

Message from the President

To live up to the trust of our customers with our reliable safety and quality, and contribute to society with our technology



As we celebrate the 126th anniversary of our company's founding, we have taken a new step forward to meet new challenges.

Founded in 1896 as Mizuno-gumi in Kure City, Hiroshima Prefecture, we have expanded our business areas from initial marine civil engineering to land civil engineering and building construction. Starting with the Suez Canal Widening Project in 1961, we have been involved in many milestone projects overseas, mostly based in Singapore, since our first entry to the market in 1964. At present, our three business units of domestic civil engineering, domestic building construction and overseas, have roughly the same output in terms of net sales. We have developed into a company where these three business units contribute to profits in a balanced manner.

POC Group is committed to sustainability in all aspects of its business activities, under our management philosophy of "Affiliating with society", "Creation of a nature-rich environment," and "Cherishing a pioneering spirit". These credos are completely in line with our current ESG (Environmental, Social and Corporate Governance) goals. Sustainability is not just about responding to global climate change issues: it is about tackling all the issues we must address as a social entity, in order to build a richer natural environment, a more prosperous society, and a stronger economy, in a sustainable manner. We are convinced that implementing ESG-oriented CSR management will contribute to the achievement of the SDGs and ultimately to the development of a sustainable society, as well as to our sustainable corporate growth.

POC Group practices ESG-oriented CSR management, or sustainability management, based on the belief that "Our greatest contribution to society is the construction of high-quality infrastructure". High-quality social infrastructure and buildings must not only be of reliable quality backed by technology, but must also be sustainable from an ESG perspective in all stages of construction business activities.

First, on the environmental front, we are taking on the challenge of "green" fields to tackle global climate change issues by constructing offshore wind farms and Zero Energy Buildings (ZEB), as well as by making our construction activities carbon neutral. They are all in line with the pioneering spirit, which is part of our corporate DNA.

On the "Social" front, we are working on Work Style Reform to implement a two days off per week system, which is the pressing issue in the construction industry, through initiatives to achieve productivity improvement. The promotion of digitalization, or Digital Transformation (DX), will lead to technological innovation and management reforms, as well as Work Style Reform. In order to foster and secure diverse human resources, we are promoting Diversity & Inclusion (D&I) in workplace, aiming to become a company where diverse employees, regardless of gender or nationality, can work together with mutual respect and enthusiasm.

In terms of "Governance", high ethical standards and a spirit of compliance are fundamental to achieve sustainability. We will make further efforts to ensure legal compliance, business competitiveness, corporate transparency and accountability, and will thoroughly pursue fair and honest corporate activities.

By sincerely addressing various sustainability issues, and by striving to achieve the SDGs from an ESG perspective in our business activities, POC group will contribute to the sustainable development of society as a genuine global general contractor with strengths in port, coastal and waterfront areas as well as overseas. We look forward to your continued support.

Takuzo Shimizu
President,
Chief Executive Officer and Representative Director



Practicing CSR Oriented Management with Focus on ESG

【E】Environment

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Initiatives for Tackling the Climate Change Issues

We believe that responding to climate change issues is one of our most important management issues, and we will undertake initiatives to reduce CO₂ emissions from our construction activities. By promoting the construction of offshore wind power facilities and zero energy buildings (ZEB), we will strive to achieve carbon neutrality by 2050 through our core business.

In the construction industry, CO₂ emissions from construction activities are relatively small compared to other industries. However, the marine civil engineering work, which is one of our fortes, is characterized by higher CO₂ emissions than other construction work, because of the use of work vessels.

Also, looking at the supply chain as a whole, construction work is characterized by the use of steel members, cement and other materials that emit a large amount of CO₂ during the manufacturing stage, as well as the long service life of buildings and infrastructure structures after completion, resulting in a large amount of CO₂ emissions during the operational stage.

In July 2021, We established 1. The Carbon Neutral (CN) Promotion Committee chaired by the President and Representative Director, and 2. The CN Promotion office for its designated department. In May 2022, we have set out CO₂ emission reduction targets from the base year of FY March 2020: 50% reduction for SCOPE 1+2 by FY March 2031, and 100% reduction by FY March 2051. Going forward, we will promote proactive information disclosure in concert with the Task Force on Climate-Related Financial Disclosures (TCFD) recommendations.



Initiatives for Offshore Wind Power

As a company with distinctive strengths in marine civil engineering technology and as front runner in offshore wind power construction, we are striving with a pioneering spirit to contribute to the expansion of renewable energy supply in Japan.

In 2018, we built Japan's first offshore installation vessel. The vessel, CP-8001, is equipped a large crane with an 800t lifting capacity, which is indispensable for installing bottom-fixed offshore wind turbines. Our second offshore installation vessel, CP-16001, equipped with a 1,600t lifting capacity to accommodate larger wind turbines, will be jointly owned with Kajima Corporation and Yorigami Maritime Construction and is scheduled to start operations in March 2023. Furthermore, "Sea Challenger", an offshore installation vessel currently owned by a European industry leader DEME Offshore in Belgium, will be upgraded with a 1,600t lifting crane and reflagged to Japan flag to be owned by "Japan Offshore Marine", a joint venture between DEME and POC, with the scheduled operation start in 2025. In the years to come, we plan to expand our investment in offshore cable laying vessels and others to the extent necessary for our offshore wind power businesses.

In 2023, our first real construction of an offshore wind farm will begin in Kitakyushu Hibikinada area. We will leverage our extensive expertise in marine civil engineering work and our offshore installation vessel operation over the past years and ensure customer satisfaction with safe and reliable construction. Moreover, towards the construction of floating offshore wind farms, we work on streamlining construction technologies and cost reduction methods.

Initiatives for Zero-Energy Buildings (ZEBs)

We engage in the construction of zero-energy buildings, as an initiative that contribute to achieve carbon neutrality in the building construction field. Zero-energy buildings (ZEBs) are built to reduce energy consumption to net zero by promoting energy-saving measures in the buildings and by using renewable sources such as photovoltaic power generation.

Starting with our first acquisition of the ZEB certification with the highest rank in the Building-Housing Energy-efficiency Labeling System (BELS) for Hisamitsu Pharmaceutical Museum in 2019, we have proposed the ZEBs to clients, followed by actual project execution. In 2022, we undertook ZEB conversion of a temporary construction office, and obtained the "Nearly ZEB" certification.

For the construction of our new Muroran Factory, which fabricates bridges as well as temporary steel structures for offshore wind power facilities, we successfully constructed "a factory 100% powered by renewable energy". All electricity used in the factory and the offices will be covered by renewable energy sources. Solar power is the main source of electricity, and we also installed a hydrogen power generation system using fuel cells. The hydrogen for the generation process will be both by-product hydrogen and green hydrogen produced from solar-generated electricity using a water electrolyzer. The office building has acquired the highest ZEB certification under BELS by improving its energy-saving performance through enhanced thermal insulation and other measures, and by using renewable energy to cover its all electricity needs.

We will continue our initiatives to construct ZEBs in all kinds of buildings by adopting various energy-saving measures and promoting use of renewable energy sources.

Work Style Reform and Promotion of Diversity & Inclusion

As a social initiative, we are committed to contributing to society through our core business to achieve “the empathy with society”, which is part of our corporate philosophy. We are committed to making various efforts towards becoming an advanced company in Work Style Reform, Productivity Improvement, as well as Diversity and Inclusion (D&I).

With the revision of the Labor Standards Act, regulations concerning the upper limit of overtime work will be applied to the construction industry from April 2024, with penalties imposed for violations.

Although we are advancing with the 8 days off per 4 weeks work schedule plan on an individual basis, we shall need further initiatives to comply with an 8 site closures per 4 weeks system or the overtime hour cap.

For achieving above targets, we believe that improvement of on-site productivity is vital. To this end, we are promoting DX (digital transformation) by streamlining and sophistication of construction management utilizing ICT, BIM/CIM and automating construction machinery, etc., and on-site labor saving by adopting precast concrete structures, etc.

In addition, we are supporting subcontractors with their work style reform and with securing future personnel by paying construction fees by 100% cash, promoting enrollment in social insurance schemes and raising labor cost payment when holiday acquisition targets are achieved.

In the D&I promotion efforts, we are committed to securing and fostering diverse human resources both at home and abroad, regardless of gender or nationality. For example, to promote women’s active participation, we have established a working environment that makes it easy for them to continue working even when important life events happen. Furthermore, we have established a global personnel system with a management by objective-based evaluation and compensation system for non-Japanese nationals working overseas. In addition, we have newly established a global career track position for foreign students, and we recruit them on a regular basis.



Promotion of Occupational Health and Safety Activities

Regarding construction safety within Japan, we use our Construction Occupational Health and Safety Management System (Penta-COHSMS) that has been certified by the Japan Construction Occupational Safety and Health Association. Using this system, we work closely with our subcontractors to implement industrial accident prevention activities that give top priority to safety. Outside Japan, we have acquired and worked under ISO45001, the international standard for occupational health and safety management systems, and we are also working to implement the “Penta-Ocean standards”, which we have developed at home.

Within Japan, each branch office organizes a labor safety council and promotes health and safety activities in concert with subcontractors. In June every year, we hold Safety and Health Environment Promotion Contest across the country in preparation for National Safety Week, which is held in the first week of July every year in Japan. In addition, our headquarters, branch offices and subcontractors regularly cooperate to carry out safety inspections, and twice a year, I myself also take part in such inspections. Furthermore, we are educating and training foremen of our subcontractors to raise knowledge, skills and awareness related to occupational safety.

[G] Corporate Governance

Promotion of Effective Governance

Regarding corporate governance, we conduct our business activities with a focus on our stakeholders, along with fair and transparent management. We recognize the improvement of corporate governance as an important management issue and set out our basic concepts and operational guidelines in the “Penta-Ocean Construction’s Corporate Governance Guidelines.” In accordance with these guidelines, the Board of Directors makes continuous efforts to improve corporate governance. Furthermore, in addition to thoroughly implementing risk management, the Board holds practical compliance training sessions based on real-world examples both at home and abroad.

In our relationship with shareholders and investors, we make every effort to disclose information in a timely and appropriate manner so they can better understand the attitude and direction of the company. Additionally, we proactively carry out our PR and IR activities both in Japan and overseas.

High ethical standards and a spirit of compliance are fundamental factors in achieving corporate sustainability. We will live up to the trust of customers by ensuring reliable safety and quality and contribute to society through innovative technologies. As one team, we will build an open corporate culture and embrace our technologies towards the ultimate goal of development of a sustainable society.