Roundtable Discussion of Outside Members of the Board



At the Board of Directors meeting held every June, Penta-Ocean Construction conducts an evaluation of the Board of Directors' effectiveness. Building on the discussions that arose from these evaluations, POC transitioned to a new corporate governance structure following the General Meeting of Shareholders in June 2026. While maintaining its status as a Company with an Audit and Supervisory Board, POC adopted a new governance structure that integrates the advantages of both a Company with a Nomination Committee, etc., and a Company with an Audit and Supervisory Committee. To mark this transition, we held a roundtable discussion with our five Outside Members of the Board—Hokuto Nakano, Mina Sekiguchi, Hiroshi Hayashida, Akiko Kikuchi and Misawa Kishinami. They shared their insights on key themes, including Board operations, the new corporate governance structure, and POC's approach to practising sustainability management.

Prospects for the New Corporate Governance Structure and Key Challenges

——What is your assessment of the new corporate governance structure and the current operation of the Board?

Nakano: Amid growing expectations for stronger corporate governance over the past few years, the atmosphere of the POC Board meetings has noticeably changed. Discussions have become far more collaborative, with Outside Members of the Board actively raising questions and offering opinions. In recent years, a key focus of Board discussions was the International Business Unit (IBU), which continued to face underperformance over the past few years. Some shareholders suggested "POC should consider withdrawing from unprofitable overseas operations to reallocate resources toward the more lucrative domestic civil engineering and building construction segments."
However, through extensive discussions at Board meetings, all members reaffirmed the strategic importance of the IBU as one of the three core business pillars, recognising its crucial role in enhancing the Company's overall corporate value. Consequently, the consensus within the Board has shifted toward how the entire Company, including domestic civil engineering and building construction, can best support the IBU as an essential pillar.
Hayashida: I agree that the POC Board currently serves as a platform for open, candid dialogue, where meetings are structured to ensure all participants can contribute freely. Compared to nearly two years ago when I took office, targeted improvements have been steadily made to both the selection of agenda items and Board operations, thoughtfully incorporating input from Outside Members of the Board. Furthermore, I highly evaluate the timely restructuring of the Board to give Outside Members a majority. This transition allows us to place greater weight on deliberating mid- to long-term business strategies, driving key decisions and overseeing business execution.
Kikuchi: POC's new corporate governance structure, featuring a majority of Outside Members of the Board, is set to significantly enhance the Board's oversight function by incorporating independent and objective perspectives. This transition establishes a clear separation between the roles of the Members of the Board and those of the Corporate Officers. It represents an important step forward, enabling the Board to pivot its focus from reviewing individual operational matters to deliberating on medium- to long-term growth strategies, including overall management policies, major business risks, resource allocation, and the introduction of a performance-based stock compensation programme. Furthermore, increasing female representation on the Board to three marks a crucial advancement. It brings broader experience and more diverse perspectives to the Board's decision-making, ultimately enhancing both the scope and depth of discussions.
Kishinami: The true value of this Board restructuring lies in balancing the "speed of decision-making" with the "rigour of oversight". What I expect from this transition is for POC to utilise the new structure beyond merely as a "reactive" governance framework. I expect the new structure to serve as a dynamic platform to leverage the diverse insights of Outside Members of the Board, thereby enhancing both the speed and quality of strategic decision-making. Transitioning to a majority of Outside Members of the Board is fully aligned with broader social trends.
Sekiguchi: VUCA (Volatility, Uncertainty, Complexity, and Ambiguity) is no longer a transitory phase, but an ongoing reality. It is no longer realistic to assume that the medium- to long-term business environment will remain stable, and operating without effective safeguards against VUCA is inherently risky. POC transitioned to its new corporate governance structure at a timely moment. As I understand it, this transition effectively delegates short- to medium-term operational decisions to the Executive Committee. In turn, it reshapes the Board into a body that truly "thinks" through deliberation in order to ensure sustainable corporate value creation amidst medium- to long-term changes in the business environment.



Hokuto Nakano

Having served as Managing Executive Officer at Mizuho Bank, Ltd., Mizuho Financial Group, Inc., and Mizuho Securities Co., Ltd., as well as Director and Managing Executive Officer at ASICS Corporation, he brings broad experience and deep insight in corporate management.
(Outside Member of the Board since June 2021)

——Looking ahead, what do you see as key management issues, and how do you expect the Company to address them?

Sekiguchi: Naturally, the Board must continue to fulfil its core responsibilities by monitoring executive decision-making from an external stakeholder perspective and ensuring that interests of external stakeholders are fully protected. Beyond this, our essential role is to challenge the *status quo*—the assumption that current conditions will continue—which is inherently difficult for current management to let go of. This requires us to prepare for extreme volatility and dynamic changes, build the necessary organisational frameworks and secure strategic options, while keeping our sights on a future beyond the tenure of the current management team. We are called to engage in thorough discussion on what must be done today to build a structure that enables the next generation of management to sustainably create and deliver value to all stakeholders. Driving management to take concrete action is the paramount function expected of modern boards. It is my sincere hope that, under this new corporate governance framework, we will conduct precisely these kinds of forward-looking discussions.
Hayashida: I concur, and I also expect the Board to serve as a dynamic forum for strategic discussion from a medium- to long-term perspective. Concurrently, we need to ensure the newly established Executive Committee fully executes its mandate, linking its functions with the Board effectively and efficiently.
Kikuchi: For Outside Members of the Board to challenge internal assumptions and long-standing practices while addressing fundamental issues from the broad perspective of stakeholders, including shareholders, clients, and employees, we must continuously foster an environment that encourages open and candid dialogue. At the same time, Outside Members of the Board must avoid falling into superficial or ritualistic discussions without a deep understanding of POC's business operations and on-site challenges. Through the Board effectiveness evaluation, we requested several key initiatives to address this: streamlining Board agendas to secure sufficient time for deliberation, providing timely information and thorough pre-briefings, and deepening direct dialogue with personnel engaged in on-site operations. Personally, I remain committed to asking the right questions from an independent standpoint to bring POC to greater heights. I will strive to maintain a relationship defined by both healthy tension and mutual trust with executive management, contributing to sustainable corporate value creation through rigorous oversight and constructive advice.
Nakano: Following our discussions on the IBU, I believe management's next major strategic focus lies in the Offshore Wind Construction Business Division, which has required massive capital investment. This is a recognition we share with the President and executive management, which will naturally lead to expanded discussions going forward. However, a key challenge is that despite the growing focus on such strategic topics, the sheer volume of Board agendas leaves us with insufficient time for deep deliberation. Fresh, unfiltered observations from Outside Members of the Board—who are, in a sense, non-experts in this industry—can often uncover blind spots that internal experts might otherwise miss or overlook. Drawing out these valuable insights requires sufficient discussion time. Furthermore, former Board members overseeing business execution will now sit in on Board meetings as Corporate Officers. From an outside perspective, I hope these executives—particularly those representing the core divisions, such as Domestic Civil Engineering, Domestic Building Construction and IBU—will actively contribute opinions beyond their own departments. They possess industry experience and operational knowledge that far exceed ours. While Outside Members may offer fresh angles that internal experts miss, I believe input from other internal divisions carries enormous value in its own right.
Kishinami: To ensure that transitioning from the previous governance structure is not a mere formality, and to prevent the Board from becoming a body that simply endorses executive decisions, we must continuously elevate both the quality and function of the Board's oversight. POC's corporate governance is still evolving. Moving forward, I remain committed to driving further Board reform, fulfilling our accountability to all stakeholders, and dedicating myself to sustainable value creation.



Mina Sekiguchi

Through her career at KPMG AZSA LLC and KPMG Japan, she brings a wealth of experience and profound expertise in sustainability and ESG across the energy sector, climate change, and carbon neutrality.
(Outside Member of the Board since June 2022)

Sustainability Initiatives Begin on Site

——What is your assessment of the sustainability management that POC strives for?

Hayashida: Ongoing initiatives such as the "Sustainability Morning Briefings" and "Sustainability Awards" are highly commendable as remarkably progressive efforts. Listening to the feedback from the award recipients, I am convinced that being recognised under this theme itself is directly linked to the evolution of sustainability management within the Company. Furthermore, there is no doubt that promoting the advancement of female employees and international talent as part of the human capital strategy makes a vital contribution to its advancement. I strongly encourage management to accelerate these human capital initiatives even further.

Nakano: Promoting sustainability through the morning briefings and internal awards helps raise ESG awareness among employees, particularly those working on-site. If each employee, alongside the primary goal of successfully delivering an awarded project, can pursue sustainability as a second vital goal, it will become a major strategic strength for POC. Achieving this, however, will take time. The key lies in management's persistent commitment to driving this mindset shift. At this stage, these dual objectives are not yet given equal weight. Even during site visits, briefings from on-site teams remain focused primarily on construction works, with limited attention given to sustainability. While it may be a gradual process, if on-site employees come to treat these dual goals with equal weight—recognising that sustainability is an essential objective for every single project—it will significantly enhance POC's presence in the industry.

Kikuchi: In addition to embedding awareness through the morning briefings and internal awards, POC is addressing a broad range of key issues—including human rights, supply chain management, diversity, climate change, and creating a rich environment. Its commitment to rooting sustainability across project sites is truly exemplary. Because the true effectiveness of sustainability initiatives hinges on the awareness and actions of each individual working on-site, future efforts should go beyond merely implementing and expanding measures. It would be ideal if the Company could clearly demonstrate how the behaviour of employees and subcontractors actually changes, and how those changes directly translate into risk mitigation and enhanced corporate value.

Sekiguchi: Transitioning to this new corporate governance structure holds immense significance for POC's sustainability management, as it establishes a framework designed to deliver continuous value to all stakeholders through sustainable growth. Beyond merely generating short-term profits, I believe that this shift has institutionalised the ability to "think". This new structure is expected to secure ongoing value creation, even amid a rapidly changing business environment. As a general contractor, POC works daily alongside numerous subcontractors to create value. Given the vast scale of this corporate community extending to subcontractors, ensuring that every member understands, embraces, and practises POC's concrete sustainability initiatives is the Company's fundamental social responsibility as a general contractor.



Akiko Kikuchi

As a Solicitor of England & Wales and Hong Kong with practice experience at law firms in the UK and the US, as well as roles as an Officer at Bayer Holding Ltd. and a Member of the Board at Novo Nordisk Pharma Ltd., she possesses comprehensive experience and deep knowledge in legal affairs, compliance, and corporate governance.
(Outside Member of the Board since June 2025)



Hiroshi Hayashida

Having served in key roles such as Director-General of the Ports and Harbours Bureau at the Ministry of Land, Infrastructure, Transport and Tourism, he offers high-level insight and expertise in the construction industry and port construction technologies.
(Outside Member of the Board since June 2024)

——What are your expectations for POC's future strategic direction, and what key initiatives should we focus on going forward?

Kikuchi: Regarding the risk mitigation and corporate value enhancement mentioned earlier, establishing KPIs to visualise these outcomes would be an ideal next step. Moving forward, management must clearly articulate its vision while making continuous efforts to reflect these outcomes in performance evaluations, human capital development, and daily operational processes.

In terms of diversity, alongside quantitative targets, emphasis must be placed on true inclusion by fostering a workplace culture where everyone feels safe and empowered to speak up. On human rights, rigorous compliance concerning foreign national workers is required—an area receiving heightened attention in recent years. Across the supply chain, building even stronger collaborative frameworks with subcontractors, while remaining mindful of geopolitical risks, will be essential. Furthermore, I expect to see POC more actively showcase its excellent climate change initiatives, leveraging them to secure orders and advance R&D, thereby driving its competitive edge and sustainable growth. As an Outside Member of the Board, I will continue to closely monitor whether "speak-up" practices are effectively taking hold on-site and whether critical information, including unfavourable news, is being transparently and appropriately reported to the Board.

Kishinami: From the Social (S) perspective of ESG, POC has established the Sustainable Supply Chain Guidelines and is making highly systematic progress across key areas—including legal compliance, anti-corruption, safety-first initiatives, and respect for the human rights of foreign



national workers. To further enhance the effectiveness of these efforts, I hope to see continued progress through concrete initiatives, such as disclosing human rights due diligence results alongside its subsequent reviews, KPI reassessments, as well as showcasing the framework for a "two-way" feedback mechanism that channels on-site near-miss incident reports and subcontractor input back to the Sustainability Promotion Committee. I will strive to advocate these measures to continuously elevate the quality of POC's practices.

Nakano: While it may not be directly linked to sustainability, I believe that the ultimate strength of POC's project sites lies in its technical excellence and human integrity. The Company's engineering capabilities have long enjoyed a strong market reputation. Beyond that, clients feel a genuine sense of trust and personal warmth when working with POC, which naturally inspires them to return for their next project. This "human touch" is a powerful competitive advantage. Leveraging this core identity to drive its sustainability agenda forward is a key theme that I intend to pursue.

Sekiguchi: POC is deeply focused on developing mechanisms to enhance its sustainability management, and as an Outside Member of the Board, I highly value these proactive efforts. While themes like human rights, sustainable supply chains, and biodiversity can often seem abstract, bringing them down to daily operations is of paramount importance. For both employees and subcontractors, taking ownership of these issues, embedding them in daily work, and transparently sharing outcomes are fundamental to this process. Visualising how these daily actions directly contribute to broader environmental and social sustainability is key to sustaining these efforts over the long term. Just as all project stakeholders take pride in the Company's core civil engineering and building construction operations, its sustainability initiatives deserve to be held in equally high regard by society. I expect to see these efforts further developed and steadily pursued.

Hayashida: POC proactively addresses the challenge of practising sustainability management through concrete actions—such as offshore wind construction, promoting ZEB (Net Zero Energy Building) conversions, supporting blue carbon initiatives, and utilising eco-friendly materials like Calcia-improved soil and the mud-reforming agent "Watoru". Addressing these issues directly within its core business domains is pivotal to ensuring the tangible impact of these initiatives, and I fully support the continued expansion of these efforts. Among these, offshore wind power construction is a large-scale business expected to serve as a vital pillar in addressing global environmental challenges through the achievement of carbon neutrality. I highly value POC's commitment to advancing this field by constructing state-of-the-art work vessels and allocating key talent. Furthermore, POC's efforts to drive the broader adoption of offshore wind energy by proposing cost-reduction measures for construction deserve high praise. This is a concrete manifestation of the Company's commitment to building a sustainable society.

Kishinami: From the Environmental (E) perspective, I expect POC to transform the inherent risks unique to marine contractors into viable business opportunities. Few companies can successfully integrate environmental sustainability with advanced engineering expertise, as demonstrated by the Company's blue carbon initiatives and adoption of bio-friendly structures. By leveraging these core strengths to shift from passive risk mitigation to proactive, value-creating sustainability management and effectively communicating this vision, POC can build a compelling growth narrative that significantly enhances its long-term corporate value.



Misawa Kishinami

She brings a wealth of knowledge and expertise in corporate finance, financial strategy, and capital markets through key roles at Goldman Sachs Japan Co., Ltd. and UBS Securities Japan Co., Ltd.
(Outside Member of the Board since June 2026)