

### ▶ Respect for Human Rights

In May 2023, we established the new Human Rights Committee chaired by the President and Representative Director to strengthen our efforts to respect human rights, which is the basis of sustainability management.

As an organization under the CSR Committee chaired by the President and Representative Director, this Committee is responsible for formulating the Group's human rights policy, identifying significant human rights risks through regular human rights impact assessment, conducting human rights due diligence, and monitoring the effectiveness of relief and corrective measures.

In addition, the Diversity Promotion Center established in the CSR Promotion Office respects the human rights of each individual, which is the basis of diversity promotion and aims to create a comfortable and lively workplace. We strive to broadly improve understanding of human rights by recruiting slogans for respecting human rights and creating human rights-related posters and leaflets.

In FY 3/23, we provided training on human rights and D&I to a total of 9,283 employees, including e-learning, on topics such as discrimination issues, sexual harassment, power harassment, employment of people with disabilities, and mental health.

#### Human Rights Policy

To fulfill our corporate responsibility to respect human rights, we have established the "Penta-Ocean Construction Group Human Rights Policy" and we are practicing corporate activities based on this policy. The policy was drafted after consultation with external experts and issued by a resolution of the Board of Directors dated June 27, 2023.

#### Summary of the Penta-Ocean Construction Group Human Rights Policy

- We recognize that our Group's corporate activities can have an impact on human rights and we strive to respect the human rights of everyone affected by our corporate activities.
- Regarding this policy, we seek cooperation not only from our Group but also from our business partners, including subcontractors and other related parties.
- We assess adverse impacts on human rights and proactively address identified human rights issues.

Click here for the Penta-Ocean Construction Group Human Rights Policy

<https://www.penta-ocean.co.jp/english/sustainability/society/humanrights.html>



### ▶ Promoting Work-life Balance

To create a flexible work-life (child care/daycare) balance, we have developed the "Fifth Action Plan for Supporting the Development of the Next Generation" in FY 3/23. We are developing a three-year plan to achieve "80% or greater rate of male employees taking child care leave," "Creating an environment in which parenting employees can balance childcare and work and take an active role," "Continuing to provide opportunities for work experience and for understanding the construction sector to children and young people who will lead next generation."

To achieve our goals, we have organized the systems that allow employees to continue working while raising their children or caring for family members, through initiatives such as promoting active use of child care leave systems nursing care leave systems, and other childcare support systems, and holding meetings for exchanges of opinions among those who have and taken childcare leave. We have also established a system for returning to work (to promote the re-employment of employees who have left the company due to childcare, nursing care, spouse transfer, etc.)

We also host an annual diversity conference to raise awareness among managers about how to balance work and private life.

#### Childcare Leave

We have a childcare leave system so that employees can continue to work when they have a life event such as childbirth or childcare. We encourage male employees to take paternity leave by allowing them to work during their paternity leave. As part of our childcare support system, we have a system that allows shortened working hours and adjusting the starting and ending time of the workday (until the child graduates from elementary school at the maximum) to provide an environment where both men and women can easily balance work and childcare through working from home.

#### Nursing Care Leave and Days-off to Care for a Sick Family Member

We offer a long-term nursing care leave system so that employees who need to take care of their families can continue their work. We create an environment where it is easy to balance caregiving and work using the working from home system. Also, if an employee has a family member requiring caregiving or has a child yet to complete elementary school, and needs to care for a family member or a child, the employee can take from 6 to 12 days of leave in addition to the annual paid holidays.

#### Rate of Taking Annual Paid Holidays

Our company requires employees to take five days of planned vacation per year, and we have created an environment where it is easy to take days off.

In FY 3/23, the average rate of taking annual paid holidays per employee was 68.0%, and the average number of annual paid holidays taken was 13.3 days. In FY 3/18, taking paid holidays on a half-day basis was newly possible. In FY 3/22, taking paid holidays on an hourly basis became possible. As a result, for example, employees posted away from their families can now take flexible leave from Friday noon to Monday noon to return to their homes, and also by working from home to further enrich their private lives.

## ▶ Promoting D&I (Diversity & Inclusion)

Aiming to be a leading company that advocates D&I, we actively hire women and non-Japanese employees. We strive to create a work environment where diverse human resources can respect each other and work with enthusiasm. We have established an environment and system in which diverse human resources can thrive regardless of races, nationalities, religions, genders, ages, disabilities, LGBT, work styles, and values.

As specific numerical targets for D&I, we aim to achieve the hiring ratio of career-track female new graduates of 25% or more compared to FY 3/24 (new graduate hires in 2024) and aim to increase the ratio of female management-level employees to 15% or more by 2035.

### Promotion of Female Empowerment

To create a work environment where women can work comfortably and feel empowered, we examine the conditions of the sites where female engineers are assigned, based on a checklist that includes the installation status of changing rooms, break rooms, toilets, safety supplies, etc. We also carry out harassment training for onsite workers and subcontracting companies.

Senior female staff members regularly conduct interviews with young female staff members to understand their current situation and provide consultation on matters such as career and balancing work with life events.

In addition, we conduct training for young women in career-track position, to share career experiences and role models and to provide information on company systems and balancing childcare and work.



Female staff working outside Japan

### Empowerment of Non-Japanese Employees

In April 2020, we established a new system, "Global Career-track Position," and created a personnel system, which allows non-Japanese employees to play more active roles.

Every year we hire around 5 foreign students (from universities and graduate schools in Japan and ASEAN). After their joining, we develop human resources who can play an active role in our company globally, by providing Japanese language education and training for non-Japanese employees in a hope that these students will become engineers that are able to solve on-site problems and will be able to utilize their language skills not only in Japan but also overseas, and take on managerial positions in the future.

### Global Personnel System

In FY 3/18, we adopted a personnel evaluation system for non-Japanese workers in Singapore and Hong Kong, which are the major footholds of our International Business Unit. In July 2018, we introduced a grading and remuneration system.

The objective of the personnel evaluation system is to motivate employees to attain their goals, promote personnel development, and facilitate communication between superiors and subordinates. The grading and remuneration system boosts the incentive to perform well and achieve goals by reflecting performance and evaluation in the International Business Unit in remuneration, and enhances non-Japanese workers engagement in efforts to achieve their individual targets.



Meeting at our office in Singapore

### Empowerment of Senior Employees

Based on the revised Act on Stabilization of Employment of Elderly Persons, we offer new jobs and new working conditions to all career-track and administrative employees who wish to continue working after reaching the retirement age.

We also create opportunities for active participation of senior employees, for example, by utilizing senior employees with abundant knowledge and experience as instructors to train young employees at the Safety and Quality Education Center.

### Employment of Persons with Disabilities

The employment rate of persons with disabilities among all employees is 2.76% as of June 1, 2022. Following the spirit of the Act for Promotion of Employment of Persons with Disabilities, we are making efforts to expand the employment of persons with disabilities using our satellite offices. We have set up workrooms in Mitaka and Yokohama to create an environment where persons with disabilities can work comfortably.

# Human Rights and D&I

Aiming to be a D&I-advanced company where diverse human resources can thrive, we are working to secure and develop diverse human resources, evolve D&I, and accelerate work style reforms.

## ▶ Work Style Reform

Our company is accelerating company-wide initiatives, including overseas, to become a leader in work style reform and productivity improvement. We established the Work Style Reform Promotion Committee at the headquarters, branch offices, and the International Business Unit to promote our work style reform, which aim to provide workers with two days off per week, and to initiate productivity improvement needed for the work style reform.

In accordance with the amendment of the Labor Standards Act, the penalties related to violating the overtime work limit will be applied to the construction industry from April 2024. We strive to reduce overtime work through productivity improvement so that our employees' overtime work will meet the upper limit regulations by the end of FY 3/24.

### Objectives of Workstyle Reform Promotion

- To reduce overtime work and encourage employees' planned holiday acquisition
- To promote productivity improvement backed by advanced technologies
- Through these actions, we will create a comfortable workplace environment to secure future workforce

### Penta-Ocean Construction Group Goals

1. By the end of FY 3/24  
(Site closures) Establishment of 8 site closures per 4 weeks, thorough implementation of site closures on weekends  
(Establishment of 8 days off per 4 weeks: For sites with construction period deadline, etc.)  
(Overtime) To reduce overtime hours to 720 hours/year or less
2. To establish a flexible workstyle system
3. A turnover rate of 5% or less for young employees within their first three years after joining the company
4. Support work style reform for skilled workers

### Work Style Reform Promotion Committee

The Work Style Reform Promotion Committee, made up of company representatives and employees, is promoting work style reform to create a workplace environment where employees can demonstrate their potential and abilities in their respective jobs and are physically and mentally healthy. The Committee formulates measures and policies to promote workstyle reforms both at the headquarters and all branch offices, or those that need to be implemented company-wide, including at subcontractors, and provides guidance and advice towards their implementation. In addition, the Committee members periodically visit branch offices to grasp the actual situation and discuss individual solutions in cooperation with workers, management, the headquarters and branch offices.

### Achieving a New Way of Working

In an attempt to reduce overtime work hours per year to 720 hours or less by the end of FY 3/24, we strive to improve work efficiency and productivity, and visualize work schedules. Specifically, to save labor in on-site work, we strive to improve work efficiency by promoting the use of ICT, encouraging clients to convert their structures into PCa, promoting web conferencing, and utilizing iPad and WIZDOM (Construction Information Sharing System), etc. In addition, in order to raise each employee's awareness, we implement a campaign for reducing overtime work by 1 hour per day per person, etc.

### Employees' Mental Health Management

We are also working to manage the mental and physical health of our employees through initiatives such as providing consultations with industrial physicians for employees with excessive overtime record and establishing a mental health care system. In particular, to cope with mental illness issues, we carry out stress checks of employees once a year for early detection and prevention, and carry out medical examinations and individual guidance by psychiatrists.

### "No Overtime" Days

The Work Style Reform Committee sets a monthly payday as a "no-overtime day" and a bi-annual bonus payday as a "super no-overtime day". A reminder notification is sent by e-mail to all executives and employees.

		FY 3/22	FY 3/23	FY 3/24	FY 3/25 (Upper-limit regulation)
Site closures and holidays	Site closures on Saturdays and Sundays	Promotion	Thorough implementation		Establishment
	8 site closures per 4 weeks*		Thorough implementation	Establishment	
	8 days off per 4 weeks	Thorough implementation		Establishment	
Overtime	720 hours or less per year		Thorough implementation	Establishment	
	6 times a year or more 45 hours or less per month	Promotion	Thorough implementation		Establishment
Subcontractors	2 days off per week (Sat. and Sun.)	7 days off per 4 weeks	8 days off per 4 weeks	2 days off per week	(Upper-limit regulation)

\* For sites with construction period deadline, etc.: 8 days off per 4 weeks

## ▶ Human Resource Development

To demonstrate our collective strength as a genuine global general contractor, we not only develop the strengths of each individual but also promote skill development that brings these strengths together to enhance organizational strength.

### On the Job Training (OJT)

Based on our belief that growth through work (OJT) is imperative in the construction industry, we appoint a senior employee in charge of OJT for each new employee and provide far-reaching training. Thus, we strive to promote a "Co-educational Culture" in which both trainer and trainee can grow together.

### Off the Job Training (Off-JT)

Since group training (Off-JT) is aimed at acquiring knowledge, abilities, perspective and ways of thinking that cannot be acquired by experience alone, we conduct job-specific training sessions provided by each divisions group to acquire specialized knowledge including grade-specific training depending on the level of growth in job performance.

### Support System for Gaining Qualifications and Support Grant System for Self-development

We encourage our employees to obtain the official qualifications and licenses necessary to work in the construction industry, and provide a comprehensive backup, such as organizing in-house training sessions, paying exam fees and other acquisition costs, as well as offering success incentives corresponding to the importance of qualifications. Additionally, we not only offer a variety of possibilities and opportunities for learning, such as encouraging elective training where each employee can choose to participate in externally sponsored training sessions and providing support for self-development through correspondence courses, but we have also recently established a support grant system for self-development and professional reskilling.

### Safety and Quality Education Center

In April 2018, we established the Safety and Quality Education Center. The Center provides individual education and group education for young staff.

Experienced employees who are familiar with civil engineering, building construction, safety, quality, and laws and regulations provide guidance as an instructor to young employees (from the 2nd to 8th year after joining the company), whose number is increasing year by year due to more new graduate hires in recent years. The purpose is to pass on skilled engineers' knowledge and experiences to train young employees.

#### One-on-one education (individual education)

Tailor-made education customized for each learner's needs



As part of the education that supplements on-the-job training at construction sites, we assess each learner's current status, provide education customized for each learner's needs and raise their awareness to improve the current situation. By explaining the learner's education results to their onsite superiors, on-the-job training will become more effective.

#### First-Timer series (group education)

Education for conducting an unexperienced work without trouble



We train young employees with no experience to make them familiar with new types of constructions from a learner's perspective. We will provide practical education that can be applied at sites, focusing on showing the site (including photos and videos) instead of relying on classroom lectures.

Recognizing that safety and quality initiatives are the foundation of sustainability management, we work with subcontractors to promote workplace accident prevention activities.

▶ Safety First in Construction Work

Our commitment to construction safety stems from basic respect for humanity. We have established an occupational health and safety management system to 1. eliminate/reduce potential risk of occupational accidents, 2. promote workers' health and create comfortable workplaces and 3. improve corporate standard for health and safety.

We are one of the first companies in the construction industry to receive the "COHSMS Certification" from the Japan Construction Occupational Safety and Health Association in 2008, and have been renewing the certification by undergoing an audit every three years. We have named said certified system "PENTA-COHSMS" and are conducting continuous health and safety management in compliance with the system.

Several of our overseas offices have acquired the international standard for occupational health and safety management systems (ISO 45001), and we are working to continuously improve our occupational health and safety performance through the operation of the system.

Environment, Health and Safety Committee

Under the CSR Committee chaired by the President and Representative Director, we have established the Environment, Health and Safety Committee as a central organization for safety and health environment conservation activities. This Committee deliberates and decides on basic policies and measures to effectively promote health and safety environment activities.

Additionally, based on an annual plan, we regularly carry out the Environment, Health and Safety Committee Patrols in all branch offices.

Initiatives to Enhance On-site Communication

Since 1998, we have been promoting a Compassionate and Friendly Greeting Campaign that aims to create a safe, healthy, and lively workplace culture based on the stronger harmony among workers, and to achieve "no accidents, no incidents and no illnesses." In particular, we make every construction staff to call each other by name for deepening the sense of fellowship.

Initiatives to Prevent "Specific Accidents"

We have designated crash accidents, fall accidents and heavy machinery (crane) accidents as "Specific Accidents" and focus our efforts for preventing these accidents amongst all other accidents. Regarding the prevention of crash and fall accidents, we introduced a "Immediate 'Red Card' System for Workers Who Do Not Use Safety Belt\*1," which suspends a worker from the construction site when he/she is found not using a fall prevention equipment (commonly, a safety belt) in a place where a safety belt is mandatory. As for the prevention of heavy machinery and crane accidents, we enforce the "Zero Heavy Machinery Accident Declaration" to reconfirm prohibition of entering a working radius of the equipment, and to assign guards to prevent any entry. Also, we enforce the "Zero Crane Accident Declaration," "Exercise 333\*2."

\*1 Workers who were suspended will return to the site after receiving the safety training again.  
 \*2 Exercise 333: (1) 3 m away from the suspended load when slinging. (2) Stop hoisting the lifted load at 30 cm. (3) Roll up after counting 3 seconds when hoisting the lifted load (introduced in 2008).

Initiatives to Ensure Thorough Communication and Coordination between Operations

In principle, unscheduled work is prohibited. If it is unavoidable, we have established the following procedures and ensure thorough communication and coordination between operations.

1. Temporarily suspend the work and report to the main contractor
2. Review procedures, and create a "Record of Meeting for Unscheduled Work"
3. Obtain approval from the main contractor, notify workers, and conduct risk prediction on-site.

In addition, we post "Posters Prohibiting Unscheduled Work" to warn workers.



Click here for the health & safety activity guidelines and quality activity guidelines  
[https://www.penta-ocean.co.jp/english/sustainability/management/environment\\_m.html](https://www.penta-ocean.co.jp/english/sustainability/management/environment_m.html)

### Implementation of POC Standard at Home and Abroad

We have been implementing occupational accident prevention and quality management measures that prioritize safety and quality in Japan, and named it the Penta-Ocean Construction Standards. We spread these standards not only in Japan but also overseas and carry out occupational accident prevention activities in collaboration with subcontracting companies.

<Specific efforts>

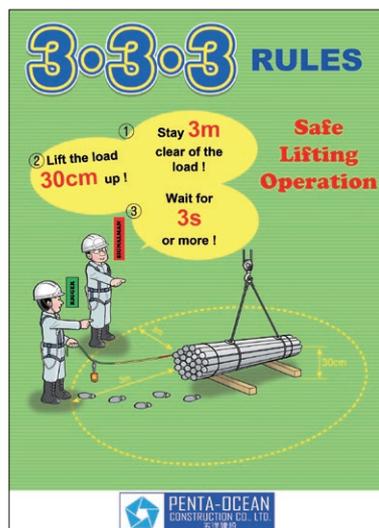
- Special Safety Day (March 30), Safety Contest (1st day of every month), Safety Week (preparation period: June 1-30, the actual safety week: July 1-7)
- Implementation of Penta-Ocean Construction self-regulation and accident prevention activities (Exercise 333, etc.)



Overseas safety patrol



Safety Week notice board at an overseas site



English version of Exercise 333 poster

### Designating a Special Day to Pledge Safety

- Special Safety Day (March 30)

On March 30, 2014, a major accident occurred in the Okinotorishima port construction site, taking precious lives of seven people.

Every year on March 30, a memorial service is held with the attendance of the bereaved families and the clients. (only in the presence of clients from FY 3/21 to FY 3/24, due to the COVID-19 pandemic). In addition, not to forget this accident, March 30 is designated as a Special Safety Day, where we conduct simultaneous onsite inspections to reconfirm safety.

- Fire Prevention Day (April 20)

On April 20, 1998, a major fire occurred at our construction site, with one deceased, 16 people mildly/seriously injured, and one building completely burned down. Taking this accident as a lesson, we designated April 20 as Fire Prevention Day to reconfirm fire prevention measures.

### Safety Results

<Domestic: 4 or more days lost>

\* Non-consolidated

	FY 3/19	FY 3/20	FY 3/21	FY 3/22	FY 3/23
Number of accidents	21	19	11	9	23
Number of fatal accidents	1	1	0	1	1
Number of deaths (employees)	0	0	0	0	0
Number of deaths (subcontractors)	1	1	0	1	1
Frequency rate	0.89	0.70	0.59	0.47	1.30
Severity rate	0.44	0.31	0.03	0.42	0.52

<Overseas: 4 or more days lost>

\* Non-consolidated

	FY 3/19	FY 3/20	FY 3/21	FY 3/22	FY 3/23
Number of accidents	11	3	11	9	12
Number of fatal accidents	0	0	0	2	0
Number of deaths (employees)	0	0	0	0	0
Number of deaths (subcontractors)	0	0	0	2	0
Frequency rate	0.23	0.07	0.35	0.30	0.36
Severity rate	0.01	0.00	0.00	0.46	0.01

# Sustainable Supply Chain Policy and Guidelines

At Penta-Ocean Construction Group, we will conduct fair and equal transactions with our business partners on an equal footing and promote partnerships aiming for cooperation, coexistence and co-prosperity.

Together with our business partners, we will strive to comply with laws and regulations, respect human rights, and incorporate environmental considerations to build a sustainable supply chain.

## ▶ Cooperative Health and Safety Initiatives with Subcontracting Companies

To ensure quality and safety together with subcontracting companies, we have established the "Penta-Ocean Construction Labor Safety Council" which has 1,084 members. The Labor Safety Council works to improve knowledge levels and skills regarding labor safety and carries out various activities to prevent accidents and create a foundation for smooth cooperation between the company and subcontracting companies.

### <Examples of the Penta-Ocean Construction Labor Safety Council's Activity>

#### ● Safety and health patrols

Based on an annual plan, the headquarters, branch offices, and subcontracting companies perform patrols on a regular basis, in addition to the President's patrols twice a year.



President's Patrol (July 2022)

#### ● Safety and Health Environment Promotion Contest

In June, the headquarters, branch offices, and the Labor Safety Council jointly hold a "Safety and Health Environment Promotion Contest." This is in preparation for the National Safety Week, which is observed every July.

In June 2022, we held the "2022 Safety and Health Environment Promotion Contest" at our headquarters in collaboration with the Labor Safety Council Association, with the President and Representative Director in attendance.

#### ● Implementation of various types of education and training

We aim to improve the knowledge levels and skills of our members by holding a variety of training programs, including education of foremen and safety and health managers, training for safety officers, risk sensitivity education, seminars for senior members of the Labor Safety Council Association, and business owner education.

### Foremen's Associations

We organize foremen's associations (organizations consisting of foremen and safety and health managers of multiple subcontracting companies) at each site to raise awareness of safety and health among all workers.

## ▶ Work Style Reform Promotion of Subcontracting Companies

We support the work style reforms of subcontractors and skilled workers, for example, by promoting the provision of incentives for skilled workers who achieve two days off per week (increasing the labor costs when the holiday acquisition target is achieved).

We also improve payment conditions for subcontractors (payment in 100% cash), promote and support enrollment in the Construction Career Up System (CCUS\*), and provide allowances under the Excellent Foreman System (for CCUS members).

#### \*Construction Career Up System

The system registers working record and qualifications of each skilled worker, enabling fair evaluation, quality improvement as well as productivity improvement at construction sites.

### Excellent Foreman Certification System

In FY 3/14 we introduced an Excellent Foreman Certification System to "secure and train future leaders" and to "improve the treatment given to construction engineers." Certified foremen are paid an excellent foreman allowance of 2,000 yen per day depending on the number of days they have worked at our company's sites. Additionally, excellent foremen who work for more than 100 days a year are paid an additional 1,000 yen per day. In addition, the employer's share of social insurance premiums for allowances is paid separately. In FY 3/23, 431 foremen including 142 newly certified foremen were certified as excellent foremen.

## ▶ Building a Sustainable Supply Chain

Penta-Ocean Construction Group promotes the building of partnerships with business partners and aims to establish a sustainable supply chain that includes legal compliance, respect for human rights, and consideration for the environment.

- Declaration of Partnership Building (November 2020)
- Disclosure of the Multi-stakeholder Policy (May 2023)
- Formulation and disclosure of the Sustainable Supply Chain Policy and Guidelines (November 2023)

Click here for the sustainable supply chain policy and guidelines  
<https://www.penta-ocean.co.jp/english/sustainability/society/ssc.html>



## Coexistence with Local Communities

### ▶ Cooperation with "Private-sector Training for School Teachers"

In August 2022, we invited seven teachers from Machida City, Tokyo, and conducted "Private-sector Training for School Teachers."

This training is sponsored by the Keizai Koho Center, and is held every year for teachers working in public schools. The teachers receive various types of training at private companies with the aim of utilizing that experience in educating children and managing schools. This year marks the 28th year of such training and the total number of participants was 231.

Over two days, we introduced our domestic and international achievements in civil engineering and building construction projects, work style reform, and initiatives for mental health care, and held a site tour at the construction office.



### ▶ Site Tour for Young Engineers in Hong Kong

In February 2023, we held a site tour for young engineers working in the construction industry in Hong Kong at the C12 construction project and land preparation project at Yumeshima East, Osaka Prefecture.

31 people from the Hong Kong Construction Association participated in the event, which included an overview presentation of the project, a site tour, and a question-and-answer session. The tour served as an opportunity to increase interest in Japan's construction industry and our company.



## External Awards

### ▶ Double Winner of Nikkenren's Civil Engineering Award and BCS Award

In November 2022, we received the Civil Engineering Award for the Fabrication and Construction of Immersed Tunnel Element (No. 4, 5, 6) for South-North Port Road at Tokyo Port And the BCS Award for the "Tokyo Metropolitan Archives Building Project".

The Nikkenren Award recognizes achievement of those who involved in the construction of high-quality social infrastructure and excellent buildings, for the purpose of contributing to improvement of human lives and industrial infrastructure, cultural development, rural area revitalization, and global environmental conservation. In FY 3/23, 27 outstanding projects and buildings were recognized. The project that won the Civil Engineering Award was highly evaluated for its usefulness in terms of technology and construction for future submerged tunnel construction methods. The project that received the BCS Award was praised for its ability to create both a comfortable reading room with a wooden finish and a highly functional storage facility.



### ▶ Receiving the 1st OCAJI Project Award from Overseas Construction Association of Japan, Inc.

The first OCAJI Project Awards ceremony was held in January 2023. In that ceremony, the PDT3 reclamation and jetty construction project (Malaysia) and the Outram Community Hospital construction project (Singapore) were awarded as outstanding overseas construction projects.

The Overseas Construction Association of Japan newly started this award in FY 3/23 to increase the presence of the Japanese construction industry overseas and to contribute to the promotion of continuous and stable overseas activities. Both projects received an "A rating" (the highest rating out of the three categories of A, B, and C) in all selection criteria of quality, construction period, safety, health and security, and environment.

We will continue to leverage our track record and technical capabilities to contribute to the construction of high-quality social infrastructure in each country.

