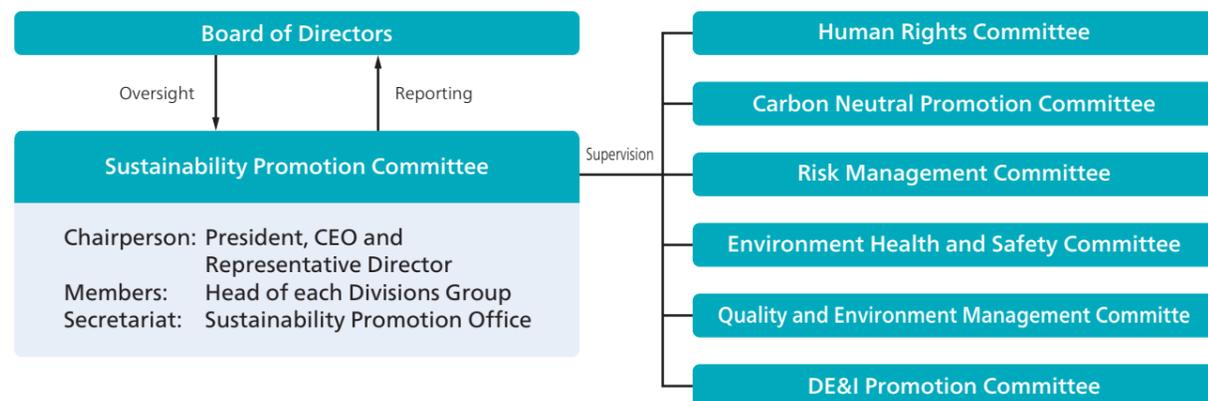


## Practicing Sustainability Management

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, customers, 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 Sustainability Promotion Committee chaired by the President, CEO 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 Diversity Equity & Inclusion (DE&I) Promotion Committee to promote ESG-oriented sustainability management. The Sustainability Promotion Committee implements specific initiatives and monitors achievements for each issue identified as Materiality. Strategies and progress related to sustainability are regularly reported to the Board of Directors and supervised from the perspective of enhancing the corporate value over the medium and long term.



### Overview of Committee Activities (FY 3/25)

Name (Chairperson)	Purpose	Number of meetings held in FY 3/25
<b>Sustainability Promotion Committee</b> (President, CEO and Representative Director)	Formulation and promotion of group-wide sustainability management policies, strategies, and activity plans	4
<b>Human Rights Committee</b> (President, CEO and Representative Director)	Formulation of human rights policy, identification of human rights risks, implementation of due diligence, and effective monitoring of remedies and corrective measures	4
<b>Carbon Neutral Promotion Committee</b> (President, CEO and Representative Director)	Formulation of basic policies and promotion of initiatives for carbon neutral advancement	2
<b>Risk Management Committee</b> (Executive Vice President and Representative Director)	Formulation of basic policies for risk management, creation and improvement of risk management system, and promotion of various compliance measures	11
<b>Environment Health and Safety Committee</b> (Executive Officer, Head of Safety, Quality and Environment Management Divisions Group)	Formulation of basic policies and promotion of initiatives for occupational accident prevention, occupational health and safety, and the creation of a comfortable workplace environment through safety and hygiene activities	12
<b>Quality and Environment Management Committee</b> (Executive Officer, Head of Safety, Quality and Environment Management Divisions Group)	Deliberation, decision-making, evaluation, and guidance on control measures regarding important matters related to quality and environmental management system operations	2
<b>DE&amp;I Promotion Committee</b> (Executive Officer, Head of Human Resources Division)	Formulation of policies and promotion of initiatives for DE&I advancement to realize a comfortable and rewarding workplace environment where diverse talent can thrive	8

### Creating Mechanisms to Deepen Sustainability Management

Based on the Materiality (key issues) identified in 2023, we are developing mechanisms to deepen sustainability management. In addition, for the issues identified as requiring particular focus, namely "Respect for human rights" and "Sustainable Supply Chain" (SSC), we are intensively promoting initiatives. In addition to conducting global annual sustainability training for all group executives and employees (FY 3/25: 100% participation rate), we also provide lectures on sustainability as a theme in rank based training and in department-led training sessions.

	Up to FY 3/24	FY 3/25
<b>Creating Mechanisms to Deepen Sustainability Management</b>	<ul style="list-style-type: none"> <li>Support and signature of the United Nations Global Compact (December 2022)</li> <li>Identification and disclosure of Materiality (May)</li> <li>Revision of POC Code of Conduct (May)</li> <li>Revision of the Corporate Philosophy Structure (October)</li> </ul>	<ul style="list-style-type: none"> <li>Promotion and monitoring of activities based on Materiality (from April)</li> <li>Weekly "Sustainability Morning Briefings" at construction sites (from September)</li> <li>Held the "1st Sustainability Awards" in Singapore (December)</li> </ul>
<b>Initiatives for Key Issues</b>	<b>Respect for Human Rights</b>	<ul style="list-style-type: none"> <li>Review and implementation of improvement plans based on human rights monitoring results (from May)</li> <li>Implementation of human rights dialogue with UNDP (June)</li> <li>Human Rights DD (Monitoring for subcontractors, etc.) (from July)</li> </ul>
	<b>Sustainable Supply Chain (SSC)</b>	<ul style="list-style-type: none"> <li>Implementation of self-assessment questionnaire (SAQ) for subcontractors, etc. (159 domestic, 70 overseas) (from July)</li> <li>Visits to business partners based on the monitoring results (February–March)</li> </ul>

\* SSC: Sustainable Supply Chain

#### Sustainability Morning Briefings

Starting in September 2024, in order to share sustainability management initiatives, we began holding a "Sustainability Morning Briefing" once a week both within POC group and with subcontractors, using each Materiality theme as a topic.

#### Sustainability Awards

To commemorate the 60th anniversary of our entry into Singapore, we held the "1st Sustainability Awards" in December 2024, recognizing and sharing ESG initiatives at local construction sites. In FY 3/26, we plan to hold Sustainability Awards in Japan and in Hong Kong as well.



Sustainability Morning Briefing



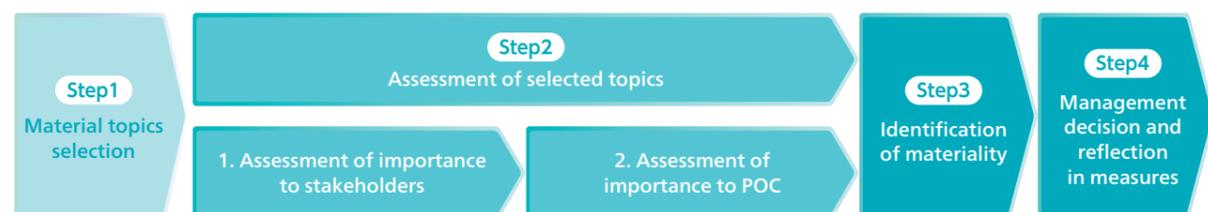
Singapore "Inaugural Sustainability Awards"

## Materiality (Key Issues)

Under the Medium-term Management Plan (FY 3/24 - FY 3/26) announced in May 2023, Penta-Ocean Construction Group set a goal of becoming “a genuine global general contractor that practices sustainability management.” In promoting sustainability management, we have identified Materiality (key issues) as the issues to which we should allocate resources with the highest priority, aiming to achieve both medium- to long-term corporate growth and the sustainability of society.

More specifically, we have identified the followings as our eight materiality issues; 1. Responding to Climate Change Issues, 2. Creation of a Rich Environment, 3. Construction of High-quality Social Infrastructure and Buildings, 4. Enhancing Technology Development and Technical Capabilities, 5. Promotion of DE&I, 6. Respecting Human Rights and Building Sustainable Supply Chain, 7. Ensuring Occupational Health and Safety, 8. Promotion of Effective Governance. For each of the issues above, we established specific policies, structures and metrics to assess the implementation progress. The review of our Materiality is scheduled for FY 3/27.

### Materiality Identification Process



#### Step1 Material Topics Selection (October - November 2022)

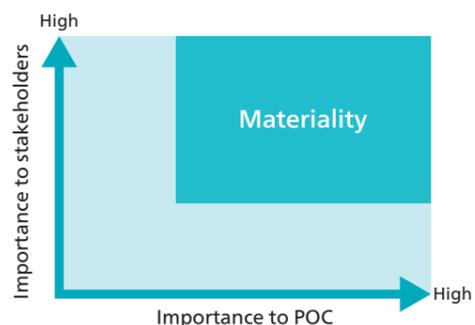
- We selected 23 social and environmental issues to be considered through the analysis of various international ESG frameworks including SASB and GRI standards, and the assessment of items identified as material by our construction industry peers at home and abroad, while receiving feedback from outside experts.

#### Step2 Assessment of Selected Topics (November 2022 – March 2023)

- Assessment of importance to stakeholders  
Based on various types of information including questionnaires received from clients, ESG surveys and reports from international organizations and NGOs, we analyzed the level of interest of our stakeholders in each issue and conducted a comprehensive evaluation of their importance to stakeholders.
- Assessment of importance to POC  
We established a team consisting of members selected from the Domestic Civil Engineering Divisions Group, the Domestic Building Construction Divisions Group, the International Business Unit, Corporate Administration Divisions Group, as well as branch office staff, and staff from other departments related to each issue, to study their material impact on our business. By involving outside experts to provide us insights through dialogue meetings, we deepened our understanding of the 23 issues identified in step1, and discussed risks and opportunities that we shall focus on from medium- to long-term perspectives, as well as their importance to our businesses.

#### Step3 Identification of Materiality (March 2023 – April 2023)

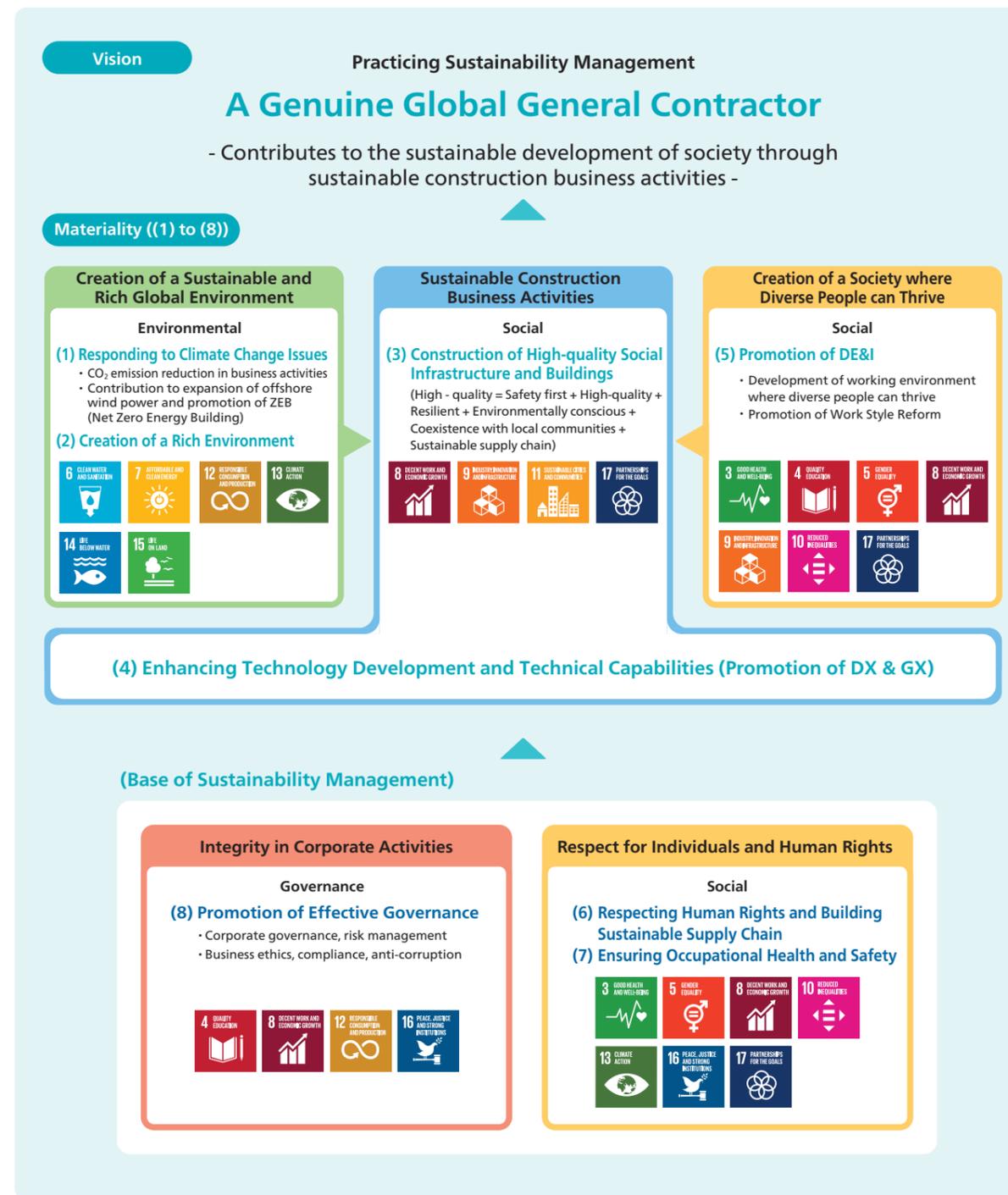
- In accordance with the results of Step 2, materiality issues were plotted based on the two axes assessment: importance to stakeholders and importance to POC.



#### Step4 Management Decision and Reflection in Measures (from May 2023)

- After review by the management, the eight materiality issues and their characterization were presented and discussed at the CSR Committee in May 2023.
- Upon approval by the Board of Directors, it was announced together with the Medium-term Management Plan (FY 3/24 to FY 3/26) and reflected in measures.

## Penta-Ocean Construction Group's Materiality (Material Business Issues)



### Risks and Opportunities

Through the process of identifying Materiality, we analyze global ESG standards such as SASB and the GRI Standards, regulatory trends, and stakeholder requests to understand medium to long term risks and opportunities related to material business issues. Major risks are monitored by the Sustainability Promotion Committee, and the results are reported to the Board of Directors. At the same time, individual risks are managed by each committee under the Sustainability Promotion Committee to monitor progress. We review initiatives from the perspectives of policies, structure, strategies, etc., to identify areas where our efforts are insufficient and make improvements accordingly. Risks that have a particularly large impact on management and require a company-wide response are managed by the Risk Management Committee.



# Materiality (Example of Initiatives and Indicators)

For other indicators related to ESG, please refer to the ESG Data Sheet.

	Goal to aim for	Materiality	Examples of Initiatives	KPI	FY 3/24 result	FY 3/25 result
Environmental	Creation of a Sustainable and Rich Global Environment	(1) Responding to Climate Change Issues	<ul style="list-style-type: none"> <li>GHG reduction in construction activities                             <ul style="list-style-type: none"> <li>Scope 1: Use of low-carbon fuel (efficiency improvement), construction efficiency improvement</li> <li>Scope 2: ZEB conversion of on-site offices (energy-saving, use of renewable energies)</li> <li>Scope 3: Use of low-carbon concrete, promotion of ZEB conversion of buildings, CO<sub>2</sub> absorption by blue carbon in coastal areas etc.</li> </ul> </li> <li>Contribution to the promotion of ZEB conversion of buildings (energy saving, use of renewable energies)</li> <li>Contribution to the expansion of renewable energy supply through offshore wind construction</li> </ul>	• CO <sub>2</sub> emission (Scope 1, 2): 50% reduction (by FY 3/2031, vs. FY 3/2020)	288 kt-CO <sub>2</sub> (35.4% reduction)	269 kt-CO <sub>2</sub> (39.7% reduction)
				• CO <sub>2</sub> emission (Scope 3): 30% reduction (by FY 3/2031, vs. FY 3/2020)	295.2 kt-CO <sub>2</sub> (32.5% reduction)	213.3 kt-CO <sub>2</sub> (51.2% reduction)
				• Percentage of vehicles using additive, etc. to improve fuel economy: 100% (by FY2030)	13.9%	43.2%
				• Percentage of eco-friendly construction machinery: 100% (by FY 3/2031)	2.2%	2.3%
				• Number of orders for ZEB buildings	8	6
		(2) Creation of a Rich Environment	<ul style="list-style-type: none"> <li>Promotion of resource recycling                             <ul style="list-style-type: none"> <li>Recycling of construction generated soil and construction sludge, improvement of dredged soil, etc. using Calcia stabilizing material (made from steel slag) and Watoru mud stabilization material, (made from paper sludge ashes), and food recycling business (composting of food waste)</li> </ul> </li> <li>Absorption of CO<sub>2</sub> by blue carbon and Calcia modified soil in coastal areas                             <ul style="list-style-type: none"> <li>Creation and conservation of seaweed beds and tidal flats, use of Calcia modified soil (dredged soft soil)</li> </ul> </li> </ul>	• Sales from resource recycling businesses	¥6,967 million	¥9,074 million
				• Construction waste recycling rate: 95% or higher	97.6%	98.5%
				• Number of violation of environmental laws and regulations: Zero	0	0
				• Development of blue-carbon related technologies: Confirmation of CO <sub>2</sub> absorption effect (FY 3/26), application to actual projects (FY 3/31)	10 external announcements related to CO <sub>2</sub> fixation technology	9 external announcements related to CO <sub>2</sub> fixation technology
				• Number of commendations (commendations from the Minister, the Director of regional development bureaus, Nikkenren and JSCE awards)	25	19
Sustainable Construction Business Activities	(3) Construction of High-quality Social Infrastructure and Buildings	<ul style="list-style-type: none"> <li>Gaining trust of clients through reliable safety and quality backed by technology                             <ul style="list-style-type: none"> <li>Demonstrating collective strengths by inter-departmental collaboration and front-loading initiatives</li> </ul> </li> <li>Ensuring Quality</li> <li>Coexistence with Local Communities</li> </ul>	• Score of projects awarded by the government: Average 80 points or better	81.6 points	81.0 points	
			• Private clients satisfaction survey "Satisfied" or better <sup>*1</sup> : 95% or higher	Civil engineering: 98.3 / Building construction: 100 (%)	Civil engineering: 100 / Building construction: 91.4 (%)	
			• Number of nonconforming product handling cases <sup>*1</sup> (domestic/overseas)	Domestic: 27 / Overseas: —	Domestic: 13 / Overseas: 46	
			• R&D expenses	¥3,142	¥3,262	
			• Number of external publications (papers, press releases)	174	165	
	(4) Enhancing Technology Development and Technical Capabilities (Promotion of DX & GX)	<ul style="list-style-type: none"> <li>Sources of competitiveness, three areas of focus (DX, GX, Resilience)</li> <li>Promotion of DX (streamlining design, construction and management, information sharing with clients and subcontractors)</li> <li>Promotion of GX initiatives (development and implementation of technologies that contribute to achieve Carbon Neutrality)</li> <li>Technology development with a view to diversifying needs and large-scale projects</li> </ul>	• Number of patents and utility models held	685	648	
			• Ratio of new female career-track employees: 25% or higher	20.0%	17.1%	
			• Ratio of female employees in managerial positions: 15% or higher (by FY 3/2036)	5.0%	4.8%	
			• Turn over rate within 3 years of joining: 5% or lower	12.7%	14.9%	
			• Ratio of employees with disabilities: 2.7% or higher (by FY 3/2026)	2.76%	2.91%	
Creation of a Society where Diverse People can Thrive	(5) Promotion of DE&I	<ul style="list-style-type: none"> <li>Securing, developing and empowering diverse human resources (women, global employee, etc.)                             <ul style="list-style-type: none"> <li>Development and management of inclusive workplace environment</li> <li>Improving employee education and training</li> <li>Promotion of work-style reform (conforming to overtime hour cap)</li> <li>Preparing for life events of employees (flexible work style and career plans)</li> </ul> </li> <li>Providing support to subcontractors for promoting work-style reform and securing future workers</li> <li>Development of Harassment Helpline (domestic and overseas, in-house and external)</li> </ul>	• Status of implementation of "8 site-closures per 4 weeks" (rest days standard, full closure standard)	64.1% / 57.0%	72.0% / 66.2%	
			• Status of implementation of "8 rest days per 4 weeks" (project site employees)	92.6%	95.5%	
			• Status of compliance with overtime work regulations (from FY2024)	—	99.9%	
			• Childcare leave acquisition rate (female) (Ministry of Health, Labour and Welfare standard / POC original standard <sup>*2</sup> )	86.7% / 100%	125.0% / 100%	
			• Childcare leave acquisition rate (male) (Ministry of Health, Labour and Welfare standard / POC original standard <sup>*2</sup> )	99.0% / 100%	112.0% / 100%	
			• Number of certified excellent foremen	461	521	
			• Construction career up system registration rate			
			Business operator registration rate: Primary: 100% / Secondary: 90% or more (FY2025)	Primary: 98.9% / Secondary: 72.5%	Primary: 98.7% / Secondary: 75.6%	
			Skilled worker registration rate: Primary: 100% / Secondary: 90% or more (FY2025)	Primary: 89.7% / Secondary: 78.7%	Primary: 89.5% / Secondary: 83.1%	
			• Number of consultations received by the Harassment Helpline (domestic/overseas) <sup>*3</sup>	Domestic: 21 / Overseas: 0	Domestic: 37 / Overseas: 4	
Respect for Individuals and Human Rights	(6) Respecting Human Rights and Building Sustainable Supply Chain	<ul style="list-style-type: none"> <li>Formulation of Human Rights Policies and providing training thereof (from FY 3/2024)</li> <li>Implementation of Human Rights Due Diligence (from FY 3/2024)</li> <li>Formulation of Sustainable Supply Chain (SSC) policy and providing training thereof (from FY 3/2025)</li> <li>Development of Human Rights Helpline (domestic and overseas, in-house and external)</li> </ul>	• Human rights training participation rate: 100%	100%	100%	
			• Progress of human rights DD (Monitoring of our group and partner companies)	Head office and 10 branches, 9 overseas bases, 10 group companies	229 partner companies (159 domestic, 70 overseas)	
			• SSC Training participation rate (from FY2024): 100%	—	100%	
			• SSC conformity rate of partner companies <sup>*4</sup> (from FY2024) (domestic/overseas)	—	Domestic: 95.7% / Overseas: 98.7%	
			• Number of cases received at Human Rights Consultation Desk (domestic/overseas) <sup>*3</sup>	Domestic: 1 / Overseas: 0	Domestic: 0 / Overseas: 0	
Ensuring Occupational Health and Safety	(7) Ensuring Occupational Health and Safety	<ul style="list-style-type: none"> <li>Undertaking activities of occupational accidents prevention in cooperation with subcontractors</li> <li>Spreading POC Standard (Safety and quality first) across office at home and abroad</li> <li>One-on-one training by senior employees of the Safety and Quality Control Education Office</li> </ul>	• Frequency rate (Domestic / Overseas)	Domestic: 0.97 / Overseas: 0.20	Domestic: 1.00 / Overseas: 0.32	
			• Severity rate (Domestic / Overseas)	Domestic: 0.06 / Overseas: 0.22	Domestic: 0.07 / Overseas: 0.48	
			• Number of fatal accidents (domestic and overseas): Zero	1 (Domestic: 0 / Overseas: 1)	2 (Domestic: 0 / Overseas: 2)	
			• Sustainability training participation rate: 100%	100%	100%	
			• Number of serious violations of laws and regulations: Zero	0	0	
Integrity in Corporate Activities	(8) Promotion of Effective Governance	<ul style="list-style-type: none"> <li>Providing education on sustainability to raise employees' awareness</li> <li>Continuous improvement of corporate governance (Directors' assessment of the internal control system and the effectiveness of the Board of Directors)</li> <li>Risk Management</li> <li>Business Ethics and Compliance, Anti-Corruption</li> <li>Development of Compliance Helpline (domestic and overseas, in-house and external)</li> <li>Implementation of information security training (domestic and overseas)</li> <li>Formulation of Business Continuity Plan (BCP) and implementation of disaster drills (major earthquakes, tsunamis)</li> <li>Conducting timely and appropriate information disclosure, IR activities for institutional investors, site tours for individual shareholders, etc.</li> </ul>	• Compliance training participation rate: 100%	100%	100%	
			• Number of consultations received by the compliance helpline (domestic/overseas)	Domestic: 24 / Overseas: 58	Domestic: 14 / Overseas: 4	
			• Information security training participation rate: 100%	100%	100%	
			• Number of serious information-related incidents: Zero	0	0	
			• Percentage of officers and employees participating in BCP training: 100%	100%	100%	
			• IR implementation status (number of participants in one-on-one meetings)	260	407	

\*1 Quality Management System (From FY 3/25, overseas reporting standards were standardized to match those used domestically) \*2 Percentage of employees who took childcare leave, etc. out of employees who reached the expiration date of their childcare leave \*3 Each consultation desk is counted based on the content of the consultation \*4 Percentage of assessment items marked as "compliant" in the self-assessment questionnaire (SAQ) responses submitted by subcontractors

Management Philosophy and Vision  
Value Creation Strategy  
Sustainability Management Base  
Environment  
Society  
Governance  
Data Section