned to a Japan devastated by war and founded the Company to carry out his strong 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.



Founder: Yutaka Kubota

Origin as a "construction consultant"

Kubota's idea to combine the expertise of engineers in planning, surveys, design, and construction supervision established the basic structure of handling from preliminary surveys and assessments to proposals, which is followed by engineering consulting firms today. He also created the business style of approaching projects with a broad perspective by gathering engineers with areas of specialty beyond electrical and civil engineering technology so a project can contribute to resolving greater social issues. Today, engineering consulting firms are expected to fulfill the role that Yutaka Kubota defined more than half a century ago.

Expected Roles

1946 Establishment

1946–1960s

Establishment Phase

Postwar reconstruction of power and other industrial infrastructure provided a foundation for Japan's rapid economic growth beginning in the mid-1950s. Nippon Koei contributed to postwar reconstruction by providing electric power development and distribution facilities. The Company also soon began providing consulting services, primarily for dam construction, in Southeast Asian countries in 1954. It also started full-scale overseas business development by opening offices in Vietnam, Indonesia, and South Korea.

History of the Nippon Koei Group

Needs of Society

Creation of local infrastructure

- Power development
- Power lines
- Power generation facilities
- Dam constructions
- Waterways
- Landslide prevention measures, etc.

Major Projects Implemented



Burma Baluchaung Hydropower Development Project



Yakushima Island Power Development Project

1970s–1980s

Development Phase

The two oil-price shocks that occurred in the 1970s strongly impacted many Japanese industries and Nippon Koei was no exception. The Company responded with a comprehensive strategy to expand its technical expertise from disaster prevention to agriculture, waterways, transportation, and urban infrastructure. 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.

Development of social capital

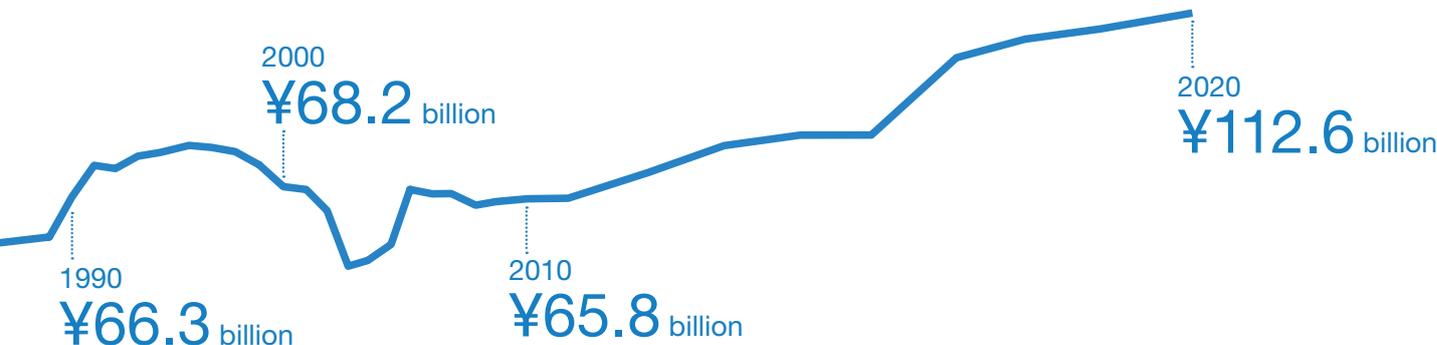
- Airports and harbors
- Bridges
- Highways and roads
- Substations
- Irrigation facilities
- Tunnels
- Urban development
- Substation control devices
- Water and sewage, etc.



Akashi-Kaikyo Bridge Anchorage Design



Indonesia Asahan No.2 Hydropower Development Project



Create societies that are sustainable and resilient

Renovate and maintain infrastructure supporting comfortable, flourishing lives and respond to environmental change

Develop social infrastructure that contributes to industrial growth

Maintain stable power supply and other basic local infrastructure

1990s–2000s

Maturity Phase

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 established the quality and productivity that would provide the foundation for the Group's next period of growth.

2010–Present

Innovation Phase

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 aims to become a global consulting and engineering firm that responds to complex and diversifying needs in Japan and overseas. The Company views the Innovation Phase as a period of transformation presenting business growth opportunities and is actively developing its Urban & Spatial Business, Energy Business, and other operations with "sustainability" as a core theme.

Global environmental protection and quality social infrastructure establishment

- Environmental solutions
 - Urban infrastructure establishment
 - Power facility development and creation of facilities
- which provide labor savings and efficiency
- Infrastructure usage efficiency
 - Slope maintenance
 - Information technology, etc.

Disaster resilience and urban solutions for emerging countries

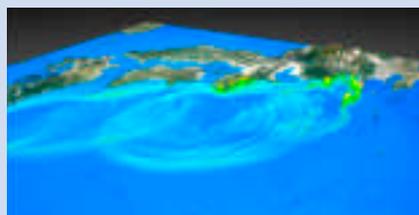
- Disaster prevention and mitigation strategies
- Aging infrastructure strategies
- Renewable energy use (energy management)
- Urbanization measures for emerging countries
- Climate change countermeasures
- Public Private Partnerships/Private Finance Initiative (PPP/PFI)
- Development of smart cities

*1 Public Private Partnership: Any form of partnership between public and private entities to provide a public service.

*2 Private Finance Initiative: A type of PPP in which a private entity provides financing, management, and technical services related to the design, construction, maintenance, and operation of a public facility to enable the public facility to provide more efficient or better services.



Tokyo Coastal Highway Construction Project



Nankai Trough Earthquake Countermeasures Study Project



Bangladesh Dhaka Mass Rapid Transit Development Project



Sri Lanka Greater Colombo Flood Control and Environment Improvement Project



Dam Redevelopment Project



Philippines New Clark City Infrastructure Design Project

Business Areas of Nippon Koei Group

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

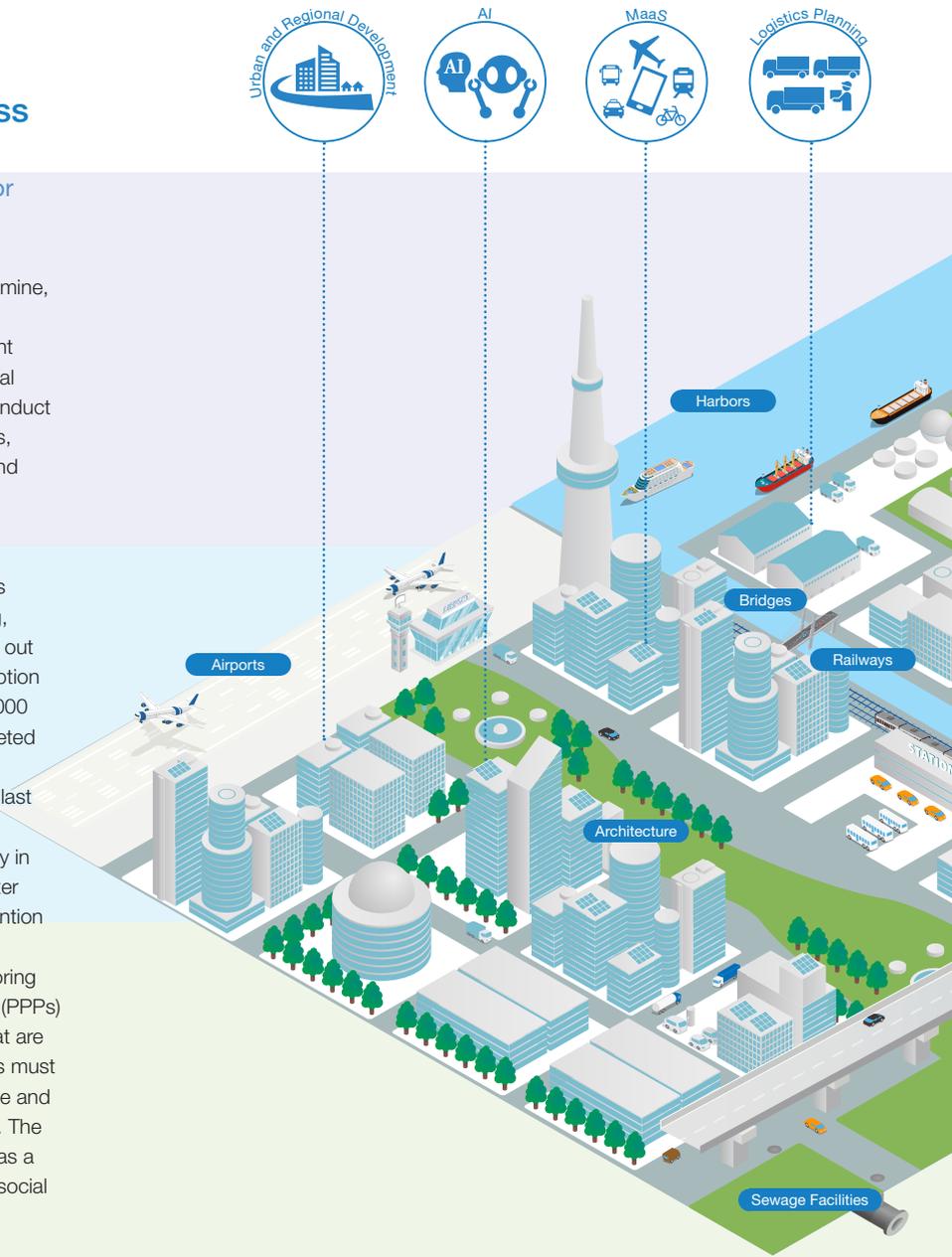
Domestic Consulting Business International Consulting Business

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 3,000 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 the increasing number of public-private partnerships (PPPs) and private finance initiatives (PFIs). For social issues that are becoming increasingly complex, engineering consultants must have integrated capabilities 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 social infrastructure.



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 Business Energy Business

Helping Japan and other countries meet electric power demand

The Power Engineering Business is comprised of three main business divisions. The Construction Division constructs and repairs substations, and power plant facilities; the Plant Engineering Division provides comprehensive consulting services for entities operating electric power plants and equipment in Japan and overseas; and the Power & Digital Business Unit manufactures electric power generation equipment and constructs central monitoring and control systems to ensure electric power generation efficiency and dam management systems at 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.

The Energy Business primarily centers on the two areas of electric power generation and energy management with the progress of decarbonization worldwide and major shift in the renewable energy related business. The electric power business focuses on the operation of hydroelectric power operations, and the energy management business mainly provides monitoring and control services enabling power distribution networks to provide a stable supply of energy by using energy stored from various sources.

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 and Canada-based Quadrangle in February 2019. Architectural expertises of the two companies are focusing on creating urban spaces that meet the needs of the new era.

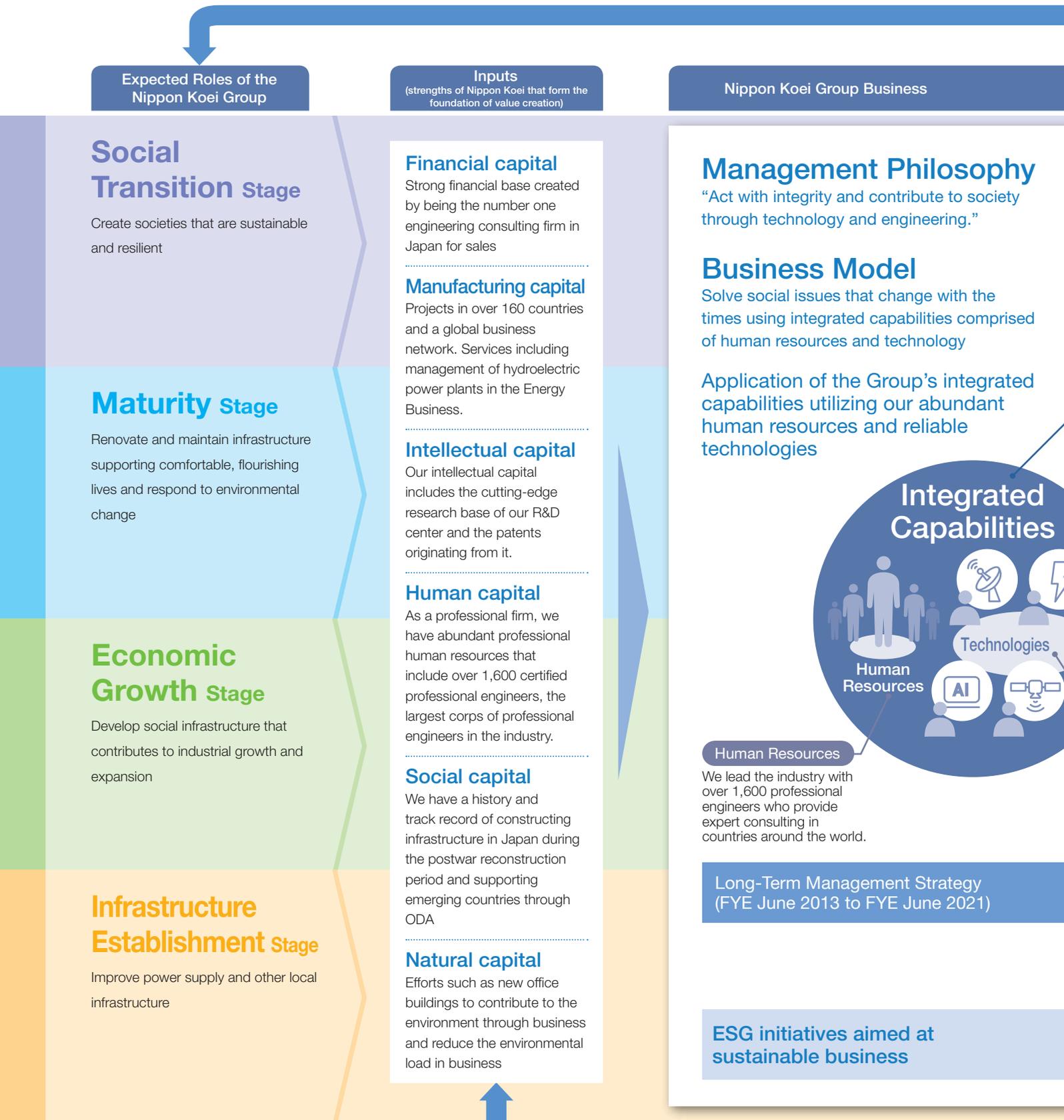
Power Engineering and Energy Business Domains

● Nippon Koei Services (for other companies)
● Asset Holding Business (in-house operation at Nippon Koei)

	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)	
	Hydroelectric Power Generation Facilities (generators, dam management systems, and water turbines)	Other Types of Power Generation Facilities		Power Transformation Facilities (central monitoring and control systems)		Power Storage Facilities	Consumer Power Facilities
Services Provided by Nippon Koei	<ul style="list-style-type: none"> Study and design Equipment manufacturing and procurement Construction and civil engineering Operation and maintenance Monitoring systems Hydroelectric power generation 		<ul style="list-style-type: none"> Study and design Equipment procurement Construction and civil engineering Monitoring systems 	<ul style="list-style-type: none"> Study and design Equipment procurement Construction and civil engineering Provision of power transformation systems 	<ul style="list-style-type: none"> Study and design Equipment procurement Construction and civil engineering Provision of power transformation systems Energy management systems Virtual Power Plant (VPP) business 	<ul style="list-style-type: none"> Energy conservation consulting Provision of Energy Management System (EMS) Energy Service Company (ESCO) business 	

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.



Expected Roles of the Nippon Koei Group

Social Transition stage

Create societies that are sustainable and resilient

Maturity stage

Renovate and maintain infrastructure supporting comfortable, flourishing lives and respond to environmental change

Economic Growth stage

Develop social infrastructure that contributes to industrial growth and expansion

Infrastructure Establishment stage

Improve power supply and other local infrastructure

Inputs

(strengths of Nippon Koei that form the foundation of value creation)

Financial capital

Strong financial base created by being the number one engineering consulting firm in Japan for sales

Manufacturing capital

Projects in over 160 countries and a global business network. Services including management of hydroelectric power plants in the Energy Business.

Intellectual capital

Our intellectual capital includes the cutting-edge research base of our R&D center and the patents originating from it.

Human capital

As a professional firm, we have abundant professional human resources that include over 1,600 certified professional engineers, the largest corps of professional engineers in the industry.

Social capital

We have a history and track record of constructing infrastructure in Japan during the postwar reconstruction period and supporting emerging countries through ODA

Natural capital

Efforts such as new office buildings to contribute to the environment through business and reduce the environmental load in business

Nippon Koei Group Business

Management Philosophy

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

Business Model

Solve social issues that change with the times using integrated capabilities comprised of human resources and technology

Application of the Group’s integrated capabilities utilizing our abundant human resources and reliable technologies



Human Resources

We lead the industry with over 1,600 professional engineers who provide expert consulting in countries around the world.

Long-Term Management Strategy (FYE June 2013 to FYE June 2021)

ESG initiatives aimed at sustainable business

Improving the strengths of the Nippon Koei Group through outputs

Solving Social Issues Through Outcomes

Representative Outputs

Outcomes

Development of an Infrastructure Maintenance and Management System Using Satellite Data

Application of an infrastructure deviation detection system utilizing satellite synthetic-aperture radar (SAR) data



Development of next-generation infrastructure systems

Efficient facility management through the introduction of PPP/PFI that improve productivity and convenience by making advancements to infrastructure maintenance/forecasting, etc. and introducing ICT.



Palace of Westminster Restoration and Renewal Project

The Nippon Koei Group architectural design firm BDP conducted construction design work for the restoration and renewal of the Palace of Westminster.



Renovation and maintenance of the existing infrastructure

In response to the rapidly aging infrastructure, we utilize digital technology to make maintenance more sophisticated and efficient, significantly improving functionality and safety.



Thaketa Bridge Construction Project

Project to replace the existing bridge that connects the international sea port terminal and metropolitan area to streamline the traffic and transport that have exceeded the capacity.



Building social infrastructure that supports industry

We contribute to economic growth by developing infrastructure that forms the foundation for industrial activities and realize diversity through social development.



Haor Flood Management & Livelihood Improvement Project

Nippon Koei is helping repair and construct flood control facilities and infrastructure for farming communities in the rice-producing wetland region in northeastern Bangladesh.



Establishment of local infrastructure that supports people's lives

Raising quality of life and invigorating the local economy by establishing the minimum level of infrastructure required for living



Integrated Capabilities

We deploy the integrated capabilities of experts in various fields to meet the increasingly sophisticated and complex needs of our age.

Technologies

We carry out advanced basic and applied research at our R&D Center, which we are proud to say is the largest in the industry in Japan.

Medium-Term Management Plan
NK-Innovation 2021

Environmental P.41 Social P.43

Governance P.51

At a glance

While pursuing to solve social issues in the world, Nippon Koei Group has amassed world leading conceptual and technological capabilities as well as human assets, which is our greatest asset. Utilizing these advantages and the Group's comprehensive strength, we continue to contribute in building nations and society.

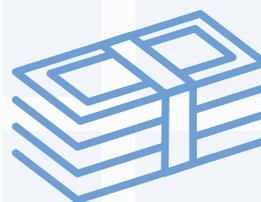
(Fiscal year ended June 30, 2020)

Financial Highlights



Orders

141.632 billion yen



Net Sales

112.214 billion yen



Overseas Sales Ratio

38.9%

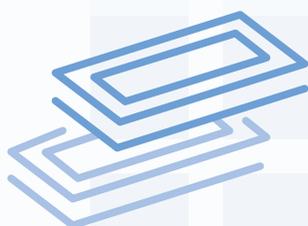


Operating Income

4.590 billion yen

Operating Margin

4.1%



Profit attributable to owners of parent

2.726 billion yen



ROE

4.6%

*Above figures reflect the revision on December 14, 2020.

(Fiscal year ended June 30, 2020)

Non-financial Highlights

Human Resources



		2020	(2019)
Number of Employees	Group	5,702	(5,497)
	Non-consolidated	2,660	(2,506)
Ratio of female employees	Non-consolidated	14.5%	(13.8%)



Number of new university graduates hired		2020	(2019)
(including by Group companies in Japan)	Non-consolidated	187	(173)

Technologies



Number of Certified Professional Engineers	Group	1,656
	Non-consolidated	1,362



Number of Patents	60
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Integrated Capabilities



Ranked number one in the industry for net sales in Japan

Source: "Sales ranking of engineering consulting firms in Japan," Nikkei Construction, April 27, 2020



Number of Orders for the Year (Consolidated)
Approx. **9,000**

Number of Orders Exceeding Billion Yen Received
13

Sustainability



CO₂ Emission
(all offices in Japan for the fiscal year ended June 2020)

Scope 1	306t-CO₂
Scope 2	3,958t-CO₂



Water Use
(from water supply)

21,333m³

Period: April 2019 to March 2020
Locations: Nippon Koei Head Office area (Kudan Office and Kojimachi Office)



The outbreak of COVID-19 infections began in early spring of 2020, bringing about major changes in our daily lives and the economy. I would like to express my deepest sympathies to everyone who was infected with COVID-19 and their families. I would also like to express my deep gratitude to the medical professionals and related parties who supported the medical system and to the essential workers who supported the lives of citizens.

A founding philosophy inherited more than 70 years ago

The Nippon Koei Management Philosophy “Act with integrity and contribute to society through technology and engineering” is a revised form of the statement founder Yutaka Kubota made over 70 years ago: which was “Tackle your problems with sincerity and the road ahead shall be clear,” a philosophy followed by the entire company. It is still rooted in our culture so that employees can share this spirit in their daily work. After more than 70 years, when I reflect on those words again, it seems that we are also raising questions about the realization of a sustainable society that we

should aim to achieve starting now. That said, I want to continue giving importance to this management philosophy.

Also, our strong commitment to technology has not changed at all from since our founding to the present. The Nippon Koei Group develops business globally based on this management philosophy and achieves sustainable growth by contributing to the solution of social issues. At the same time, it also provides employees with financial abundance and job satisfaction. I believe those are my roles as Representative Director and President of the company.

Contributing to solving three social issues faced by the world

Although the COVID-19 pandemic has taken most of our attention as a social issue that the entire world is currently facing, I believe that there are three major issues that the world has been facing in recent years. The first is the issue of widening inequality. The second is climate change, especially in Japan, where major natural disasters, which have been said to occur once every few decades, have recently occurred almost every year. Climate change casts a very wide range of dark shadows, from disasters to

Message from the President

In order to fulfill our mission of commercializing solutions for social issues, we will sincerely respond to requests from society and strive to continuously improve our corporate value.

Ryuichi Arimoto

Representative Director
and President

energy problems, both domestically and internationally. Lastly, the third issue is that the international framework of cooperation has become very fragile.

Whether these issues are viewed as “risks” or “opportunities” is quite contradictory and has various implications for our business. For example, let’s look at consulting focused on climate change countermeasures. In addition to hardware-based solutions such as disaster prevention facility establishment, we can also provide solutions from the software side, including providing disaster prevention information utilizing satellite data based on cutting-edge technology. There is no doubt that there will be more situations that will serve as opportunities. On the other hand, there is also political risk*. In recent years, movements that hinder international cooperation, such as ethnic conflicts and nationalism, have become more prominent. If the governments and leaders of each country change, their ideas about infrastructure and public works will also change. Given that risks also lurk in businesses that contribute to solving social issues, we need to make every effort to diversify those risks.

Here is an example of the latest case of risk management. In March 2016, we made BDP, the second largest architectural

design company in the U.K., a wholly owned subsidiary. However, Brexit was decided by a referendum soon after in June 2016. Supposed to serve as an opportunity in the architecture market, the M&A instantly turned into a risk. Thinking that the only way to turn this risk into an opportunity again was to expand overseas, I immediately switched to a strategy of focusing on Canada, which has historically been closely related to the U.K., welcoming a company based in Toronto as a foothold, and then entering the North American market.

Although the declining birthrate has become a social issue in Japan, global population growth is accelerating and the demand for urban development and construction continues to increase. Instead of considering BDP’s business development in the U.K., we plan to take concrete steps by turning to a strategy of expanding into countries with high demand for urban development with the U.K. serving as a starting point. In this way, we believe that diversifying risks and formulating a long-term management strategy to turn risks into opportunities are essential for future business.

*Risk of damage caused by default or suspension of remittance to Japan due to local political reasons when dealing with, financing, or investing in overseas companies.



Demonstrating integrated capabilities based on our human resources and technologies

The creation of our long-term management strategy depends on how we can acquire a bird's-eye view of the entire world. It is important for us to be aware of the movements of the world at that time, from various statistical data to trends in politics, the economy, and science & technology. Culture and business customs differ according to nation or region. Therefore if you cannot take on the mindset of focusing on the issues of each region and taking action, any efforts will be useless for the world. How do we solve issues that exist in each region while considering the trends of the entire world? For this, it will be necessary for all employees to share the principle of "think globally, act locally." Recently, that idea has become stronger and stronger. The Nippon Koei Group has more than 5,500 colleagues worldwide, and we are pursuing various types of added values with the skills that each of them possesses. I believe that is one of the strengths of the Group. In the future, however, I think there is an urgent need to train human resources to have both the ability to maintain a bird's-eye view of the entire world and the ability to gain insight into the essential issues hidden in society. Since our founding, we have been developing businesses that support the solution of various issues through the creation of social infrastructure. Unintentionally, however, the course of the COVID-19 epidemic has reminded me that the time has come to seriously think about what the Nippon Koei Group can do to solve the three social issues of widening inequality, climate change, and international cooperation. Now is the time to fulfill our mission to commercialize solutions for those three social issues as "a company that international community values and needs."

Medium-Term Management Plan NK-Innovation 2021 progress status

In the fiscal year ended June 30, 2020, which was the second year of the current medium-term management plan, orders and net sales reached record highs despite the impact of COVID-19 during the final stage of the fiscal year. I am very disappointed that the COVID-19 pandemic grew more severe and slowed down the world when I was looking for even further growth.

For the final year of the plan, which is the fiscal year ending June 30, 2021, it is predicted that the uncertain situation will continue with no prospect of how far the impact of COVID-19 will spread. Although it is extremely difficult to formulate a vision for the future, we believe that the three priority areas promoted in the current medium-term management plan will not change.

In the railway field, which was indicated in the plan as the top priority field, I wanted to strategically promote it through both self-help efforts and alliances. However, alliances did not produce the results I aimed for and it was a year when we were made to realize that consulting companies that have strength in the railway field are rare. On the other hand, in regard to self-help efforts, we were able to establish a business style of promoting actual projects while educating human resources at our companies overseas in India and Bangladesh, the latter launched in 2018. I believe these efforts moved along smoothly. In the Urban & Spatial Business, as we have already introduced, we are taking steps to turn risks into opportunities and we have established very friendly relationships with CEOs of both BDP and Quadrangle, which became a subsidiary in the fiscal year ended June 2019. I hope that we will achieve even better results in the future.

In the Energy Business, we were able to acquire European technology that leads the renewable energy-related business, although there is a problem of delay in starting the energy management-related project using storage batteries that we are developing in Europe. This was a great achievement. We would like to apply the know-how acquired there in Japan and Asia, make

Message from the President

efforts to further popularize renewable energy, and contribute to solving the global social problem of climate change caused by global warming.

Prospects and strategies for the future

As for an immediate strategy, although there are uncertainties about COVID-19, we anticipate that we will be able to grow sufficiently by maintaining and strengthening the basic direction of the current medium-term management plan.

In the consulting business, which is the foundation of our company, we will continue to remove the barriers between Japan and overseas, switch R&D from the “seeds pursuit type” to the “needs response type” to increase sense of speed, and apply the development results to the actual situation in Japan and overseas. I would like to see services provided that are rooted in local communities. In the past, ODA projects could be handled using traditional technologies and know-how, and it was possible to receive orders simply by adding project management skills to them. However, now the wave of technology is rushing to developing countries as well, and the need for cutting-edge technology is extremely high, and there are cases where cutting-edge technologies are demonstrated locally and their method of use is re-imported into Japan. In the future, I predict that we will definitely be in such an era where we will not be able to stand unless we flexibly link human resources and technologies of our research centers at home and abroad.

The same can be said for the Energy Business. Japan’s energy market will change as free competition in the electric power and gas businesses and decarbonization activities centered on companies accelerate. We need to switch to a system that can provide one-stop services in response to such changes. This is difficult with a conventional vertically-divided organization, so we would like to realize one-stop services by fusing the Power Engineering business (traditional field) and Energy Business (new field) together.

The key to responding to these changes in market needs is the promotion of “digital transformation” (DX). In July 2020, we established the Business Strategy Headquarters aiming to focus investment on DX and strongly promote DX while making full use of the excellent human resources and technologies of the business divisions and research centers.

I also believe that strengthening group governance is important. We will promote the sharing of accounting platforms among domestic and overseas group companies, create a basic governance code for the Nippon Koei Group, and ensure that each group company adheres to it.

Our response to the demands of society leads to an increase in corporate value

Our mission is to commercialize the solution of social issues. This means that, how we respond to the demands of society will lead to an increase in corporate value. It is important to clarify to stakeholders what Nippon Koei can do to address common issues faced around the world. What I learned from making BDP a subsidiary is that Western companies are very serious about solving the issues of climate change and sustainability. Unlike Japan, they do not use “stylish” words such as ESG and SDGs. However, they have the awareness that they cannot survive as company unless they contribute to solving these problems. I was able to feel firsthand that problem solving is not a special mission, but is becoming a normal business. Considering the progress of DX, I think that the shapes of consulting and engineering will probably change drastically in the future. I think we must be strongly aware of this in our new long-term management strategy that is currently being formulated. In order to spread awareness, I want the basic principles of the SDGs and 17 goals to be utilized in order to make my language a common language for all group employees, including those overseas, and to be accepted by society. The reason is that no matter how well you build a strategy, it does not make any sense unless it is recognized and shared by Group employees and the local community. As I said, it is our mission to improve corporate value by commercializing solutions for various social issues, and I want us to continue to thoroughly act so that stakeholders believe that we are dedicated to that mission. I would like to build trust through our own actions that convey the message “If you leave it to Nippon Koei, you don’t have to worry anymore,” and increase the number of our fans. That is my number one wish.

Financial Capital Strategy

Strengthening our financial strategy in line with future-oriented growth investment

Yasushi Hirusaki
Director and Managing Executive Officer



Promoting growth investment for business evolution

Based on our long-term management strategy, the Nippon Koei Group is currently promoting the diversification and sophistication of our businesses both in Japan and overseas, in addition to the three main businesses that we have been operating since our establishment, which are Domestic Consulting, International Consulting, and Power Engineering. We are currently in an aggressive growth investment phase designed get new business for these core businesses on track.

Two representative businesses that we are working to diversify are Urban & Spatial Development and the Energy Business. In Urban & Spatial Development, we U.K.-based architectural design company BDP Holdings to the Group in the fiscal year ended June 30, 2016 and Canadian architectural design firm Quadrangle Architects Limited in the fiscal year ending June 30, 2019. Synergistic effects have been realized due to these two companies working together with other companies within the Group have. As a result, we are beginning to see steady results in urban development projects that integrate architecture and civil engineering.

In the Energy Business, which we launched in Japan in the fiscal year ended June 30, 2019, we are developing an asset maintenance business in which we construct, operate, and sell hydroelectric power plants independently. In addition, 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, increase in renewable energy, 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.

We are seeing more opportunities to participate in projects that require investment, such as concession-based projects, not only in new fields but also in our existing business fields of Domestic Consulting, International Consulting, and Power Engineering. Nippon Koei continues to make alliances and business investments for the further growth of the Group.

Basic objectives for capital and shareholder return & our future financial strategy

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. The Group acquired 368,600 shares of treasury stock in August 2019 using cash inflow from the sale of assets held. We will continue to consider shareholder return based on the level of free cash flow and ROE as well as business conditions with the aim of improving capital efficiency and other factors.

However, our financial situation is beginning to change due to the continuation of M&A investments and prior investments based on the aforementioned growth strategy, and we recognize the need for a more sophisticated financial strategy as we move forward with new

asset holdings, alliances, and investment businesses. Therefore, we are considering the development of an investment screening system that will provide us with a stronger financial perspective, monitoring using ROIC, etc., further refinement of cash management, upgrading the cash management system within the Group, and diversification of financing methods according to the use of funds. We hope to achieve these goals in our new long-term management strategy starting from the fiscal year ending June 30, 2022.

Responding to instability in the business environment

The COVID-19 pandemic has had a wide-ranging impact on business activities and the economy. Our Group has also been affected by the decline in sales in some segments due to changes in the external environment and restrictions on movement in various countries. In light of this, we are taking measures to secure funds, such as long-term loans and increasing our borrowing limit, to increase our short-term liquidity.

We regret to announce that we have withdrawn our plan to increase the annual dividend for the fiscal year ending June 30, 2020 taking into consideration the downward revision of business performance due to the impact of COVID-19 and the increased uncertainty of business progress. As a result, the dividend will remain at 75 yen.

The business forecast for the fiscal year ending June 30, 2021 has been formulated based on a pessimistic scenario that assumes that the impact of COVID-19 will continue for one year during the fiscal year under the condition of maximum impact (worldwide situation around April to May 2020: emergency declarations, lockdowns, travel restrictions, and curfews). It will be reviewed during the term as we closely examine the market environment and actual conditions. As a result of the review as of the second quarter, the full-year forecast has been revised upward due to the strong performance of Domestic Consulting and the expected progress in International Consulting due to the gradual resumption of overseas travel. On the other hand, although the dividend forecast for the fiscal year ending June 30, 2021 will exceed the aforementioned target dividend payout ratio, we are maintaining the dividend at 75 yen in accordance with our basic objective of maintaining a stable dividend.

Consolidated Business Results Forecast for the Fiscal Year Ending June 30, 2021

	FYE June 2020 Business Results	FYE June 2021 Forecast	YoY Change Amount	YoY Change %
Orders	141,632	118,300	△23,332	83.5%
Net sales	112,214	117,600	5,385	104.8%
Operating income	4,590	4,900	309	106.7%
Ordinary income	4,603	5,400	796	117.3%
Profit attributable to owners of parent	2,726	1,300	△1,426	47.7%

*Revised on February 12, 2021

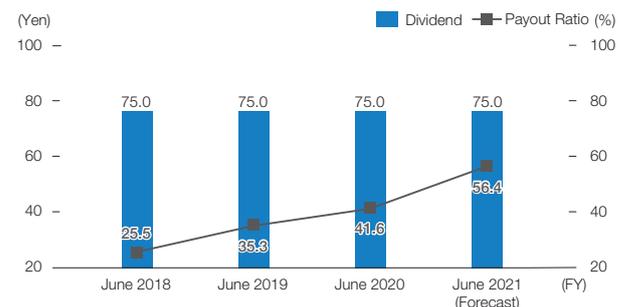
Toward enhanced Group governance and global expansion

At the end of 2020, it was confirmed that our Energy Business incurred losses on transactions in a specific business area (vertical shaft hydroelectric power generation). Based on discussions with the accounting auditor, we have examined the impact of the loss on the financial results of previous years and have retroactively adjusted the financial results for the fiscal year ended June 30, 2020. We apologize to everyone for the concern and inconvenience caused. Nippon Koei will once again review and further strengthen our financial and accounting governance, which is the foundation for promoting our business strategy, and work to continue to live up to your trust.

The Group plans to adopt IFRS (International Financial Reporting Standards) on a voluntary basis at the end of the fiscal year ending June 30, 2021. We had originally planned to adopt IFRS at the end of the fiscal year ended June 30, 2020, but the COVID-19 pandemic caused delays in the settlement of accounts at Group companies, which in turn affected the progress of preparations for the first year of IFRS based accounting. Therefore, we have decided to postpone the start of the adoption of IFRS to the fiscal year ending June 30, 2021 in order to achieve accurate and appropriate disclosure. The aim of adopting IFRS is to achieve disclosure and management of financial statements based on common global standards in order to further enhance Group governance as we expand and improve our global business. In addition to the above, we are also working to improve the transparency of our financial information and to enhance our international competitiveness. We hope to increase the transparency and international comparability of our financial information, provide more useful information to our stakeholders, and utilize the features of IFRS to strengthen our financial management and profit structure.

The Nippon Koei Group is currently formulating its long-term management strategy and specific targets for its medium-term management for the fiscal year ending June 30, 2022. On the financial front, we will strengthen our current strategies 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.

Payout Ratio



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. In addition, the Total Risk Management Council, which is chaired by the Company president, has been established to control risk management activities. 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 perspective.

Total Risk Management Council

In accordance with the basic policies established by the Board of Directors, the Total Risk Management 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. Total Risk Management 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.

The Total Risk Management Council meetings implement PDCA (Plan-Do-Check-Act) cycle 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 heads of each division.

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 social 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.

Response to COVID-19

Although we expect macro demand for infrastructure to remain brisk, we are taking measures to cope with changes in the business environment in anticipation of the possibility of a greater impact on our business performance due to the COVID-19 pandemic. Specifically, we are implementing measures to increase human resource mobility through organizational changes in line with our new long-term management strategy while ensuring that we take protective measures, such as thorough SG & A cost reductions and reducing overhead expenses as well as maintaining short-term liquidity.

Responses to Major Risks Identified

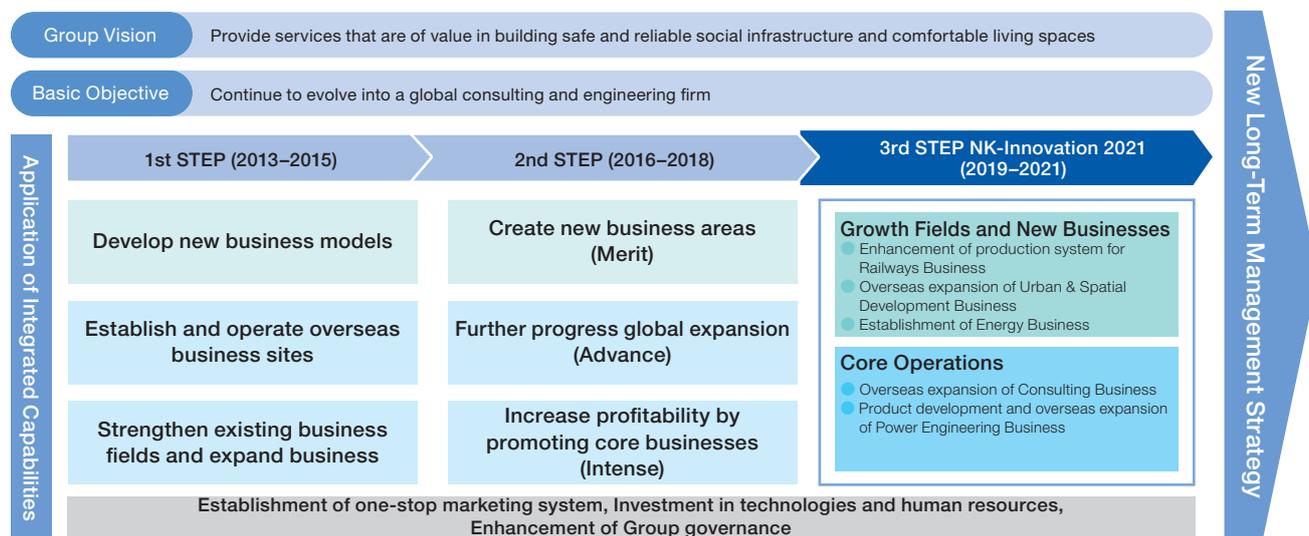
• Risks ■ Opportunities

Item	Risk Description	Response and Business Opportunity Creation
Legal Restrictions	Occurrence of incidents that violate laws and regulations	<ul style="list-style-type: none"> Thorough compliance with laws and regulations and internal education
Business Operations	Loss of trust resulting from compliance violations by Group companies	<ul style="list-style-type: none"> Strengthening of internal control systems at Group companies
Orders and Sales	Dependence on sales from specific customers (Domestic Consulting, International Consulting and Power Engineering are impacted by public investment trends, ODA budget trends, and trends including capital investment in power facilities by TEPCO Power Grid, Inc. respectively.)	<p>Domestic Consulting/International Consulting</p> <ul style="list-style-type: none"> ■ Concessions, PPP/PFI projects and other private sector projects, Expansion of orders for non-ODA projects ■ Increase of added values through IoT such as BIM/CIM <p>Power Engineering</p> <ul style="list-style-type: none"> Strengthen design and procurement capabilities and proposals to obtain orders from public and private sectors
Business Execution	Defects in deliverables provided to clients	<ul style="list-style-type: none"> Perform accurate verification to prevent technical defects
Labor	Loss of human resources due to overwork and harassment	<ul style="list-style-type: none"> Regular labor monitoring ■ Improvement of productivity through DX promotion using RPA, AI, etc.
Safety and Health	Serious accidents involving employees caused by terrorism and conflicts during overseas field operations, Penalties and compensation based on laws and regulations for accidents caused by inadequate field management	<ul style="list-style-type: none"> Safety patrols by the Safety & Health Management Office and third-party experts and follow-ups on matters indicated Establishment of a network with Safety Officer at Group companies
Information Management	Leakage of customer information and confidential information	<ul style="list-style-type: none"> Implementation of training sessions on confidential information management, etc. Periodic system improvements to improve the effectiveness of management Stricter management of customer information (restriction of users)
Financial Reporting	Unexpected economic conditions and rapid changes in the financial market	<ul style="list-style-type: none"> Monitoring and guidance by the Internal Control over Financial Reporting Committee under the Total Risk Management Council Review of portfolio in medium-term management plan, etc.
Disasters and Incidents	Risk to business continuity due to large-scale earthquakes and other disasters	<ul style="list-style-type: none"> ■ Proactive response to disaster countermeasure business including disaster prevention and mitigation and infrastructure maintenance (countermeasures against aging), areas in which we excel Application and periodic review of business continuity plan Promotion of efficient and flexible work styles
Climate Change	Changes in the business environment due to the impact of global warming	<ul style="list-style-type: none"> ■ Proactively respond to projects that contribute to climate change countermeasures for which demand is growing (transportation infrastructure development, environmental conservation, renewable energy-related projects, etc.) Development of related technologies
Country-based Risk	Unexpected restrictions on business activities and occurrence of costs due to the impact of change of government, Brexit, etc. on business conditions	<ul style="list-style-type: none"> ■ Reduction of dependence on U.K. customers and development of new markets through overseas expansion of BDP (BDP and Quadrangle in Canada, BDP and Nippon Koei in Asia) Diversification of the countries and areas where we conduct business
Decline in the working population in Japan	Lack of human resources in the industry and lack of human resources to whom technology and know-how can be passed on to	<ul style="list-style-type: none"> Secure and cultivate overseas human resources Operation of a regional engineer system to enable overseas human resources to be active in third countries Actively recruit new employees and strengthen the post-employment training system
Investment Business	Loss due to the occurrence of events beyond expectations in the investee environment	<ul style="list-style-type: none"> Strengthen monitoring of existing investment business Careful selection of new investment targets

Medium-Term Management Plan NK-Innovation 2021

The Medium-Term Management Plan NK-Innovation 2021 is the final step of our long-term management strategy (the fiscal year ended June 30, 2013 to the fiscal year ended June 30, 2021) which consists of three steps. It is a three-year plan addressing various innovations in light of the intensifying environmental and energy issues accompanying global population growth and the growing demand, particularly in emerging countries, for infrastructure and for traffic solutions associated with urbanization.

Long-Term Management Strategy (FYE June 2013 – FYE June 2021) and Medium-Term Management Plan



NK-Innovation 2021 Business Strategy

1. Enhancement of operating system for Railways Business

As the number of large-scale railroad projects is expected to continue to increase, especially in Asia, we will develop a local production system that includes quality, risk, profit, and safety management to handle large-scale projects.

2. Overseas expansion of Urban & Spatial Development Business

We will actively promote overseas expansion (outside the U.K.) with a focus on the Commonwealth and Asian countries.

3. Establishment of Energy Business

We promote the development and operation of decentralized energy resources such as renewable energy, EPC service for storage batteries, resource aggregators (businesses that play a central role in the control and management of both energy providers and consumers), and VPP (virtual power plant) businesses.

4. Consulting business's efforts to generate new business and expand overseas

New consulting business operations centered in infrastructure management, including PFI/PPP and concession operations, will be created. We also plan to expand our business overseas based on the technology and human resources that we have cultivated in Domestic Consulting and our R&D center.

5. Product development and overseas expansion of Power Engineering Business

We will build a supply chain in Japan and overseas by collaborating with various partners. In the substation field, we will develop and expand products worldwide with global standard specifications, including next-generation monitoring and control systems, and promote overseas production and sales of hydroelectric power generation equipment in the machinery field.

NK-Innovation 2021 Universal Group Measures

1. Establishment of one-stop marketing system

We will build a sales system to respond to various market needs and improve customer satisfaction, and aim for new customer development based on this system.

2. Investment in technologies and human resources

We aim to improve the attractiveness of the working environment by developing next-generation core technologies with a focus on digital transformation (DX), securing and developing human resources, promoting work style reforms and work-life balance, and personnel system reform.

3. Enhancement of Group governance

We will build a business management platform that includes accounting and legal services to enhance Group governance and support the autonomous management of group companies and demonstrate our integrated capabilities by promoting cooperation within the Group.

Performance in FYE June 2021

The fiscal year ending June 30, 2021 is the final year of the Medium-term Management Plan NK-Innovation 2021 and the long-term management strategy. We have positioned it as a preparation period to make a dash to the new long-term management strategy that will start in the fiscal year ending June 30, 2022 as we put the finishing touches on the strategies that have been implemented so far.

The business forecast for the fiscal year ending June 30, 2021 has been formulated based on a pessimistic scenario that assumes

that the impact of COVID-19 will continue for one year during the fiscal year under the condition of maximum impact (worldwide situation around April to May 2020: emergency declarations, lockdowns, travel restrictions, and curfews). Our basic stance is to use this business forecast as a target line and pursue the target assuming no impact by COVID-19 while closely examining the actual situation and circumstances. We are implementing steady measures in all segments while assessing changes in the business environment.

Review of FYE June 2020 and Priorities for FYE June 2021

Business Strategy	Priority Issues for FYE June 2020	Review of FYE June 2020		Priority Issues for FYE June 2021
		Main results	Evaluation	
Enhancement of production system for Railways Business	Establish local production systems through promoting alliances	<ul style="list-style-type: none"> Enhanced an integrated system with our companies overseas Obtained orders for major projects (Dhaka, etc.) 		<ul style="list-style-type: none"> Enhance integrated project implementation system with our companies overseas Establish local production systems through promoting alliances
Overseas expansion of Urban & Spatial Development Business	Expand operations in the Canadian and Asian markets Develop the Japanese market	<ul style="list-style-type: none"> Promoted Nippon Koei and BDP collaborative strategies and acquired orders Increased business cooperation between BDP and Nippon Koei in India 		<ul style="list-style-type: none"> Expand business collaboration with BDP in the Asian market Build a business infrastructure in the Japanese market
Establishment of Energy Business	Pursue business development and accumulate operating results and know-how in Europe Hydroelectric power generation in Japan Acquire concession business	<ul style="list-style-type: none"> Started operation of power plant (Suidoyama) Promoted the U.K. storage battery EPC Project Invested in Belgian company YUSO 		<ul style="list-style-type: none"> Start full-scale business operations in Europe Formation of market-leading projects in the domestic market Business development in the Asian market
Consulting business's efforts to generate new business and expand overseas	Promote business alliances and accelerate business creation Acquire orders in new technology fields by taking advantage of domestic technologies	<ul style="list-style-type: none"> Exported infrastructure based on domestic (Japanese) technology and increased mutual support between Japan and overseas Promotion of collaboration among business creation-related organizations 		<ul style="list-style-type: none"> Development of next-generation core technologies and promotion of business creation based on the technologies and human resources cultivated in domestic business and the R&D center Foster hybrid human resources who can play an active role in both Japanese and overseas markets Promote global development by sharing and enhancing production systems
Product development and overseas expansion of Power Engineering Business	Create new products and services Build domestic and overseas supply chains	<ul style="list-style-type: none"> Developed and delivered products that meet international standards Selected business partners to strengthen production capacity of mechanical and electrical systems 		<ul style="list-style-type: none"> Creation of new products and services Reorganization of the manufacturing system for hydropower equipment
Establishment of one-stop marketing system	Promote cross-segment projects	<ul style="list-style-type: none"> Formulated a regional strategy centered on Singapore Promoted the development of digital business by Geoplan Namtech Inc. 		<ul style="list-style-type: none"> Development of regional management systems Project implementation system that meets the needs of each country and region Creation of cross-sectional businesses
Investment in technologies and human resources	Maintain and improve superior technologies such as disaster prevention and maintenance management using AI Expand hiring, strengthen education, and promote early demonstration of capabilities	<ul style="list-style-type: none"> Restructured and added technology policy themes Diversified new graduate recruitment activities (web-based recruitment activities, etc.) 		<ul style="list-style-type: none"> Development and utilization of innovative technologies with DX at the core Improving the environment for telework and developing personnel systems to realize new work styles
Enhancement of Group governance	Introduction of IFRS and establishment of a global accounting platform	<ul style="list-style-type: none"> Continuously implemented business management guidelines Planned and implemented training for directors dispatched from Group companies Postponed IFRS disclosure until the fiscal year ending June 30, 2021 Promoted BEPS support 		<ul style="list-style-type: none"> Introduce IFRS and establish a global accounting platform

Message from the Director Generals

We have positioned the fiscal year ending June 2021 as a preparation period for our long-term management strategy which will start in July 2021 and are promoting the strategy in advance. In order to quickly realize the long-term management strategy of utilizing human resources and strengths of the entire Nippon Koei Group, we have reorganized five existing business divisions making them each a headquarters.



Coordination between consultants around the world and the R&D Center Toward further growth through optimal allocation of human resources and technologies

We have been offering consulting technology services in countries across the world as we believe it is our mission to contribute to the development of sustainable society with the advance technology and management capabilities cultivated through our operations.

The Consulting Operations Headquarters was created by integrating and reorganizing Domestic Consulting, International Consulting, and the R&D center which is responsible for technical development.

The aim of this integration is the exchange of human resources and technologies and the optimal allocation of resources in line with the business environment, improvement in speed of decision-making, bringing the results of R&D to business quicker, and promoting alliances with companies aiming for overseas expansion.

While increasing the speed of global expansion through developing human resources and strengthening our technological capabilities in an environment where employees can experience business in and outside Japan, employees are able to select diverse working styles according to their life stage. Through these I hope to make the Company rewarding to work at and employees can continue to work for many years. In the medium-to-long term, I hope many employees become “hybrid human resources” who can play an active role regardless of whether they work in Japan or overseas.

The recent COVID-19 pandemic has caused technicians engaged in overseas operations to return to Japan and has made it difficult to travel. Under these circumstances, it has become possible to efficiently allocate overseas personnel to the domestic market to minimize the impact of COVID-19. This was one of the effects of the integration, but I aim for this to lead to improvement of profitability, safety, growth, and other corporate values.

Creation of new businesses that we have been working on during this medium-term is also showing signs of fruition. We will continue to conduct balanced businesses to become a top consultant that is chosen internationally.

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

As for the Urban & Spatial Development business segment, BDP, a U.K. based subsidiary, is currently expanding its business in the United Kingdom and Canada. In the future, we will focus our efforts on urban and town development to meet the demand for urban development primarily in Asia, including Japan.

In the new long-term management strategy, we will aim to provide a one-stop service for urban and spatial creation (architecture/urban) by adding our architecture technology to consulting (civil engineering) and energy business areas in which the Nippon Koei Group has traditionally prospered. Our mission is to integrate the fields of civil engineering, energy, and construction to carry out business from the standpoint of comprehensive production of urban and regional revitalization projects. In town development, we will comprehensively manage the technologies of the Nippon Koei Group, such as autonomous driving/MaaS, energy, disaster prevention, and infrastructure maintenance, and produce the entire business to expand into new town development that offers environmental value.

In regard to current issues, in Japan we will focus on both development of the market in the construction field and CM (construction management) business which is expanding in the market. Overseas, BDP will continue to play a role in business development in the U.K. while Quadrangle plays the same role in North America. At the same time, we will put more effort into developing the Asia market.

The Urban & Spatial Development business of the Nippon Koei Group differs from that of an architectural design company. Architectural design companies primarily deal with land owned by developers as a business field whereas the Nippon Koei Group deals with urban and spatial business, which are 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.



Responding to new markets due to changes in the business environment and providing a one-stop service

The Energy Headquarters was created by integrating the Power Engineering and Energy businesses. Traditionally, Power Engineering has provided services such as development and operation of hydroelectric power plants and substations, consultation (planning/study, design, and maintenance), equipment manufacturing (*monozukuri*), and construction work. In recent years, we have provided these services as a 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. In the Energy Business, we provide energy management services that utilize storage batteries in markets such as Europe that lead in separating electrical power production from power distribution and transmission.

Due to the decarbonization trend, the electric power system itself is changing rapidly in Japan and overseas. Globally, decentralized energy sources are being introduced and there is a shift to renewable energy business. In Japan, rule establishment for the electricity market for the supply and demand adjustment market starting in April 2021 has started to move about significantly, new markets (supply and demand adjustment market, etc.) have been established, and new business licenses (for aggregators and power distribution business) are expected to be established. Since we see related business opportunities, we aim to establish new businesses while paying close attention to market trends. In addition, we will turn Power Engineering and the Energy Business into a one-stop service and also carry out cross-sales as a Group in collaboration with Consulting and Urban & Spatial Development.

As a business that directly contributes to climate change countermeasures such as the introduction and utilization of renewable energy, 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.



Offering cross-segment services

The Business Promotion Headquarters was established to bring together the services of all the segments and lead the marketing and sales activities as a single unit. We also act as a face of the sales in each region and area. The need for services that go beyond one field such as smart city development and other projects that require multiple fields has been on the rise. We will continue to keep grasp of each segment and region and continue to create and search for business that are needed in the ever changing market.



Aiming to improve service value by strengthening DX initiatives

The Business Strategy Headquarters was newly established as a department responsible for the development and utilization of innovative technologies centered on digital transformation (DX) and the development of human resources with world-class technological capabilities. Since utilization of digital technologies, including IoT and AI, has become critical in the Group's business domains, there is an urgent need to create DX technology. Nippon Koei's strengths in promoting DX are the know-how it has accumulated over many years and its wealth of knowledge and information related to infrastructure development. Through such digitalization and sophistication, we will improve our strengths to provide highly reliable services.

Relocating the Head Office Leads to New Work Styles

In 2020, the Nippon Koei Building, located in Kojimachi, Chiyoda-ku, was reborn. Full-scale operations began in July 2020 as an office building that also serves as a location for research and development for applying our unique advanced technologies. The services required of engineering consultants are becoming increasingly sophisticated and complex, people's work styles are becoming more diversified, and the pace of change is accelerating. Therefore, we are creating a system that can flexibly respond to the changing times as well as an environment that can improve operational efficiency and create new value, both in terms of office design and systems, and are strongly promoting them as a Group.

Environmentally-friendly Head Office

Nippon Koei places importance on ensuring the comfort, convenience, and safety of its employees as well as environmental considerations, and is promoting environmental considerations and energy conservation efforts in the new Head Office building.

■ Green wall

The exterior wall facing Kojimachi Odori is a green wall which contributes to enhancing the local landscape and the creation of a more pleasant urban environment.

■ Dry biotope

A dry biotope has been installed as part of the building's terrace with plants that add color to the seasons. It is designed to reduce the reflection of solar radiation, retain water in its soil, and protect the surrounding native vegetation.

■ Geothermal heat utilization system

Stable geothermal energy is extracted in both summer and winter and used for heating and cooling the building's first floor entrance and conference rooms. Since the use of geothermal heat in a building in central Tokyo is rare, our R&D center and Hokkaido University are conducting joint research on the installation of this system as well as a performance evaluation. The results of this

research will be used to propose design and control guidelines for geothermal systems suitable for urban areas.

■ NK-EMS (NK-Energy Management System)

We are utilizing NK-EMS, a storage battery control system developed by Nippon Koei to improve efficiency of power usage. The system enables effective use of energy by charging and discharging storage batteries according to the power consumption in the building and the level of solar power being generated by the solar panels installed on the roof to adjust the balance between electricity supply and demand.

■ Third-party Evaluation

The Head Office building received a Gold certification under LEED (Leadership in Energy & Environmental Design), the world's most widely used environmental performance evaluation system implemented by the U.S. Green Building Council. The building has also received the highest rating of S under CASBEE (Comprehensive Assessment System for Built Environment Efficiency), a rating system that comprehensively evaluates the quality of office environments, including environmental efficiency, as well as environmental considerations such as energy conservation and the use of materials and equipment with low environmental impact.



Green wall near the building entrance



12F terrace



Geothermal heat utilization system



Entrance



Nippon Koei Building

Address: 5-4 Kojimachi, Chiyoda-ku, Tokyo 102-8539, Japan

Design supervision: Kisho Kurokawa Architect & Associates Co., Ltd., Inc.

Promoting new work styles

Through the operation of the building's renovated facilities and offices, we aim to create value by promoting communication with employees in different departments and outside partners, and to realize autonomous and discretionary work styles while improving organizational productivity.

■ Introduction of a free-address office system to strengthen our overall capabilities

In order to strengthen cross-departmental cooperation, promote cross-organizational activities, and further demonstrate our integrated corporate strength, we have introduced a free-address office system that allows employees to freely move from one seat to another in a large wall-less office space.



■ A workplace environment that encourages collaboration and improved productivity

We have created a workplace environment where employees can flexibly select and utilize collaboration spaces, standing meeting spaces, centralized work spaces, and booths for online meetings to suit their particular work style. Accordingly, we are working to improve productivity and work quality by introducing digital tools to realize the next generation of work styles. Such new approaches include the elimination of landline phones (use of smartphones for extension calls instead) and active utilization of online meetings.

■ Support for Diverse Work Styles

We are encouraging diverse work styles by providing a prayer room, a mother's room for working women, and the engineering consultant industry's first childcare center called N-Kids.

■ Promotion of Health Management

We have set up N-Fit (health promotion room), a fitness gym, N-Cafe, which provides health-conscious meals, and a health management room where a full-time industrial physician is stationed to support the health of employees to promote health management. We are working to improve the health of our employees and create a work environment where they can work with vigor.

VOICE

The Nippon Koei Building is based on the concept of "meeting, connecting, and enjoying". It is a workplace where people can meet and connect through communication and create new value through collaboration. With telecommuting and other ways of working changing every day, we strive to create a comfortable space where people can meet, communicate, and collaborate with each other when they come to work.

Takeshi Nakayama
Senior Manager of
Center for Accounting &
General Affairs





Feature
2

Contributing to the Development of Bangladesh

Current state of Bangladesh and Nippon Koei's Initiatives

Although Bangladesh has achieved rapid economic growth in recent years, approximately 30% of the population still lives in poverty and there is a serious lack of basic economic infrastructure, including electricity and transportation. In addition to the lack of an economic infrastructure, the country is vulnerable to natural disasters, such as cyclones and floods, and is also vulnerable to the effects of climate change. The Government of Japan is promoting efforts to revitalize economic activities and overcome social vulnerabilities in Bangladesh in order to support the country's growth and lift it out of poverty through sustainable economic growth. The Japanese government's Official Development

Assistance (ODA) to Bangladesh is the second largest in the world after India, causing a boom in infrastructure development. In order to respond to this strong demand for infrastructure development, Nippon Koei established a local subsidiary in Bangladesh in September 2018, and is currently involved in approximately over 30 projects. Our Head Office in Tokyo and the local staff of our subsidiary in Bangladesh are working together on projects. By training the local staff ourselves, we are contributing to the development of Bangladesh by transferring Nippon Koei's technology to grow the subsidiary.



Matarbari Port Development Project



In Bangladesh, cargo trade has been growing at an average annual rate of about 11% over the past 10 years in line with the country's GDP growth*, and demand for container-based cargo is expected to further increase. The Port of Chittagong, which handles 98% of the country's container-based cargo, has already exceeded its maximum cargo handling capacity, and the water depth of the port is 7.5 to 9.5 meters, which is shallower than the standard level. Therefore, the country needs a new port developed that can meet future cargo demand. In this project, a multipurpose commercial port (water depth: 16 meters) will be constructed in Matarbari, located in the Cox's Bazar District of the Chittagong Region, which will be able to receive medium- to large-sized vessels for containers and general cargo. This is expected to improve increasing cargo handling capacity and contribute to the promotion of logistics with neighboring countries.

* Source: International Monetary Fund, 2018

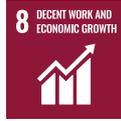


- **Contract period:** October 2020 to November 2026
- **Order amount:** Approx. 1.45 billion yen
- **Work being provided by Nippon Koei Group:** Detailed design, tender assistance, and construction supervision
- **Effectiveness:** The maximum size for vessels entering Bangladesh's ports will be increased from 2,700 TEU class to 8,000 TEU class. By 2024, the port is expected to handle approximately 700,000 TEU/year, which is equivalent to about 35% of the current cargo volume of the entire country.

Consulting Service for Foreign Direct Investment Promotion Project

The strength of Bangladesh's main industry, the sewing industry, lies in its low labor costs. However, most of the garment processing is outsourced for low-priced garments for the European and American markets, and raw materials are imported, so economic benefits are limited to processing labor based income.

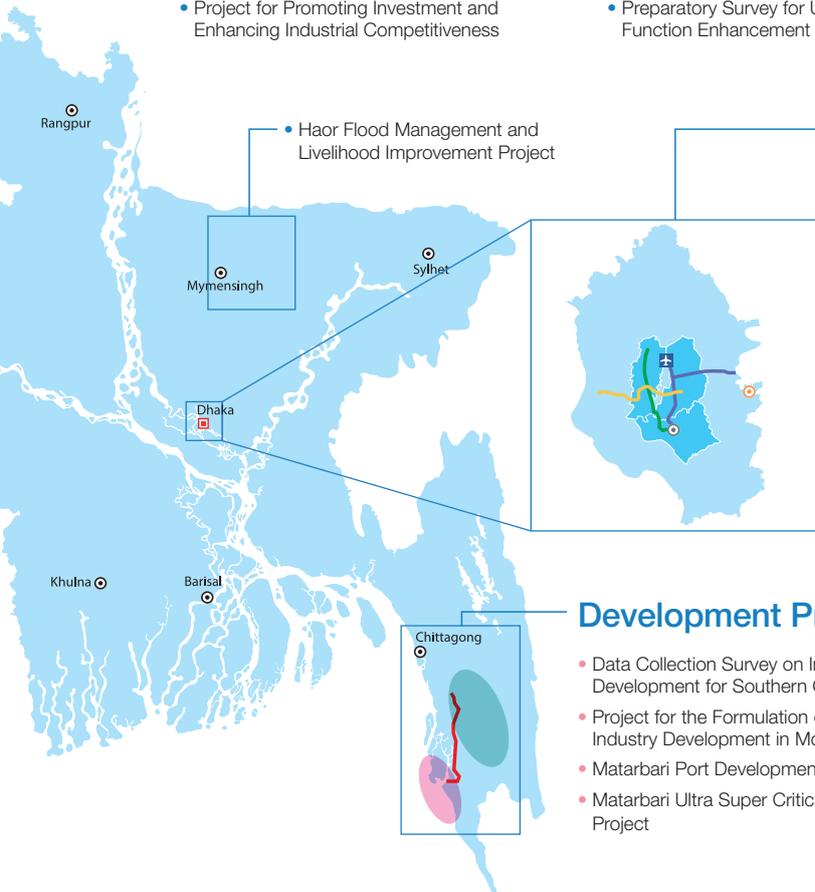
In order to step out of this type of economic structure, in addition to increasing the added value of sewn products, it is necessary to nurture a manufacturing industry that is competitive in exports, and eventually diversify the industry as a whole. For this to happen, increased investment is essential, and foreign investment is expected to be accompanied by the introduction of the latest technologies. This project will improve the investment environment through the expansion of medium- to long-term low-interest loans for foreign companies and the development of special economic zones (industrial parks), thereby promoting direct investment from Japan and other countries.



- **Contract period:** January 2020 to October 2024
- **Order amount:** Approx. 1.3 billion yen
- **Work being provided by Nippon Koei Group:** Basic design related to fundamental infrastructure (including land development, roads, power and gas supply in special economic zones), tender assistance, and construction supervision
- **Effectiveness:** In the special economic zones to be developed under this plan, the amount of direct investment is expected to be 130 million U.S. dollars (cumulative), and the number of tenants is expected to be 30 companies by two years after the completion of the project (2027).

Projects throughout Bangladesh

- Project for Security Improvement of International Airports Aircraft procurement support
- Project for Promoting Investment and Enhancing Industrial Competitiveness
- National Power Transmission Network Development Project
- Preparatory Survey for Urban Function Enhancement Project
- The Project for Gas Network System Digitalization and Improvement of Operational Efficiency in Gas Sector
- Small Scale Water Resources Development Project (Phase 2)



Projects in Dhaka

- Dhaka Mass Transport Development Project (Line 6)
- Dhaka Mass Transport Development Project (Line 5 (North))
- Dhaka Mass Rapid Transit Development Project (Line 1)
- ✈ Hazrat Shahjalal International Airport Expansion Project
- ⊙ Information collection and verification survey regarding redevelopment of the area surrounding Kamalapur Railway Station
- ⊙ Foreign Direct Investment Promotion Project
- Detailed Feasibility Study for Bangabandhu Sheikh Mujib International Airport Project
- Dhaka Integrated Traffic Management Project

Development Projects in the Southern Chittagong Region

- Data Collection Survey on Integrated Development for Southern Chittagong Region
- Project for the Formulation of Master Plan for Industry Development in Moheshkhali Matarbari
- Matarbari Port Development Project
- Matarbari Ultra Super Critical Coal-Fired Power Project
- Preliminary Survey on Chittagong – Cox's. Bazar Highway Improvement Project
- Information collection and verification survey regarding development of water supply resources in the Southern Chittagong Region

Information current as of October 30, 2020.

VOICE

In Bangladesh, the number of projects in which Nippon Koei is involved has increased to about 30, backed by the Japanese government's support for large-scale infrastructure development projects. In addition, we established a local subsidiary in 2018 to strengthen the production system as a group. In cooperation with nearly 100 members of Nippon Koei, we will challenge to establish business in new areas based on the technology of Nippon Koei and the experience we have cultivated in this region.

Buntaro Shiono
Business Promotion
Headquarters
Dhaka Office





Feature

3

Creating a Secure Society Through the Use of Satellite Data

In recent years, there have been many flood and landslide disasters caused by large-scale torrential rains.

In order to respond quickly to these disasters, it is important to grasp the full extent of each disaster as quickly as possible. Currently, helicopters and airplanes are used to assess the full extent of disaster impact as soon as possible after it occurs. However, it is believed that there are limitations in responding to disasters that occur over a wide area and simultaneously. In addition, the risk of serious accidents due to aging infrastructure and the rising cost of maintenance and management have recently become social issues in Japan and overseas.

In order to solve these problems, Nippon Koei is developing technology to assess the actual damage caused by heavy rainfall using satellites, which are good at monitoring wide areas, and is working on disaster prevention and mitigation projects through infrastructure monitoring.

When these disasters, which appear to occur every year, happen, Nippon Koei goes to the front line at the disaster site, makes efforts for emergency response and takes subsequent recovery measures to stop further damage. For more than 70 years, we have been accumulating experience in almost every field of social infrastructure, including dams and roads, from design to maintenance and management, and we have accumulated a wealth of know-how and technical capabilities. Because we possess an outstanding level of knowledge and human resources in the field of social infrastructure development about what kind of disasters in what scale destroy the infrastructure and what methods should be used to build disaster-resistant infrastructures, we recognize that we have a responsibility to create safe social infrastructures by utilizing the latest technologies and are committed to creating safe social infrastructures to protect the lives of people in Japan and around the world.

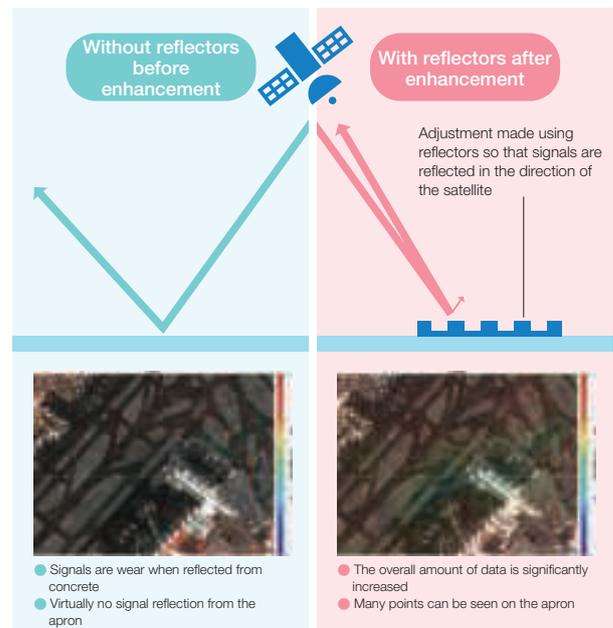
Examples of satellite data utilization

	Field	Current social issues	Abilities provided through the utilization of satellite data	Contribution to solving social issues
Under normal times (monitoring)	<ul style="list-style-type: none"> • Embankments • Airport runways • Railways • Bridges • Slopes • Forests 	<p>Risks of accidents caused by aging infrastructure facilities</p> <ul style="list-style-type: none"> • Infrastructures are aging in Japan and overseas • Occurrence of accidents due to aging infrastructures • Lack of managers (human resources) due to the declining birthrate and aging population in Japan • Increasing costs for long-term management, wide-area management, and large facility management 	<ul style="list-style-type: none"> • Ability to check all at once the abnormalities of a vast amount of infrastructure which have been checked visually so far • Enables wide-area and efficient monitoring at a lower cost than existing methods • Ability to detect abnormalities in areas that are difficult to inspect on the ground, such as restricted access areas • Enables appropriate risk assessment 	<ul style="list-style-type: none"> • Disaster prevention (prevention and mitigation) • Determination of timing for appropriate repairs • Reduction of maintenance and management costs • Enables maintenance of safe and reliable social infrastructures • Provides support to a society that is experiencing a declining birthrate and aging population
At time of disaster (grasping the extent of damage)	<p>Areas where disasters including the following occur</p> <ul style="list-style-type: none"> • Collapse of buildings • Floods • Landslides • Volcanic eruptions 	<p>Floods and landslides caused by typhoons and torrential rains, and disasters caused by earthquakes and volcanic eruptions</p> <ul style="list-style-type: none"> • Difficult to quickly assess damage due to an inability to gain physical access to the area • Increased burden of inspection and repair management after a large-scale disaster 	<ul style="list-style-type: none"> • Ability to quickly assess disaster conditions by automatically extracting data on multiple disaster-affected areas simultaneously • Ability to monitor disaster conditions in bad weather and at night • Allows for appropriate evacuation advisories to be issued based on disaster conditions • Enables effective disaster response and rescue operations 	<ul style="list-style-type: none"> • Development of resilient social infrastructures • Appropriate emergency response in the event of a primary disaster • Prevention of secondary disasters

High-precision monitoring of the runways at Haneda Airport

Analysis using satellite SAR* images is a technique for observing the earth's surface by analyzing reflected waves of radar waves emitted from a satellite to the ground. While this technique can collectively determine the amount of change in the ground surface over a wide area, it is generally difficult to observe smooth ground surfaces such as airport runways due to the weak reflection of radar waves. In order to solve this problem, Nippon Koei conducted a demonstration test at the international apron of Haneda Airport and developed a highly accurate and stable method for analyzing the amount of deformation by improving the conventional analysis method and using reflectors that improve reflection characteristics. This verification test was adopted as part of the Japan Cabinet Office's 2020 Advanced Satellite Remote Sensing Data Utilization Model Demonstration Project for Problem Solving, which aims to create "truly useful services" based on the needs of end users.

* One of the satellite-based observation technologies. Radio waves are emitted from a satellite in space to the earth and the surface of the earth is observed from the radio waves bounced back.



Original Data: TerraSAR-X@DLR

Business alliance with SKY Perfect JSAT Corporation and Zenrin

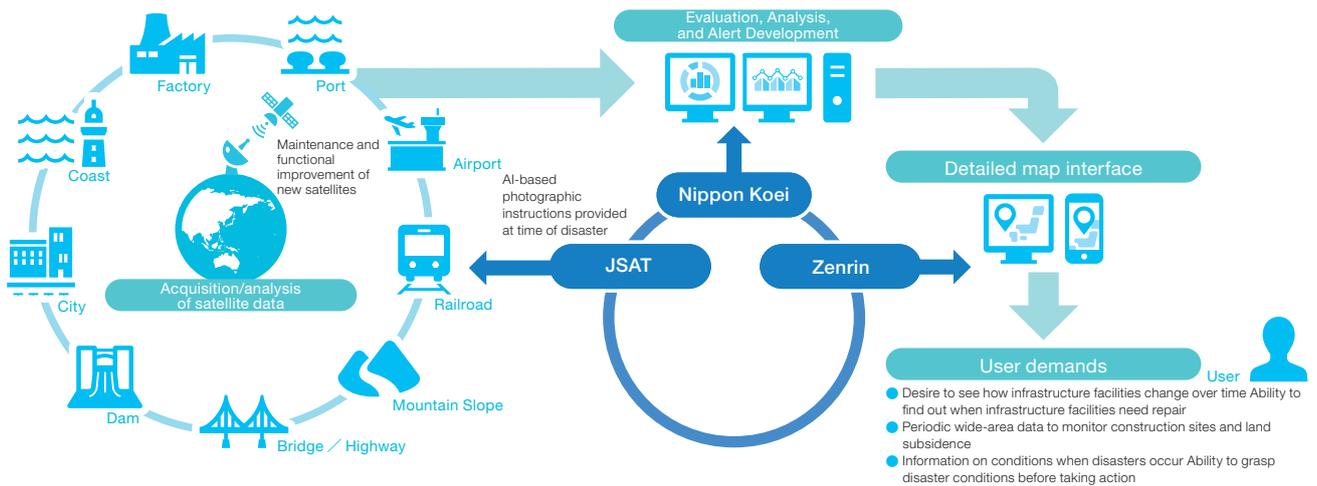
In October 2020, SKY Perfect JSAT Corporation, Zenrin, Co., Ltd., and Nippon Koei formed a business alliance to develop the Satellite Anti-Disaster Information Service. This service analyzes information obtained from satellites, displays information on topography under normal conditions, displays changes in facilities, and displays damage that occurs during a disaster on detailed maps, and provides statistical results in a form that meets the needs of users. By combining the data and know-how of the three companies, it will be possible to obtain a more accurate

understanding of the disaster risk and post-disaster damage status of sites and facilities managed by companies and local governments in all 1,741 cities, towns and villages throughout Japan.

This will be the first service in Japan that can grasp conditions at the individual building level. We aim to start providing this service in 2021.



Overview of the Satellite Anti-Disaster Information Service



VOICE

Since November 2019, we have been working with SKY Perfect JSAT to develop solutions that utilize satellite data. By combining this with Zenrin's map information, we will develop services to support rapid rescue and recovery operations after a disaster occurs, and support the creation of disaster-resistant communities even in normal times. In the future, we aim to expand our satellite analysis technology not only to disaster prevention, but also to agriculture and environmental fields.



Kentaro Kageyama
Deputy General Manager
of River & Water Resources
Division

Nippon Koei Group Business Segments

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

In the fiscal year ended June 2020, orders and net sales reached record highs.

Domestic Consulting Business

The Domestic 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 the aim of helping create vibrant communities and social environments that are beautiful, safe, and flourishing.

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.

International Consulting Business

The Nippon Koei Group is engaged in numerous projects in fields ranging from water resources and waterways, energy, urban and regional development, transportation, environmental management, agricultural and rural development designed to support the development of countries in Asia, Africa, the Middle and Near East, Latin America, and other regions. The majority of these operations are ODA projects of the Japanese government, which generate sales over multiple years. The Nippon Koei Group is among one of

the leading firms participating in Japanese ODA projects. 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.

Power Engineering Business

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. The segment constructs and repairs substations, switching stations, and power plants, constructs central monitoring and

control systems to improve operating efficiency, constructs dam control systems at hydropower plants, and manufactures related equipment. The segment has also been increasingly focusing on the sustainable energy field in recent years.

Urban & Spatial Development Business

Nippon Koei established the Urban & Spatial Development Business in March 2016 when it welcomed BDP of the United Kingdom into the Group and launched its drive to enter the field of architecture, which represents one quarter of the construction surveying and design market worldwide. In emerging countries in Asia, rapid urbanization is leading to worsening traffic congestion,

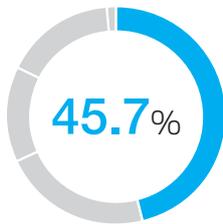
environmental pollution, and other problems. While continuing to help build additional transportation infrastructure, we are fusing civil engineering and architecture technologies to create multipurpose, multisolution urban and spatial designs for airport complexes, train stations, commercial facilities, schools, medical facilities, and peripheral structures.

Energy Business

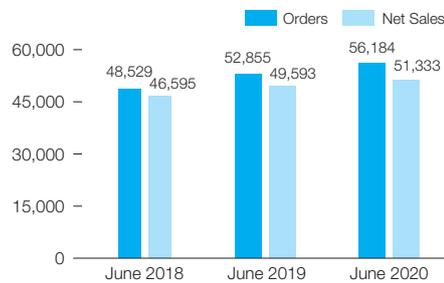
Nippon Koei established the Energy Business in July 2018 to capitalize on the expanding markets for renewable energy and movements toward electric power system reform in Japan and overseas. The segment studies, develops, designs, builds,

manages, operates, supports, and develops systems and technologies for power generation and energy management businesses using renewable energy, energy storage systems, and other distributed energy resources.

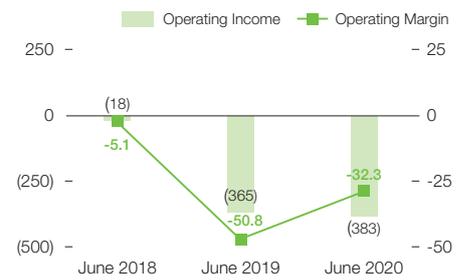
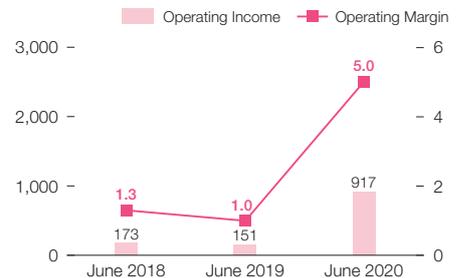
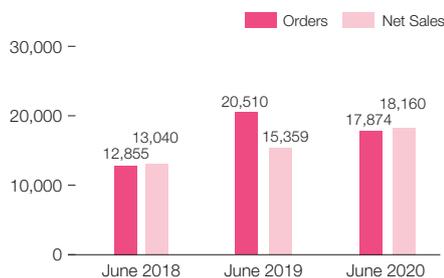
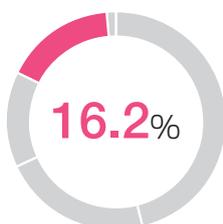
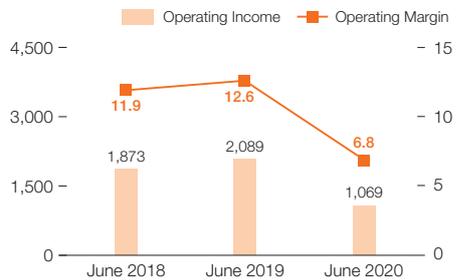
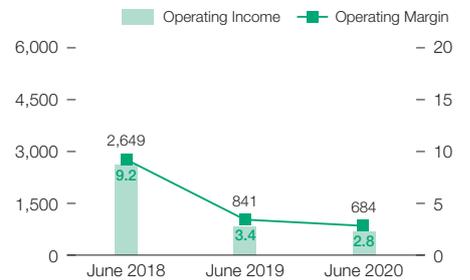
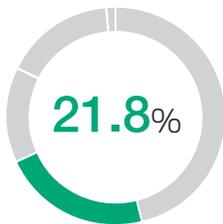
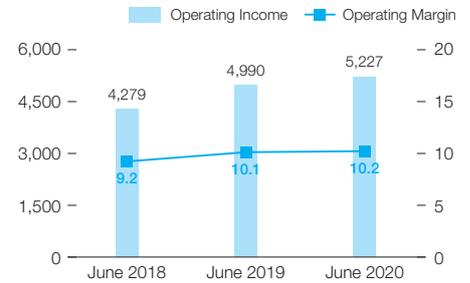
Composition Ratio of Net Sales



Orders and Net Sales (Millions of yen)



Operating Income and Operating Margin (Millions of yen/%)



Note: Business results of the Power Engineering Business for the fiscal year ended June 2020 reflect corrections made on December 14, 2020.

Review of Operations

Domestic Consulting

Nippon Koei provides consulting services for the development and maintenance of social infrastructure, planning and design of safety measures, and so forth. 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.



Business Segments Strengths

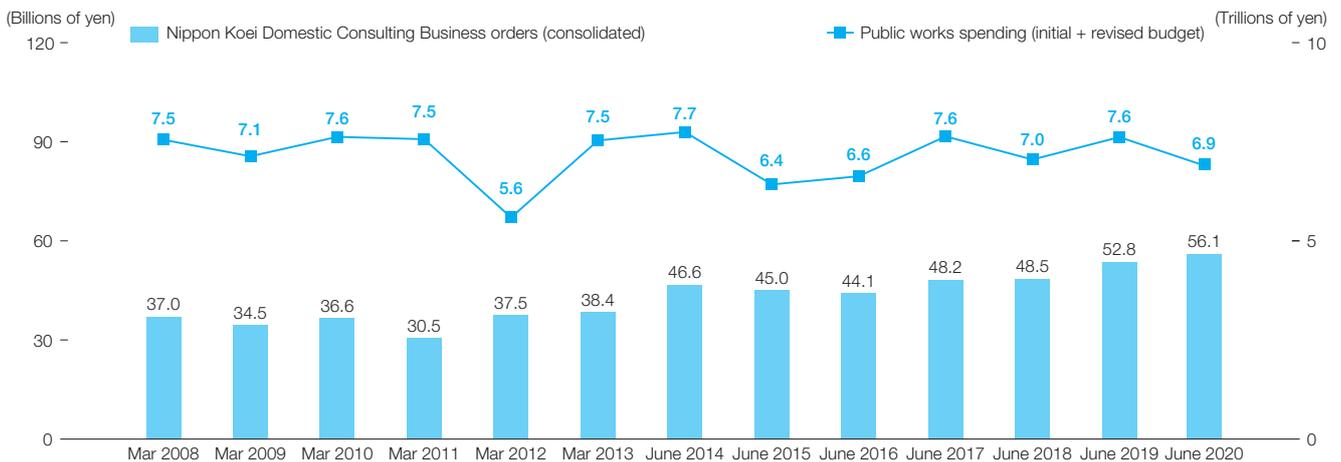
- Ranked No. 1 in Japan's civil engineering consulting industry
- Business offices in all 47 prefectures, strong client partnerships
- Largest number of professional engineers in the industry with certified professional engineers in each field
- Long history of handling business in a variety of fields, cultivating technological and integrated capabilities
- We provide solutions through the development and application of advanced technologies

Market Trends and Social Issues

Domestic Consulting 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) / Nippon Koei Domestic Consulting Business orders



Source: Ministry of Land, Infrastructure, Transport and Tourism, Survey of Trends in Construction-Related Industries (Construction Consulting)

Main Strategies

• Further strengthen the management base

Develop human resources, expand the production system, improve quality, and maintain work-life balance

• Use our advanced technologies to promote global strategies

Formulate a structure with deeper integration among the segments

• Business creation

Expand business by reorganizing our structure to better align with the needs of society

• Make business management more efficient

Streamline business operations, advance measures to improve productivity, and continuously reduce costs

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.)

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)

Performance Summary for FYE June 2020

- Orders, net sales, and operating income all reached record highs, backed by a favorable business environment
- Orders received were boosted by orders for large-scale projects and orders for new services from Group companies
- Net sales increased mostly in line with the forecast due to steady progress in projects related to disaster resilience
- Group companies (Tamano Consultants Co., Ltd., etc.) also headed toward growth

Impact of COVID-19

Although construction periods for some operations were extended due to infection control measures, in the end, COVID-19 had almost no impact on our business performance. Overseas human resources began working on domestic projects.

Strategies of the Medium-Term Management Plan and Looking at New Long-term Management Strategies

Under the new organization that integrates domestic and overseas operations, we will implement steady operations and accelerate all “challenges” by promoting measures through integration in advance of the new long-term management strategy.

Further strengthening of the management base

1. Strengthen technological competitiveness
2. Develop and cultivate human resources
3. Increase market share by strengthening collaboration among segment companies, etc.
4. Strengthen collaboration between the R&D center and each business unit, and develop new technologies through cross-industrial exchange
5. Improve productivity by strengthening support for DX and promoting work style reform
6. Overseas market development, new business development, such as the data business, in collaboration with group companies

Global strategy promotion and business creation

1. Overseas deployment of advanced domestic (Japanese) technologies
2. Build strategies to enter new business areas (concession business, etc.)
3. Business expansion through collaboration with other industries by utilizing remote sensing technology and satellite business

Make business management more efficient

1. Promotion of remote work, such as online meetings, and stimulation of mutual communication through effective operation

Response to COVID-19 in FYE June 2021

We are taking measures to secure business performance by increasing human resource mobility (for example, by having personnel from International Consulting work in the Domestic Consulting).

Business environment	<ul style="list-style-type: none"> • Impact will be limited unless operation does not stop due to declaration of state of emergency
Predicted impact	<ul style="list-style-type: none"> • Limited impact • In the long term, there is a possibility of changes in orders from local governments and the private sector
Measures	<ul style="list-style-type: none"> • Securing of orders from the early stage • Development of next-generation core technologies by promoting DX • Acceleration of the development of productivity-enhancing technologies by promoting DX • Close observation of changes in orders from local governments and the private sector

International Consulting

Engaged in domestic projects, mainly young employees (approx. 100 people)



Domestic Consulting

Active bidding based on the assumption that the production system will be expanded

- Securing of business performance

- Sharing of advanced domestic technology with overseas personnel

- Development of hybrid human resources capable of handling both domestic and overseas projects

Review of Operations

International Consulting

The Nippon Koei Group is engaged in numerous projects in a wide range of fields designed to support the development of countries mainly in Asia as well as in Africa, the Middle and Near East, Latin America, and other regions. The Group is active on the front lines of social contribution and humanitarian aid. Examples of our activities include environmental measures to stop 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.



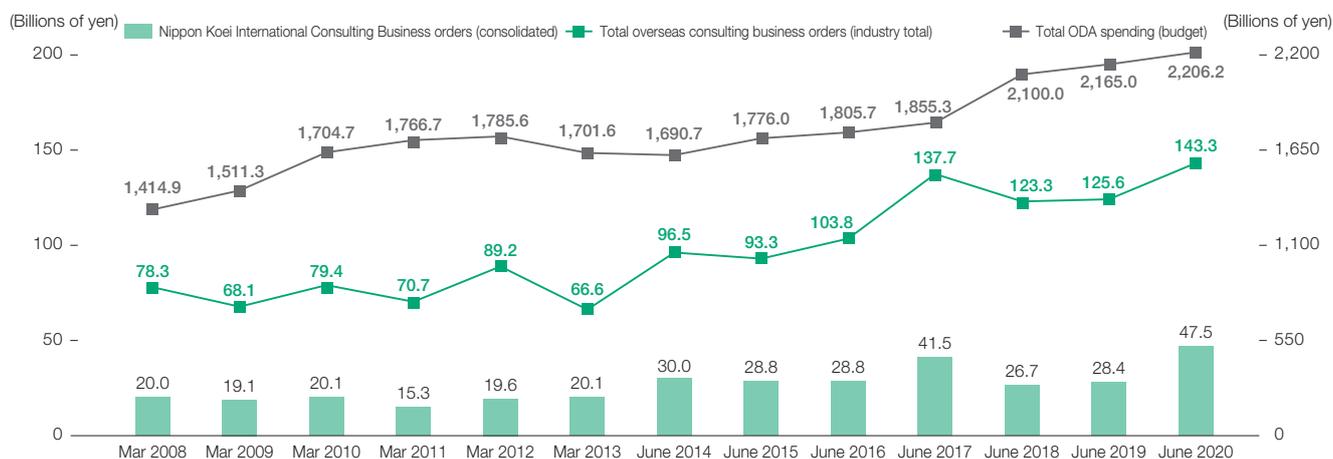
Business Segment Strengths

- The majority of these operations are ODA projects of the Japanese government, making Nippon Koei top class in terms of net sales in Japan for multiple years
- Expanded overseas from an early stage, especially in emerging Asian countries, and formed networks and partnerships with local governments and stakeholders over the years
- Ability to meet a wide range of needs as a comprehensive civil engineering consultant

Market Trends and Social Issues

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 and the Japanese government's strategy of exporting high-quality infrastructure, 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*1 / Total overseas consulting business orders (industry total)*2 / Nippon Koei International Consulting Business orders



*1 Source: Ministry of Foreign Affairs, ODA Budget (Initial Budget)

*2 Source: Infrastructure Development Institute-Japan, Report on Orders Received in Overseas Consulting Business, etc.

Main Strategies

• Strengthen the production system

Secure staff, train and utilize staff at our companies overseas as regional engineers that can be active in third countries

• Initiatives for non-ODA business

Collaborate with other industries and strengthen Group company production systems

• Stabilize revenue management

Ensure thorough profit management and reinforce Group governance

• Apply comprehensive risk management and ensure safety

Conduct regular technical and safety patrols
Establish a safety network for the Company and Group companies

Main Business Areas

Water resources and waterways

Country-wide development of water supply resources, flood protection, introduction of water rights systems, etc.

Urban and regional development

Integrated urban development master plan formulation, water and sewage facilities, waste treatment facilities, etc.

Agricultural and rural development

Irrigation and drainage facilities, rural infrastructure, agricultural value chains, integrated regional development with a focus on agriculture, etc.

Energy

Optimal energy development plans according to national conditions, facilities and equipment such as power plants and power transmission/transformation systems, etc.

Transportation

Development of infrastructure networks, such as ports, airports, and railroads, repair of transportation facilities damaged by aging or disasters, etc.

Environmental Management

Addressing natural environmental issues, such as biodiversity, forest conservation, air and soil pollution, as well as urban environmental issues, such as waste and wastewater treatment

Others

Policy and administrative advice for emerging countries, peace building and social development, education, proposals related to information and communication technologies, etc.

Performance Summary for FYE June 2020

- Orders received reached a record high due to the contribution of large orders that had been postponed from the fiscal year ended June 30, 2019 and large orders acquired in the fiscal year ended June 30, 2020.
- Net sales and profit fell short of the forecast due to the impact of COVID-19 which was higher than expected and continued changes in the market environment at two Group companies in the segment (Nippon Koei Latin America-Caribbean Co., Ltd. and Koei Research & Consulting Inc.).

Impact of COVID-19

In principle, all staff involved in JICA operations returned to their home countries or were banned from traveling overseas and operations for other clients were also postponed due to lockdowns in various countries. This resulted in an estimated negative impact on net sales of approximately 4 billion yen. We have been promoting and continuing domestic operations for overseas personnel since March 2020.

Strategies of the Medium-Term Management Plan and Looking at New Long-term Management Strategies

Under the new organization that integrates domestic and overseas operations, we will implement stable operations and accelerate all “challenges” by promoting measures through integration in advance of the new long-term management strategy.

Strengthen the production system

1. Secure and train staff for our companies overseas and train staff at our companies overseas as regional engineers that can be active in third countries
2. Provide diverse job training tools
3. Strengthen collaboration with Group companies and form alliances, etc.

Increase non-ODA business

1. Establish a one-stop marketing system
2. Participate in Japanese infrastructure export projects under the PPP scheme
3. Develop new concession-based business fields (energy, agriculture, logistics, medical care)

Apply comprehensive risk management

1. Reliably implement risk management system
2. Conduct technical patrols
3. Monitor Group companies to understand potential risks

Apply comprehensive revenue management

1. Promote the development of accounting and earnings management systems for Group companies

Response to COVID-19 in FYE June 2021

We are taking measures to secure business performance by increasing human resource mobility (for example, by having personnel from International Consulting work in the Domestic Consulting).

Business environment	<ul style="list-style-type: none"> • Global movement restrictions and isolation policies (varies by region) • Resumption of ODA loan provision through online consultations, etc. (project progress)
Predicted impact	<ul style="list-style-type: none"> • Delays in operations due to suspension of travel • Contract utilization rate headed for recovery • Possibility of changes in ODA projects in the long term
Measures	<ul style="list-style-type: none"> • Overseas staff assigned to work on domestic projects • Request for approval of local JICA related operations to be conducted in Japan • Implementation of remote project management methods • Monitoring of changes in project content

COVID-19 Support Project

Japan's digital technology used for recovering demand for tourism in Myanmar

Nippon Koei has received an order for a project to develop digital tools to combat the impact of the COVID-19 pandemic on the tourism industry in Bagan, a city featuring ancient archaeological sites in central Myanmar.

Although Bagan was registered as an UNESCO World Heritage Site in 2019, the impact of COVID-19 has caused a significant decrease in overseas travel demand, and the future of tourism demand recovery in developing countries, especially in tourism areas where the sanitary environment is considered to be poor, is uncertain. In order to solve this problem, we are working to strengthen tourism promotion and marketing by developing a digital tool that effectively disseminates information on the status of hygiene environment improvement and measures actively being taken by each tourism operator, and visualizes COVID-19 countermeasures.

Review of Operations

Power Engineering

Nippon Koei is developing business to support power source development and electricity demand in Japan and overseas. The segment constructs and repairs power transformation facilities, manufactures equipment used at hydroelectric power plants and equipment for central monitoring and control systems that perform monitoring control of electric systems efficiently, constructs dam management systems, and, in recent years, has been actively focused on the utilization of renewable energy.



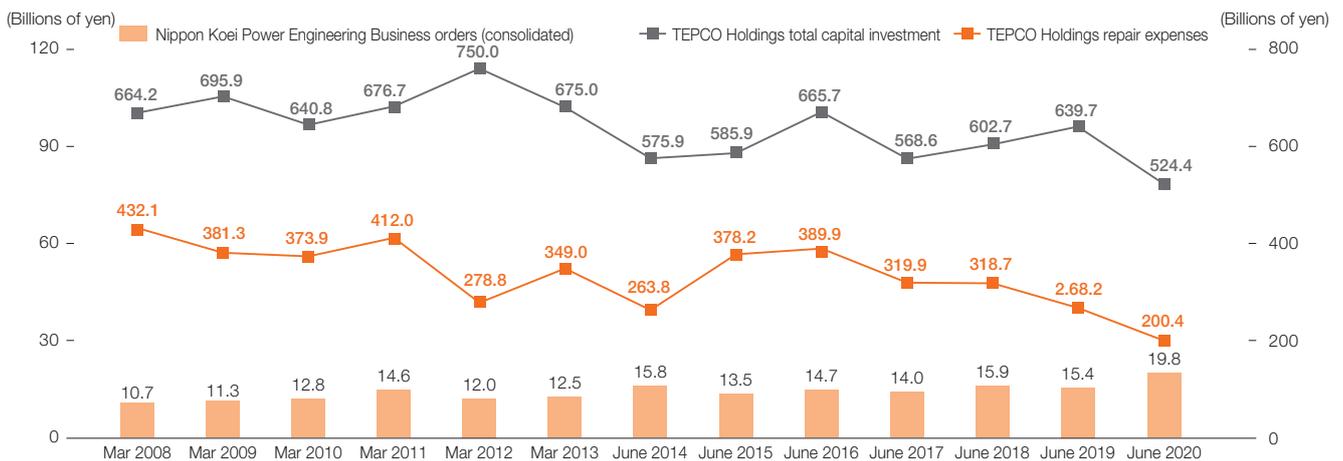
Business Segment Strengths

- One-stop services 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

Market Trends and Social Issues

The energy transition toward decarbonization is occurring worldwide with electric power companies shifting to decentralized power sources and renewable energy. In Japan, the rules for the electricity market are being developed in preparation for the supply and demand adjustment market that will be started in April 2021. As the separation of electrical power production from power distribution and transmission and the complete liberalization of power generation, transmission and distribution, and retailing proceed at power companies, new competition is expected to emerge and a power supply market for trading electricity will be formed. At present, we are working to strengthen our earnings management to meet the cost reduction demands of power companies.

TEPCO Holdings total capital investment / TEPCO Holdings repair expenses* / Nippon Koei Power Engineering Business orders



Source: Published materials of Tokyo Electric Power Company Holdings, Inc.

Main Strategies

- Expand the electric power generation equipment manufacturing and power facility construction businesses
- Expand the mechanical and electrical consulting business
- Strengthen Group cooperation
- Strengthen price competitiveness and marketing capabilities by deeply cutting costs
- Advance the development of products and technologies

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 electric power and electrical facilities in Japan and overseas

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

Manufacture of safety gear and equipment

Manufacture and sale of voltage testers/checkers, etc.

Performance Summary for FYE June 2020

- Orders received were significantly higher than the previous fiscal year due to the contribution of large orders such as from governmental agencies. The forecast was not achieved due to a delay in bidding procedures and negotiations in the fourth quarter.
- Net sales and profit fell short of the forecast due to the postponement of the construction period and delay in the progress of work on the water turbine generator project in the Production Department.

Impact of COVID-19

Japan-based projects were largely unaffected, but there were delays in the progress of overseas projects in the Consulting (Plant) Department.

Strategies of the Medium-Term Management Plan and Looking at New Long-term Management Strategies

In the midst of a period of drastic change in the business environment, we aim to achieve sustainable growth by developing new products and services, and through business innovation in the manufacturing and construction divisions (restructuring the sales system, improving productivity including plant facilities, developing new customers, and acquiring overseas markets).

Strengthen price competitiveness and marketing capabilities

1. Secure orders and profits by reducing construction and manufacturing costs
2. Strengthen sales to new customers, including domestic government agencies
3. Improve productivity through Kaizen activities, etc.
4. Upgrade and expand plant facilities

Advance the development of products and technologies

1. Develop core technologies by product field
2. Develop technologies for new markets
3. Develop products with global standard specifications for the domestic and overseas markets
4. Cultivate new customers by developing new products and services

Expand the mechanical and electrical consulting business

1. Secure sales and profits in existing areas and expand into new areas

Response to COVID-19 in FYE June 2021

While domestic projects have been almost unaffected, we are taking measures to ensure business performance by shifting personnel to Japan due to the temporary suspension of overseas projects.

Business environment	<ul style="list-style-type: none"> • Japan: Impact will be limited unless a state of emergency is declared and business operations are stopped • Overseas: Movement restrictions and isolation policies (varies by region)
Predicted impact	<ul style="list-style-type: none"> • Japan: Limited. The Production Department (plant) is operating normally. • Overseas: Delays in operations due to suspension of travel
Measures	<ul style="list-style-type: none"> • Overseas staff assigned to work on domestic projects • Request for approval of local JICA related operations to be conducted in Japan

From July to September 2020, it was discovered that four vertical-shaft hydroelectric power generation projects under construction through Power & Digital Operations (responsible for the design, manufacture, and installation of power-related equipment) of the Energy Headquarters substantially exceeded their cost budgets. As a result, we have revised our financial results for the fiscal year ending June 30, 2020, as of December 14, 2020.

Based on the results of the investigation compiled by the task force with the guidance and advice of an external advisory team, we will take measures to improve internal controls, expand the structure of the Hydropower Generation Department, and strengthen the management system in order to prevent a recurrence.

Review of Operations

Urban & Spatial Development

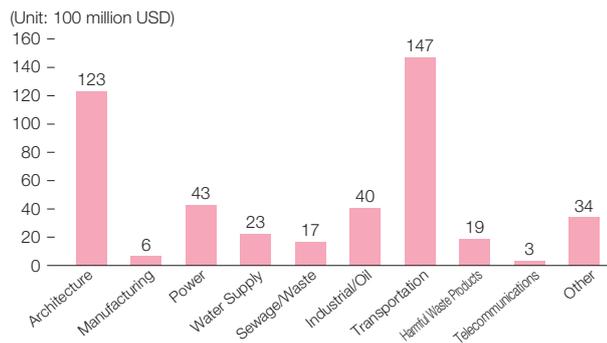
Urban & Spatial Development Business was newly established in the fiscal year ended June 30, 2017 following the entry of BDP into the Nippon Koei Group and its entry into the construction sector, which is in strong demand worldwide. In collaboration with BDP, we will participate in the development of metropolitan and urban master plans, urban transportation, airport buildings, station buildings, and other peripheral infrastructure for Asian countries, as well as private-sector industrial infrastructure projects, to provide comprehensive technical consulting services in civil engineering and architecture.



Business Segment Strengths

- Network and client base with a leading partner in the United Kingdom
- Our unique fusion of the civil engineering and architecture fields
- Advanced technologies including BDP's highly advanced BIM

Ranking of 164 survey and design companies - 2019 sales by field



*Excerpt from the August 2020 Issue of ENR

Market Trends and Social Issues

The architecture field is one of the most active fields, accounting for 25% of the 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.

Main Strategies

- **Build up BDP business outside the U.K. market**
Meet demand in the U.K., minimize the impact from Brexit, collaborate with Canadian architectural firm Quadrangle
- **Megatrend (rapid urban population growth) and Asia market strategies**
Propose and participate in redevelopment projects centering on urban transportation networks and other infrastructure amid the brisk private investment in Asia

- **Strengthen the business execution system**
Link the domestic and international consulting market strategies and establish a system for cooperation
- **Formulate new business models**
Create a market in Japan for combined civil engineering and architectural redevelopment services, develop markets overseas for Nippon Koei Group and BDP Holdings collaboration

Performance Summary for FYE June 2020

- Although orders received were lower than in the same period of the previous fiscal year, the forecast was achieved as additional orders were received from existing customers during the lockdown period in the U.K. in the fourth quarter.
- Net sales increased (to a record high) and the forecast was achieved due to steady growth in current projects, including the Palace of Westminster Restoration and Renewal Project.
- Operating income increased significantly (record high) due to

the improved profitability of BDP and strong performance of Quadrangle, a newly consolidated company based in Canada. This resulted in the forecast being achieved.

Impact of COVID-19

Although both BDP and Quadrangle promoted work through the use of telework, there were delays in progress at the sites where construction was taking place.

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 U.K.

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

Strategies of the Medium-Term Management Plan and Looking at New Long-term Management Strategies

By combining the diverse technological fields of Nippon Koei with the specialized fields of BDP, we will implement operations to provide one-stop services in the Urban & Spatial Development domain. We aim to expand the urban development business with architecture at its core, and to form the foundation of the PM, CM, and FM markets in architecture.

Formulate new markets and business models

1. In Japan, we will create a market that encompasses the fields in which we excel, such as civil engineering, urban planning, transportation planning, and energy, as well as urban redevelopment, including public-private partnerships.
2. Overseas, we will develop Asian, European, and American markets through collaboration with the NK Group and BDP Group.

Expand U.K. and North American markets

1. Expand business in the U.K. and North American markets through collaboration with Quadrangle.
2. Enter the residential, commercial, and high-rise building sectors in which Quadrangle excels.

Strengthen the business execution system

1. Share market strategies and establish a collaboration system in Japan and overseas

Response to COVID-19 in FYE June 2021

In Europe where the spread of COVID-19 is severe, we will promote our business by continuing telework and take measures such as reviewing the balance of orders by customer (public/private). BDP received an order for the construction of a hospital to receive COVID-19 patients, contributing to COVID-19 countermeasures in the U.K..

Business environment

- Restrictions on movement in the U.K. and Canada

Predicted impact

- Telework will be continued
- Concern over a potential decrease in public announcements of private sector projects

Measures

- Review balance of orders by customer (public/private)
- Improve the utilization rate of engineers and share architectural design know-how in the medical field

COVID-19 Support Project

Building a hospital for COVID-19 patients

Leveraging its expertise in hospital construction, BDP Holdings has repurposed six event venues across the U.K., transforming them into emergency hospital for COVID-19 patients (Nightingale hospitals). The first project, the ExCeL London exhibition centre, provided 500 beds in just nine days. In recognition of our contribution to the COVID-19 response, we received an award from the British Construction Industry Association (BCIA) at the BCIA Awards. In order to use this initiative as a reference in other countries, an explanatory manual detailing the renovation methods of the NHS Nightingale Hospital London is being shared worldwide.



Review of Operations

Energy

Nippon Koei established the Energy Business in July 2019 to capitalize on the expanding markets for renewable energy and movements toward electric power system reform in Japan and overseas in recent years.

The segment studies, develops, designs, builds, manages, operates, supports, and develops systems and technologies for power generation and energy management businesses using renewable energy, energy storage systems, and other distributed energy resources.



Business Segment Strengths

- Frequency regulation and construction EPC know-how accumulated in the power engineering business
- One-stop service in the hydroelectric power generation field covering every stage from planning, surveying, and construction to equipment manufacture, maintenance, and operation
- Business bases and capital and business alliances with startup firms in Europe, a forerunner in electric power market liberalization

Market Trends and Social Issues

The Energy Business anticipates 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 establishment and expansion of new markets for ancillary services, peak arbitrage, capacity markets, etc.

Main Business Areas

Overseas energy management

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

Domestic power generation

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

Main Strategies

- **Power generation business**
 - Increase operation and maintenance efficiency
 - Enhance and commercialize domestic and overseas product and service pipelines
- **Energy management business**
 - Establish the structure for Nippon Koei Energy Europe (NKEE), the European base
 - Quickly stabilize the European business with NKEE at the core
 - Build a foundation for energy management business in Japan and expand into Asia

Performance Summary for FYE June 2020

- Orders received were lower than in the previous fiscal year due to delays in orders related to storage batteries in Europe which had been planned.
- Net sales increased due to the promotion of the EPC business for storage batteries in the U.K., which were ordered in the previous fiscal year, and the maintenance and management of hydroelectric power generation facilities for the public sector in Japan. As a result, the forecast was achieved.
- Operating income continued to be in the red due to expenses for our European base, which were an upfront investment

Impact of COVID-19

Impact was limited. Our European base, NIPPON KOEI ENERGY EUROPE B.V. (NKEE) promoted telework.

Business environment • Japan: No impact • Europe: Limited movement

Predicted impact • Japan: Limited impact • Europe: Delays in field surveys

Strategies of the Medium-Term Management Plan and Looking at New Long-term Management Strategies

We will take the initiative in developing new business models by proactively incorporating into the Group the resources necessary to identify and realize businesses and develop strategically important systems while taking marketability into consideration.

Accumulate a significant track record and secure earnings in the renewable energy/storage battery businesses

1. Receive orders in the energy storage system EPC business, collaborate with local partner companies, and improve system integration capabilities.

Strategic business formation

1. Develop one-stop services and power supply projects for smart grids and off-grids.

Sustainability

The Management Philosophy of the Nippon Koei Group is “Act with integrity and contribute to society through technology and engineering.” We believe that our approach to sustainability is manifest in it. Based on the Management Philosophy, the sustainability of our Group comes from developing 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 based on international standards including ISO 26000 and the United Nations Global Compact, each and every one of our employees faces environmental and social issues with a high level of awareness looking toward the development of a sustainable society and aims to contribute on a global scale through the utilization of our five business domains.

The Corporate Planning Department, under the supervision of the Director General of Corporate Management Headquarters, is responsible for promoting sustainability activities.

Signatory of the UN Global Compact

Nippon Koei announced its support for the United Nations Global Compact in July 2019. 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 creation of a sustainable society through our business.



Initiatives for Achieving the Sustainable Development Goals (SDGs)

Commercializing solutions for social issues from a long-term perspective serves as the core of our business. Since our founding, we have been utilizing diverse and versatile human resources with solid technology and expertise, and providing comprehensive consulting services globally to help realize affluent lifestyles, which are in line with the SDGs. Nippon Koei will continue to actively incorporate the SDGs into our business and contribute to the achievement of all 17 SDGs, the international goals to realize a sustainable world by 2030.



Nippon Koei Group Code of Conduct

1. WINNING THE CONFIDENCE OF SOCIETY
2. PROVIDING QUALITY TECHNICAL SERVICE
3. FAIR AND TRANSPARENT OPERATING PRACTICES
4. ESTABLISHING A MOTIVATING WORK ENVIRONMENT
5. PR ACTIVITIES AND INFORMATION DISCLOSURE AND PROTECTION
6. CONSERVING THE ENVIRONMENT
7. CONTRIBUTION TO SOCIETY
8. ENHANCING THE BRAND VALUE



Sustainability Site of Nippon Koei is as follows:
<https://www.n-koei.co.jp/english/esg/>



Environmental Management



Ideas and policies related to environmental initiatives

Nippon Koei maintains constantly awareness of environmental issues in our corporate activities with the assumption that our activities will reduce the burden on the environment as much as possible, believing that our environmental efforts have the same impact as safety and quality control efforts. In 2015, we established the Ten Environmental Principles by reorganizing our existing environment-related rules, striving to reduce the environmental load and effectively utilize resources through business and to encourage each employee to think and act on their own.

Contributing to the environment through business

We have been involved in many environment-related projects in the consulting business. In our business model centering on consulting, the direct environmental load on our business is limited but supporting customers' environmental efforts makes it possible to indirectly contribute to the environment, contributing to the improvement of the global environment through our business. In power and energy related businesses, we are also involved in the operation of hydroelectric power plants independently, contributing to the spread of renewable energy.

Ten Environmental Principles

1. Gain basic understanding.
2. Comply with environmental laws and regulations.
3. Give consideration to the actual status of 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 consideration 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.

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 was 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.

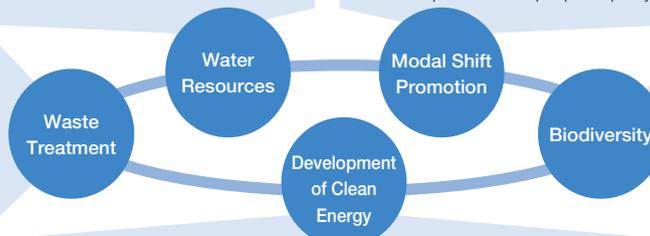
We are developing a water and sewage network to supply and treat water safely and stably and developing dams that are useful for utilizing water resources and preventing flood damage. In the fiscal year ended June 30, 2020, we started 16 new projects in countries including Indonesia, Nepal, and India.



In order to eliminate traffic congestion and air pollution in areas where urbanization is progressing rapidly, each country is working to improve their urban public transportation networks. In the fiscal year ended June 30, 2020, we started 12 new projects in countries including India, the Philippines, and Bangladesh, contributing to the reduction of CO₂ emissions and the improvement of people's quality of life.



We formulate plans and conduct studies for proper waste management and treatment. In the fiscal year ended June 30, 2020, we started new projects in countries including Myanmar, Mozambique, and Dominica.



We carry out planning and studies for biodiversity and ecosystem conservation. In the fiscal year ended June 30, 2020, we started new projects in countries including Myanmar, Vietnam, and Iran.

We provide consulting and management systems for the introduction of clean energy, including hydraulic power and solar power in Japan and overseas. In addition, we are independently engaged in a small-scale hydropower generation business and currently own eight power plants. In the fiscal year ended June 30, 2020, the amount of power generated was 14,918,000 kWh, which is equivalent to a CO₂ reduction of 7,117 tons.



Initiatives for climate change countermeasures

Solving the problem of global warming caused by greenhouse gases is an urgent issue for all of us living on this planet.

Nippon Koei provides consulting services for greenhouse gas reduction from the perspectives of various business fields, such as promoting the modal shift from automobiles to railroads and ships, supporting conversion to renewable energy (hydraulic, solar, wind, and biomass), supporting the efficient use of energy through ESCO (Energy Service Company) services, 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 "Development of technologies to address climate change" as one of the main themes of technology measures that we are implementing across the entire company, and are working on the development of related cutting-edge technology and new businesses.

Also, since responding to climate change is an issue common to all humankind, we are also working to widely share and disseminate our related know-how.

In addition to the existing framework, we will strongly promote new fusion of internal and external technologies and knowledge, and actively contribute to the realization of a low-carbon society by actively utilizing open innovation.

Topics

Ministry of Economy, Trade and Industry FY2019 Survey Investigating Measures for Responding to Global Warming Issues, Etc. (Visualization of Contribution to the Adaptation by Japanese Companies in Developing Countries)

This project aims to revitalize the climate change adaptation business by conducting a survey and examination on the possibility of Japan's contribution to climate change adaptation business in developing countries and the ideal way for Japan to go about efforts in the field of climate change adaptation. In December 2019, we held a climate change adaptation business seminar to share information with private companies about business opportunities related to climate change adaptation. At

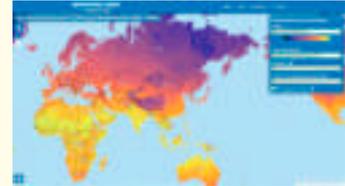
COP25, we have also held side events such as panel discussion relate to climate change adaptation cohosted by the Ministry of Economy, Trade and Industry.



Topics

Portal site NK-ClimVault

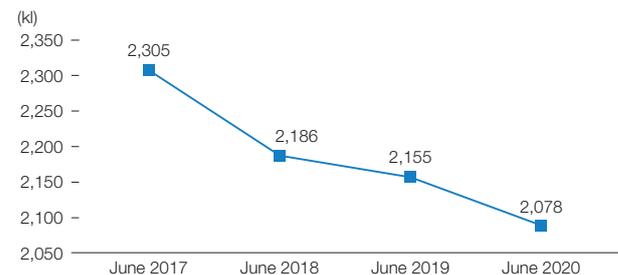
We have developed correction technology for climate change prediction and have launched the portal site NK-ClimVault, which allows users to obtain future climate prediction information on rainfall and temperature in major cities free of charge. As a tool that anyone can use to obtain highly accurate basic climate information, it can be used for climate change adaptation business and research in various fields.



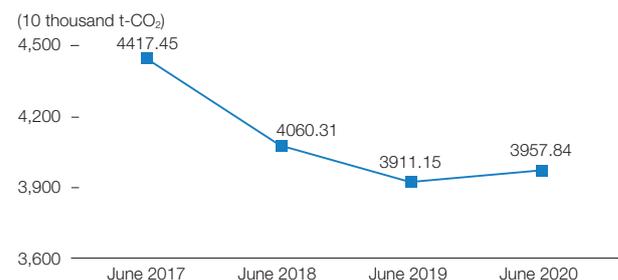
Initiatives for reducing environmental impact

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. As a daily activity, we also carry out green purchasing which prioritizes the purchase of environmentally-friendly office supplies such as Eco Mark products.

Energy Consumption



CO₂ Emissions (Scope 2)



*All Nippon Koei offices in Japan

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 in a global society 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.

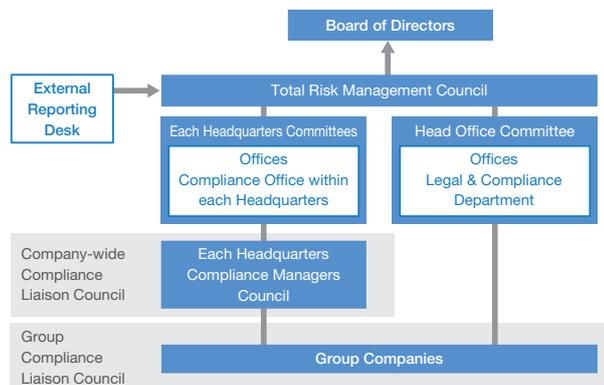
We are thoroughly aware that compliance is a source for increased corporate value, and we are striving to achieve highly transparent management. The Group is promoting various activities with the aim of visualizing risks as much as possible in the course of promoting our business, so that we can share 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 comply with laws and regulations, respond to social needs. To put into practice our Management Philosophy "Act with integrity and contribute to society through technology and engineering," we will identify various risks in our business and respond appropriately.

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

Compliance Organizational Chart



Compliance Education Activities

Compliance training

We conduct compliance training by career level, arrange lectures by outside lecturers for directors and executives, and 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 (prevention of bribes to foreign public officials, etc.), 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 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, 3,806 employees (78% response rate) from Nippon Koei and domestic Group companies and 604 employees (71% response rate) from our companies overseas responded. All surveys are conducted anonymously with the results disclosed to employees and reflected in our compliance activities.

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.

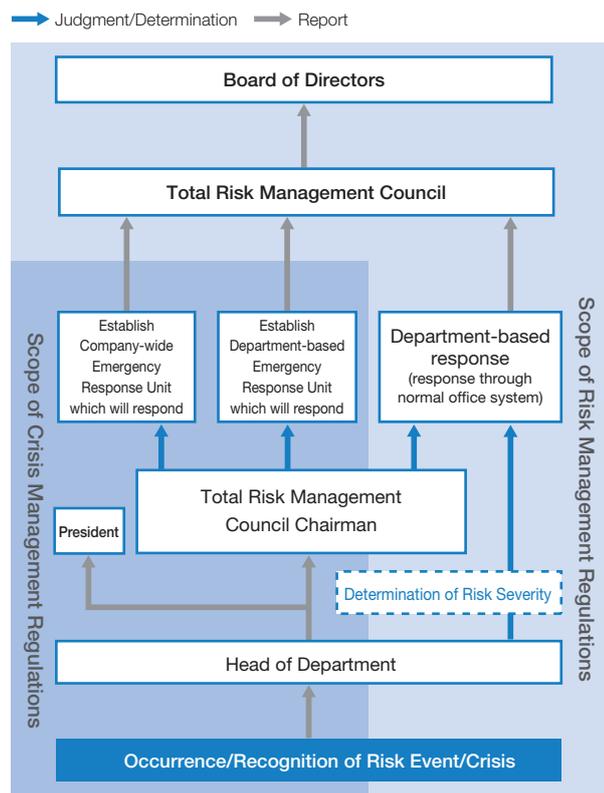
Number of Internal Reports

Fiscal year ended June 30, 2018	Fiscal year ended June 30, 2019	Fiscal year ended June 30, 2020
11	17	12

Risk Management

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 six directors with the president serving as the chair. One Audit & Supervisory Board member attends the council meetings as an observer. When risk becomes apparent, the council responds appropriately following a risk response process.

Process for responding to apparent risk



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 Anti-Bribery Regulations, Appropriate Overseas Expenditure Standards, Antitrust Act Compliance Regulations, and the Antitrust Act Compliance Manual, which we are committed to following. In addition to setting standards for what cases constitute inappropriate expenditure in our Appropriate Overseas Expenditure Standards, 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.

As part of our efforts to prevent corruption in the fiscal year ended June 30, 2020, we implemented thorough risk management by conducting anti-bribery training 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 the same standards.

Topics

Anti-bribery training for employees of overseas Group companies

We conducted compliance training based on the theme of anti-bribery for employees of overseas Group companies so that basic knowledge regarding anti-bribery can be spread within each Group company in order to prevent bribery.

The training is open to all executives and employees of each company, including non-regular employees, and is held through a system that allows each individual to participate online, with more than 800 Group employees participating in total.



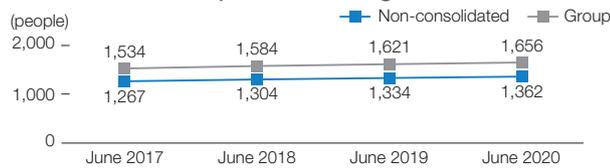
Human Resource Development

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.

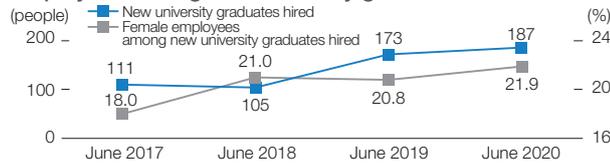
Training, Programs, and Systems for Human Resource and Skill Development

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

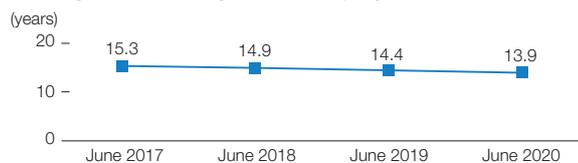
Number of certified professional engineers



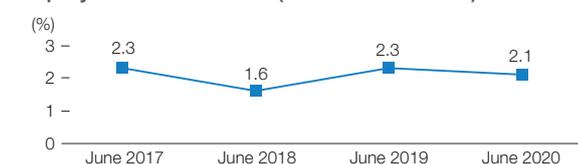
Number of new university graduates hired/Ratio of female employees among new university graduates hired



Average number of years of employment



Employee Turnover Rate (Non-consolidated)



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 and meet the needs and expectations of 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.

Job Training System

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

*1 Technical Development: Nippon Koei's unique training program for employees to define their career visions to serve as a guide for developing technical expertise to achieve their visions.

*2 Multi Seed Program (MSP): A personnel exchange system for assigning employees to different departments for specified periods to help develop engineers with diverse skills, knowledge, and perspectives.

Topics

Establishment of NK Academy

Training young engineers and passing on skills to the next generation are a key issue for our company. As a solution, in June 2020 we established NK Academy, an in-house training program for young technical employees of the Nippon Koei Group.

The Human Resources Planning Department together with each department plans the themes of the courses, which are conducted by in-house instructors, and videos of the courses are archived later to promote repeated learning. In the six months since the start of the NK Academy, we have conducted 19 technical courses and 6 business skills courses. In addition, 13 specialized courses have been established in the fields of river and water engineering, erosion control, coastal engineering, transportation, electricity and electronics, and construction environment to deepen the knowledge in each specialized field.



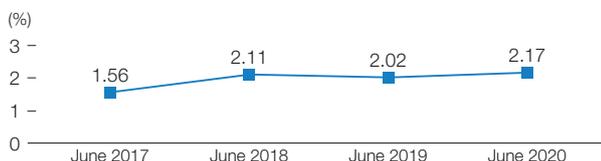
NK Academy video archive

Diversity

Creating an environment in which employees can make the most of their individual diversity is essential from the perspective of gaining a competitive advantage. Nippon Koei has established a system in which employees with various values and backgrounds can pursue work styles that emphasize the quality of their work.

Specifically, we are implementing an action plan for the promotion of women's participation to create a work environment where both men and women can play an active role, and are building a foundation for the establishment of an English-speaking consultation service for non-Japanese employees. We are promoting the creation of an environment and systems that allow employees with various circumstances and lifestyles to play an active role, regardless of their gender, as well as changes in life stages such as childcare and nursing care.

Employment rate of disabled persons (Non-consolidated)



Topics

Phase II Action Plan based on the Act on Promotion of Women's Participation and Advancement in the Workplace

Our company's support system for balancing work and family life has been enhanced exceeding the legal standard in recent years through our efforts to achieve a better work-life balance, and the percentage of female employees has been on the rise. However, the use of related internal programs is varied.

In order to promote the activities of female employees, we have formulated and are promoting an action plan for promoting the activities of female employees, which sets quantitative targets through exchanges of opinions with the labor union and discussions at the Human Resources Committee in order to create a working environment that allows both men and women to fairly balance work and home life during pregnancy, childbirth and childcare.

Plan period: October 1, 2018 to June 30, 2022

Quantitative targets

1. Paid leave utilization rate

More than 50% of employees took paid leave at times from April 2019 to March 2020.

We aim for the paid leave utilization rate to increase 5% year on year from April 2020.

2. Childcare leave utilization rate

More than 40% of employees took childcare leave for male employees and special leave for childcare.

We aim for the childcare leave utilization rate to increase 5% year on year from the fiscal year ended June 30, 2020.

Promotion of Women's Participation Seen Through Data

Ratio of female employees



Ratio of female employees among new hires*1



Ratio of female managers



Paid leave utilization rate



*Data current as of June 30, 2020

*1 Among employees, associate employees, and apprentice employees who joined the company between July 1, 2019 and June 30, 2020 and who are still employed as of June 30, 2020.

*2 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.

Work Style Reform

Based on the 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, in order to maintain the safety and health of employees, employees were generally made to work from home from March 2020 to May 2020 viewing decisions by governments and municipalities as standards. As of December 2020, 50% of employees work at the company (70% of employees at Fukushima Works). While implementing new work styles, 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.

In July 2020, we started operations 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 (Feature Section on P23). In addition, Nippon Koei opened the Productivity Promotion Office as part of the Digital Innovation Department to accelerate DX within the company in line with the organization reforms of July 2020. We are promoting both work style reform and productivity improvement in concert with each other by creating new work styles to prevent the spread of COVID-19 and expanding our IT capabilities to support these work styles.

Initiatives for work style reform and improving productivity

Improve office system efficiency
<ul style="list-style-type: none"> • Introduce telework, free address system, and satellite offices • Improve the efficiency of online meetings and regulate them • Change to a paperless system • Use smartphones for extension calls

Improve management work efficiency
<ul style="list-style-type: none"> • Digitization of purchase management/contract management/ • Visualization of schedule management, labor management, and daily tasks
Improve efficiency of production activities
<ul style="list-style-type: none"> • Digitalization of sales tools • Digital Transformation of activities from order acquisition to production through the use of AI, DB, and RPA

Supporting Employee Health

Our human resources serve as the foundation of the Nippon Koei Group. We focus on health management that puts employee health and safety first and promote health improvement measures so that our human resources can freely demonstrate their abilities. Nippon Koei was certified as a 2020 “White 500” Outstanding Health and Productivity Management Organization, continuing its status from 2019.



Health management support for the employees and their family

In addition to the annual health checkups for all employees, we hold gynecological examinations and general checkups for employees of age 35 and above and their spouse every year. We also established 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 work time record applications that allow managers to grasp the working hours of their staff members 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

2018	2019	2020
78.8%	89.9%	90.8%

Human Rights Initiatives

In line with the Nippon Koei Group Code of Conduct, 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

We conduct career level based harassment prevention training. 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, with the revision of the Act on Comprehensive Promotion of Labor Policies in June 2020, 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 employees for creating career image in order to continue their careers and for discussing problems. 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.

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

In our business activities, responsible departments within each 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.

Response to Preventing the Spread of COVID-19

In response to the spread of COVID-19 on a global level, the Nippon Koei Group quickly established an Emergency Response Unit chaired by the President. As we work to prevent the spread of COVID-19 while prioritizing the safety and health of related parties, employees, and their families, we continue to perform business activities to provide services essential for society despite restrictions.

Main measures

- Keep the percentage of employees working at company locations at 50% (70% at Fukushima Works) by promoting home-based work
- Prohibit employees to come to work if they are not feeling well (this includes if they have a family member residing with them who does not feel well)
- Although business trips within Japan are generally allowed, they should be minimized by conducting online meetings instead
- In principle, overseas travel is prohibited. In the event that a customer insists on such travel or that travel is required to perform work that cannot be delayed for reasons related to business operations, travel will be allowed after all conditions have been met.
- No face-to-face seating at work locations. Install safety panels and thoroughly conduct measures to prevent the spread of COVID-19 by visitors (temperature readings using thermal cameras), etc.
- In principle, meetings, seminars, and events are held online (includes major meetings)

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 by the Safety and Health & Environment Committee,

Information Security

As a company that handles confidential customer information for consulting business purposes, the Nippon Koei Group recognizes the importance of information security and therefore has established the Basic Policy on Information Security. 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 ISO 27001 certification*, an international standard

for information security management systems (ISMS). 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.

*Applicable departments: Integrated Information Technology Department and Disaster Prevention & Management Department

Stakeholder Engagement

We emphasize dialogue with a diverse range of communities and stakeholders, including customers, shareholders/investors, suppliers, employees, national and local governments, industry groups, local communities, and academic/research organizations. In addition to understanding the expectations and demands for

Nippon Koei at present and in the future, we strive to identify social issues that we should address and implement corporate activities that lead to solutions. We also actively develop partnerships and networks among stakeholders as we engage in business activities in Japan and other countries around the world.

Results of Activities for FYE June 2020

Stakeholders	Key Issues	Main Points of Contact	Method of Communication
Customers	Create good products and services, respond to complaints, provide appropriate product and service information	Each business headquarters and operations	<ul style="list-style-type: none"> Operating activities Website
Shareholders/investors	Disclose appropriate information in a timely manner, earn appropriate assessments and support from capital markets, reflect shareholder and investor perspectives in corporate management	Corporate Communication Office Legal & Compliance Department	<ul style="list-style-type: none"> Results announcement meetings (twice annually) General Meeting of Shareholders (annual) Individual meetings and telephone conversations (about 100 annually) IR materials (integrated reports, shareholder newsletters, shareholder surveys, etc.)
Suppliers	Conduct fair business relationships, smoothly share information to create closer partnerships	Each business headquarters and operations	<ul style="list-style-type: none"> Procurement activities
Employees	Keep all employees active, treat employees appropriately, strengthen the occupational health and safety management system	Human Resources Department Center for Accounting & General Affairs Business Strategy Headquarters Each business headquarters and operations Intranet	<ul style="list-style-type: none"> Internal newsletters Group training sessions Manager and staff dialogue meetings (at each business site with president and director in charge of personnel administration) Employee e-learning (40 times annually)
National and local governments/industry groups	Comply with all laws and regulations in Japan and all countries	Each business headquarters and operations	<ul style="list-style-type: none"> Participation in business and industry associations
Local communities	Fulfill responsibilities as a corporate citizen, participate in local communities	Each business headquarters and operations Center for Accounting & General Affairs	<ul style="list-style-type: none"> Contributions to local communities through business activities Participation in volunteer activities
Academic groups/research institutes	Assist academic groups and research institutes in technology innovation, participate in industry/government-academia collaboration projects	Business Strategy Headquarters Each business headquarters and operations	<ul style="list-style-type: none"> Open innovation (joint research)

Social Contribution

The Nippon Koei Group, whose founder's DNA focused on "contributing to society" has been handed down to this day, has been conducting "future-oriented" support activities to develop human resources who can contribute to the development of the country and the region, considering self-reliance and self-help in developing countries and disaster-stricken areas by utilizing its technological capabilities.

Contributing to Society through Our Business Activities

Business conducted by the Nippon Koei Group has high public nature and public interest, contributing to the development of social infrastructure. We believe that the essence and special characteristic of the Nippon Koei Group's CSR activities are to "build the foundation for people's vibrant lives around the world and to do our best to maintain and develop it" by fulfilling our core business pursuits.

With a global perspective, we respect the history and culture of each country and region, and contribute to the sustainable development of society by providing superior technical services that comply with regional characteristics.

Topics

Contributing to the decarbonization of Yangon

Our company was selected by the Ministry of the Environment of Japan for the 2020 City-to-City Collaboration for Low-Carbon Society, and with Fukuoka City as our partner, we are conducting the Green Recovery Promotion Project for Optimal Urban Transportation and Environment Creation to reduce CO2 emissions in our sister city, Yangon (located in Myanmar).

In Yangon, waste is increasing and inefficient waste collection and transportation operations are becoming an issue. In this project, quantum computing and AI technologies provided by Groove Notes Inc. will be used to improve the efficiency of worker shifts, work planning, and transportation routes. The project aims to formulate a city-level waste strategy and develop a collection and transportation system while taking into account safety, energy efficiency, and environmental protection.



Topics

Preserving biodiversity in Papua New Guinea

The Independent State of Papua New Guinea is one of the richest areas in the world in terms of biodiversity. The Constitution of Papua New Guinea clearly states that natural resources and the environment shall be conserved and used for the benefit of the people and future generations, and a national biodiversity Strategy (NBSAP) and action plan have been established. However, due to a weak level of coordination among relevant government agencies and local residents as well as insufficient funding and capacity of government agencies, various measures have not been sufficiently implemented. To address this issue, we formulated measures to strengthen governance and management methods at the national level, developed a protected area management model, and strengthened sustainable management of natural resources in cooperation with local residents. We are contributing to the maintenance of the complex and diverse connections of life.



Supporting the Kubota Fund

In 1984, Yutaka Kubota, the founder of Nippon Koei, established the Kubota Yutaka Foundation (Kubota Fund) using his personal funds. The purpose of the fund is to support technical personnel from developing countries in their studies and research in Japan. As part of its social contribution activities, the Nippon Koei Group has continued to provide operational and financial support for the fund since its establishment.

During the first year of the fund, it provided support for two people. In the fund's 37th year (2020), 193 people applied and 14 students from 12 countries including Myanmar, Cambodia, and Nepal were selected. The total number of fund recipients has reached 343 people from 45 countries. The Nippon Koei Group will continue to support the activities of fund recipients in the hope that they will use their experiences in Japan to contribute to the development of industries and securing a better life for people in their home countries.

Number of Fund Recipients

FYE June 2019	FYE June 2020	FYE June 2021
12 recipients from 9 countries	11 recipients from 8 countries	14 recipients from 12 countries



Corporate Governance

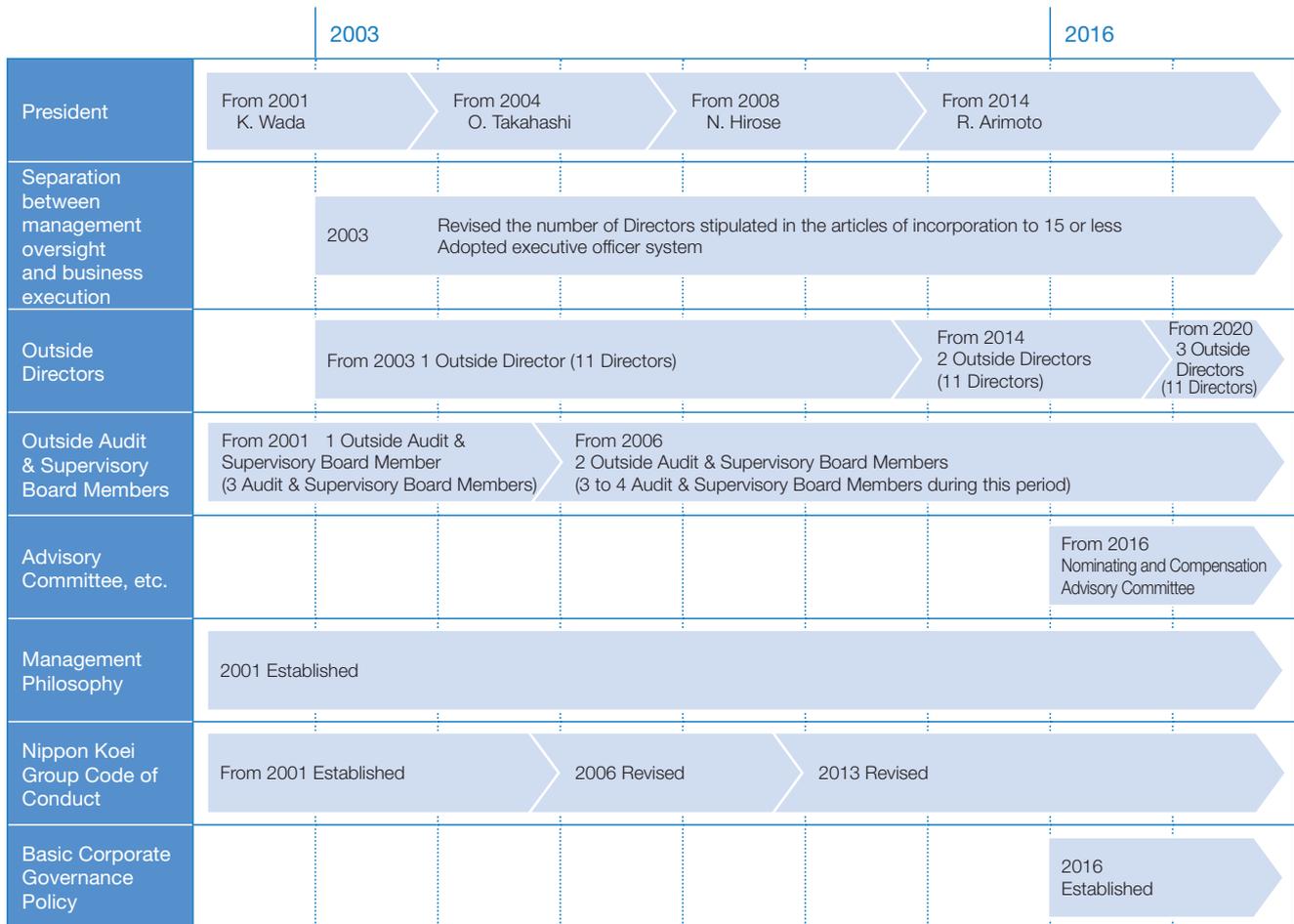


Fundamental Approach to Corporate Governance

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.

Our Board of Directors has established the Basic Corporate Governance Policy which addresses the Basic Idea for Corporate Governance (Chapter 1), Securing Shareholders' Rights and Equality (Chapter 2), Appropriate Cooperation with Non-Shareholder Stakeholders (Chapter 3), Appropriate Information Disclosure and Ensuring Transparency (Chapter 4), Responsibilities of the Board of Directors, etc. (Chapter 5), and Dialogue with Shareholders (Chapter 6).

Main Initiatives for Strengthening Corporate Governance



Overview of the Corporate Governance System

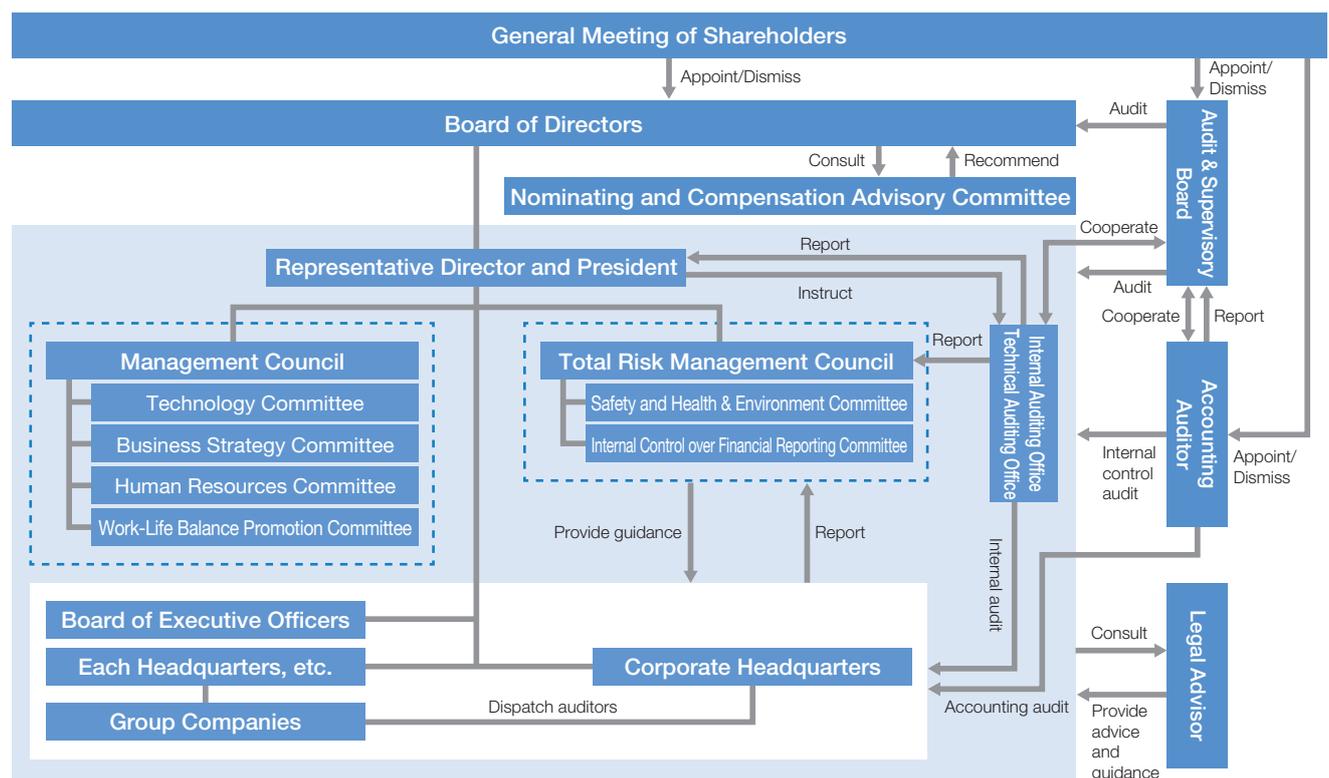
Nippon Koei maintains a company with an Audit & Supervisory Board, and adopted in 2003 and a Nominating and Compensation Advisory Committee with members including independent outside

directors in 2016. To further enhance management fairness and transparency, we implement a system which 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.

Name	Purpose	Meeting Frequency	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 are normally held once a month	Composed of 11 Directors. Three 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 President
Nominating and Compensation Advisory Committee	The committee reports its discussions of personnel matters, compensation, and other matters related to directors to the Board of Directors.	About six times a year	Composed of six members. These members include three Independent Outside Directors and one Independent Outside Audit & Supervisory Board Member.	Director and Vice 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 eight members, including the three representative directors plus five directors designated by the president. One Audit & Supervisory Board member attends the council meetings as an observer.	Representative Director and President
Board of Executive Officers	The Board periodically monitors the execution status of specific measures related to the annual business plan and the medium-term management plan.	Meetings are normally held once a month	Composed of 28 members (Representative Director and President and 27 Executive Officers). Two full-time Audit & Supervisory Board members also attend the meetings.	Representative Director and President
Audit & Supervisory Board	The Audit & Supervisory Board conducts audits such as operational audits of the directors' execution of duties and monitoring of the independence of the accounting auditor.	Meetings are normally held once a month	Composed of 4 members (2 full-time Audit & Supervisory Board Members and 2 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 Audit & Supervisory Board member attends the council meetings as an observer.	Representative Director and President

Corporate Governance Organizational Chart



Board of Directors

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 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.

During the 76th General Meeting of Shareholders held on September 29, 2020, we increased the number of female Outside Directors by one to further strengthen the corporate governance system, enhance the soundness and transparency of the Board of Directors from a standpoint independent of management, and

receive useful recommendations from international and female perspectives. While maintaining an overall balance of knowledge and experience, the Board of Directors will fulfill its responsibilities by making swift decisions and conducting extensive discussions.

Basic policy related to Board of Directors composition

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 the appropriate overall balance in light of the company's business environment.

One female Outside Director was added as a member of the Board of Directors as stated above 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.

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 2020)

Name and Position	Age	Number of Years Serving as Director	Number of Board of Directors Meetings Attended in FY2019	Background						
				Business Planning/ Management	Technology	Sales and Marketing	Human Resources	Financial/ Accounting	Legal	Global Experience
Noboru Takano Representative Director and Chairman	68	9	15/15 (100%)	●	●					
Akira Mizukoshi Director and Vice Chairman	70	10	15/15 (100%)	●		●	●	●	●	●
Ryuichi Arimoto Representative Director and President	67	11	15/15 (100%)	●			●	●	●	
Hiroyuki Akiyoshi Representative Director Executive Vice President	64	8	15/15 (100%)	●	●					
Takayasu Tsuyusaki Director and Senior Managing Executive Officer	64	3	15/15 (100%)	●		●				●
Haruhiko Kanai Director and Senior Managing Executive Officer	62	3	15/15 (100%)	●	●					●
Hiroaki Shinya Director and Senior Managing Executive Officer	60	3	15/15 (100%)	●	●	●				
Yasushi Hirusaki Director and Managing Executive Officer	58	3	15/15 (100%)	●		●	●	●	●	●
Hiizu Ichikawa Outside Directors	73	6	15/15 (100%)	●		●		●	●	●
Kazumasa Kusaka Outside Directors	72	5	15/15 (100%)	●		●			●	●
Yoko Ishida Outside Directors	63	—	—	●	● (business evaluation)					●
Yoshizo Goto Full-time Audit & Supervisory Board Member	61	2	13/13 (100%)	●		●	●	●	●	●
Kunio Okamura Outside Full-time Audit & Supervisory Board Member	66	1	9/9 (100%)	●			●	●	●	●
Naoki Honjo Audit & Supervisory Board Member	66	2	13/13 (100%)	●			●	●		●
Yoshiko Koizumi Outside Audit & Supervisory Board Members	77	3	13/13 (100%)	●				●	●	●

Note: Since Audit & Supervisory Board Member Kunio Okamura was appointed as Audit & Supervisory Board Member during the 75th Ordinary General Meeting of Shareholders held on September 26, 2019 when former Audit & Supervisory Board Member Akimitsu Arai retired, the number of meetings that he attended differs from the other Audit & Supervisory Board Members.

Policies and Procedures for Nominating and Dismissing Directors and Audit & Supervisory Board Members

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. Proposals for appointing/dismissing Audit & Supervisory Board Members (proposals 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.

Internal Control System

Nippon Koei is striving 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 Audit & Supervisory Board 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 2020 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 July 2019, the beginning of the fiscal year. 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 15 times during the current fiscal year) and the Management Council (meetings held a total of 33 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 2019 to June 2020), 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 a total of nine times during the current fiscal year) 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 with our subsidiaries involved as described in 4 above.

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.

Initiatives for Improving 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, discusses issues for further improvement of the Board of Directors during Board of Directors meetings as efforts to improve the effectiveness of the Board of Directors. The process of evaluating the effectiveness of the Board of Directors, the content of the evaluation, the evaluation results, and future issues addressed are as follows.

Process

- 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 opinion exchange between Outside and Inside Directors regarding business execution, (9) Expected roles of Outside Directors and Outside Audit & Supervisory Board Members, (10) Opinions on holding web meetings, etc. (11) 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)

- Further improvement of deliberation and reporting matters
- Deepening of information sharing between Outside Officers and Inside Directors

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 Members, 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.

Compensation of Board Members

Description and determination of compensation for board members are as follows.

Description of compensation system for Directors

Director compensation follows the compensation framework established at the General Meeting of Shareholders, and individual compensation amounts are set using the following policies and procedures established by the Board of Directors. The Company has adopted a structure in which these compensation systems are reviewed by the Nominating and Compensation Advisory Committee as necessary.

In addition, compensation is structured as described below.

Compensation of directors excluding that for outside directors shall be fixed compensation (monthly compensation), results-based compensation (bonus) and compensation related to restricted stocks. Compensation of Outside Directors shall only be in the form of fixed compensation (monthly compensation).

Compensation of Audit & Supervisory Board Members shall only be in the form of fixed compensation (monthly compensation).

Fixed Compensation

Fixed compensation (base compensation) for Directors (other than Outside Directors) is determined for each Director based on their role and level of responsibility. Monthly compensation is

determined in accordance with the standards predetermined for each official position.

Part of the compensation of Outside Directors is spent to acquire the Company shares under the Directors' Stock Ownership Plan.

Audit & Supervisory Board Members have the option of allotting a portion of the compensation to acquire Company shares under the Directors' Stock Ownership Plan.

Performance-based compensation (bonus)

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

The standard amount of the performance-based compensation (bonus) for Directors (other than Outside Directors) is determined in accordance with the consolidated net income of each term and then a detailed amount for each director is determined within the predetermined compensation limit through deliberations of the Nominating and Compensation Advisory Committee after the president has evaluated each director's achievement in performance and contribution to the Company.

Restricted Stock Compensation

Restricted Stock Compensation has been implemented starting in September 2017 with the intention of having directors share with shareholders the merits and risks of share price fluctuations and providing additional motivation to generate growth in the share price and corporate value.

Description of Officer Compensation

	Compensation (annual amount)	Director	Outside Director	Audit & Supervisory Board Member
Fixed Compensation	Directors: Set within ¥465 million (includes bonus) Outside Directors: Set within ¥30 million Audit & Supervisory Board Members: Set within ¥80 million	●	●	●
Performance-based compensation (bonus)	Determined in accordance with the consolidated net income of each term	●	—	—
Restricted Stock Compensation	Set within ¥60 million	●	—	—

*Compensation for outside directors has been revised from ¥30 million to ¥45 million during the 76th Ordinary General Meeting of Shareholders.

Standard compensation structure for Director compensation

Fixed Compensation (Base Compensation)	Performance-based compensation (bonus)	Restricted Stock Compensation
65%	20%	15%

Compensation amounts for Directors and Audit & Supervisory Board Members in FY2020

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)	302	207	43	52	9
Audit & Supervisory Board Members (excluding outside members)	33	33	—	—	2
Outside Directors	30	30	—	—	2
Outside Audit & Supervisory Board Members	27	27	—	—	3

Notes: 1. The application of the above included one Director and one Outside Audit & Supervisory Board Member who retired at the close of the 75th Annual General Meeting of Shareholders held on September 26, 2019.

2. The bonus compensation amount is recorded in the provision for directors' bonuses in the current fiscal year.

We hope for the creation of an organization that will achieve its own goals rather than being preoccupied with social trends.



Outside Director
Yoko Ishida



Outside Director
Kazumasa Kusaka



Outside Director
Hiizu Ichikawa

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.

Role of an Outside Director in the Nippon Koei Group

What do you think is the roles of an Outside Director?

Kusaka Outside Directors think about how to protect profits from the perspective of shareholders. I think that is what makes us really different from Inside Directors. I think it is expected that Outside Directors increase company competitiveness from the perspective of shareholders and link it with growth strategies to improve corporate value.

Ichikawa I think that Inside Directors and Outside Directors are exactly the same in the sense that the responsibility of directors is to continuously improve corporate value. However, for a long time of around 30 to 40 years, we Outside Directors have experienced various types of adversity in organizations with values that differ from those of Nippon Koei. Therefore, I want us to provide the “strength of diversity” that was created through the different experiences that we have had.

Ishida When I attended a meeting of the Board of Directors for the first time, I approached it with the feeling of maintaining independence in order to provide good comments. However, when I heard the other Outside Directors making specific comments based on their own experiences, I again realized the difficulty involved with the role of Outside Director. In my case, looking only

at my consulting experience overseas, it overlaps with the business of Nippon Koei. However, in addition to providing consulting for construction, etc. (tangible), I have also provided consulting for community development and education (intangible). I think that I make use of the knowledge and know-how that I have cultivated so far from my experience speaking with residents of local communities.

Kusaka In Nippon Koei's traditional business, domestic and international construction consulting, many years of successful experience and know-how has already been accumulated, so I think that there is not much we can do as Outside Directors to help with that.

On the other hand, the external environment surrounding the business will change. Most recently, the COVID-19 pandemic has hit the global economy directly. However, looking at the post-Covid world, it will be necessary to determine whether the current trend will only accelerate or turn in a completely different direction. The Nippon Koei Group is also expanding its business in emerging countries with economic development. However, as their economic growth progresses, it may graduate from being ODA supported countries. In some cases, the private sector may also be responsible for infrastructure investment. If this occurs, the external environment may change even in traditional fields.

Ichikawa That means it is important to possess strengths that can respond to change. Even in nature, I have heard a theory that the mixture of different things makes things stronger, and as a result, they can respond to changes in nature, allowing their seeds to remain. I think that our existence as Outside Directors may have a positive effect on Nippon Koei while the company is embodying the concept of "the strength of possessing diversity based on a mixture of different things."

Kusaka Particularly in Urban & Spatial Development and the Energy Business, two new business domains that the Company is focusing on, since the Company does not have a track record or know-how in these businesses, I think that there are many things we can help with by utilizing our diverse backgrounds, such as our experiences in the fields of energy and environmental technology.

Is there anything that has left an impression on you, such as improvements made through suggestions and advice?

Kusaka I have a strong awareness of the roles of the Board of Directors, such as what kind of discussions should be held at the Board of Directors and how to divide the roles of the Board of Directors, including those of Executive Officers. It may not be necessary to consult the Board of Directors with all the matters to be decided on as if it were a checkpoint where we receive approval for individual matters. The Board of Directors concentrates on discussing such management strategies as to where and how to invest management resources, such as human resources, technology, and funds, and to some extent, delegates the authority of and divides the roles of the Management Council. Therefore, I

think it is better for the Board of Directors to operate efficiently by taking advantage of the fact that we Outside Directors are also available.

Ichikawa I definitely agree. In regard to efficiency, I was also wondering if it would be efficient for management to discuss each business individually, as opposed to an overall business strategy, at a place where all the Directors meet. It is beneficial to scrutinize one project from various perspectives. In some cases, however, not much care is given regarding how much profit will be obtained if the business is continued for five years. Therefore, if a discussion is being held where profitability is being overlooked, I think it good if we Outside Directors could help a little to get the discussion on track.

Kusaka That is an opinion truly unique to Mr. Ichikawa. As an Outside Director, it is important not only to make Board of Directors meetings proceed smoothly but also to create a sense of discomfort. I definitely feel that Mr. Ichikawa has made many remarks that make Directors aware of business figures. In contrast, I often talk about the direction of strategies and cases in other industries. However, Mr. Ichikawa makes me think about what happens when I convert business ideas to numbers, so I feel that we provide a good balance in regard to ideas.

Ishida I think that there are many companies that have fallen into such a pattern where board of directors makes a fixed announcement with a fixed protocol, resulting in few questions during discussions. In the case of Nippon Koei, I have the impression that its Board of Directors differs from those that fall into patterns, which seems to be a positive trait cultivated by my two colleagues over the last five years. Actually, I thought it was very good to see an atmosphere where various frank discussions could take place.

Creating an organization that has a purpose as a company and can produce outcomes according to that purpose

Do you have any opinions about the diversity of Directors from the perspective of ESG management?

Ishida I have heard that I am the first female officer of the Nippon Koei Group, so I want to make comments that can provide the benefit of a woman's perspective. However, while it is recommended to secure various types of diversity, such as having officers with foreign nationality in addition to female officers, I do not think that decisions should be made merely based on gender and origin but rather what kind of human resources are needed and for what purpose by the company. I think it is desirable to have a thorough discussion before increasing diversity.

Kusaka Ms. Ishida just touched upon something very important. What you want to do as a company is important. It's about creating an organization that has a purpose as a company and can produce

outcomes according to that purpose. There is a tendency that women and foreigners should serve as Directors because diversity is important and that such people should be added first regardless of the purpose or situation. However, I don't think it should be like this. Increasing the diversity of the Board of Directors based on the goals Nippon Koei aims to achieve and what kind of results it wants to achieve should lead to an increase in corporate value.

Ishida Exactly. I think it is very good to optimistically consider accepting Directors from overseas if it is really necessary for Nippon Koei.

Kusaka The number of locally-hired manager and technicians is growing at overseas subsidiaries. If they can feel a sense of participation in various discussions and in decision making at the Head Office, I think Nippon Koei will become a more dynamic organization.

Development of the Nippon Koei Group in accordance with changes in society

While society as a whole is undergoing rapid changes due to the impact of COVID-19, what should we do to meet its expectations?

Ichikawa Society is constantly changing, and its demands are also changing from moment to moment. Therefore, it is to be expected that the roles demanded of the Company at the time of its establishment and the roles of the Company demanded now will differ. However, the most important part of Nippon Koei's reason to exist has never changed, which is commercializing solutions for social issues. I also feel that the expectations for the Nippon Koei Group will continue to grow, such as demand for responding to energy issues and climate change, issues that need to be resolved in the future.

Kusaka If we consider solutions of social issues through CSR

or ESG management, we may create specialized departments separately from the business. However, that would not continue for long, so it is important how to continue such efforts through business. Furthermore, I think it would serve as a common language for dialogue with shareholders, investors, and local communities to break down and explain the 17 SDGs rather than present solutions to social issues through ESG. This is because Nippon Koei has been working at achieving more than half of the 17 goals of the SDGs in its primary business, including addressing poverty issues in developing countries, access to safe water, creation of safe and secure cities, securing of energy that everyone can enjoy, and climate change.

Ishida I really agree with that. Despite the declining poverty rate, the impact of COVID-19 pandemic is said to make the economies of poor countries suffer more than ever with inequality expected to widen globally. In addition to correcting this disparity, there are both areas in which Nippon Koei can contribute in general, such as helping solve gender issues and contributing to measures for fighting infectious diseases, and areas in which the Company's business is directly involved with, such as energy issues and economic growth. If the economy can be greatly developed, at the same time there will be a tradeoff between economic development and the climate change that results from such development. Since it is not possible to improve all of the issues, I think it would be better to proceed with a strategy, such as having the Board of Directors create scenarios for contributing to the SDGs.

Kusaka The concept of "Leave no one behind," which is the premise of the 17 SDGs, is what is most important. What we found out from the COVID-19 pandemic is that the vulnerable are the ones most affected in both developed and emerging countries. I think that the Nippon Koei Group should also make it known that it will contribute to solving issues that we now face, including the COVID-19 pandemic.

What specific expectations do you have for contributing to solutions through business?

Kusaka In Japan, the risk of huge earthquakes and flood damage caused by heavy rains are gaining attention, but flood damage and earthquakes also occur in Southeast Asia as well. So I naturally expect Nippon Koei to build disaster-resistant infrastructures. This is because infrastructure technology based on the idea of protecting people's lives from the risk of natural disasters is actually achieving results in Japan. I think that various countries and regions expect us to contribute to solving various problems that exist in countries and regions where development is progressing particularly without well-developed urban planning.

Ichikawa What Mr. Kusaka just said precisely indicates that the demands of the times are increasing. When it comes to who is responsible for strengthening Japan's land in preparation for natural disasters such as earthquakes and typhoons, many people in this industry should say that it is Nippon Koei. Furthermore, the key





to achieving decarbonization which leads to solving the issue of climate change is renewable energy. Therefore, I think there will be high expectations for our Energy Business in the future.

For becoming a company that achieves sustainable growth

What do you think is important in order for the Nippon Koei Group to achieve sustainable growth in the future?

Ichikawa For example, it is necessary for us to collaborate with a company that excels in AI and ICT technology to become an interface for communicating with local authorities overseas and residents. In the future, it will be necessary to actively utilize advanced technology outside the company. In emerging countries in Southeast Asia, strong demand for urban development is expected in the future, so we will make full use of advanced technologies around the world while communicating through our same Asian culture to build new towns. If we succeed in collaborating with different industries, we may be able to expand into various businesses. One hint that I would like to give is to not try to do everything in-house but to cooperate with companies that possess excellent technology, and bring together valuable know-how which will result in quickly building good things.

Kusaka That's open innovation and open architecture. Also, what has changed significantly in terms of management is that, in addition to the conventional support services for the national and local governments, we are investing on our own and starting new businesses. If we actively incorporate advanced initiatives, such as DX (digital transformation) and open innovation, as Mr. Ichikawa mentioned, into new businesses that we launch ourselves, I think

commercialization will further accelerate.

Ichikawa Although 5G has been recently receiving a lot of attention, 6G will soon be the next thing. Cars will also be self-driving, which will make pollution control easier. Garbage disposal may also become automated. I feel that this will help the economic growth of all developing regions. Anyway, doing something that pleases people in local communities is important for the growth of the Company.

Ishida Among the things on the agenda of the Board of Directors, I was interested in the hiring of new employees for the next fiscal year. In addition to hiring women, there was a focus on hiring young recruiters to gather excellent human resources from universities. However, I think that the type of work a construction consultant performs is hardly understood by the general public, so I wanted the Company to make an effort to attract the younger generation to such work.

It may be, for example, the introduction of AI and ICT technologies that we mentioned earlier. I think that more ingenuity in that respect will lead to human resource development with an eye on long-term growth.

Kusaka As the businesses of the Nippon Koei Group are diversifying, we are looking to become an organization suitable for such diversification, and I think that we are in that process now. Determining what kind of company do you want to be, rather than having an organization first, and how the Nippon Koei Group will create an organization that can grow and grow further so as not to hinder growth toward becoming that company desired. I think now we are in the process of doing so, so I have high expectations for future efforts.



Director



Noboru Takano

Representative Director and Chairman

- 1975 Joined the Company
- 2011 Director and Executive Officer
Acting Director General of Domestic Consulting Operations and General Manager of Operations Planning Office, Domestic Consulting Operations
- 2012 Director and Managing Executive Officer
Director General of Domestic Consulting Operations
- 2014 Representative Director and Senior Managing Executive Officer
- 2015 Representative Director and Executive Vice President in charge of technology
- 2017 Representative Director and Chairman (current position)



Akira Mizukoshi

Director and Vice Chairman

- 1976 Joined the Company
- 2010 Director and Executive Officer
- 2012 Director and Managing Executive Officer of Business Promotion Headquarters
- 2014 Director and Senior Managing Executive Officer
Director General of Corporate Headquarters and Director General of Business Promotion Headquarters
- 2015 Director and Executive Vice President in charge of Head Office
- 2016 Representative Director and Executive Vice President in charge of Head Office and IR
- 2017 Director and Vice Chairman (current position)



Ryuichi Arimoto

Representative Director and President

- 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 Department
- 2012 Director General of Corporate Headquarters and General Manager of Personnel Department
- 2014 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 Senior Managing Executive Officer / Director General of Business Promotion Headquarters

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



Haruhiko Kanai

Director and Senior Managing Executive Officer / Acting 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 (current position)
- 2020 Acting Director General of Consulting Operations Headquarters



Hiroaki Shinya

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

- 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 (current position)
Director General of Consulting Operations Headquarters in charge of Urban & Spatial Development (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 and 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 Management Headquarters (current position)



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 Hyakuyo 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 Advisor, 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 (current position)
Advisor, The Canon Institute for Global Studies (current position)
- 2013 Chairman of Japan Economic Foundation (current position)
- 2015 Outside Director of the Company (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, International Development Center of Japan
- 2015 Director, The Japan-Nepal Society (current position)
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
- 2017 Deputy Executive Director, Hiroshima University (current position)
Auditor, The Japan Society for International Development (current position)
- 2018 Vice President and Executive Director, The Japan Evaluation Society (current position)
- 2020 Outside Director of the Company (current position)

Senior Managing Executive Officer

Yasuyoshi Iio
Akimitsu Arai

Managing Executive Officers

Ken Nishino
Noriaki Yoshida
Hiroshi Matsuda

Hiroshi Yokota
Tomohisa Fukuoka
Yasusuke Kurosaki

Executive Officers

Kevin Tynes
Hitoshi Nagasaki
Hiroyuki Yamate
Noriyuki Nakashima

Toru Nakagawa
Shigeki Toyoshima
Hideo Tamura
Michio Hasegawa

Takuro Hamanaka
Katsuya Fukasaku
Masaru Onodera
Tetsuro Takehara

Osamu Katsuyama
Yoshikazu Takahashi

Audit & Supervisory Board Members



Yoshizo Goto

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

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
Executive Officer
Deputy Director General of Corporate Management Headquarters and General Manager of Finance & Accounting Department
- 2014 Acting Director General of Corporate Management Headquarters and General Manager of Finance & Accounting Department
Acting Director General of Corporate Headquarters
- 2015 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 position)
- 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 Counsel at Nishimura & Asahi
- 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 Taiheiyō Cement Corporation (current position)
Outside Director of Dowa Holdings Co., Ltd. (current position)
- 2016 Outside Auditor of Sumitomo Bakelite Co., Ltd.
- 2017 Outside Audit & Supervisory Board Member of the Company (current position)

Consolidated Financial Data

	FYE June 2016	FYE June 2017	FYE June 2018	FYE June 2019	FYE June 2020
Profit/Loss					
Orders (Millions of yen)	101,079	117,442	104,350	118,085	141,632
Net sales (Millions of yen)	81,865	101,338	106,023	108,589	112,214
Operating income (Millions of yen)	4,723	5,464	6,561	5,110	4,590
Operating margin (%)	5.8	5.4	6.2	4.7	4.1
Ordinary income (Millions of yen)	4,365	5,958	6,721	5,584	4,603
Profit attributable to owners of parent (Millions of yen)	1,823	3,288	4,555	3,318	2,726
Comprehensive income (loss) (Millions of yen)	△924	3,639	4,698	1,349	2,266
Balance Sheets					
Net assets (Millions of yen)	51,460	54,874	59,449	60,205	59,470
Total assets (Millions of yen)	100,989	113,865	113,890	113,175	130,215
Net assets per share (yen)	3,326.56	3,530.44	3,755.55	3,767.50	3,864.48
Net income per share (yen)	119.12	213.39	294.12	212.50	180.30
Equity ratio (%)	50.6	47.9	51.2	52.2	44.7
Return on Equity (%)	3.5	6.2	8.1	5.7	4.6
Return On Assets (%)	4.7	5.5	5.9	4.9	3.8
Cash Flows					
Net cash provided by (used in) operating activities (Millions of yen)	379	6,376	△602	3,109	2,821
Cash flows from investing activities (Millions of yen)	△17,705	△4,172	977	△3,504	△7,463
Cash flows from financing activities (Millions of yen)	15,199	4,846	△3,062	△1,936	6,937
Cash and cash equivalents at end of period (Millions of yen)	9,400	17,083	15,233	12,663	14,771
Number of Employees	4,336	4,566	4,923	5,497	5,702

- Orders for the fiscal year ended June 30, 2016 include BDP's outstanding orders (16.251 billion yen) as of April 1, 2016.
- The standard used for calculating orders was changed starting in the fiscal year ended June 30, 2017. The same standard was used to calculate the amounts listed for the fiscal year ended June 30, 2016.
- On January 1, 2017, a 1-for-5 reverse stock split was implemented.
- 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.

Corporate Data (As of June 30, 2020)

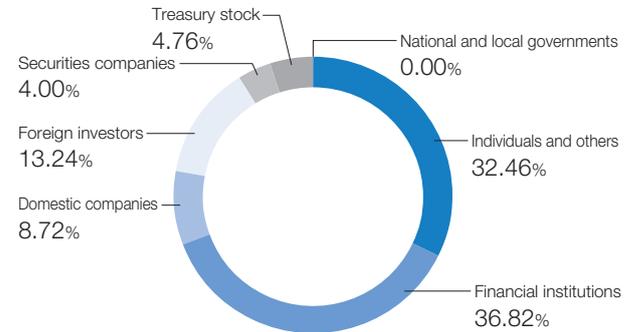
Corporate Data

Corporate name	Nippon Koei Co., Ltd.
Registered address	5-4 Kojimachi, Chiyoda-ku, Tokyo 102-0083, Japan
Phone	81-3-3238-8030
Representative	Ryuichi Arimoto Representative Director and President
Established	June 7, 1946
Capital stock	¥7,480,445,231 (As of October 28, 2020)
Business areas	Domestic Consulting, International Consulting, Power Engineering, Urban & Spatial Development, Energy
Number of employees	5,702 (consolidated), 2,397 (non-consolidated)

Stock Information

Number of shares authorized	38,000,000
Number of shares issued	15,948,054
Number of shareholders	6,712
Fiscal year-end	June 30
Stock listing	Tokyo Stock Exchange, First Section
Securities code	1954
Transfer agent	Mizuho Trust & Banking Co., Ltd.

Shareholder Distribution



Major Shareholders (Top 10 by Shares Owned)

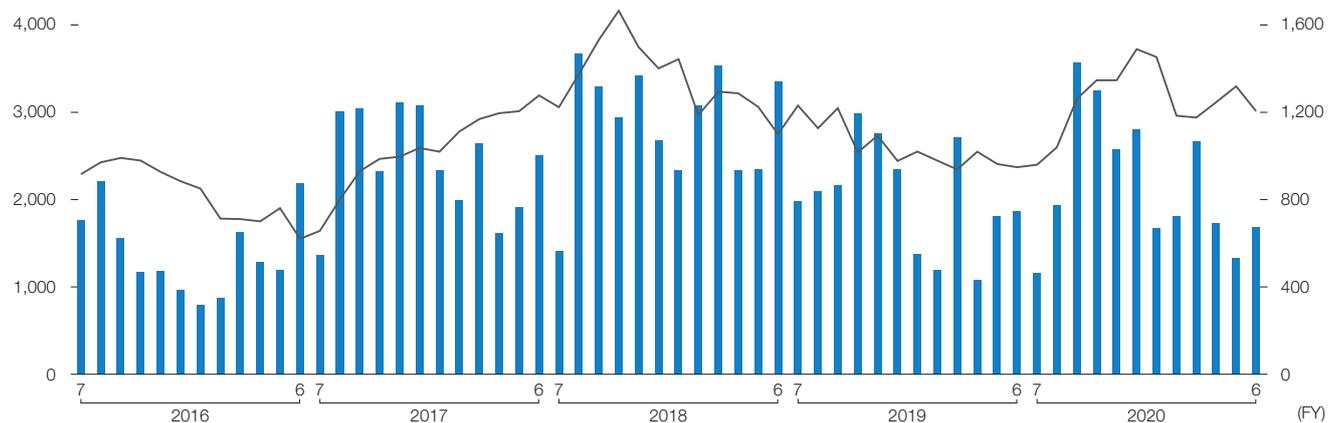
Major Shareholders (Top 10 by Shares Owned)	Shares Owned (Thousand shares)	Percentage of Total Shares Owned
The Master Trust Bank of Japan, Ltd. (Trust Account)	967	6.4
The Koei Employees' Stockholders Association	864	5.7
Japan Trustee Services Bank, Ltd. (Trust Account)	835	5.5
MUFG Bank, Ltd.	739	4.9
Meiji Yasuda Life Insurance Company	705	4.7
GOVERNMENT OF NORWAY	554	3.7
Mizuho Securities Co., Ltd.	447	3.0
Mizuho Bank, Ltd.	382	2.5
Japan Trustee Services Bank, Ltd. (Trust Account 5)	264	1.7
Japan Trustee Services Bank, Ltd. (Trust Account 9)	256	1.7

* The percentage of total shares owned is calculated using a denominator of 15,175,035 shares, after deducting the 758,023 shares of treasury stock from the total number of shares issued.

Stock Price

(Yen) — Closing price (left scale)
5,000 -

■ Trading volume (right scale) (Thousand shares)
- 2,000



Network (current as of December 31, 2020)



Major Group Companies (current as of June 30, 2020)

Domestic Consulting Business

Consolidated Subsidiaries

- Tamano Consultants Co., Ltd.
- Nippon Civic Consulting Engineers Co., Ltd.
- Ei Koei Co., Ltd.

Non-Consolidated Subsidiaries

- Aichi Tamano Information System Co., Ltd.
- Tamano Ecost Co., Ltd.
- Geoplan Namtech Inc.
- Nakaze Kamp Co., Ltd.

Power Engineering Business

Consolidated Subsidiaries

- Koei System Inc.

Real Estate Leasing Business

Consolidated Subsidiaries

- Nikki Corporation

International Consulting Business

Consolidated Subsidiaries

- Koei Research & Consulting Inc. (KRC)
- Nippon Koei Latin America-Caribbean Co., Ltd.
- Nippon Koei Latin America-Caribbean, Mexico S.de R.L. de C.V.
- Nippon Koei LAC, Inc.
- Nippon Koei LAC do Brasil Ltda.
- Nippon Koei Mozambique, Ltda.

Energy Business

Consolidated Subsidiaries

- KOEI Energy Co., Ltd.
- Nippon Koei Energy Europe B.V.
- Ironmont Hydro Pte. Ltd.
- PT. Cikaengan Tirta Energi

Non-Consolidated Subsidiaries

- Ruien Energy Storage NV

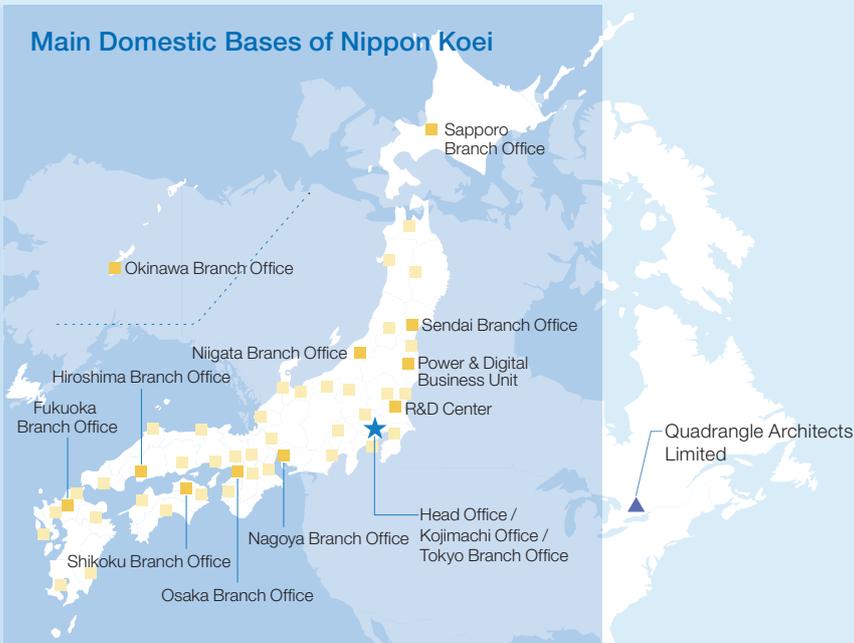
- Nippon Koei India Pvt. Ltd.
- Nippon Koei Vietnam International Co., Ltd.
- Philkoei International, Inc.
- PT. Indokoei International
- Myanmar Koei International Ltd.

Urban & Spatial Development Business

Consolidated Subsidiaries

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

Main Domestic Bases of Nippon Koei



Non-Consolidated Subsidiaries

- Koei Africa Company Limited
- Nippon Koei Bangladesh Ltd.

Other

Consolidated Subsidiaries

- DSI Co., Ltd.

Non-Consolidated Subsidiaries

- Nippon Koei Australia Pty. Ltd.

History

- 1946** Nippon Koei established in Chiyoda-ku, Tokyo
- 1954** Received order for planning of Baluchaung Hydropower Plant in Burma
- 1958** Acquired Nikki Manufacturing Co., Ltd. (name changed to Nikki Corporation in July 1982)
- 1963** Shares listed on 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 Co., Ltd. established
- 1989** Philkoei International, Inc. established in the Philippines
- 1992** PT. Indokoei International established in Indonesia
Koei System 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** U.K.-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)



5-4 Kojimachi, Chiyoda-ku, Tokyo 102-8539, Japan

<https://www.n-koei.co.jp/english/>