

Practicing Sustainability Management

Penta-Ocean Construction Group believes that its greatest contribution to society is the construction of high-quality infrastructure, and practices ESG-oriented sustainability management. By offering reliable quality backed by safety, environmental considerations, and technology, we aim to be a company that appeals not only to our shareholders, clients, business partners, and employees, but also to the local communities we serve.

▶ Sustainability Management Governance Structure

We believe that appropriate responses to sustainability-related issues are important management issues that not only reduce risks but also increase profit-earning opportunities. In this context, under the CSR Committee chaired by the President and Representative Director, we have established the Human Rights Committee, the Carbon Neutral Promotion Committee, the Risk Management Committee, the Environment, Health and Safety Committee, the Quality and Environmental Management Committee, and the Workstyle Reform Promotion Committee to promote ESG-oriented sustainability management. The Board of Directors regularly shares the activities of the above-mentioned committees and holds in-depth discussions to ensure that the outcomes are linked to medium- to long-term corporate activities.

▶ Creating Mechanisms to Deepen Sustainability Management

Endorsement and signing of the UN Global Compact

In December 2022, we signed a petition expressing our support for the United Nations Global Compact (UNGC) proposed by the United Nations and became a registered participating company.



Revision of Code of Conduct [▶ p.1](#)

In May 2023, we revised the "Penta-Ocean Construction Group Code of Conduct" based on our management philosophy as standard behavior requirements for executives and employees to sincerely address sustainability issues in our corporate activities and fulfill our social responsibility.

Identification of Materiality [▶ p.11](#)

In promoting sustainability management, we will pursue two distinctive goals of medium- to long-term corporate growth and sustainable development of society. To this end, we have identified materiality, or material business issues, to be addressed as important management issues in May 2023.

Revision of Corporate Philosophy Structure [▶ p.1](#)

In October 2023, as part of our efforts to deepen our sustainability management, we revised the Penta-Ocean Construction Group's Corporate Philosophy Structure. The Corporate Philosophy Structure is the basis for all business and corporate activities of the Penta-Ocean Construction Group, and consists of our "management philosophy," "vision" and "materiality" of sustainability management, and "Code of Conduct."

		FY 3/23 or earlier	
Creating Mechanisms to Deepen Sustainability Management	Establishment of Structures	<ul style="list-style-type: none"> ● July 2022: Reinforcement of the Structure of the CSR Promotion Office ● From July 2022: Incorporating Sustainability Training into Various Training Programs 	<ul style="list-style-type: none"> ● May ● December 2022: Endorsement and Signing of the UN
	Identification of Materiality		<ul style="list-style-type: none"> ● October 2022: Start of the Materiality
Promotion of Initiatives on Material Business Issues	Respect for Human Rights	<ul style="list-style-type: none"> ● October 2022: Start of Human Rights Risk Analysis and Review of a 	<ul style="list-style-type: none"> ● May 2023: Establishment of the ● June 2023:
	Sustainable Supply Chain (SSC)	<ul style="list-style-type: none"> ● November 2020: Declaration of Partnership Building 	

► Promotion of initiatives on material business issues

► Please refer to p.13 for specific initiatives and indicators for materiality

Penta-Ocean Construction Group will implement specific initiatives to address each of the issues identified in the materiality and monitor the results. The future action plans related to "Respect for Human Rights" and "Sustainable Supply Chain," which were identified as critical issues to focus on in the materiality identification process, are as follows.

Respect for Human Rights

Based on the "Penta-Ocean Construction Group Human Rights Policy" formulated in June 2023, we will make efforts to fulfill our corporate responsibility to respect human rights.

Establishment of the Human Rights Committee [► p.37](#)

Establishment of the Human Rights Policy [► p.37](#)

Establishment of the human rights consultation desk

In August 2023, we established the human rights consultation desk with the aim of early detection and correction of negative impact on human rights, and contributing toward respecting the human rights of all people affected by the Group's corporate activities.

Implementing human rights due diligence (DD)

We are implementing human rights DD in phases. In FY 3/24, our efforts are focused on identifying and assessing possible risks concerning human rights within the Penta-Ocean Construction Group and building a system for preventing and correcting risks. From FY 3/25 onward, we will expand the scope of human rights DD to include subcontractors and material suppliers, and enhance our efforts in monitoring and information disclosure.

Sustainable Supply Chain (SSC) [► p.43](#)

We will establish a sustainable supply chain and work in tandem with our subcontractors to implement sustainable construction business activities.

Developing and releasing the SSC policy and SSC guidelines

Formulation and release of the SSC policy and SSC guidelines in accordance with the Penta-Ocean Construction Group Code of Conduct.

Implementing SSC training

Providing SSC training for the entire supply chain in order to ensure business activities in accordance with the SSC policy and SSC guidelines.

FY 3/24	FY 3/25 onwards
2023: Revision of Code of Conduct	● October 2023: Revision of Corporate Philosophy Structure
Global Compact	(Items without a specific date indicate future implementation)
Identification Process	
● May 2023: Identification and Disclosure of Materiality	
Human Rights Committee	● August 2023: Establishment of the Human Rights Consultation Desk
Establishment and Disclosure of the Human Rights Policy	● Human Rights DD Monitoring Survey (within POC + subcontractors + suppliers)
Draft of the Human Rights Policy	● Disclosure of Progress of Human Rights DD
● From July 2023: Implementation of Human Rights DD (internal hearings, discussions with human rights experts, human rights education)	
● May 2023: Disclosure of the Multi-Stakeholder Policy	
● November 2023: Establishment and Disclosure of the SSC policy and SSC guidelines	
● Implementation of SSC Training (gradually shifting the target from POC to the supply chain)	
	● Implementation of SSC Self-check (in stages) ● Implementation of Monitoring