

# Sustainability Management

## Sustainability management framework

The goal of our Group is to achieve sustainability management that is not merely ticking boxes but has substance and is effective. We believe that sustainability management involves not only pursuing short-term profits but also ensures long-term growth and continuous progress while coexisting with various stakeholders. To realize this, we formulated the “Sustainability Management Framework” (Framework) in 2024. The Framework systematically outlines the decision-making structure for the ID&E Group’s sustainability management practices and aims to promote unified efforts across the Group.

At this period of great uncertainty, our aim to become a

“professional group for the creation of a sustainable environment and society,” that is selected more than ever before by the world, by mobilizing all of our diverse technologies and making use of our Group’s “integrated strength.” In addition, we seek to create with our stakeholders a world where people and various living creatures live in harmony on the earth together.

Mission Make the World a Better Place

〈Sustainability Management Framework〉

Sustainability Goals  
(What we want to be in 2045)

Sustainability Commitments/Targets

Specific actions and initiatives

Policies and Action Guidelines (overall)

Sustainability Foundational Policy

Action Guidelines for Sustainability-Related  
Special Consideration Items  
(\*currently considering an internal trial plan)

Action Guidelines for Stakeholder Engagement

Action Guidelines for Promoting Supply Chain  
Management and CSR Procurement

Policy and Action Guidelines (by issue)

		Action Guidelines for Environmental Management	
Environmental consideration	Environmental Activity Policy	Action Guidelines for Climate Change/Realizing a Decarbonized Society	Action Guidelines for the Conservation of Water Resources
		Action Guidelines for the Conservation of the Natural Environment and Biodiversity	Action Guidelines for Chemical Substance Management Activities
			Action Guidelines for Realizing a Circular Society
Respect for human rights	Human Rights Foundational Policy	Action Guidelines for Human Rights	
	Diversity Equity, and Inclusion Policy	Action Guidelines for Diversity, Equity, and Inclusion	
Human Resource Development	Human Resources Development Policy	Action Guidelines for Human Resource Development	
Improvement of working environment	Internal Environmental Improvement and Occupational Health and Safety Policy	Action Guidelines for Internal Environmental Improvement and Occupational Health and Safety	
	Quality Control Policy	(Refer to Code of Conduct for ID&E Group 2-2 and 6-1)	
	Sustainability-related Innovation Policy	(Refer to Code of Conduct for ID&E Group 2-1 and 6-1)	
Strengthening governance	Basic Policy on Corporate Governance	(Refer to Code of Conduct for ID&E Group 1, 3, 5, and 8)	
Sincere business execution	Acting with Integrity Policy	(Refer to Code of Conduct for ID&E Group 1,3, and 5)	

\*Materiality is also included in the sustainability management framework

#### Web Sustainability Management Framework

[https://www.id-and-e-hd.co.jp/assets/pdf/sustainability/sustainability-management/ID&E\\_Sustainability\\_Management\\_Framework\\_en.pdf](https://www.id-and-e-hd.co.jp/assets/pdf/sustainability/sustainability-management/ID&E_Sustainability_Management_Framework_en.pdf)

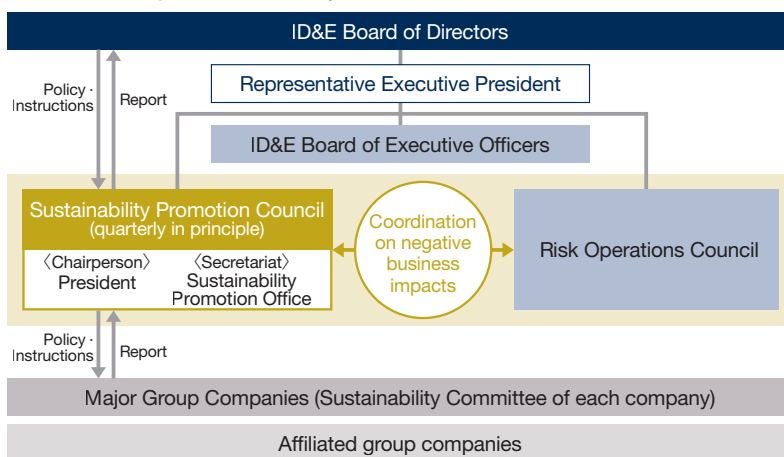
## Sustainability promotion system

The ID&E Group has established the Sustainability Promotion Council, chaired by the President, and the Sustainability Promotion Office, which serves as its secretariat and coordinates the promotion of sustainability management across the Group with the aim of further strengthening efforts to promote sustainability activities not only in business but also in management and to realize a sustainable society. The Council is responsible for approving and deciding on activities, and formulating business and management policies related to Group-wide sustainability risks and opportunities. The Council's activities are supervised by the Board of Directors and matters discussed by the Council are regularly submitted and reported to the Board of Executive Officers

and the Board of Directors.

In addition, the Group has a Risk Operations Council to oversee the overall promotion of risk management. The Council reviews and compiles the risk management plans submitted by each Group company, approves the overall plan as the Group Risk Management Plan, and controls risks. Many sustainability risks are attributed to external factors, such as trends in international discussions and the policies and systems of each country, or highly uncertain. Therefore, the Sustainability Promotion Council works with each Group company to identify (distinguish) and assess risks.

### ▼ ID&E Group Sustainability Promotion Structure



### ▼ Composition of the Sustainability Promotion Council

Chairperson	ID&E Holdings Representative Executive President
Advisor	Director
Number of Members	The presidents of main group companies (Nippon Koei, Nippon Koei Urban Space, BDP, Nippon Koei Energy Solutions, and Nippon Koei Business Partners) and each Director General of ID&E Holdings

### ▼ Main Discussions of the Sustainability Promotion Council for FYE 2024/06

1st Meeting	<ul style="list-style-type: none"> <li>Review of FYE 2023/06</li> <li>Implementation Plan for FYE 2024/06</li> </ul>
2nd Meeting	<ul style="list-style-type: none"> <li>Information Disclosure based on the TCFD Recommendations</li> <li>Preparation of Sustainability Report</li> <li>Sustainability Management Framework①</li> </ul>
3rd Meeting	<ul style="list-style-type: none"> <li>Sustainability Management Framework②</li> <li>Information Disclosure based on the TCFD Recommendations</li> <li>Progress on TNFD Response</li> <li>Human Rights Due Diligence</li> </ul>
4th Meeting	<ul style="list-style-type: none"> <li>Sustainability Management Framework③</li> <li>Progress and Challenges for FYE 2024/06</li> </ul>
5th Meeting	<ul style="list-style-type: none"> <li>Progress and Next Steps for FYE 2024/06</li> <li>GHG Quantification Platform</li> <li>Progress on TNFD Response</li> <li>Report on the Implementation of Human Rights Due Diligence and Future Actions</li> <li>Disclosure of Human Capital Information</li> <li>Support for signing of the United Nations Global Compact by group companies</li> </ul>

### ■ Sustainability Promotion Council

In July 2023, with the establishment of ID&E Holdings Co., Ltd., our Group took a fresh start, focusing on the clarification of our sustainability management policies and the proactive disclosure of information regarding critical sustainability issues. Through active discussions within the Sustainability Promotion Council, we have systematically addressed every key challenge. On the other hand, in order to achieve the ultimate goal of creating a sustainable society and sustainable corporate value creation, it is essential that the outcomes of FY2024/06 are integrated across the entire Group and lead to concrete actions. Going forward, the Sustainability Promotion Council will continue to take the lead in driving sustainability management across the entire Group.

## Signatory of the UN Global Compact



In June 2019, Nippon Koei expressed its support for the United Nations Global Compact (UNGC) proposed by the United Nations. We are also a member of the Global Compact Network Japan, which is comprised of Japanese companies that have signed the UNGC. ID&E Holdings will carry on this UNGC signature and promote support for the UNGC throughout the Group.

The following Group company became members in 2024.

Myanmar Koei International Ltd., Nippon Koei Business Partners Co., Ltd., Nippon Koei Urban Space Co., Ltd., Nippon Koei Energy Solutions Co., Ltd. (in order of signing)

# Environment

Since its establishment, the ID&E Group has been committed to contributing to the development of a sustainable society by undertaking numerous projects and initiatives aimed at improving and creating a better “natural environment” as well as “social environment.” In alignment with various policies and action guidelines in the environmental domain, we will continue to advance sustainability management.



## Disclosure following the TCFD recommendations

For our Group, which operates globally, addressing climate change presents not only risks but also numerous opportunities. Following the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), we are making efforts to communicate to stakeholders in an easy-to-understand manner the impacts of climate change on the Group’s corporate activities.

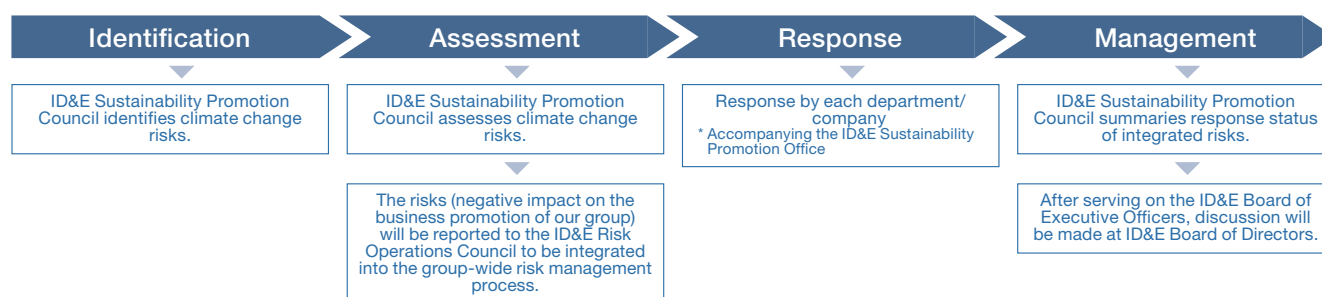
### Governance

As described in section Sustainability Management, we are promoting sustainability initiatives related to climate change. However, given that the Sustainability Promotion Council addresses a wide range of topics, it has been challenging to focus solely on discussions regarding climate change. Going forward, we will establish a specialized committee dedicated to climate change, which will work on detailed discussions and the implementation of climate change-related practices.

### Climate change risk management process

For FY2024/06, the Group established the following risk management process for climate change, integrating it into the overall risk management system, and began its implementation. The Group is also considering applying a similar process to manage other sustainability related risks beyond climate change.

In implementing these integrated management processes, the Group added “Sustainability” as a new risk category in both the “Group Risk List” and the “Main Group Companies Risk Management List,” and added “Adverse impacts of climate change on business” to the “Expected risk events” under this new category. Looking ahead, the Group is also considering applying a similar process to manage other sustainability related risks beyond climate change.



## Metrics and targets

### ▼ 2030 reduction targets based on the transition plan (market-based)

Category	Baseline year (FY2023) emissions (t-CO <sub>2</sub> )	FY2030 emissions (t-CO <sub>2</sub> )	Reduction rate (average annual reduction rate)
Scope1	1,038	602	42% (6%)
Scope2	4,460	2,587	42% (6%)
Scope1, 2 Total	5,498	3,189	42% (6%)

\* The total values for Scope 2 and Scope 1, 2 are market-based emissions figures.

\* By FY2030, a 42.0% reduction in Scope 1 + 2 emissions compared to the baseline year FY2023 is required, corresponding to an average annual reduction rate of 6.0%.

\* Scope 1 assumes the use of electrification and J-Credit certificates, etc.

\* For Scope 2 emissions, expansion of the NKRE100 initiative is expected to enable achievement of the targets.

\* This time, reduction targets are set for Scope 1 and Scope 2; thus, if Scope 2 reductions are large, Scope 1 reductions can be smaller. For this reason, progress in introducing renewable energy is recognized as an important factor.

## Strategy

### ▼ Climate-related risks, and countermeasures

Risk Types		Risk Details	Time-frames	Impact on Business and Finance		Countermeasures
				Below 1.5° C	4° C	
Transition Risks	Policy and Legal	Increased energy procurement costs, such as fuel costs, due to carbon pricing.	Long-term	Low	—	• Transition to and insourcing of renewable energy (NKRE100) • Comprehensive promotion of energy-saving measures • Carbon footprint-conscious design and construction management • Promotion of research and development for environmental impact reduction
		Higher costs for acquiring carbon credits.	Long-term	Low	—	
		Increased utility and vehicle costs due to the introduction of carbon pricing	Long-term	Low	—	• Transition to and insourcing of renewable energy (NKRE100) • Promotion of energy-saving equipment and devices to reduce utility costs through reduced energy consumption • Mitigate vehicle expenses through the introduction of fuel saving EVs • Streaming operations through AI adoption
		Increased operational costs from the implementation of carbon pricing	Long-term	Low	—	
		Indirect operational cost increases due to the introduction of policies and regulations.	Long-term	Low	—	
Physical risks	Chronic	Increased electricity and water consumption due to rising temperatures.	Ultra-long-term	Low	Low	• Capital investment in energy efficiency improvements • Installation of water-saving equipment • Utilization of remote working
		Disruptions to employee access to offices and project sites caused by extreme weather events.	Ultra-long-term	Medium	Medium	• Ensuring continued work through the use of satellite offices and remote work • Improvement of BCP (Business Continuity Planning) • Reducing risks of inaccessibility to project sites by incorporating potential delays from extreme weather into pre-project planning

\* Timeframe: Short-term (2024), Medium-term (~2027), Long-term (~2030), Ultra-long-term (2030~)

\* Impact on Business and Finance: Low (up to JPY10m), Medium (JPY10m to JPY100m), High (JPY100m or more)

\* For transition risks, the Company examines items impacted by policies and market changes implemented by governments to limit global warming to below 1.5°C (transition risks under the 4° C scenario are not considered)

\* For physical risks, the Company evaluates items that could affect the Company due to temperature increases under the 1.5° C and 4° C scenarios. Qualitative assessments of business impacts for 2030 and 2050 are conducted, with significant differences in temperature and business impacts observed by 2100.

### ▼ Climate-related opportunities and countermeasures

Opportunity Types	Opportunity Details	Time-frames	Impact on Business and Finance		Countermeasures
			Below 1.5° C	4° C	
Resource efficiency	Reduction of energy-related costs through the introduction of subsidy programs	Medium-term	Low	—	<ul style="list-style-type: none"> <li>Reduction of costs for renewable energy and energy-efficient facilities through subsidies under GX promotion.</li> <li>Enhanced information disclosure to meet disclosure requirements for subsidy utilization.</li> </ul>
Products and Services	Expansion of investment opportunities in renewable energy	Medium-term	High	—	<ul style="list-style-type: none"> <li>Promotion and development of hydropower projects (small-scale and pumped hydro storage).</li> <li>Business development leveraging battery-related technologies (e.g. development and operation of demand-supply management systems)</li> </ul>
Physical Opportunities	Supporting the development of regional circular and ecological spheres by leveraging local characteristics.	Medium-term	High	—	<ul style="list-style-type: none"> <li>Further promotion of decarbonization support in urban development.</li> <li>Application of the company's know-how and technologies to support "Regional Circular and Ecological Spheres" in urban development.</li> <li>Expansion of smart city-related services.</li> </ul>
	Increased orders for renewable energy-related projects.	Medium-term	High	—	<ul style="list-style-type: none"> <li>Identifying demand for renewable energy facilities.</li> <li>Strengthening sales structures to capture demand in response to the growing need for renewable energy facilities.</li> <li>Promotion of technological development for renewable energy.</li> </ul>
	Rising demand for infrastructure construction, maintenance, and repair for disaster prevention, mitigation, recovery, and reconstruction due to natural disasters and rising sea levels.	Long-term	High	High	<ul style="list-style-type: none"> <li>Active support for infrastructure development needs related to disaster prevention, mitigation, recovery, and reconstruction overseas.</li> <li>Rapid response to demand changes driven by national resilience policies.</li> </ul>
	Increased order opportunities associated with enhancements to power generation and transmission infrastructure.	Long-term	High	High	<ul style="list-style-type: none"> <li>Strengthening sales structures to capture demand in response to increasing equipment needs.</li> <li>Promoting renewable energy introduction in Japan through the acquisition of cutting-edge international information and technologies.</li> </ul>
	Rising needs for the development of new products or services driven by research, development, and innovation.	Long-term	High	High	<ul style="list-style-type: none"> <li>Manufacturing and developing decarbonization products and services by utilizing new technologies.</li> <li>Reducing manufacturing costs through the use of new technologies.</li> </ul>
Market	Improved profitability due to diversified consumer behavior and increased awareness of environmental issues, leading to increased demand for new environment-related services.	Long-term	High	High	<ul style="list-style-type: none"> <li>Understanding environmental demand.</li> <li>Expansion of existing GX and sustainability-related businesses.</li> <li>Promotion and development of green infrastructure and renewable energy projects in line with demand.</li> <li>Branding using our own initiatives and result</li> <li>Monitoring trends through participation in the GX League.</li> </ul>
	Expansion of customer preference by contributing to GHG emissions reduction for clients through decarbonization-related services.	Long-term	High	High	<ul style="list-style-type: none"> <li>Investment in and development of low-carbon technologies for green infrastructure and policy support.</li> <li>Strengthening proposal capabilities to client companies and local governments that are actively addressing climate change.</li> </ul>

\* Timeframe: Short-term (2024), Medium-term (~2027), Long-term (~2030), Ultra-long-term (2030~)

\* Impact on Business and Finance: Judged on the same scale as risks.

\* Opportunities are evaluated for items impacted by policies and market changes by governments aiming to limit global warming to below 1.5° C (transition risks and opportunities under the 4° C scenario are not considered).

\* Opportunities are also evaluated for items impacted by temperature increases and their implications for the Company.

 For details, please see our sustainability report.

<https://www.id-and-e-hd.co.jp/english/sustainability/sustainability-management/report/>

## Climate change and achieving a decarbonized society

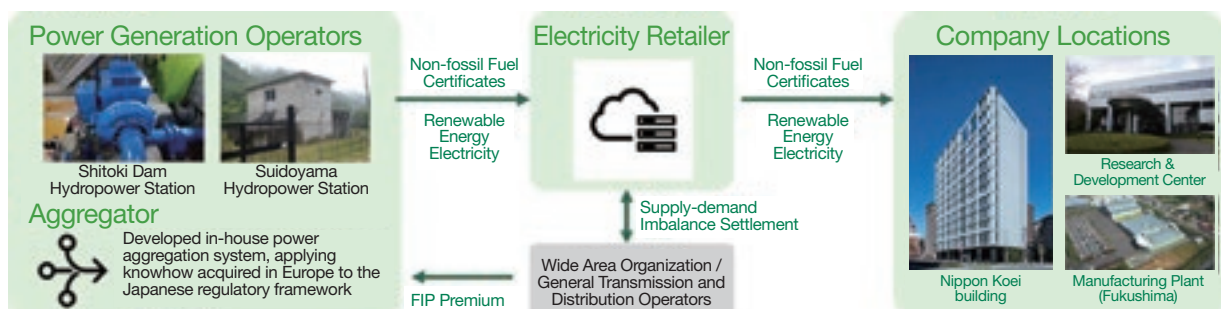
The ID&E Group provides consulting services to reduce greenhouse gas emissions in various business fields. This includes promoting modal shift from automobiles to rail and sea transportation, switching to renewable energy, supporting efficient energy use, reducing greenhouse gas emissions by improving waste treatment technology, and supporting Joint Crediting Mechanism (JCM) projects.

In the Energy Business, we recognize the importance of both reducing the environmental impact at the time of our founding and reducing the environmental impact when customers use the Group's products during the equipment manufacturing process and the construction of substations and power plants, and as a result, we are promoting efforts on both fronts.

### Topics

#### Launch of “NKRE100” pilot project for 100% renewable energy use in Nippon Koei Buildings

In July 2023, the ID&E Group launched the “NKRE100” pilot project to achieve 100% renewable energy use at three sites in Japan: the Nippon Koei building, the Research & Development Center, and the Fukushima Office. Under this initiative, approximately 5,000 MWh of electricity is supplied annually from the Shitoki Dam Hydropower Station and Suidoyama Hydropower Station in Fukushima Prefecture, with an estimated annual reduction of around 2,300 t-CO<sub>2</sub> of greenhouse gas emissions. We have also introduced an electricity pricing structure that is linked to the power market, aiming for stable energy supply. Furthermore, Nippon Koei Energy Solutions has implemented a “Virtual PPA” (Power Purchase Agreement), separating the environmental value from renewable energy power, and collaborates with the Group's retail electricity providers to procure power. This initiative aims to efficiently utilize renewable energy, reduce CO<sub>2</sub> emissions, and achieve both stable energy supply and cost reduction.



Sample image of NKRE100 implementation

## Nature-positive contributions (ecosystem maintenance and restoration projects)

### Biodiversity conservation and natural capital

The ID&E Group has carried out various projects and services, both in Japan and internationally, that contribute to the conservation and management of natural capital, including environmental protection, forest conservation, ecosystem preservation, and environmental assessments. Through our hydropower operations and survey/ design projects, we engage in business activities that directly or indirectly depend on or impact the natural environment. With the materiality of “Cultivating a beautiful and habitable planet,” ID&E has established the “Action Guidelines for the Conservation of the Natural Environments and Biodiversity,”

which outlines the company's commitment in these areas. Based on these guidelines, the ID&E Group aims to further enhance its internal responses as well as the related services it provides.

#### ▼ Targets for FYE 2030/6

Total area of ecosystems benefiting from maintenance and restoration

Direct contribution: 5ha  
Indirect contribution: 100,000 ha



## Response to the TNFD (Taskforce on Nature-related Financial Disclosures) recommendations

Following the release of the final report on the TNFD recommendations in September 2023, the ID&E Group has been preparing to align its disclosures with these guidelines. In FYE 2024/06, the ID&E joined the TNFD Forum and conducted scoping for five main group companies. For

FYE 2025/06, the Group plans to expand the extent of the scoping and aims to conduct analysis, evaluation, and disclosure for priority companies and businesses in line with the TNFD recommendations and register as a TNFD Adopter. Moving forward, the Group will implement the necessary measures, considering the potential future obligations of disclosing nature-related financial information under international accounting standards.

### Topics

#### Utilizing “Environmental DNA Technology”

Our Group actively employs Environmental DNA (eDNA) technology, which analyses the genetic information of organisms found in the environment. eDNA technology contributes to biodiversity conservation and natural capital management in the following ways:

- It swiftly assesses the health of ecosystems in lakes, rivers, and forests, supporting environmental assessments, impact evaluations, and conservation measures.
- It tracks the presence of endangered and rare species, aiding in their conservation and protection efforts.
- It serves as an information tool for predicting and preventing infectious disease outbreaks, such as COVID-19.
- It helps estimate the flow of river water and groundwater using DNA as a marker.

eDNA technology is particularly suited for detecting a wide range of species from minute DNA samples found in the environment. Since it does not require the capture or observation of organisms, it is a low-impact and environmentally friendly method.

## Conservation of water resources

For the ID&E Group, which has been engaged in water resource development around the world since its founding, the conservation and efficient use of water resources is a top priority sustainability issue. We use a variety of technologies not only at our own business locations but also

in infrastructure development to create solutions for water conservation, reduction of water usage fees, sustainable use of water resources, wastewater management, and prevention of water pollution.

### Topics

#### Developing and launching a platform for global water risk assessment

Nippon Koei, Suntory Holdings, and the University of Tokyo jointly developed Water Security Compass, the world's first online platform that enables users to assess future water scarcity risks based on water demand and supply across various regions by water usages. By incorporating into the simulation, the impact of seasonal changes and infrastructure such as dams on water volume, Water Security Compass is able to accurately grasp the amount of water needed and supplied in various parts of the world, as well as visualize the extent to which water resources will be in short supply and for what purposes from the present to the future. Water Security Compass has been available free of charge since the summer of 2024, with the primary aim of use in research on water resources across a wide range of fields across industry, government, and academia.

<https://water-sc.diasjp.net/beta/jp/>



# Society

Since its establishment, the ID&E Group has been committed to contributing to the development of a sustainable society by undertaking numerous projects and initiatives aimed at improving and creating a better “natural environment” as well as “social environment.” In alignment with various policies and action guidelines in the social domain, we will continue to advance sustainability management.

## Human rights

### Human Rights Foundational Policy

Recognizing that respect for human rights is a corporate social responsibility, ID&E Group has established and is committed to complying with the Human Rights Foundational Policy.

#### ■ Items of the Human Rights Foundational Policy

1. Endorsement of relevant principles and declarations
2. Persons whose human rights are to be respected
3. Action guidelines for respecting human rights
4. Scope of application and expectations of business partners

### Establishment of the Human Rights Specialized Committee

In July 2024, ID&E Group established the “Human Rights Specialized Committee” under the ID&E Sustainability Promotion Council to address human rights issues from a more specialized perspective. As a cross-organizational body, it includes Executive Officers and Director Generals of main group companies in Japan. It is examining the following improvements and other matters.

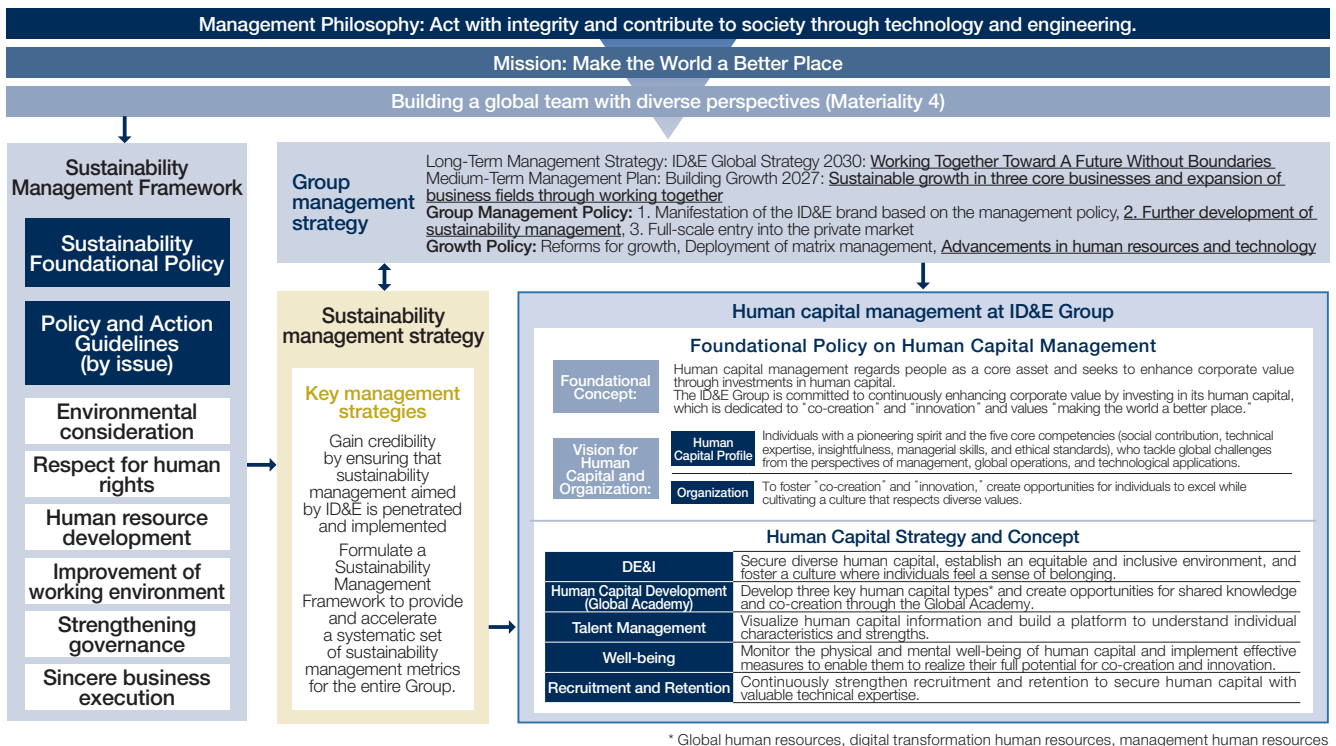
- i) the implementation and improvement of the Human Rights Foundational Policy
- ii) the execution of human rights due diligence
- iii) the identification and response to human rights risks
- iv) disclosure of information related to human rights risks
- v) development of grievance mechanism
- vi) improving human rights literacy within the Group.

## ID&E Group’s human capital management

The ID&E Group positions the resolution of sustainability challenges as the starting point for corporate value creation. We can pioneer new business opportunities and continually enhance corporate value. To move beyond our traditional model of public works contracts and proactively provide innovative solutions to societal challenges, it is essential for all employees across the Group to be highly responsive to

external environmental changes. They must independently enhance their skills as professionals and fully maximize their capabilities. In light of this, the ID&E Group is committed to collectively advancing “human capital management to the next level.”

## ▼ Overall Picture of ID&E Group Human Capital Management



## Human Resource Development

The ID&E Group positions human resources as one of its most critical resources and recognizes it as the source of value creation. Accordingly, the Group has established a "Human Resources Development Policy" and an "Action Guidelines for Human Resource Development." By ensuring that each individual fulfils their role with exceptional expertise and strong ethical standards, the Group aims to achieve sustainable growth.

### ID&E Global Academy

The ID&E Global Academy was established in FY2024/06 as a learning ecosystem designed to foster the growth of all employees within the ID&E Group and cultivate future global leaders who embody the ID&E brand. The Academy is open to all ID&E Group employees and is structured around three core functions: "Knowing Oneself," "Learning Together," and "Connecting with the World." The functions of the Academy are as follows:

1. "Knowing Oneself" : Realizing data-driven human resources management through a talent management system.
2. "Learning Together" : Enhancing employees' skills and capabilities through training and educational programs.
3. "Connecting with the World" : Building a knowledge network through co-creation with stakeholders.

By establishing these functions as the foundation for human resources development, the Academy creates an environment where employees can access collective knowledge across the ID&E Group, learn autonomously, and share their own learning and experiences. This enables all employees to grow together beyond the boundaries of individual Group companies. ID&E Global Academy plans to gradually expand its service scope and content in stages up to 2030.

### ID&E Global Academy

<https://www.id-and-e-hd.co.jp/english/academy/>



What Can Be Achieved Through the Global Academy



## DE&amp;I

## Diversity, Equity, and Inclusion Policy

ID&E Group recognizes the importance of the value provided by diversity in growing into a company that is always one step ahead of the times and that can respond flexibly and resiliently to any change. We promote "Diversity (respect for diversity), Equity (provision of fair and equal opportunities for diverse human resources), and Inclusion (fostering a culture that embraces diversity)."

	Women	Global	Challenged
Overview	The proportion of female university students in civil engineering and mechanical engineering departments is said to be around 15%. To increase the number of female managers, we are promoting a workplace environment where women can work comfortably and thrive in the long term.	We hire talent regardless of nationality through new graduate and mid-career recruitment. For new graduates in general positions, we also promote the development of global talent in conjunction with self-directed career planning.	Aichi Tamano Information Systems Co., Ltd. was established in 1987 to promote the employment of persons with disabilities and was certified as a special subsidiary in 1989. In 2023 it was transitioned from being a subsidiary of our group company Tamano Consultants Co., Ltd. (Current Nippon Koei Urban Space) to a subsidiary of ID&E itself, in order to drive more effective employment practices.
Specific Examples	<ul style="list-style-type: none"> <li>Conducting "Company Seminars by Female Employees" exclusively for female university students to propose empowering working styles for women.</li> <li>Creating opportunities for interaction with senior employees who have diverse experiences, such as maternity leave or overseas assignments.</li> </ul>	<ul style="list-style-type: none"> <li>Recruiting new foreign students who wish to find employment in Japan (new graduates).</li> <li>Starting to hire international students not only for technical positions but also for administrative and sales positions.</li> <li>Local subsidiaries hire diverse talents with various skills and abilities according to their business needs.</li> </ul>	<ul style="list-style-type: none"> <li>Promoting direct employment at Japan-based main group companies and employment at special subsidiaries.</li> <li>Creating an employment environment to foster a workplace where individuals find a sense of purpose.</li> </ul>

## ▼ Important targets of main group companies in Japan for 2027

Ratio of female managers <b>10%</b> or more	Ratio of foreign human resources <b>2.5%</b> or more	Ratio of foreign managers <b>1%</b> or more
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## Work style reform and Improvement of productivity

The Group has established a Work-Life Balance Promoting Committee to pursue a balanced work style that emphasizes the quality of labor so that individual staff can work with a sense of satisfaction and fulfillment and fulfill their work responsibilities. The systems such as flextime and telework that have been implemented in response to the "work style reform" and the corresponding expansion of the IT infrastructure environment, such as the shift to cloud computing, digitization of various internal applications (move to a paperless approach), and the establishment of online meetings, have not only promoted diverse work styles but also increased productivity.

## Creating a work environment that encourages communication

## ■ Direct Dialogue with Management

We aim to improve staff engagement through direct dialogue between management and staff. Management and staff actively exchange opinions on issues related to career development, business management policies, and personnel/labor management measures.



Streamed a video internally explaining the new Medium-Term Management Plan

## Topics

## Nippon Koei develops a generative AI system to support interpretation of standards and bidding

Nippon Koei launched an organization specializing in AI research and development in July 2018. Since then, it has accumulated a great deal of knowledge on AI.

With the aim of improving and enhancing business efficiency, we developed a system that uses generative AI to interpret technical standards, analyze bidding cases, visualize data, and more. We are currently promoting its deployment within the company.

## Well-being

### Health management

In order for our human resources, the foundation of the Group, to fully demonstrate their abilities, we have established the Group Health Declaration and are working on health management that considers staff health from a management perspective and strategically promotes various measures to improve staff health.

#### ■ ID&E Group Health Declaration

The ID&E Group believes that in order to put into practice our management philosophy of “Act with integrity and contribute to society through technology and engineering” our staff and their families must be healthy, both physically and mentally. By maintaining and promoting the health of staff and their families and creating a vibrant work environment and highly productive work styles that respect diversity, we will realize a favorable work-life balance of staff as well as the well-being of the Group and contribute to the development of a sustainable society through our business.

#### ■ System for supporting health management

We established the Health, Safety and Working Environment Council (chaired by the Executive Officer in charge of health management) under the Risk Operations Council, which is chaired by the President, to discuss and promote various measures related to health management and the development of a good working environment. Furthermore, we established Health, Safety and Working Environment Committee at each main group companies to advance and implement initiatives at each company.

ID&E and Nippon Koei Business Partners established the Health & Safety Management Department as a department dedicated to promoting health management. Under this organization, they also set up the ID&E Group Health Management Office. In addition, we hold various meetings across the entire Group to promote health management.

#### ■ Certified Health & Productivity Management Outstanding Organization

The “Certified Health & Productivity Management Outstanding Organizations” recognition program, certified by the Japan Health Council, aims to “visualize” large and small corporations that practice outstanding health management. It allows them to receive social recognition from employees, job seekers, related companies, and financial institutions. We have maintained our certification continuously since 2019.



#### Scope of Certification

ID&E, Nippon Koei, Nippon Koei Energy Solutions, and Nippon Koei Business Partners.

### Labor safety

#### ■ Safety patrols at domestic and overseas projects

In domestic and overseas projects, we conduct “safety patrols” according to the scale and content of the project in order to eradicate occupational accidents and foster employees’ safety awareness.

For projects that carry out construction supervision and management, we check the status of implementation of safety measures at the site and those involved in the construction by means of monthly joint safety patrols by the owner, contractor, and main group company’s, and weekly safety patrols by contractors.

#### ■ Security survey

For overseas projects such as international development cooperation projects, we have established our own risk standards and make decisions on orders and travel. For projects in high-risk countries, at the time of project launch, we conduct security surveys such as project offices and dormitories with the cooperation of experts from crisis management companies that the Company contracts with. Based on the points made by crisis management experts in the survey, we will strengthen security measures at offices and dormitories and prepare and establish health and safety system so that staff can work in a safe and secure environment.

# Corporate Governance

## Message from the Chairperson of the Board of Directors



**Ryuichi Arimoto**

Chairperson of the Board of Directors

The fiscal year ended June 30, 2024 was the first year since we transitioned to a holding company and a company with a nominating committee, etc. governance structure. This was also a year in which we implemented our first governance reforms since our founding. In 2016, we established “autonomy and collaboration” as the basic policy for group management. Since then, we have been managing our business operations with the aim of achieving organic growth that maximizes the individuality of our main businesses and creating new value through business collaboration. However, the reality of our management was that a strongly centralized organizational culture persisted, and we felt the organization lacked strength in areas such as strategy formulation, human resource development, and risk control.

We asked the next generation of staff to consider transitioning to a holding company in conjunction with the formulation of our Long-Term Management Strategy. They concluded that while there were many issues that needed to be resolved, working together both inside and outside the company was important to achieving the goals of the Long-Term Management Strategy, and that a holding company structure would be ideal from the perspective of creating an environment that would promote working together.

In addition, we believed that clarifying the roles and responsibilities of the Board of Directors, which is primarily composed of Outside Directors with diverse knowledge in industry, government, and academia, and Non-Executive Directors, as well as the Executive Officers responsible for management, would lead to greater transparency in management and enhanced corporate governance, and therefore we made the decision to change our governance structure to a company with a nominating committee, etc.

Although we have yet to see immediate results in the first year, we are at least laying the groundwork for building a strong management team through the three points that I am looking for.

- Improved coaching of executive management by the Board of Directors
- Upgrade business portfolio management led by the Board of Executive Officers
- Create an organizational culture that fosters managerial talent through broad delegation of authority.

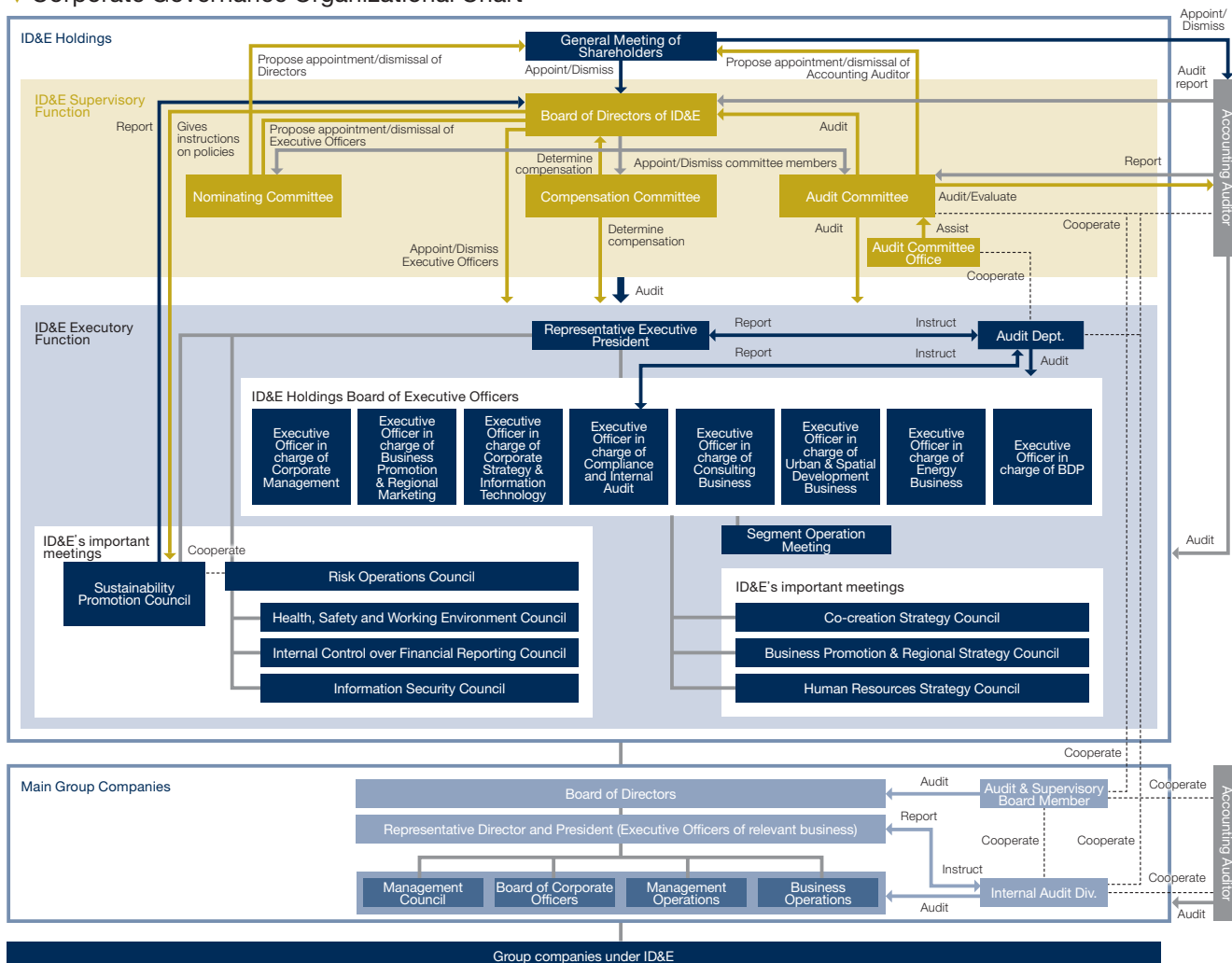
Comparing the role of the Chairperson of the Board of Directors to that of an orchestra conductor, I believe that my role is to keep a close eye on the relationships between the Outside Directors and the management team, between customers and the workplace, and between society and the company, and to produce beautiful music that strikes a good balance between tension and harmony.

## ▼ Main initiatives for strengthening corporate governance

	2003	2016	2023
Corporate structure		From 2023 Transitioned to company with a nominating committee, etc. after establishing the holding company	From 2023 ID&E Holdings
President	From 2001 Katsuyoshi Wada	From 2014 Ryuichi Arimoto	From 2021 Hiroaki Shinya
Separation between management oversight and business execution	2003 Changed the number of Directors stipulated in the articles of incorporation to 15 or less Adopted executive officer system		From 2023 Transitioned to a holding company structure
Outside Director	From 2003 1 (11 Directors)	From 2014 2 (11 Directors)	From 2020 3 (11 Directors) From 2023 4 (8 Directors)
Outside Audit & Supervisory Board Members or Audit Committee Members	From 2001 1 (3 Audit & Supervisory Board Members)	From 2006 2 (3 to 4 Audit & Supervisory Board Members)	From 2023 3 Outside Audit Committee Members
Nominating and compensation committees		From 2016 Nominating and Compensation Advisory Committee	From 2023 Nominating Committee and Compensation Committee
Management Philosophy	Established in 2001		
Code of Conduct (Group)	Established in 2001	Revised in 2006 Revised in 2013	
Basic Policy on Corporate Governance		Established in 2016	

Note: Data provided is for Nippon Koei, except for any point in or after July 2023

## ▼ Corporate Governance Organizational Chart



## ▼ Main committees related to governance

Committee/Council Name	Purpose	Meeting Frequency	Number of Members	Head
<b>Board of Directors</b>	The Board of Directors deliberates and makes decisions on issues stipulated by laws and regulations and basic management matters, and oversees execution of the duties of Executive Officers.	Meetings are normally held once a month	Composed of 8 Directors. 4 are Outside Directors.	Director
<b>Nominating Committee</b>	The Nominating Committee determines proposals for the appointment/dismissal of Directors and the criteria for the election of candidates for Directors of the holdings company.	3 to 5 times a year	Composed of 4 members. 3 are Outside Directors.	Outside Director
<b>Compensation Committee</b>	The Compensation Committee decides on basic policies for determining the compensation details, etc. for individual Directors and Executive Officers and the amount of compensation, etc. for individual Directors and Executive Officers.	3 to 5 times a year	Composed of 4 members. 3 are Outside Directors.	Outside Director
<b>Audit Committee</b>	The Audit Committee audits and supervises the execution of duties by Directors and Executive Officers, prepares audit reports, and determines the content of proposals for the appointment, dismissal, and non-reappointment of the Accounting Auditor to be submitted to the General Meeting of Shareholders.	Meetings are normally held once a month	Composed of 4 members. 3 are Outside Directors.	Outside Director
<b>Board of Executive Officers</b>	In accordance with the Company's management policy determined by the Board of Directors, the Board of Executive Officers renders decisions on important matters related to Group management, and oversees/monitors the promotion of Group management.	Meetings are normally held twice a month	Composed of 9 Executive Officers with the President serving as the Chairperson. One Full-time Audit Committee Member attends Board of Executive Officers meetings as an observer.	Representative Executive President
<b>Sustainability Promotion Council</b>	Sustainability Promotion Council considers and formulates measures to promote sustainability (management promotion and business promotion) throughout the ID&E Holdings Group and promotes their implementation.	Meetings are normally held four times a year	Composed of 11 Directors with the President serving as the Chairperson. One Outside Director attends Board of Executive Officers meetings as an advisor and one Full-time Audit Committee Member attends Sustainability Promotion Council meetings as an observer.	Representative Executive President
<b>Risk Operations Council</b>	In accordance with the Company's "Internal Control Basic Policy," the Risk Operations Council oversees the overall promotion of risk management within the Group.	Meetings are normally held once a month	Composed of 10 Executive Officers and an outside attorney with the President serving as the Chairperson. One Full-time Audit Committee Member attends Risk Operations Council meetings as an observer.	Representative Executive President



# Board of Directors (as of October 1, 2024)

Outside Independent

Note: Each work history section only lists the most important events in the individual's work history.

## Directors



**Ryuichi Arimoto**

Director

### Chairperson of the Board of Directors

1977 Joined Nippon Koei  
2009 Director and Executive Officer  
Director General of Corporate Headquarters and General Manager of Corporate Planning Department  
2011 Director General of Corporate Headquarters and General Affairs Department  
2014 Representative Director and President  
2021 Director and Chairman  
2023 Director of ID&E (current position)



**Hiroaki Shinya**

Director

1985 Joined Nippon Koei  
2017 Director and Executive Officer  
Director General of Domestic Consulting Operations  
2018 Director and Managing Executive Officer  
2020 Director and Senior Managing Executive Officer  
Director General of Consulting Operations Headquarters Executive Officer in charge of Urban & Spatial Development  
2021 Representative Director and President  
2023 Director of ID&E (current position)



**Takayasu Tsuyusaki**

Director

1979 Joined Nippon Koei  
2017 Director and Managing Executive Officer  
Director General of Global Strategy Headquarters, General Manager of Business Development Office, and General Manager of Singapore Office  
2019 Director and Senior Managing Executive Officer  
2020 Director General of Business Promotion Headquarters  
2021 Director and Executive Vice President  
2022 Director and Vice President/In charge of Sustainability, NKG Global Expansion, and Health and Productivity Management  
2023 Director of ID&E (current position)



**Yasushi Hirusaki**

Director

1985 Joined Nippon Koei  
2017 Director and Executive Officer  
In charge of IR, Director General of Corporate Headquarters and General Manager of Personnel Department  
2018 General Manager of the 75th Anniversary Secretarial Office  
2020 Director and Managing Executive Officer  
2023 Director of ID&E (current position)



Outside Independent

**Hiizu Ichikawa**

Director

### Chairperson of the Compensation Committee

1970 Joined The Mitsubishi Bank, Ltd.  
1993 General Manager of Singapore Branch of The Mitsubishi Bank, Ltd.  
1996 General Manager of Industrial Research Department of The Bank of Tokyo-Mitsubishi, Ltd.  
1997 General Manager of Sales Screening Department of The Bank of Tokyo-Mitsubishi, Ltd.  
1999 Senior Executive Director of The Resolution and Collection Corporation  
2001 Senior Executive Director of Chiyoda Corporation  
2004 Representative Director and Managing Director of Mitsubishi Motors Corporation  
2010 Representative Director and Executive Vice President of Mitsubishi Motors Corporation  
2014 Outside Corporate Auditor of The Hyakugo Bank, Ltd. Outside Director of Nippon Koei  
2023 Outside Director of ID&E (current position)



Outside Independent

**Kazumasa Kusaka**

Director

### Chairperson of Nominating Committee

1970 Joined Ministry of International Trade and Industry (MITI)  
1984 MITI Energy Minister of the International Energy Agency (IEA) of the Organization for Economic Co-operation and Development (OECD)  
2001 Director-General, Industrial Science and Technology Policy and Environment Bureau, Ministry of Economy, Trade and Industry (METI)  
2002 Director-General, Trade Policy Bureau, METI  
2003 Commissioner of Agency for Natural Resources and Energy, METI  
2004 Vice-Minister for International Affairs, METI  
2006 Adviser, Dentsu Inc.  
2007 President of Japan Cooperation Center for the Middle East  
2008 Special Advisor to the Cabinet  
2009 Senior Vice President of Mitsubishi Electric Corporation  
2011 Visiting Professor of Graduate School of Public Policy, The University of Tokyo  
2013 President of the Foundation for International Trade and Industrial Co-operation Chairman of Japan Economic Foundation  
2015 Outside Director of Nippon Koei  
2021 Adviser, Japan Economic Foundation  
President of the Institute for International Trade and Investment (current position)  
2023 Outside Director of ID&E (current position)



Outside Independent

**Yoshiko Koizumi**

Director

### Chairperson of Audit Committee

1972 Registered in bar association (The Daini Tokyo Bar Association)  
Joined Kikuchi Law and Patent Office  
1980 Partner at Masuda & Ejiri Law Office (current Nishimura & Asahi / Foreign Law Joint Enterprise)  
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 / Foreign Law Joint Enterprise  
2009 Partner at City-Yuwa Partners (current position)  
2012 Deputy Chair of the Government Procurement Review Board  
2013 Director of the Japan Bar Association (current position)  
2015 Outside Director of Taiheyo Cement Corporation (current position)  
Outside Director of Dow Holdings Co., Ltd. (current position)  
2016 Outside Auditor of Sumitomo Bakelite Co., Ltd.  
2017 Outside Audit & Supervisory Board Member, Nippon Koei  
2023 Outside Director of ID&E (current position)



Outside Independent

**Yoko Ishida**

Director

1991 Head of Corporate Planning Department, System Science Consultants Co., Ltd.  
1997 Head of Project Department No. 2, KFI 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  
2016 Cooperating Faculty, Education Culture Course, Graduate School for International Development and Cooperation, Hiroshima University  
2017 Deputy Executive Director (in charge of gender equality (current position)) of Hiroshima University  
Director of The Japan Society for International Development  
2020 Director, International Education Development Program, Division of Educational Sciences, Graduate School of Humanities and Social Sciences, Hiroshima University Outside Director of Nippon Koei Auditor of The Japan Society for International Development  
2021 Director, Center for the Study of International Cooperation in Education, Hiroshima University  
2022 Professor, Center for the Study of International Cooperation in Education, the IDEC Institute, Hiroshima University  
2022 President, The Japan Evaluation Society (current position)  
2023 Vice President (Equity, Diversity and Inclusion), Vice Head of The Institute for Diversity & Inclusion, and Professor (Special Designation) of Hiroshima University (current position)  
Outside Director of the Company (current position)  
2024 President, Asia Pacific Evaluation Association (current position)

## Executive Officers

### ■ Representative Executive President

Hiroaki Shinya

### ■ Representative Executive Officers

Haruhiko Kanai    Yasushi Hirusaki

### ■ Executive Officers

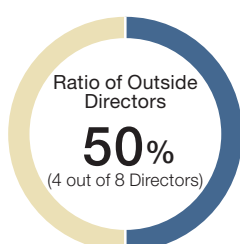
Noriaki Yoshida    Tomohisa Fukuoka    Hiroshi Yokota    Ken Nishino  
 Yoshizo Goto    Nicholas Fairham

## Diversity and specialization of the Board of Directors

### ▼ Officer Skills

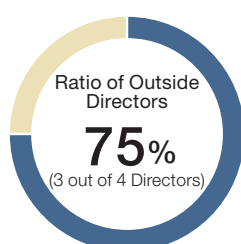
Name	Title (As of June 30, 2024)	Age (Gender)	Skills (experience, knowledge, ability)								Activity status (for reference)	
			Corporate Planning	Technology/ IT	Sales/ Marketing	Human Resources Development	Financial/ Accounting	Legal/ Internal Control	Environmental/ Energy	Global	Number of years in the position (As of September 30, 2024)	Number of Board of Directors Meetings Attended (FYE June 2024)
Ryuichi Arimoto	Director	71 (Male)	●			●	●	●	●	●	1 year and 3 months	15/15 100%
Hiroaki Shinya	Director	64 (Male)	●	●	●	●		●	●		1 year and 3 months	15/15 100%
Takayasu Tsuyusaki	Director	68 (Male)	●		●	●			●	●	1 year and 3 months	15/15 100%
Yasushi Hirusaki	Director	62 (Male)	●			●	●	●		●	1 year and 3 months	15/15 100%
Hiizu Ichikawa	Outside Director	77 (Male)	●		●	●	●	●	●	●	1 year and 3 months	15/15 100%
Kazumasa Kusaka	Outside Director	76 (Male)	●		●	●		●	●	●	1 year and 3 months	14/15 93%
Yoshiko Koizumi	Outside Director	80 (Female)	●			●		●		●	1 year and 3 months	15/15 100%
Yoko Ishida	Outside Director	66 (Female)	●	●		●			●	●	1 year and 3 months	15/15 100%

### ▼ Composition of the Board of Directors



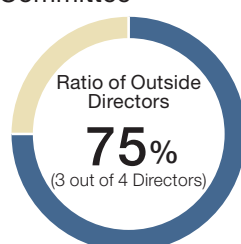
(As of June 30, 2024)

### ▼ Composition of the Nominating Committee



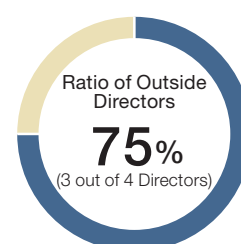
(As of June 30, 2024)

### ▼ Composition of the Compensation Committee



(As of June 30, 2024)

### ▼ Composition of the Audit Committee



(As of June 30, 2024)

# Roundtable Discussion with Outside Directors

Promoting dialogue to improve the functionality of the new corporate structure and realizing growth by seizing business opportunities in an agile manner



Yoko Ishida  
Outside Director

Hiizu Ichikawa  
Outside Director  
(Chairperson of  
Compensation Committee)

Kazumasa Kusaka  
Outside Director  
(Chairperson of Nominating  
Committee)

Yoshiko Koizumi  
Outside Director  
(Chairperson of Audit  
Committee)

In October 2024, we organized a roundtable discussion that looked back on the one year period since ID&E's transition to the new corporate structure, discussed new materiality and key points of the Medium-Term Management Plan, and explored thoughts on the Group's future growth.

## Transition to a holding company structure and a company with a nominating committee, etc.

### Initiatives in the first fiscal year after the transition

**Ichikawa** The transition to a holding company structure was undertaken to enable ID&E to seize various changes and boldly transform them into business opportunities, and to enable the company to build a flexible organization that will make these opportunities possible. Under the holding company structure, the operating companies maintain a parallel relationship. If there are functions the company wants to strengthen in response to changes in the business environment, it will be easier to bring in new organizations from outside the company. On the other hand, it will also be easier to organize overlapping functions and businesses that should undergo reviews.

In addition, based on the strong will of the management team, at the same time as transitioning to a holding company structure, the Group has chosen the governance structure of a company with a nominating

committee, etc., which separates supervision and execution functions to promote fair, transparent, swift and decisive management. Even among companies listed on the Tokyo Stock Exchange's Prime Market, less than 5% have such a governance structure in place. ID&E has been using trial and error in discussions and initiatives to find a way to create the right and necessary check function that suits the Group without being overly excessive and ensures objective are achieved. The Group is now finally starting to see some forward progress in this regard. As Chairperson of the Audit Committee, what are your thoughts on this, Ms. Koizumi?

**Koizumi** I feel the same way as Mr. Ichikawa. The thing I noticed that has improved is the way the Board of Directors is run. As a result of the transition to a new corporate structure, authority was transferred to operating companies and Executive Officers, which narrowed down the items to be resolved at Board of Directors meetings. The great benefit therein has been the deeper discussions on truly important resolutions.

On the other hand, as ID&E has transitioned from a company with a board of company auditors to a company with a nominating committee, etc., I

have once again come to realize the importance of the Audit Committee's role and the breadth of its activities. ID&E has established an Audit Committee Office, which is working to improve the functioning of the Audit Committee by working closely with the holding company's Audit Department and the Audit & Supervisory Board Members of major Group companies. Specifically, we receive various written reports, such as reports from the Audit & Supervisory Board Members of each operating company, minutes of Board of Executive Officers meetings, and reports from the Risk Management Committee. We also visit the site and conduct numerous interviews to confirm the legality of the business and determine its appropriateness.

The Group is involved in three business areas involving cutting-edge technologies in countries and regions around the world, including developing countries, so it is exposed to geopolitical and technological risks. It is difficult to fully understand the risks that may impact the Group and all of its business activities, but the Audit Committee remains committed to addressing these risks on an ongoing basis.

**Kusaka** I'm also a member of the Audit Committee, and I get what Ms. Koizumi is saying. The Nominating Committee is advancing its activities based on the initiatives of the previous Nominating and Compensation Advisory Committee, and is currently discussing the design of the future human resource development system.

The Nominating Committee must not only present a list of director candidates to the General Meeting of Shareholders, but also plan the development of the human resources who will be responsible for managing the company in the future. If it doesn't have the right people to realize its growth strategy, the company will need to consider bringing them in from outside. The committee will consider what kind of human resources are needed in the future, including those at the Executive Officers and General Manager levels, and will develop them by providing them with experiences to take on management roles. As the company expands its business fields, those in charge should have experience in all three existing segments—Consulting, Urban & Spatial Development, and Energy. As each of these are highly specialized fields, it is not easy to gain this experience. The committee is currently exploring how to create a system that will produce personnel from each operating company who have a certain level of expertise and can lead the entire Group.

In July 2024, we established ID&E Global Academy to promote talent management across the ID&E Group. The intention is to create a more diverse and inclusive organization by having human resources from Japan and abroad thrive in their fields of specialization and be involved in the management of the entire ID&E Group.

**Ichikawa** With regard to compensation, it is important to create a system that makes staff feel motivated by compensation and increases their pay commensurate with their work, while also using peer company

comparisons. The company's executive compensation consists of three components: fixed compensation, performance-linked compensation, and restricted stock compensation. In terms of staff compensation, performance-linked compensation and stock-based compensation will become more important so that improved business performance and rising stock prices can be reflected in pay and benefits. Over the past year, the Compensation Committee has reviewed the current system, and although still not complete, has made changes to the compensation system, particularly for executive compensation, to provide an added sense of purpose and engagement.

**Ishida** I also see firsthand the improvements to the Board of Directors and expanded discussions in each committee that Ms. Koizumi talked about. I feel that even greater improvements can be made going forward.

I worked at KRI International Corp. (currently, Koei Research & Consulting Inc.) from 1997 to 2005 as a development consultant. From this experience, I have come to realize the importance for each staff to embrace the organization's policies. In particular, the transition to a holding company structure was undertaken after Nippon Koei had considered its future direction on occasion of its 75th anniversary in 2021. This marks a major event in the Group's history. Even if the company's name recognition temporarily declined after the holding company went public, it is important that the Group continue to explain to staff in even greater detail the aims and ambitions it wants to achieve under the new corporate structure, as well as what the company is currently trying to do, and continue this dialogue so that we can move forward together.



## New materiality “An IDEAL world, built with integrity” and new Medium-Term Management Plan “Building Growth 2027”

### Formulation process and key points of future initiatives

**Kusaka** Discussions were held on how to envision our growth strategy for the future up to 2030 and how to realize it. The company's materiality and Medium-Term Management Plan express what we place importance on. During the formulation process, a number of these



discussions were held among the company's frontline staff, and I believe that the plan has taken shape as a reflection of their passion. I believe that expressing what is important to society and to our Group in ID&E-specific words, not trendy or borrowed words, and spreading this awareness, and steadily progressing with the initiatives post formulation, will lead to the Group's growth.

**Ichikawa** I'm sure this process was packed with a lot of emotion, but when you try to integrate each of the emotions and present them in a way that's easy for the outside world to understand, I feel like it ends up becoming too general and vague. That's why numerical targets and plans are important. By linking the desired state with the target values, the gap with the current situation and the priorities that need to be addressed will become clearer. As supervising side, we want to fully support the executive team so that the plans can be realized. However, when a situation arises where it seems difficult to complete all of the initiatives or achieve all of the goals, it is also our role to reassess the timeline, set priorities, and provide advice on how to tackle the plan in stages. I think this is also a necessary and sufficient form of a check function that is not overly excessive.

For example, even if the Long-Term Management Strategy states "overwhelmingly No.1 in Japan and top class worldwide," it is easy to understand when it is presented as a goal to aim for. However, depending on the situation at the time, such as placing emphasis on consulting or engineering, the path to the resulting numerical target will be different. In addition to the size of the company, other important factors include organizational resilience, such as strength, flexibility, and elasticity, and whether the company offers something truly meaningful for society. Taking these things into account, even if the desired direction has been indicated, it is necessary to dig deeper into the specifics as appropriate. By digging deeper, the priorities of each initiative become visible, allowing for course corrections to be made according to priority level.

**Ishida** In terms of the priority of staff efforts, this may not be something that receives much attention in a Medium-Term Management Plan, but I think that examples include whether staff are able to focus on what they were unable to do in the previous term, whether they are steadily identifying issues in each project that could lead to major risks, and whether the company is developing its human resources. I also feel it necessary to carefully discuss such steady efforts to establish a foothold with all staff and finalize future targets and priorities. It is important to recognize those who are working on fundamentally important things through such steady efforts and use this recognition to further motivate them.

**Koizumi** As Chairperson of the Audit Committee, I deal with risks and internal control on a daily basis, so I understand very well the importance of the steady



efforts that Ms. Ishida mentioned.

With regard to the new Medium-Term Management Plan, I am paying attention to the leadership of chief regional officers in matrix management. The stated intention of building a system that aims to maximize business through personal exchanges with local engineers and sharing of know-how and knowledge is in line with the Group's overseas expansion. Furthermore, and this is also related to materiality, I would like to inform stakeholders of the Group's contributions to recovery and reconstruction support activities in countries and conflict zones where war is occurring. For a long time, the Group has been conducting business activities in countries such as Pakistan, Bangladesh, Afghanistan, Iraq, Ukraine and Sudan. I sincerely hope that more people will become aware of the important role that ID&E has played, and continues to play, in Japanese diplomacy and global peacebuilding. When it comes to contributing to world peace, I'm proud that the Group is truly "top class worldwide."

## For realizing what the ID&E Group aims for

### For unlocking greater growth in the future



**Kusaka** As expected, improving the functionality of the holding company structure is key. As Mr. Ichikawa said at the beginning, by adopting a holding company structure, it will be easier for the Group to expand into new areas at the best possible timing. It is a good idea to have a group of specialized personnel at each company. The holding company structure makes such dynamic mobility possible.

Furthermore, for the Group, human resources are everything. In addition to interviewing candidates for

the next generation of executive officer positions, I also visit various work sites to determine how young people approach their work and how they are growing. As Chairperson of the Nominating Committee, my role is to thoroughly oversee improvements to the functionality of the holding company structure from the perspective of human capital.

**Ishida** In an internal survey conducted after becoming a holding company, in response to the question of what motivates them at work, many staff chose “contributing to society and resolving social issues through work.” I believe this also reflects the strength of the Group’s human capital.

**Koizumi** I agree. Another distinctive feature of the Group’s corporate culture is respect for founder, Yutaka Kubota, and passing on his spirit. The older generation who actually worked with Mr. Kubota are sharing his stories with the current generation. Mr. Kubota’s thoughts and anecdotes are often included in company newsletters and other publications. While management must change with the times, if it can maintain its unchanging spirit of valuing technology and sincerity, the Group can become an even better company that continues to resolve global issues as a strong, flexible organization.

Furthermore, in order to develop as a global company, it is important to have a strong internal control system. My mission is to ensure that staff at the Group’s overseas consolidated companies, who have different cultures and backgrounds, have an in-depth understanding of the internal control system and related regulations. The unifying force behind this will undoubtedly be the founder’s spirit. This will require a great deal of effort, and I hope to move forward in cooperation with each company’s audit department.

**Ishida** Looking at the changes in the business environment since the 1990s, when I was working as a development consultant, the government’s overall ODA budget and public works-related budget have both fallen by nearly half from their peak in 1997. This may be a contributing to the sense of malaise. On the other hand, it has become much easier to collect and disseminate information, and the Group is working together with companies from different industries that have cutting-edge technology and know-how. I look forward to the progress made in terms of the Group working together with various companies, both domestically and internationally. The Good City project, which was initiated by BDP, is going to be implemented in various cities in Japan and abroad. I also support dialogue that leads to new challenges.

In order to take on new challenges by working together with external parties, it is important for the Group to disseminate information about its initiatives more proactively and widely. I feel that it is a shame that even though many staff find contributing to society through their work rewarding, public awareness of our businesses remains low. In fact, if our businesses are

not widely known, it will likely become even more difficult to recruit talent in the future. By proactively publicizing ID&E’s role and activities in disaster recovery and conveying the social significance, I believe that more people will become aware of the ID&E Group, resulting in greater empathy and cooperation.

**Ichikawa** The business lines of Japan’s leading companies have changed since their founding. When a company is founded more than 50 years ago, its business portfolio tends to change. Companies that incorporate systems and a culture of business transformation that anticipates changes in the times into their organization will be able to grow over the long term. The source of revenue changes with the times. It would not be surprising if the focus of the Group’s business were to change. For example, as we enter the age of AI, demand for electricity is increasing. Therefore, in the Energy Business, it may be necessary to consider bolder investments and working together with other industries.



One of the essential values of the Group’s business is responding to emergencies such as natural disasters and earthquakes. Given that these needs are growing while national budgets are decreasing, efficient and productive solutions are crucial. The very reason for the Group’s existence is to resolve social issues, and by thoroughly discussing the issues while imagining how responding to social needs leads to profits, new themes will emerge and the things the Group needs to do will become clear.

**Kusaka** That’s right. If we think of ourselves as an infrastructure provider, the Group’s work is extremely broad and activities in the private market are expanding more and more. I hope to freely exchange opinions with people of different generations about how they see the future and what they want to achieve.

**Ichikawa** The Group will gradually implement a long-term plan that will secure management resources, develop human resources, and potentially welcome companies with the necessary functions into the Group. Envisioning the future as a century-old company, the Group will continue to work hard to help resolve social issues, which will lead to growth for the Group and improved market valuation.

# Initiatives to Increase the Effectiveness of the Board of Directors

The Company analyzes and evaluates the effectiveness of the Board of Directors every year with the aim of improving the functions of the Board of Directors and enhancing governance. We promote a PDCA cycle to improve the effectiveness of the Board of Directors by discussing the identified issues at the Board of Directors meetings and making improvements.

## Activities of the Board of Directors

–Main agenda items reviewed in the fiscal year ended June 30, 2024

The Board of Directors reviews issues related to important personnel and organizational matters, the general meeting of shareholders, business plans, executive compensation, and other important issues related to the execution of business operations.

## Process for evaluating the effectiveness of the Board of Directors

### (1) Evaluation method

The Company engaged a third party to conduct an anonymous questionnaire among eight Directors from May to June 2024. The questionnaire covered seven items: 1) composition and operation of the Board of Directors, 2) management strategy and business strategy, 3) risk and crisis management, 4) monitoring of Group companies, 5) evaluation and compensation of management, 6) dialogue with shareholders, and 7) other open-ended responses.

### (2) Summary of analysis and evaluation results

The Company's Board of Directors found that the effectiveness of the Board of Directors as a whole is ensured. The questionnaire showed that "risk and crisis management" and "monitoring of Group companies" received particularly high marks, confirming that business risks, business strategies, and issues at operating companies are being reported appropriately. Additionally, there were opinions calling for more extensive reporting on initiatives related to human resource diversity, as well as for more opportunities to discuss development plans and specific training and progress reports on management talent development.

### (3) Future initiatives

Concerning initiatives related to human resource diversity, in order to enhance the sharing of specific activities, results, and issues, we will hold further discussions at the Human Resources Strategy Council on how human resources strategy should be integrated with management strategy. We will endeavor to report on progress and results regularly. Regarding human resource development plans, we reviewed our training system for developing management candidates in April 2024 and reorganized our management talent development and training system. Therefore, we will continue to report on the implementation status to the Board of Directors and continue our efforts to deepen discussions.

# Activities of Committees

## Audit Committee

Number of meetings: **13** Attendance rate (average): **98%**

The Audit Committee audits and supervises the execution of duties by Directors and Executive Officers, prepares audit reports, and determines the content of proposals for the appointment, dismissal, and non-reappointment of the Accounting Auditor to be submitted to the General Meeting of Shareholders. The Articles of Incorporation stipulate that the members of the Audit Committee shall be appointed from among the Directors by a resolution of the Board of Directors.

### Details of activities in the fiscal year ended June 30, 2024

#### Matters to be resolved and reported by the Audit Committee

##### (Matters to be resolved)

- Selection of full-time Audit Committee members, selected Audit Committee members, and specific Audit Committee members
- Establishment of audit standards for the Audit Committee
- Formulation of audit policy and audit plan
- Agreement on compensation for, evaluation of appropriateness of, and reappointment of accounting auditor
- Preparation of Audit Committee audit report

##### (Matters to be reported)

- Reports on major meetings other than the Board of Directors attended by the full-time Audit Committee members, such as the Board of Executive Officers and the Risk Operations Council (monthly)
- Reports on liaison meetings between the full-time Audit Committee members, the Audit Committee Office, and the Audit & Supervisory Board members of major Group companies (monthly)
- Business audit report by full-time Audit Committee member
- Reports on internal audit results from the Audit Department

### Collaboration between the Audit Committee and audit departments

At regular Audit Committee meetings, the General Manager of the Audit Department (who also serves as the General Manager of the Audit Committee Office) reports to the Audit Committee on the results of internal audits and the status of activities of the internal auditing offices of main group companies, as appropriate. In addition, the full-time Audit Committee members and the Audit Committee Office hold monthly liaison meetings with the Audit & Supervisory Board members of main group companies to understand the status of main group companies and also share audit information as well as exchange opinions between the Audit Committee and the Audit & Supervisory Board members of each main group companies at least once a year. The Audit Committee strives to enhance its organizational audits by coordinating with these audit departments.

## Topics

### Site inspection tours to improve effectiveness

For the businesses the Group focuses on, we conduct site inspection tours to understand important issues and the latest themes on the frontline of our business operations.

In the landslide disaster recovery construction site inspection tour held in December 2023, inside and Outside Directors (including Directors who also serve as Executive Officers) participated and inspected the establishment of a vigilance system at the construction site, which uses an automated monitoring system, the process and management of the wide-ranging disaster recovery construction work, and evacuation in the event of another landslide, deepening their insight into the challenges of this project.

#### December 2023

Restoration work for landslide damage at Chichibu Muse Park in Saitama Prefecture contracted by Nippon Koei

#### April 2024

Comprehensive contract for the Nishi-Futenma Housing Area in Okinawa Prefecture, led by Nippon Koei Urban Space

#### May 2024

Large-scale renovation work for Miwa Power Plant in Ina City, Nagano Prefecture, led by Nippon Koei Energy Solutions

#### May 2024

Construction of Naruse Dam in Akita Prefecture where Nippon Koei serves as the main consultant



Inspection of landslide disaster recovery work at Chichibu Muse Park in Saitama Prefecture



### Nominating Committee

Number of meetings: 4 Attendance rate (average): 100%

The Nominating Committee determines the content of proposals for appointing and dismissing Directors. The majority of the committee members are outside Directors, ensuring the appropriateness of nominations.

#### Main agenda items reviewed in the fiscal year ended June 30, 2024

- Determination of proposals for the General Meeting of Shareholders regarding the appointment and dismissal of Directors
- Selection criteria for ID&E director candidates
- Selection of the Nominating Committee members
- Board of Directors meeting proposals regarding the appointment and dismissal of Executive Officers
- Proposal of selection criteria for ID&E executive officer candidates
- Proposal of President Succession Plan, etc.

#### Summary of succession plan

The President Succession Plan was established by the Nominating Committee for the purpose of selecting candidates who meet the personnel requirements for the position of President of the Company.

#### ▼ Process



The Nominating Committee thoroughly deliberates the successor candidates proposed by the current President, taking into account the candidates' exchange of opinions and compatibility with medium-to long-term management strategies. It strives to ensure transparency, fairness, and objectivity of the plan.

#### Development of executive management candidates

We recognize the importance of forming a group of executive management candidates in order to enhance the above-mentioned candidate pool for President and to strengthen as well as stabilize the management foundation of our Company and our Group. As a measure to realize this, we have introduced a system for training and selecting candidates for management positions from the stage preceding promotion to the highest level of staff qualification.

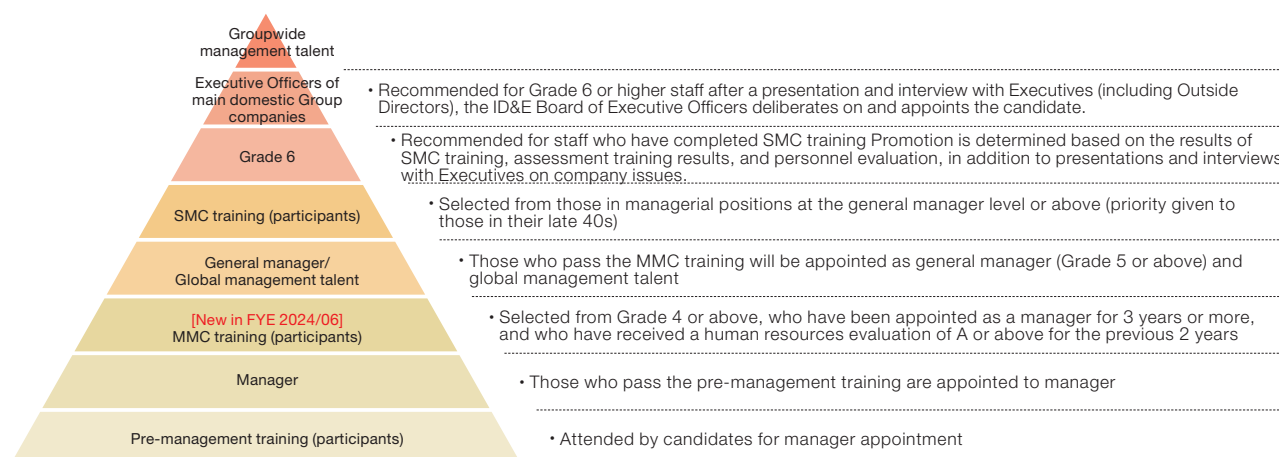
Specifically, staff of main group companies with certain internal qualifications and positions are selected through recommendations by their organization heads to take Senior Management Course (SMC) training, which aims to foster the ability to make strategic decisions from a management perspective.

Candidates for promotion to the highest level of internal qualification will be recommended from among the participants of this SMC training, and promotion will be decided through

interviews. Additionally, those promoted will participate in training organized by external organizations to acquire the general knowledge necessary for management candidates. Furthermore, those candidates whom the presidents of main group companies recommend as executive officer candidates of the relevant group companies are interviewed by Executive Officers, and, based on interviewers' opinions, are appointed as Executive Officers through prescribed procedures, including resolutions by the Board of Directors of each company. Directors of main group companies, Executive Officers of the Company, etc. are appointed through deliberation by the Nominating Committee, from the Group of senior management candidates formed through such training and selection processes.

In the fiscal year ended June 30, 2024, we reviewed our training system for developing management candidates and established a new Middle Management Course (MMC) training as a job rank-based training program, thus reorganizing our management talent development and training system.

#### ▼ Training system for developing executive management



## Compensation Committee

Number of meetings: **5** Attendance rate (average): **100%**

The Compensation Committee decides on basic policies for determining the compensation details, etc. for individual Directors and Executive Officers and the amount of compensation, etc. for individual Directors and Executive Officers. The majority of the committee members are Outside Directors, ensuring the appropriateness of compensation.

### Main agenda items reviewed in the fiscal year ended June 30, 2024

- Determination of compensation for individual Directors and Executive Officers
- Stock compensation for ID&E Directors and Executive Officers (issuance conditions, etc.)
- Proposed compensation structure and levels for Directors of the Company and main group companies
- Performance evaluation results (bonuses) for Directors of the Company and main group companies
- Selection of the selected Compensation Committee members, etc.

### Summary of ID&E's executive compensation

Compensation of company officers shall be based on a compensation system that takes into account the interests of shareholders in order to function adequately as an incentive to sustainably increase corporate value. The basic policy of the Company is to set the compensation of individual officers to an appropriate level based on their respective responsibilities.

### ▼ Compensation system

Internal Non-Executive Director	Fixed compensation (base compensation) and restricted stock compensation
Outside Director	Fixed Compensation (Base Compensation)
Executive Officer	For non-Japanese Executive Officers who do not reside in Japan, fixed compensation (base compensation), results-based compensation (bonus), and restricted stock compensation (phantom stock are used in place of restricted stock compensation.)

(Additional Note) For Directors who also serve as Executive Officers, the compensation system for Executive Officers is applied and they are not paid compensation as Directors.

### ▼ Standard composition ratio of compensation (composition ratio of compensation for the current period)

	Fixed Compensation (Base Compensation)	Results-based compensation (bonus)	Restricted Stock Compensation
Internal Non-Executive Director	90%	—	10%
Executive Officer	61-64%	26-28%	9-13%

(Additional Note) For non-Japanese Executive Officers who do not reside in Japan, in addition to the compensation paid in their country of residence based on standards determined after taking into consideration related laws, regulations, practices and levels for the compensation in the country, compensation is paid taking into consideration the level of compensation for Executive Officers residing in Japan.

### ▼ Compensation for Directors and Executive Officers for the fiscal year ended June 30, 2024

Officer Classification	Total Amount of Compensation (million yen)	Total amount by type of compensation (million yen)			Number of Officers Eligible
		Fixed Compensation		Results-based Compensation	
		Base Compensation	Restricted Stock Compensation	Bonus	
Directors (excluding Outside Directors)	87	79	7	—	2
Outside Director	60	60	—	—	4
Executive Officer	386	213	35	138	9

### Results-based compensation (bonus)

Results-based compensation (bonus) is positioned as an incentive for short-term performance improvement, and revenue and profit attributable to owners of parent company for the consolidated performance of each fiscal year are selected as appropriate performance evaluation indicators, which is reflected in the form of a cash bonus.

Specifically, a standard amount is determined according to the achievement rate based on the planned value of consolidated performance revenue and profit attributable to owners of parent company as a bonus payment standard, and the Representative Executive President evaluates the degree of achievement of business performance and the degree of contribution to the company, etc. of each Executive Officer. Results-based compensation is deliberated and determined by the Compensation Committee. The determined amount is paid as a bonus every year at a certain time after the end of the relevant fiscal year.

### Restricted Stock Compensation

Restricted Stock Compensation has been implemented with the intention of having directors share with shareholders the merits and risks of share price fluctuations and providing additional motivation to contribute to increase in the share price and enhancement of corporate value. Restricted transferable shares with a transfer restriction period of three years are allocated at a certain time each year by having the monetary compensation claims paid to each Officer in accordance with predetermined standards for each position be contributed in kind.

Non-Japanese Executive Officers who are not resident in Japan are granted phantom stock under the same terms and conditions as those of this plan.

# Risk Management

We believe that a solid risk management system is essential for conducting a wide range of business activities on a global level and implementing our business strategies.

## Risk management and compliance system

The Group has established the ID&E Risk Operations Council as the organization responsible for overseeing the overall promotion of risk management. The council deliberates, discusses, determines, and exchanges information on important matters related to not only risk management but also compliance. Risk management committees have been established at each main group companies (Nippon Koei, Nippon Koei Urban Space, Nippon Koei Energy Solutions, and Nippon Koei Business Partners). These committees make the Code of Conduct for ID&E Group known to all, comply with the ID&E Group Risk and Crisis Management Regulations and each company's Risk and Crisis

Management Regulations, and proactively manage risks on a day-to-day basis in accordance with the characteristics of their businesses.

If a risk event occurs, it is reported to each company's risk management committee or the ID&E Risk Operations Council depending on the risk level, followed by action being taken. Additionally, the Group Compliance Liaison Council, which is made up of compliance officers from main group companies, shares information regarding compliance and risk management associated with business activities within the Group and is responsible for fostering awareness of compliance.

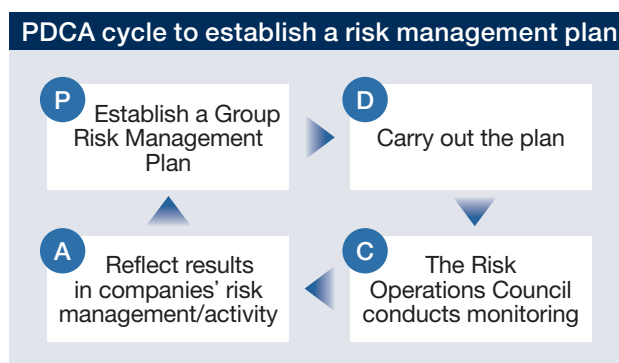
### ▼ Compliance organizational chart



## Risk management plan formulation and PDCA cycle

Every year through the Risk Operations Council, the Group compiles the risk management plans of each company and approves/determines these plans as the Group Risk Management Plan. In addition, the Risk Operations Council regularly monitors the progress of the plan, reviews progress, issues, and future measures, and implements a PDCA cycle.

### PDCA cycle to establish a risk management plan



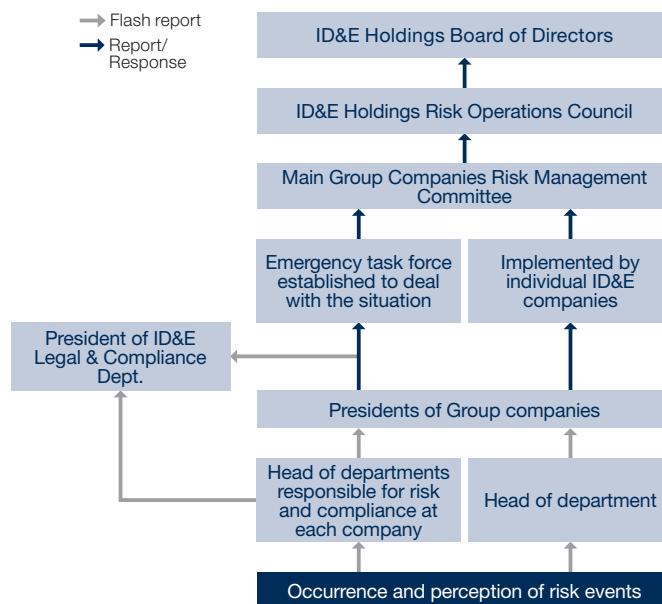
## Response to risk events

The Group Crisis Management Regulations classifies the degree of impact of risk events into five levels, organizes guidelines and specific examples for each level of impact by area, and has established a response workflow according to the level of impact.

### ▼ Analysis of risk events

- Asset preservation, financial reporting, internal control
- Health and safety
- Incident/Scandal (compliance)
- Business continuity (disaster, etc.)
- Information Security
- Other material risks of the Group, etc.

### ▼ Workflow of response to risk event that emerges



## Business continuity initiatives

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

### Information security

The Group has established an information security system to appropriately manage the confidential information of customers in order to receive order for and perform various types of services, including consulting services requested by customers such as government and public agencies. Specifically, based on the ID&E Group Information Security Policy, we have established and implements regulations such as the "Group Information Management Regulations" to protect and manage all information obtained in the course of duties and to prevent unauthorized use and leakage

of information. Additionally, as a response to increasing information security risks such as cyberattacks and other risks, we have established the Information Security Council and continuously improve information security measures under the supervision of the Council. In addition, some Group companies have been audited by a third-party organization and have obtained the ISO27001 certification, an international standard for information security management systems (ISMS).





# Compliance

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 aware that thorough compliance is a source for increased corporate value, and we are striving to achieve highly transparent management. In addition, we are systematically responding to compliance risks in promoting our business by visualizing them as much as possible.

## Code of Conduct for ID&E Group

We have established the “Code of Conduct for ID&E Group” defining a set of common behavior standards to elevate true corporate value by embedding it into the daily actions of every officer and employee. This code of conduct has been translated into seven languages, including Japanese, English and Spanish, and shared with our staff worldwide. To build a

highly transparent management system and establish strong trust throughout the Group, we established and implement a compliance system to ensure not only compliance with laws but also adherence to social norms, in line with our management philosophy “Act with integrity and contribute to society through technology and engineering.”

### Sections of the 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. Considering the environment
7. Contribution to society
8. Enhancing the brand value
9. Ensuring proper channels for reporting and process of correction

## Consultation and reporting system

The Group has established the “Group Consultation and Reporting System Regulations,” allowing staff who become aware of any actions that violate or may violate compliance regulations to consult directly with the compliance department or an external lawyer. Communication is conducted in Japanese for Japanese entities (with English

available when necessary) and in local languages for some overseas entities.

This system is available to officers, staff, temporary staff, and partner company staff of the Company and its Group companies (including those within one year of retirement).

### ▼ Number of Internal Reports (Main Group Companies)

FYE 2022/6	FYE 2023/6	FYE 2024/6
7	12	30

\* Figures for consultations and reporting up to the fiscal year ended June 30, 2023 are for Nippon Koei before it transitioned to a holding company.

## Compliance awareness survey

The Group conducts an annual compliance awareness survey of all staff within the Group, including overseas Group companies. The purpose of the survey is to accurately understand the current state of staff awareness of compliance and any issues that may arise, and using the results, to promote effective compliance activities in the future. Surveys are conducted anonymously with the results disclosed within the Group and reflected in our compliance activities and Group Risk Management Plan for the next fiscal year.

### ▼ Group compliance awareness survey for the fiscal year ended June 30, 2024

Implementation period	March to April 2024
Subjects	Staff of the ID&E Group along with temporary and part-time workers
Method	Anonymous survey
Responses	4,439 in Japan (79.8% response rate) and 814 overseas (64.9% response rate)

## Compliance training

The Group provides compliance training tailored to different career levels, hosts Group compliance lectures for Executives and senior staff, and conducts compliance training for Group staff. These sessions use specific cases to discuss causes and preventive measures, while also focusing on laws and regulations closely related to the Group's business. Additionally, through the Group's e-learning system, employees are educated and tested on various topics, such as antitrust law compliance and harassment prevention, offering opportunities to further their understanding of compliance.

### ▼ Group compliance lectures and Group compliance trainings (FYE 2024/6)

- Importance of engineering ethics
- Case commentary: causes and impacts
- Measures to prevent recurrence: approach to risk management system

## Initiatives for preventing corruption

As our Group is expanding its business globally, we cannot deny the possibility of facing the risk of being asked to provide improper financial benefits in the course of promoting business, discussions, and negotiations with local government agencies, etc. Therefore, since the ID&E Group is a signatory to the UN Global Compact, it has incorporated the four areas of human rights, labor, environment, and anti-corruption, and their ten principles, into our Code of Conduct, which we adhere to. It stipulates that we shall conduct our business activities in compliance with laws and regulations

under fair, transparent, and free competition without pursuing profits by unfair means.

In addition, in order to ensure thorough compliance, we have established and operate internal rules such as the Anti-Bribery Regulations.

As a general rule, we do not offer benefits to public officials, etc., and we address the risk of misconduct by establishing rules regarding the types of benefits offered, approval standards, and approval procedures.