



**Regulations regarding Due diligence on business partners for Projects in
India and Overseas**

Article 1 Purpose

The purpose of this regulation is to confirm risks and appropriately manage business in advance when starting new relationships with business partners for projects in India and Overseas.

Article 2 Definitions

1. “A business partner” refers to third parties entering into contractual relationships with NKI to implement National and/or International projects.
2. “International/Overseas Projects” in this regulation refers to projects where the project location is outside India whether such projects are funded by any local government of the project location or by any private client or by any development aid agencies including the United Nations agencies, multilateral development banks such as the World Bank, and bilateral development aid agencies such as Japan International Cooperation Agency, etc.
3. “National Projects” in this regulation refers to projects where the project location is in India, whether such projects are funded by any State Government or Central Government or by any private client or by any development aid agencies including the United Nations agencies, multilateral development banks such as the World Bank, and bilateral development aid agencies such as Japan International Cooperation Agency, etc.

Article 3 Implementation of due diligence

When entering into a new relationship with business partners for the first time, due diligence shall be conducted in accordance with the implementation guidelines below.

1. Common points



- (1) Due diligence of JV members shall be conducted by the NKI Business Development & Marketing Dept.; and due diligence of all other business partners shall be conducted by the department in charge of the project.
- (2) The timing of the due diligence shall be before the application for the approval process for concluding an agreement, or before the proposal submission if the business partner's name is included in the proposal.
- (3) For agreements that do not state a contract amount, the manager in charge of the implementing department will make an initial evaluation of the contract after due consideration of the nature and content of the agreement.
- (4) When conducting due diligence, record and store the information on a designated sheet or system based on **Appendix 1," Due diligence implementation record."**
- (5) Even if the business partner has an established track record, due diligence will be conducted as with new transactions when an agreement is about to be signed for tender assistance or national security matters, or when there have been no transactions for five years after the most recent transaction has been completed.
- (6) If, at the start of a new transaction, all of the criteria in 2.(1)-(4) below are met but the amount criteria in (5) or (6) are not met and the contract is subsequently evaluated as low risk, and the contract is subsequently renewed or additional agreements are placed and the relevant amount criteria are met, due diligence should be conducted again before the contract is renewed or additional orders are placed.
- (7) ID&E Group companies are excluded from due diligence.



(8) To supplement this regulation and specify detailed procedures for conducting due diligence, additional rules or manuals may be established as necessary and shall be followed.

2. Initial Evaluation

For new relationships with business partners, the risk shall be evaluated as high, medium, or low from the following perspectives:

		JV Members		Other Business Partners		JV Members and other Business Partners
(1) The project involves tender assistance or national security.		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	One or more criteria are not met.
(2) The work performed by the business partner is related to tender assistance or national security.		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
(3) The project location is in Asia excluding India and Japan		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
(4) the client of the project is a foreign government.		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
(5) The allocation amount to JV members in the JV agreement or JV MoU	a) Over 1 billion yen	<input type="checkbox"/>				
	b) Over 300 million yen to 1 billion yen		<input type="checkbox"/>			
(6) The contract amount in the agreement	a) Over 50 million yen			<input type="checkbox"/>		
	b) Over 30 million yen to 50 million yen				<input type="checkbox"/>	
Initial Evaluation Results		High	Med	High	Med	Low

3. Risk-based Due Diligence

Based on the result of the initial evaluation in Section 2, the following shall be conducted in the order of (1), (2), and (3).

(1) Information Collection

Check official sanctions lists (examples are in Appendix 2) and conduct internet search of media articles and other information.

(2) Questionnaire (For high and medium risk)

Send the questionnaire (see Appendix 3) to the business partner candidate and receive the answered and signed questionnaire. Confirm if there are any concerns in the responses.



(3) Detailed Investigation (For high risk)

Obtain detailed information using an investigation company and gather further information through interviews with the business partner candidate.

(4) 1) If any “red flags” are identified during the due diligence below, the evaluation shall be changed to medium or high risk based on the judgment of the manager, and (2) and (3) shall be conducted.

2) If any “red flags” which are significantly high risk are identified, due diligence and consideration of starting a relationship shall be discontinued based on the judgment of the manager.

3) If it is difficult to judge the obtained information, the department shall consult the Compliance Office.

4. Evaluation of Due Diligence based on the information obtained in accordance with 3. above, confirm and review the risks associated with the potential business partner, and conduct risk assessment again. If the risk is considered to be significantly high, the transaction will be rejected.

Article 4 Implementation of Risk Mitigation Measures and Monitoring

Based on the evaluation of the due diligence in Section 4 of Article 3, the following risk mitigation measures and monitoring shall be implemented.

1. (For high, medium and low risk) In principle, a standard agreement including the following clauses should be used for agreements with business partners. Or, if it is difficult to include the following clauses in the agreement, the agreement should be confirmed by obtaining the business partner's signature on a document or other document separate from the agreement at the time the agreement is signed:

1) Request the business partner to comply with the Code of



Conduct for NKI and ID&E Group,

- 2) Terminate the agreement if the Code of Conduct or anti-corruption laws are violated.
2. (For high, medium and low risk) The appropriateness of the allocation amount and remuneration to business partners shall be confirmed by a person in charge in the approval process for conclusion of agreements.
3. (For high risk) For monitoring purposes, the questionnaire in Section 3. (2) of Article 3 shall be sent to the business partner every year as long as the agreement continues and shall be signed by the business partner annually.

Article 5 Department in Charge and Revision or Abolition

1. The responsible department for this regulation is the Compliance Department, and amendments shall be made by the same department and decided by the Managing Director, who is the enactor.
2. Notwithstanding the provisions of the preceding paragraph, changes in formality due to organizational or title changes shall be made by the decision of the head of the responsible department.

Established on: 03.12.2024



Appendix 1: Due diligence implementation record

Department Name	
Head of Department	
manager	
Work Subjects	
Project name	
Name of business partner	
Agreement details (tentative)	
Agreement period (planned)	
Agreement amount (planned)	

1. Initial evaluation	
(1) The project is related to tender assistance or national security.	
(2) The business partner's operations relate to tender assistance or national security.	
(3) The project is located in XX.	
(4) The client of the project is a foreign government.	
(5) In the case of a JV, the amount allocated to the JV members in the JV agreement or JV memorandum.	Yen/INR
(6) In the case of a non-joint venture, the agreement amount in the agreement	Yen/INR
Initial evaluation results	High Medium Low

2. (1) Information collection Information collection (for high, medium, low risk cases): confirmed sanctions lists, websites, etc.	
(Example) UN sanctions list https://scsanctions.un.org/search/	2024/10/9 Confirmation of no sanctions



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2.(2) Sending and receiving questionnaires (for high and medium risk cases)	
Date of delivery	
Date of receipt	
Important Notes	

2.(3) Detailed investigation (for high risk cases)	
Research company	
Date of receipt	
Interview date	
Important Notes	

3. Evaluation after due diligence	High Medium Low
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4. Implementing risk mitigation measures and monitoring	
Use of standard agreements	
Check the appropriateness of remuneration	
Future questionnaire delivery dates	



Appendix 2: Sanctions Lists

United Nations: [Sanctions | United Nations Security Council](#)

World Bank: [World Bank Listing of Ineligible Firms and Individuals](#)

ADB: [Anticorruption \(adb.org\)](#)

JICA: <https://www.jica.go.jp/>

Japan (Ministry of Finance):

https://www.mof.go.jp/policy/international_policy/gaitame_kawase/gaitame/economic_sanctions/list.html

US (OFAC): [Sanctions List Search \(treas.gov\)](#)

EU: [EU Sanctions Map](#)

Ministry of Land, Infrastructure, Transport and Tourism Negative Information Search Site:

<https://www.mlit.go.jp/nega-inf/index.html>



Appendix 3: Questionnaire

Nippon Koei India Pvt. Ltd.

We would like to conduct business together with our business partners in compliance with laws and regulations, so we ask for your cooperation in answering the following questions.

Company name	
Representative name	
Department in charge	
Contact details	

1	Please list the beneficial owners of your company, whether publicly disclosed or not. (A beneficial owner is a natural person who directly or indirectly holds more than 50% of the total voting power of the company, or, if there is no such person, a natural person who holds more than 25% of the voting power, or a third party who has a substantial influence over your company through other relationships.)	
2	Please enter the names of the directors.	
3	Please enter the name of the person with authority to enter into an agreement with our company.	
4	Has your company or any of the owners, directors or officers of your company listed above been subject to any sanctions, investigation or investigation by any public organizations (*2) for any misconduct (*1) within the past five years? If so, please describe it here.	Yes No
5	Are there any current or former employees, or relatives or associates of current or	Yes No



	former employees, of any public institution involved in this agreement work, among your company's owners, officers or employees?	
6	Does your company have any contractual relationship with any current or former employees of the public institution involved in this contract work, or with any corporation run by a relative or associate of such employees?	Yes No
7	Are any of your company's owners, officers or employees related to any of our officers or employees?	Yes No
8	Are there any potential conflicts of interest in relation to this agreement? If so, please provide an explanation.	Yes No
9	Are there any lawsuits (current or past) in which your company is involved that could affect this agreement business? If so, please provide an explanation.	Yes No
10	Is your company properly registered as a legal entity in the country?	Yes No No registration required
11	Does your company have the appropriate registrations and licenses for the relevant business in the relevant country?	Yes No No registration or permission required
12	Does your company have established guidelines, ethical standards, ICPs, etc.? Please provide if available. (*3)	Yes No
13	Does your company have written policies prohibiting misconduct? (*3)	Yes No
14	Does your company provide regular training on ethics to its executives and employees? (*3)	Yes No
15	Does your company have a reporting system for misconduct?	Yes No

*1: Misconducts include, but are not limited to, bribery, unfair competition, coercion, tax evasion, money laundering, arms trafficking, and illegal drug trafficking.



*2: Public organizations refer to United Nations agencies, international development financial institutions, and national governments.

*3: The ID&E Group also requires its business partners to adhere to the Code of Conduct, the prohibition of misconduct, and ethical standards.

We recommend that you conduct training on the following points.

We represent and warrant that the above answers are correct.

Furthermore, we understand that the NKI expects all of its officers, employees, and business partners to act with high ethical standards in accordance with the Code of Conduct for NKI and ID&E Group and the ID&E Group Integrity Compliance Program, and we understand that if any misconduct by either party is confirmed or there is evidence of misconduct during the term of this Agreement, the agreement may be terminated.

Code of Conduct for NKI & ID&E Group: <https://www.nkindia.in/ethics.php>

Date of signing:

Company name :

Sign:

Position and name: