Roundtable Discussion of Outside Audit and Supervisory Board Members



Penta-Ocean Construction transitioned to a new corporate governance structure after the General Meeting of Shareholders in June 2026. We held a roundtable discussion with our three Outside Audit and Supervisory Board Members—Nobuaki Yonezawa, Naoto Koga and Maki Kataoka. They shared their insights on key themes, including prospects and key challenges for the new corporate governance structure, as well as the sustainability management that POC strives for.

Prospects for the New Corporate Governance Structure and Key Challenges

——Based on your attendance at Board meetings and your on-site audits, how do you assess the new corporate governance structure?

Koga: In my view, the transition to this new corporate governance structure represents a shift toward a monitoring-model Board—one where oversight and execution are clearly separated, allowing the Board to focus exclusively on strategic supervision. Adopting this monitoring-model Board might suggest a purely "reactive" stance due to the passive connotations of the word "oversight". However, while maintaining robust "reactive" oversight is an indispensable baseline under this new structure, I believe that it is vital that the Board also function as a forum for "proactive" governance—deliberating on management strategies and overseeing their strategic execution to drive sustainable, medium- to long-term corporate value creation.
Yonezawa: I fully agree with Mr. Koga's views. Under the new corporate governance structure, my expectation is to see the Board actively "exercise healthy skepticism toward internal norms", further sharpening its "capacity to ask fundamental questions". Furthermore, I would like to see effective mechanisms established to bridge the Board and the Executive Committee, eliminating "information asymmetry". While the total number of agenda items brought to the Board may decrease, we will require visibility into the decision-making process itself, rather than just the final outcomes. For instance, we need insight into matters where the President expressed reservations during Executive Committee deliberations, proposals that split opinions among executive officers, what alternative options were considered during discussion and why they were ultimately set aside. I hope management maintains the candor and transparency to share even uncomfortable truths with the Board.
Kataoka: As the business environment in the construction industry grows increasingly challenging, "proactive governance" demands rapid and decisive decision-making on where to strategically allocate resources, generate returns exceeding the cost of capital, and improve capital efficiency to drive profitability, sustainable growth, and long-term corporate value—all while ensuring transparency and fairness. Crucially, executing "proactive governance" safely requires a strong foundation of "reactive governance". In this context, as Audit and Supervisory Board Members, our role is to rigorously verify that these protective mechanisms—including risk avoidance and mitigation, internal control enhancement, and misconduct prevention—function fully, and that oversight of execution remains truly effective.



Nobuaki Yonezawa

Having held key positions at MUFG Bank, Ltd., Mitsubishi Motors Corporation, and Mitsubishi UFJ NICOS Co., Ltd., he offers broad experience and high-level insight in finance, accounting, and labour management.
(Outside Audit and Supervisory Board Member since June 2024)

——What are your candid impressions regarding the discussion culture of the POC Board meetings?

Yonezawa: Compared to other companies where I have served, I feel that the POC Board provides a strong sense of psychological safety. Its open atmosphere encourages all participants to candidly exchange opinions of their own accord. It is my honest belief that this is largely attributable to the exceptional facilitation skills of the POC President in his role of Board Chairman. I am confident that the new corporate governance structure will fully leverage this unique culture to foster even more constructive, open dialogue.
Kataoka: In my evaluation, the POC Board operates with high transparency, serving as a forum for active and open dialogue between executive management and Outside Members with diverse backgrounds. Previously, the heavy volume of agenda items left insufficient time for in-depth discussion, despite the Board convening twice a month.
Under the recent governance reform, the proportion of Outside Members of the Board increased from 40% to 70%, and authority over operational execution was delegated to the newly established Executive Committee. This structural evolution significantly enhances governance by Outside Members of the Board, enabling the Board to focus on deliberating medium- to long-term plans and strategies, as well as overseeing their execution.
Koga: I completely share the views expressed by Mr. Yonezawa and Ms. Kataoka. The POC Board is exceptional for its open atmosphere, which encourages the frank exchange of views and fosters truly substantive deliberations. Looking back, the sheer volume of agenda items often constrained the time available for deeper discussion. Moving forward, streamlining the Board agenda will allow us to engage in deeper, more extensive discussions on key strategic topics. As I understand it, my role as an Audit and Supervisory Board Member under the new corporate governance structure is to verify whether the Board is functioning effectively in delivering both "proactive" and "reactive" governance, while providing timely advice and recommendations as required.



Naoto Koga

He holds a wealth of experience and deep insight in finance and accounting, gained through key roles at companies including Sumitomo Mitsui Banking Corporation, Gracchus & Associates, INC., and Regional Economy Vitalization Corporation of Japan.
(Outside Audit and Supervisory Board Member since June 2024)

Sustainability Initiatives Begin on Site

——Could you share with us your impressions on the sustainability management that POC strives for?

Yonezawa: When conducting on-site audits, I make a point of asking branch managers, heads of general affairs, and presidents of affiliated companies about how they perceive sustainability management. From their responses, I have drawn three core perspectives: "Never seek personal gain at the expense of others", "Never shift the heavy load onto others", and "Never be shortsighted in making decisions". Although each leader articulates it in their own words, they all share the fundamental view that a company is a public entity serving society. It is deeply reassuring to recognise that the leaders spearheading POC's on-site operations hold such firm, authentic "philosophies" and can speak of them in their own words.
Koga: Through our auditing dialogues with managers at branches and subsidiaries, my impression is that POC's motto "Sustainability Initiatives Begin on Site" has taken deep root throughout the organisation over the past year or two. This indicates that POC's sustainability initiatives have achieved tangible results. At the same time, expectations around sustainability are evolving at an unprecedented pace. From the perspective of the Board's oversight function, I believe that the Board needs to continue to deepen its deliberations on how we address sustainability going forward.
Kataoka: POC strives to advance sustainability management with a strong focus on ESG, aiming to increase profitability and mitigate risks by identifying eight Materiality (key issues) and strategically allocating resources toward them. In particular, regarding the Environmental (E) dimension, efforts are underway to reduce GHG emissions across business activities by adopting low-carbon fuels and converting site offices to Net Zero Energy Buildings (ZEB). Furthermore, the Company views environmental challenges as strategic business opportunities to enhance corporate value. For instance, initiatives such as manufacturing and sales of the mud-reforming material "Watoru" and recycling construction sludge are expected to generate steady long-term demand and serve as key drivers of future growth.

——What are your expectations for POC's future initiatives?

Kataoka: The offshore wind business requires massive capital investment, such as building work vessels, yet it remains a vital initiative contributing to Japan's energy self-sufficiency. I expect POC to continue pursuing this venture while carefully controlling risks. Furthermore, regarding the G (Governance) in ESG, compliance is of paramount importance. Major misconduct or compliance breaches could severely damage corporate value and potentially jeopardise the Company's sustainability. Moving forward, we will conduct on-site visits to regional branches and subsidiaries to verify that compliance-related regulations are strictly observed, and that educational programmes and whistleblower systems permeate all operational sites and function effectively.



Maki Kataoka

As a Certified Public Accountant, she possesses specialized knowledge and broad insight in finance, accounting, and internal control gained at KPMG AZSA LLC and the Tokyo Metropolitan Police Department.
(Outside Audit and Supervisory Board Member since June 2025)

Yonezawa: While sustainability management is a broad concept open to diverse interpretations, at its core, being truly sustainable requires both the Company and its supply chain to survive and thrive across generations. Having marked 130 years since its founding, cultivating human capital becomes all the more critical if POC is to remain in business for another 150 or 200 years. The "philosophies" of the on-site leaders that I mentioned earlier must be proactively communicated, with every employee embracing these ideas "as their own" and reflecting them in their daily actions. It is precisely this ripple effect and expansion that will form the robust and resilient foundation of POC's sustainability management.
Koga: Human capital is the ultimate foundation of sustainability management. To achieve the sustainable enhancement of corporate value, the business model, management strategy, and human resource strategy must be closely aligned. In this regard, POC maintains relatively high engagement scores in external surveys, demonstrating that its management and human capital strategies have functioned effectively to date. Going forward, as an Audit and Supervisory Board Member, I will continue visiting sites and listening directly to employees' voices to monitor whether the Board of Directors is exercising effective oversight.