2025

ANNUAL REPORT

PENTA-OCEAN CONSTRUCTION CO., LTD.

Penta-Ocean Construction Co., Ltd.
Corporate Communication Division
Headquarters: 2-2-8 Koraku, Bunkyo-ku, Tokyo 112-8576
Tel: +81-3-3816-7111 (main)
https://www.penta-ocean.co.jp/english/
The information in this document is current as of October 2025.
Unauthorized reproduction or reprinting of this material is prohibited.
UD FONT by MORISAWA Easy-to-read universal design fonts are used.

Penta-Ocean Construction official website

Vision

Practicing sustainability management

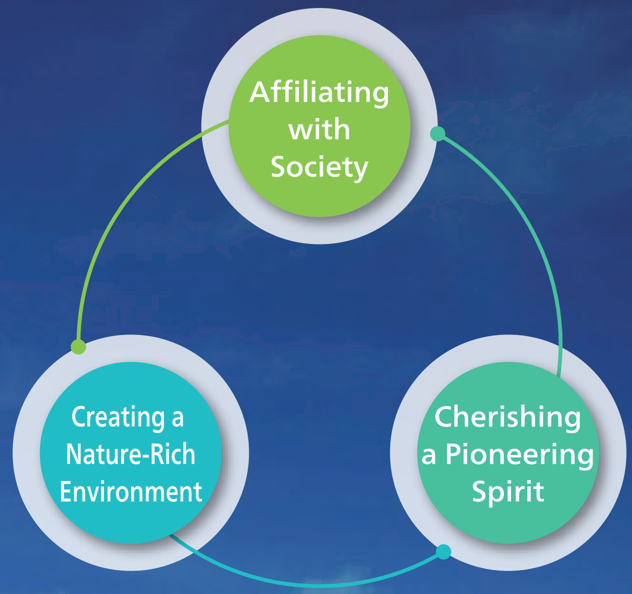
A Genuine Global General Contractor

Through sustainable construction business activities

We Contribute to the Sustainable Development of Society

Penta-Ocean Construction Group conducts construction business activities based on the belief that "Our greatest contribution to society is the construction of high-quality infrastructure".
As a genuine global general contractor with strengths in port, coastal and waterfront areas and overseas, not only do we strive to provide reliable safety and quality backed by technology, but we will also contribute to sustainable development of society by sincerely addressing all sustainability issues from an ESG perspective.

Management Philosophy



Affiliating with Society

We keep abreast of continued growth by contributing high quality construction services and building trustful relationships with all stakeholders

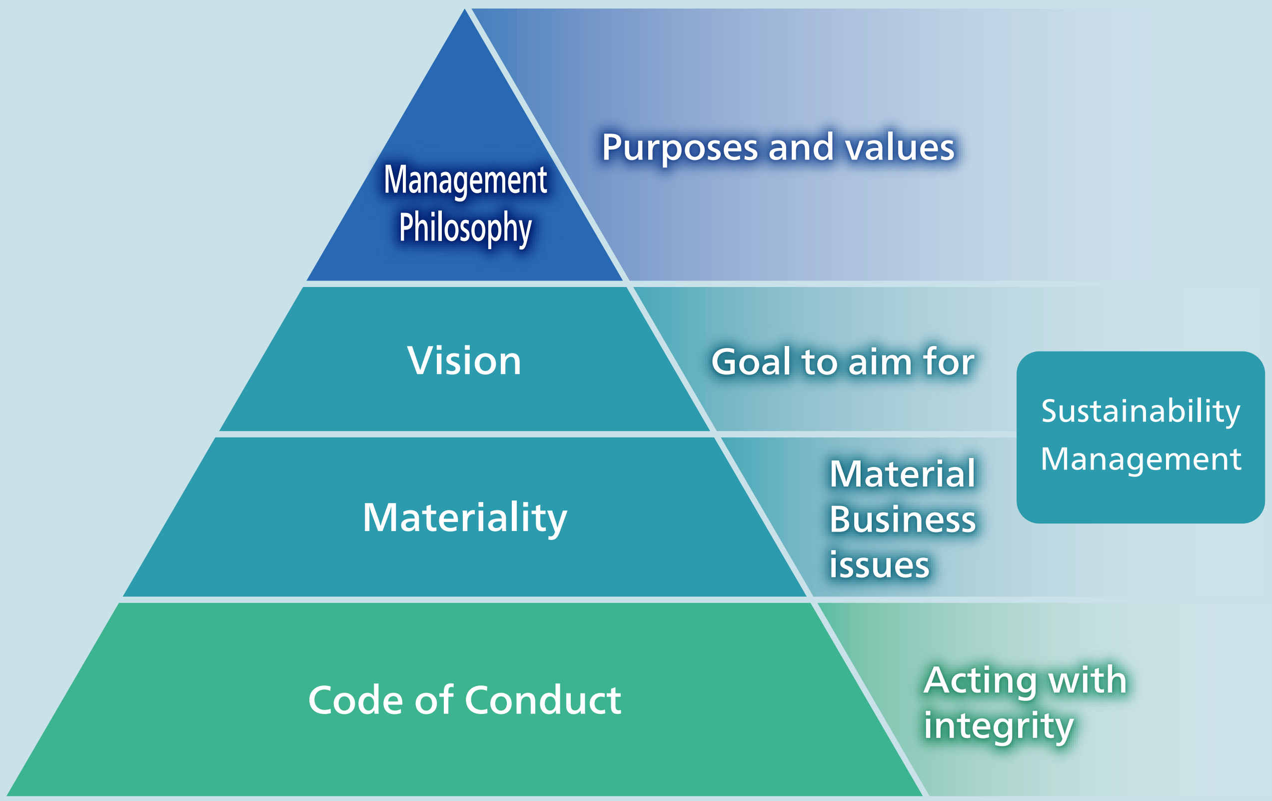
Creating a Nature-Rich Environment

We strongly believe that the cornerstone of our social and economic activities is delivering a nature-rich environment to the future generations
We create safe and comfortable living and rich social environment through our earth conscientious operations

Cherishing a Pioneering Spirit

We demonstrate enterprising spirit in dealing with changing society that influences our business in order to conscientiously respond to the needs of our customers and communities

Penta-Ocean Construction Group's Corporate Philosophy Structure



Management Philosophy: Pg. 2, Vision: Pg. 1, Materiality: Pg. 32

Penta-Ocean Construction Group Code of Conduct

1. Integrity in our corporate activities

1) Compliance with laws and regulations
2) Fair competition and appropriate transactions
3) Promotion of partnerships with business partners and establishment of sustainable supply chains
4) Appropriate accounting procedures and tax payment
5) Proper management and use of information and assets
6) Anti-bribery and anti-corruption
7) Eradication of antisocial activities
8) Risk Management

2. Respect for individuals and human rights, coexistence with society and nature

1) Respect for human rights
2) Promotion of DE&I
3) Creation of a safe and secure work environment
4) Construction of high-quality social infrastructure and buildings
5) Responding to climate change
6) Conservation and creation of natural environment
7) Communication with stakeholders and appropriate disclosure of corporate information
8) Contribution to local communities

Scan the QR code to view full text

Editing Policy

Target period

The report covers FY 3/25 (from April 1, 2024 to March 31, 2025). However, some information outside of the said fiscal year is also included.

Scope of coverage

In principle, the report focuses on the activities of POC Group. A note is provided whenever the scope of coverage deviates from this description.

Referenced guidelines

- Ministry of the Environment's "Environmental Reporting Guidelines 2018"
- IFRS Foundation's "International Integrated Reporting Framework"
- GRI's "Sustainability Reporting Standards"
- Ministry of Economy, Trade and Industry's "Value Co-Creation Guidance"
- "Task Force on Climate-Related Financial Disclosures (TCFD) Final Report"
- SASB (Sustainability Accounting Standards Board) Standards

Additional information

Information on the company including our corporate profile and securities reports can be found at our website.

Month of publication

November 2025

For Readers

The Annual Report (integrated report) is a comprehensive communication tool for investors and a wide range of stakeholders, and contains information related to our philosophy, strategies, business activities, and sustainability initiatives. We hope that this report will give you a deeper understanding about POC Group. In addition, our website provides extensive information on our sustainability initiatives in greater detail. Please visit our website for more information about our sustainability initiatives.

Penta-Ocean Construction official website
Home ▶Sustainability

contents

"Cherishing a Pioneering Spirit"
Penta-Ocean Construction's 129-year History

It has been 129 years since "Mizuno Gumi," the predecessor of POC, was established in 1896. Led by our corporate DNA, pioneering spirit, we have expanded our business areas from initial marine civil engineering to land civil engineering and building construction in Japan and overseas, tackling new technologies and stepping into new areas.

Phase I (from 1896)

Establishment of "Mizuno Gumi, a leader in marine civil engineering"

Developing marine civil engineering based in Kure City

Established as Mizuno Gumi in Kure City, Hiroshima Prefecture, the company was engaged in civil engineering work for ports and harbors and was known as "Mizuno Gumi, a leader in marine civil engineering"


Mr. Jinjiro Mizuno IV founded Mizuno-Gumi (1896)


Kure Port at the time of founding (1890)


Contract awarded for excavation work of Manzeki-Seto-Channel (Tsushima) (1900)

Phase II (from 1945)

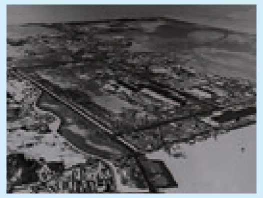
Developing business with a pioneering spirit

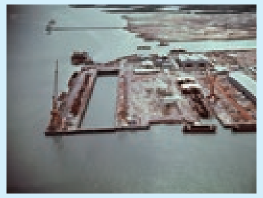
Launching business nationwide and worldwide

Global expansion with the Suez Canal Dredging Project. Strengthening land civil engineering through M&A and promoting expansion in Japan by entering into Hokkaido


Contract awarded for construction of first large-scale quay walls and industrial facilities in the postwar era in Tsukumi Port, Oita Prefecture (1948)


Contract awarded for Suez Canal Dredging Project (1961)
Contract awarded for Suez Canal Deepening and Widening Project (1974)


Contract awarded for reclamation for the steelworks of NKK Corporation (currently JFE Steel) in Fukuyama City (1961)

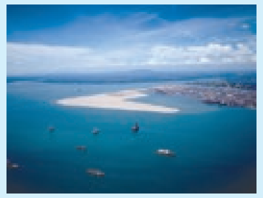

Undertook the construction of the seawall and dock of the Jurong Shipyard
Entry into Singapore (1964)

Phase III (from 1981)

Aspiring to be a general constructor

Developing domestic civil engineering, domestic building construction, and overseas businesses

Strengthened construction business in and outside Japan to become a strategically well-balanced general constructor


Contract awarded for Tuas Reclamation in Singapore (1984)


Contract awarded for the Sun Plaza building and entry into Hong Kong (1986)


Completion of the World Cargo Distribution Center (1993)


Contract awarded for phase I and phase II of construction of artificial island for Kansai International Airport (1986, 1999)

Phase IV (from 1996)

Turnaround

Responding to the shrinking construction market, and breaking away from the negative legacy

Improving financial soundness and strengthening core businesses by leveraging technological capabilities in a shrinking construction market


Self-propelled trailing suction hopper dredger, "QUEEN OF PENTA-OCEAN", (currently ANDROMEDA V) put into commission in Singapore (1999)


Completion of Esplanade – Theatres on the Bay, Singapore (2002)


Completion of Chubu Centrair International Airport (2003)


Completion of the Urban View Grand Tower (2004)

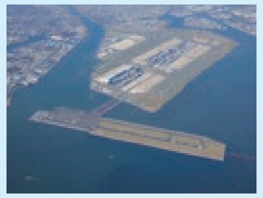
Phase V (from 2005)

Recovery

Aiming to be a number one contractor in port, coastal, and waterfront areas

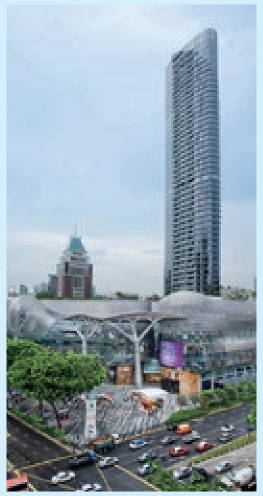
Established the Domestic Civil Engineering, Domestic Building Construction, and International Business Units by capitalizing our strengths in port, coastal, and waterfront areas as well as overseas

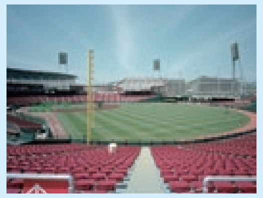

Completion of Kogouchi Tunnel of New Tomei Expressway (2005)


Opening of the D-Runway of Tokyo International Airport (2010)


Completion of Tokyo Gate Bridge (2007)


Completion of the Kyushu Shinkansen Tamanatsuru Bridge (2008)


Completion of ION Orchard and the Orchard Residences, Singapore (2010)


Completion of MAZDA Zoom-Zoom Stadium Hiroshima (2009)


Completion of the Kai Tak Cruise Terminal (2013)

Phase VI (from 2014)

Evolution

Toward a global general contractor with strengths in coastal and overseas projects

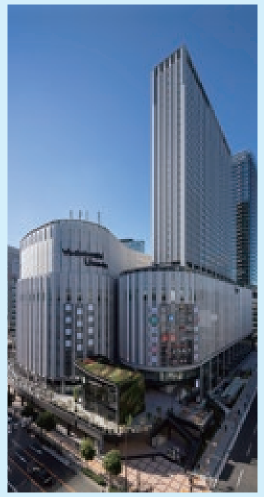
Promotion of inter-departmental collaboration among the domestic civil engineering, domestic building construction, and the international business units
Challenging new fields such as offshore wind construction and Net Zero Energy Building (ZEB)


Completion of a self-propelled cutter suction dredger, "CASSIOPEIA V" (2014)


Completion of Hisamitsu Pharmaceutical Museum (2019)


Completion of Sengkang General Hospital in Singapore (2018)


Completion of Tokyo Port Umi no Mori Tunnel (2020)


Completion of Yodobashi Umeda Tower (2019)


Completion of Tokyo International Cruise Terminal (2020)


Scheduled Completion of the Kitakyushu Hibikinada Offshore Wind Power Project (2025)

Timeline

- **1896** Founded as Mizuno Gumi
- **1964** Entry into Singapore
- **1967** Penta-Ocean Construction (Renamed)
- **1986** Entry into Hong Kong
- **1996** 100th founding anniversary
- **2021** 125th founding anniversary
- **2024** 60th anniversary of our entry into Singapore

Message from the President

Promoting Sustainability Management under the Slogan of “Sustainability Initiatives Start on Site”

President,
Chief Executive Officer and
Representative Director

Penta-Ocean Construction was founded in 1896 as Mizuno-gumi in Kure City, Hiroshima Prefecture, and we recently celebrated the 129th anniversary of the company’s founding. Over a number of decades, our initial marine civil engineering business expanded to land civil engineering and building construction. Our overseas ventures started with the Suez Canal Dredging Project in 1961, and we have been involved in many milestone projects, mostly based in Singapore, since our first entry into the market in 1964. During the past four years, we have experienced a downturn in profitability due to construction losses posted in the International Business Unit. Nevertheless, a substantial increase in business volume in domestic civil engineering and building construction segments propelled our consolidated net sales beyond the ¥700 billion threshold for the first time in FY 3/25. Looking ahead to FY 3/26, which is the final year of our current Medium-term Management Plan, profits are projected to reach a new record high, in line with our initial plan.
Our aspiration is to grow and evolve into a company where all three business units contribute to profitability in a well-balanced manner.

The Goal to Aim for – a Genuine Global General Contractor –

Penta-Ocean Construction Group aims to become a “Genuine Global General Contractor” who practices sustainability management. A genuine global general contractor is defined by the absence of barriers among the three business units (Civil Engineering, Building Construction and International), enabling their seamless inter-departmental collaboration. Moreover, Diversity, Equity and Inclusion (DE&I) are deeply embedded in its corporate culture, and employees of diverse backgrounds can thrive equally and continue growing, regardless of nationality, gender, or field of expertise.

Our belief, “The Greatest Contribution to Society is the Construction of High-quality Infrastructure,” is profoundly ingrained in our construction business activities. Not only do we strive to deliver reliable safety and quality backed by advanced technologies, but we will also earnestly endeavor to tackle all sustainability issues from an ESG perspective, across all aspects of our business. With this conviction, we are committed to fostering sustainable development of society, as a genuine global general contractor with distinctive strengths in port, coastal and waterfront areas and overseas.

Practicing Sustainability Management

(Integrity in our corporate activities, Respect for individuals and human rights, Coexistence with society and environment)

Under the current Medium-term Management Plan (FY3/24-FY3/26), which was disclosed in May 2023, we set forth our new corporate vision of becoming a “Genuine Global General Contractor” who practices sustainability management. Toward this objective, we are genuinely committed to tackling sustainability issues from a global perspective in all our business and corporate activities. By fostering close cooperation with our subcontractors and business partners in pursuit of sustainable construction activities, we aim to achieve long-term and stable growth of our group. To this end, we have identified eight Materiality issues from an ESG perspective and developed structures and frameworks to promote sustainability management. From FY 3/25, under the slogan of “Sustainability Initiatives Start on Site”, we are working to entrench sustainability management across all our branches and construction sites both at home and abroad.
In exploring sustainability management, integrity in corporate activities is paramount, and all executives and employees must uphold high ethical standards and the spirit of compliance. Beyond ensuring strict compliance with laws and regulations, we are committed to conducting fair and honest corporate activities by making further efforts to foster fair competition, transparency, and accountability. In order to instill sustainability management throughout our corporate group and its extended network of subcontractors and business partners, we display posters outlining our Corporate Philosophy Structure (Management Philosophy, Vision, Materiality and Code of Conduct) throughout our domestic and international offices and sites. Furthermore, in FY 3/25, a new program of weekly “Sustainability Morning Briefings” has been implemented across all domestic POC and the group companies’ sites, in which participants share specific initiatives aimed at promoting sustainability management. Overseas, we introduced the “Sustainability Awards” in Singapore, through which management formally acknowledges and honors employees for their sustainability initiatives. The above efforts will be extended to our domestic and other international offices starting in FY 3/26.
Another key pillar of sustainability management is embracing respect for individuals and human rights. While making further efforts to ensure occupational health and safety in line with our motto of “Safety as the top priority”, we will further advance our specific measures for “Respecting Human Rights and Building Sustainable Supply Chain”, which is one of the aforementioned Materiality issues. With regard to respect for human rights, our initiatives in FY 3/25 encompassed the evaluation of improvement plans based on the results of human rights monitoring, along with active engagement in human rights dialogues. Furthermore, our human rights due diligence process, which was primarily targeted for POC Group, was extended to include our business partners. From FY 3/26 onwards, we will implement specific measures tailored to address the issues identified through our extended human rights due diligence process, and carry out regular monitoring of these measures. In an effort to develop sustainable supply chains, we invited our major business partners to complete a self-assessment questionnaire (SAQ) and conducted follow-up visits based on the results. In order to develop sustainable supply chains, it is our responsibility to ensure fair contract pricing which appropriately reflects labor and material costs to subcontractors and business partners. We will undertake the above initiatives so we can build trustful relationships with our subcontractors and business partners to practice sustainable construction activities.

As a human capital strategy to support increasing business volume, we endeavor to secure and foster diverse human resources and promote DE&I to create a workplace where employees with diverse backgrounds, regardless of nationality, gender or field of expertise, etc. can work together on an equal footing. To support employees in taking planned vacations and rest days, we strive to ensure strict compliance with the overtime cap regulations by encouraging the acquisition of two days off per week and maintaining overtime hours within 45 hours every two months. Furthermore, by implementing measures including: 1. promotion of Digital Transformation (DX) by way of proactive use of BIM/CIM and AI, 2. automation and autonomous operation of construction machinery and work vessels, and 3. adoption of precast concrete, we aim to further improve productivity, introduce labor-saving technologies, and enhance support for construction sites. As for coping with climate change issues, we are promoting Green Transformation (GX) with pioneering spirit, which is part of our corporate DNA. By making continuous efforts to reduce CO_2 emissions in construction activities and advancing the construction of offshore wind farms and net zero energy buildings (ZEB), we will actively contribute to achieving carbon neutrality.


Sustainability Morning Briefings

Sustainability Awards (Singapore)

Progress of the Medium-term Management Plan towards "The Goal to Aim for"

In FY 3/25, domestic business volume significantly increased in both civil engineering and building construction segments, with net sales surpassing ¥700 billion for the first time. In FY 3/26, which is the final year of the current Medium-term Management Plan, we expect to renew record-high profits in accordance with our original plan, by pursuing business strategies that convert increased business volume into greater profitability and enhanced corporate value.

Review of FY 3/25

In FY 3/25, the domestic construction market was favorable thanks to the Japanese Government's seamless execution of the FY 3/24 supplementary budget and the FY 3/25 initial budget. Steady public investment continued supported by initiatives such as the Five-Year Acceleration Plan for Disaster Prevention, Disaster Mitigation and National Resilience, as well as defense-related infrastructure development and other projects. Furthermore, construction investment remained robust in both public and private sectors, driven by increases in private capital investment from the perspectives of economic security and the promotion of Carbon Neutral (CN).
In contrast, the industry suffered from persistently high material prices, as well as labor shortages, particularly among Mechanical & Electrical contractors operating in high-demand construction regions. Overseas, although construction demand was firm in our main markets of Singapore, Hong Kong and other countries in Southeast Asia, material prices remained high and labor costs continued rising, a trend also observed in Japan. Under this business environment, our consolidated net sales for FY 3/25 reached a record high of ¥727.5 billion (up 17.8% year-on-year). On the profit front, operating profit was ¥21.7 billion (down 25.6% year-on-year), ordinary income was ¥18.8 billion (down 30.8% year-on-year), and net income attributable to owners of the parent was ¥12.5 billion (down 30.3% year-on-year). Although the domestic civil engineering and building construction segments achieved growth in both sales and profits thanks to the smooth progress of projects at hand including large-scale projects, profits saw significant year-on-year declines due to additional construction losses of ¥16 billion posted overseas, more particularly in civil engineering projects in Singapore and Hong Kong.
Orders received for the domestic civil engineering segment showed a decline reflecting the order received in the previous term for additional works related to a large-scale project. However, orders for large-scale projects in the domestic building construction segment including a data center and national defense-related facilities, as well as for a large-scale building construction project in Singapore and a large-scale port construction project in Bangladesh in the International Business Unit, contributed to construction orders received (unconsolidated) of ¥667 billion (up 12.6% year-on-year).

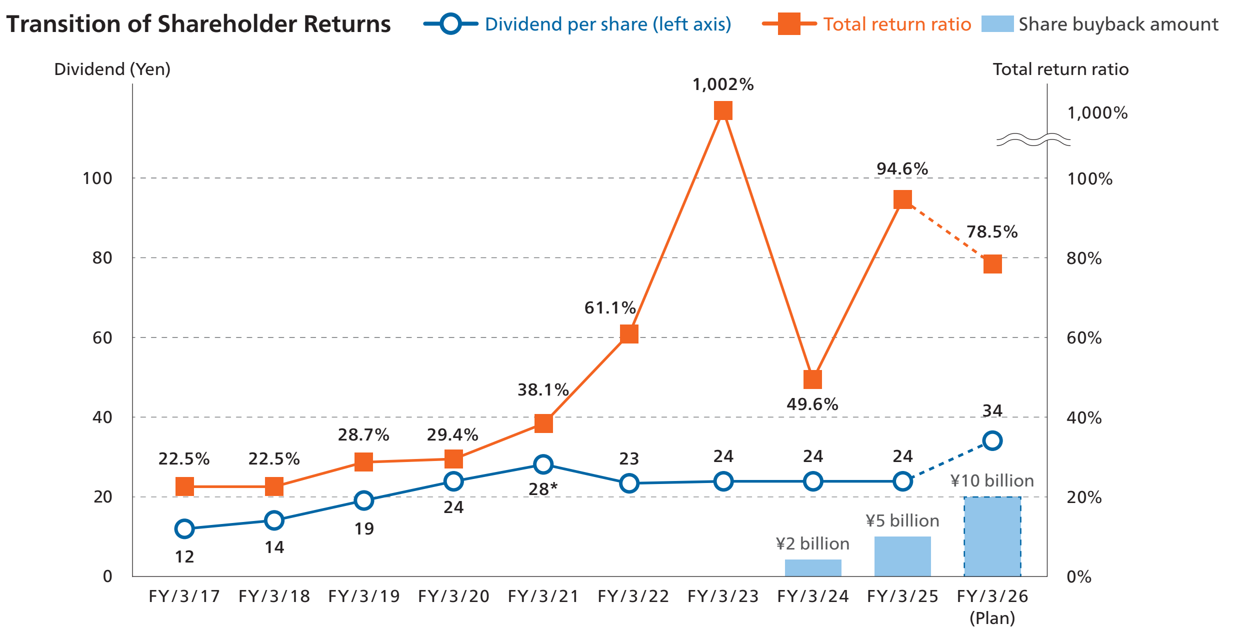
Outlook for FY 3/26

For FY 3/26, the domestic construction market is projected to generate steady public investment including national resilience measures, thanks to the Japanese Government's seamless execution of the FY 3/25 supplementary budget and the FY 3/26 initial budget combined. Civil engineering and building construction projects related to enhancing defense capabilities are also expected to increase. In the private sector, we expect to witness an increase in capital investment associated with supply chain resilience enhancement, particularly from the standpoint of economic security, as well as the promotion of Carbon Neutrality (CN), on top of demands for logistics facilities, data centers and urban redevelopment projects. In overseas markets, robust construction demand is expected to continue in Singapore, our international business hub, as well as in Hong Kong and other countries in Southeast Asia.
Both at home and abroad, we will be faced with challenges including hikes in material prices, supply constraints, as well as skilled worker shortages in certain regions and work types.
Under the slogan of "Sustainability Initiatives Start on Site", we will promote sustainable construction activities in tandem with our subcontractors and business partners, and achieve stable profit growth through business expansion by implementing targeted marketing strategies backed by technology and front-loading initiatives.
In terms of consolidated business results for FY 3/26, which is the final year of our current Medium-term Management Plan, net sales is projected to be almost on par year-on-year, at ¥727 billion, thanks to the smooth progress of large-scale projects at hand both at home and abroad. Profitability is projected to reach a record high of ¥25 billion in net income attributable to owners of the parent, driven by improved profit margins in both domestic civil engineering and building construction projects, as well as by the turnaround to profitability of the International Business Unit. This projection aligns with the original target outlined in the Medium-term Management Plan.
Furthermore, as part of our capital investment in offshore wind construction, which is a field we regard as a key strategic focus for the future, we have started the construction of two vessels in FY 3/25: a Heavy Lift Vessel (HLV) and a Cable Laying Vessel (CLV). In the Kitakyushu Hibikinada Offshore Wind Farm Project, the foundation works were completed by FY 3/25. In the first half of FY 3/26, we successfully completed installation of 25 wind turbines and cable laying works. In preparation for the start of full-scale construction of domestic offshore wind farms in FY3/28, we are steadily expanding our fleet and continuously building expertise while advancing related technologies, as a "Front-runner in Offshore Wind Construction".

Shareholder returns

In terms of shareholder returns, our targets in the current Medium-term Management Plan (FY3/24-FY3/26) were a total payout ratio (consolidated) of 40% or higher, which comprises a dividend payout ratio of 30% or higher, and a payout ratio of approximately 10% through acquisition of treasury stock. In order to practice corporate management with greater emphasis on capital cost and stock price performance, we launched a new initiative in FY 3/26 designating the next three years as a period for enhancing corporate value by delivering more attractive shareholder returns. The new shareholder return targets are: 1. a consolidated dividend ratio of 35 % or higher, 2. share repurchases worth approximately ¥30 billion (for three consecutive years from FY 3/26). More specifically, we intend to execute annual share repurchases totaling ¥10 billion - ¥5 billion in each half of the fiscal year (the interim period commencing from the second half of a fiscal year, and the fiscal period commencing from the first half of the following fiscal year). This corresponds to 40% of our FY 3/26 net income target of ¥25 billion, contributing to a consolidated payout ratio of 40%. Moreover, we plan to continue share repurchases on a regular basis after FY 3/29, while taking into account financial requirements for construction projects and growth investments related to offshore wind construction, etc. Therefore, the combined total payout ratio of 1. and 2. will be 75 % or more.

Transition of Shareholder Returns



* The dividend for FY3/21 includes the 125th anniversary commemorative dividend of 5 yen.

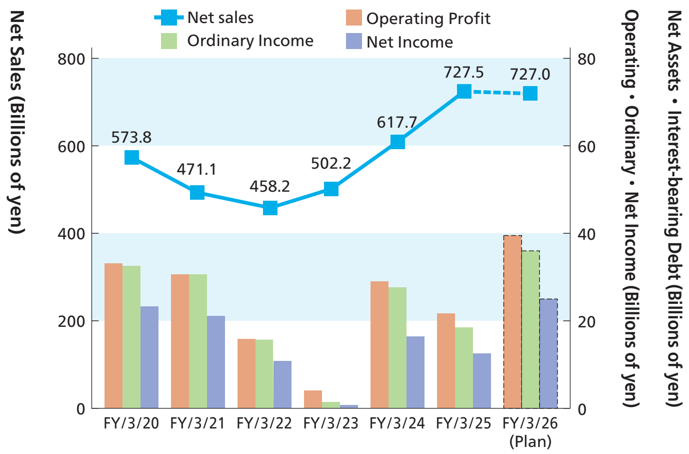
Main Management Targets (Consolidated)

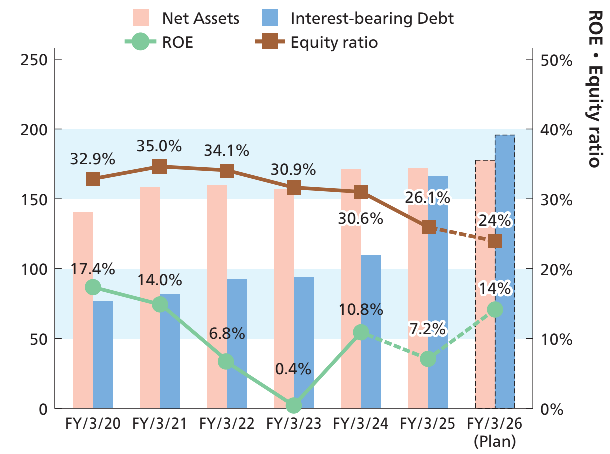
Management Targets (FY 3/26)

Net Sales	Operating Profit	Net Income	ROE (return on Equity)	Shareholder Return (total return ratio)
FY 3/25 result ¥727.5 billion	FY 3/25 result ¥21.7 billion	FY 3/25 result ¥12.5 billion	FY 3/25 result 7.2%	FY 3/25 result 94.6% (of which, dividend payout ratio accounts for 54.5%)
¥727 billion	**¥39.5 billion**	**¥25 billion**	**10% or higher**	**78.5%** (of which, dividend payout ratio accounts for 38.5%)
Original ¥660 billion	Original ¥38.5 billion	Original ¥25 billion	Original 10% or higher	Original Total return ratio 40%

Net income: Net income attributable to owners of the parent
Original: At the time of formulation of the Medium-term Management Plan in May 2023

Trends in Key Figures (Consolidated)





Investment Plan & Financial Plan (Consolidated)

Investment Plan

- Capital investment: Approx. ¥100 billion/3 years
  - Third offshore installation vessel, Heavy Lift Vessel (HLV), Cable Laying Vessel (CLV)
  - Response to DX and GX in work vessels
- R&D investment: approx. ¥3 billion/year
  - Strengthening technological development to promote DX and GX

Financial Plan

- Balance of debt with interest: ¥196.5 billion (FY3/26)
- Increased working capital needs to support larger business volume
  - Improvement in cashflow from operating activities as we started receiving construction fees
- FY 3/26 is the peak of funding needs related to newbuilds for offshore wind construction
  - Various funding strategies are utilized such as joint vessel holding with Fuyo General Lease or the loans under the FILP scheme

Targets and Basic strategies by Business Units (Consolidated)

Domestic Civil Engineering Business Unit

Achieving sustainable business expansion with high engineering capabilities

FY 3/26 targets

- Net sales ¥285 bn
- Gross profit margin 14.6%
- Operating profit ¥26.5 bn

Domestic Building Construction Business Unit

Strengthening management base eyeing sustainable business expansion

FY 3/26 targets

- Net sales ¥260 bn
- Gross profit margin 7.3%
- Operating profit ¥10 bn

International Business Unit (Overseas)

Recovery of the International Business Unit and steps towards its sustainable development

FY 3/26 targets

- Net sales ¥167 bn
- Gross profit margin 2.7%
- Operating profit ¥2 bn

Commemorative Ceremony for Celebrating the 60th Anniversary of Entering into Singapore

In celebration of the 60th anniversary of our presence in the Singapore market, we hosted a commemorative ceremony on December 6, 2024, which was attended by over 900 guests (approximately 600 locally-hired POC employees, as well as clients, business partners and subcontractors). The ceremony featured a variety of events, including a video presentation showcasing POC's 60-year history in Singapore, a traditional sake-barrel breaking, and a vibrant dragon dance performance. These activities helped strengthen partnership with the participants. In a tough and competitive Singapore market, we have an established track record of leveraging our technological capabilities to deliver highly complex projects successfully and safely. By continuing to address technological challenges and advancing sustainable construction practices, we aim to earn the trust of local clients and business partners, thereby driving sustainable growth of our business in Singapore.

Commemorative ceremony in Singapore

In Conclusion

Under the slogan of "Sustainability Initiatives Start on Site", Penta-Ocean Construction Group will strive to promote sustainable construction activities from an ESG (Environment, Social and Governance) perspective, by fostering close collaboration with subcontractors and business partners. We would appreciate your continued guidance and support.

Value Creation Process

We promote our core business growth strategies and sustainability management with focus on ESG (environment, social and governance), as two inseparable elements of our corporate management, with the aim of achieving two distinctive goals of medium- to long-term corporate growth and sustainable development of society.

Input

Financial Capital
Financial base for achieving value creation

Total assets···¥660.1 billion
Net assets··· ¥172.1 billion
Equity ratio·········· 26.1%

Human Capital
Diverse and professional human resources

Number of consolidated employees ············3,888

Intellectual Capital
Target-oriented technology development

R&D expenses (individual) ··················¥3.3 billion

Manufacturing Capital
Capital investment to support business activities

Capital expenditures ················¥50.2 billion

Social and Relationship Capital
Partnerships for co-creating value

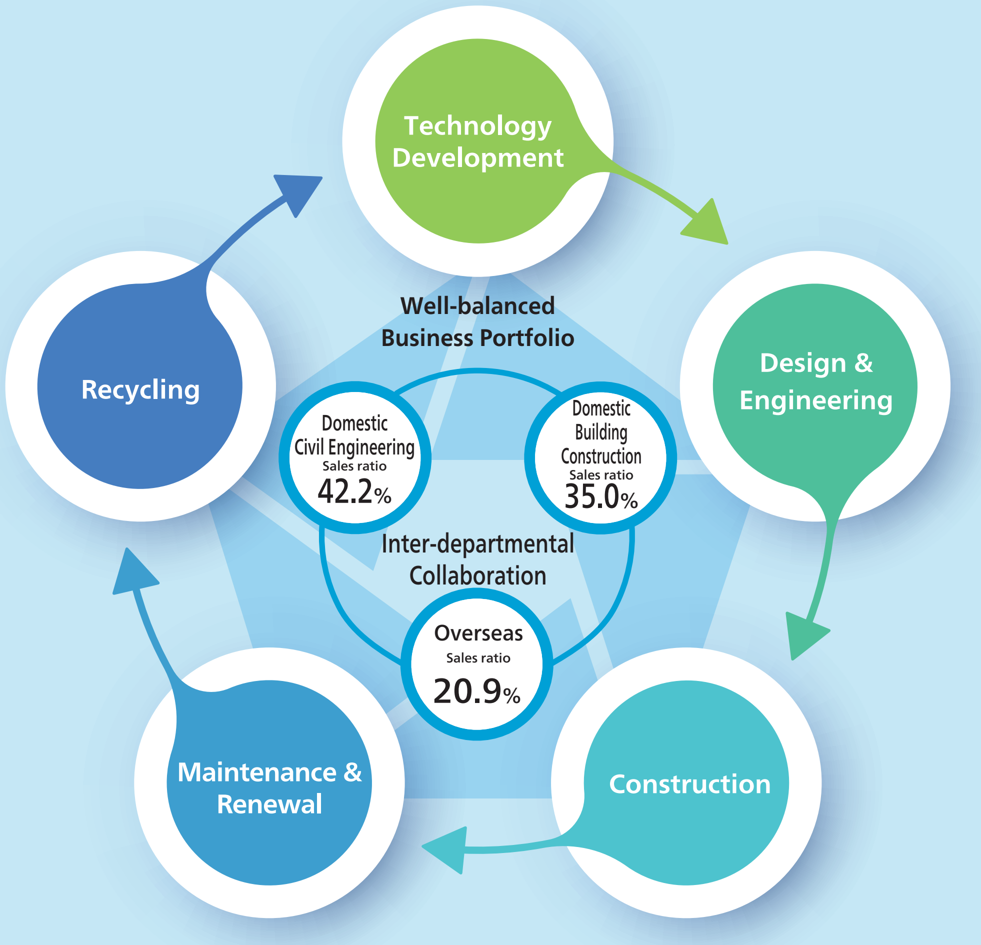
Number of Penta-Ocean Construction Labor Safety Council members ···········1,092 companies

Natural Capital
Efficient use of resources

Amount of energy used ··············3,726,383GJ

*FY 3/25 result or figures at the end of FY 3/25

Business Model



Sustainable Construction Business Activities

Materiality (Material Business 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

Output

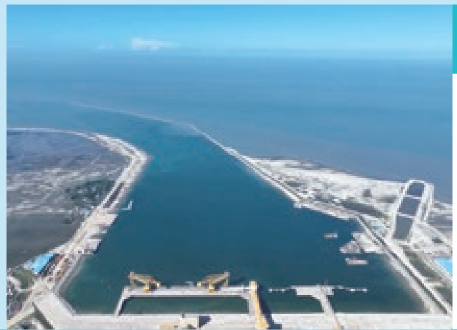
Social Infrastructure and Buildings in Japan and Overseas

Domestic Civil Engineering

Net Sales: ¥307.3 billion
Gross Profit Margin: 13.6%
Operating Profit: ¥27.8 billion

Domestic Building Construction

Net Sales: ¥254.5 billion
Gross Profit Margin: 6.8%
Operating Profit: ¥9 billion



Overseas

Net Sales: ¥151.8 billion
Gross Profit Margin: (8.3%)
Operating Profit: (¥15.6 billion)

Others
(Shipbuilding, environment-related, real estate, etc.)

Net sales: ¥13.9 billion
Gross Profit Margin: 8.8%
Operating Profit: ¥0.5 billion

Outcome

Value Provided to Stakeholder

Customers

Providing reliable safety and quality backed by technology

Construction performance of government-ordered (civil engineering) projects	81.0 points
Customer satisfaction (civil engineering, private sector)	100%
Customer satisfaction (building construction, private sector)	91.4%

Shareholders and Other Investors

Enhancement of corporate value, continuous and stable shareholder returns

ROE	7.2%
Annual dividend amount	¥24
Total return ratio	94.6%

Employees

Promoting equal opportunities in the workplace regardless of nationality, gender, etc.

Ratio of female employees	16.2%
Turn over rate within 3 years of joining	14.9%
Implementation status of 8 site-closures per 4 weeks	95.5%

Business Partners

Building partnerships on an equal footing

Number of Excellent Foreman Certifications	521
Number of deaths (domestic subcontractors)	0
Number of deaths (overseas subcontractors)	2

Environment, Local Communities

Creating a nature-rich environment through the practice of sustainability management

CO_2 emissions reduction rate* (compared to FY3/20)	39.7%
Number of ZEB and other certifications acquired	6
Construction waste recycling rate (domestic)	98.5%

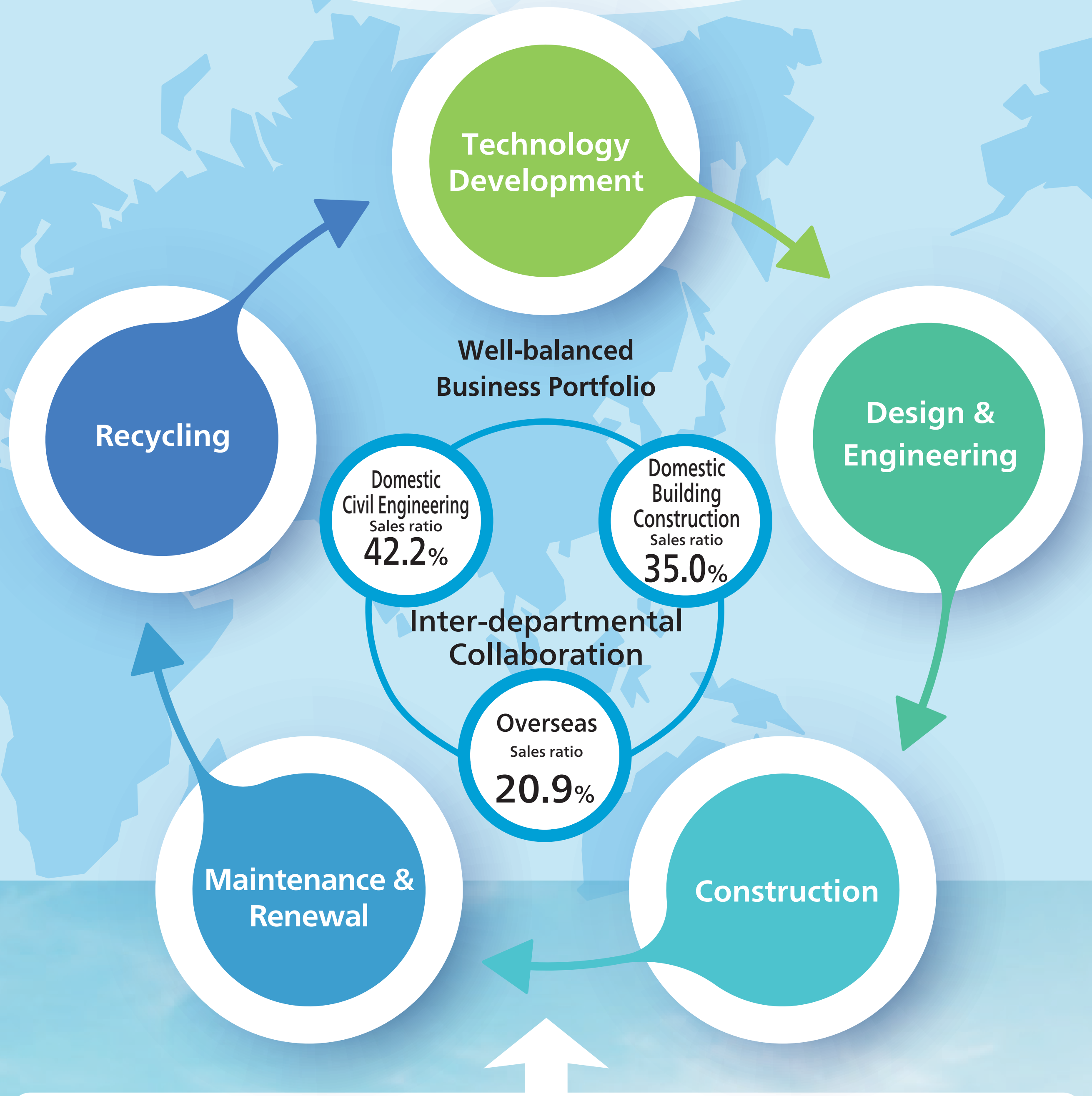
* Scope 1, 2

Enhanced Reinvestment of Management Capital

Business Model and Strengths

Over the decades of our history, POC cultivated four strengths. Under the four strengths, the three business units closely collaborate to create sustainable value in the value chains for “development and design”, “procurement”, “construction”, “maintenance and renewal”, and “dismantling and recycle”, and to contribute to the sustainable development of society.

Penta-Ocean Construction Group Value Chain



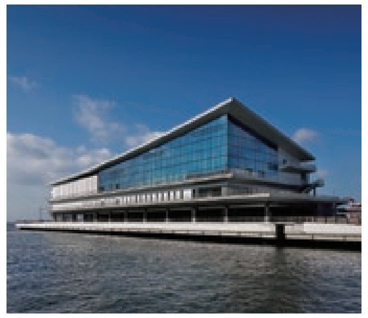
Business Activities Supported by Diverse Talent through the Promotion of DE&I

- Building a workplace environment where diverse talent such as women, mid-career professionals, international talent, people with disabilities, and senior employees can thrive through proactive recruitment and advancement of such talent
- Hiring approximately 200 new graduates annually and quickly developing young employees into valuable assets through various education and training programs
- Proactive initiatives and workplace enhancements that support all employees to contribute to corporate growth while engaging in rewarding work and maintaining a healthy balance between professional and personal responsibilities, including childcare and family caregiving

Number One Contractor in Port, Coastal, and Waterfront Areas

- Abundant construction track record in port, coastal, and waterfront areas (civil engineering works including reclamation, dredging, ports, undersea tunnels, as well as construction of logistics facilities, cruise terminals, etc.)
- Excellent engineering and construction capabilities in the marine civil engineering field (from technology development to proposal, design, construction, and maintenance repair)
- Advanced initiatives in the marine environment enhancement field (creation of seaweed beds and tidal flats, recycling of construction- generated soil and dredged soil, blue-carbon initiatives)


Tokyo Port Umi no Mori Tunnel


Tokyo International Cruise Terminal

Global Expansion

- 1961: Embarked on global expansion with the Suez Canal Dredging Project (showcasing the “Pioneering Spirit”, our corporate DNA)
- 2024: 60th anniversary of our entry into Singapore and 38th anniversary of our entry into Hong Kong (from marine civil engineering to land civil engineering, contributing to the expansion of approximately 10% of Singapore’s national land, and relocating our headquarters’ functions to Singapore)
- Contributing to the export of high-quality infrastructure (ODA) (mainly in Southeast Asia as well as South Asia, Africa, and Oceania)

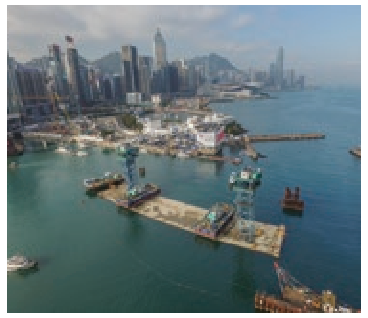

By Courtesy of PSA Corporation Ltd
Pasir Panjang Container Terminal (Singapore)


ION Orchard and the Orchard Residences (Singapore)

Inter-departmental Collaboration

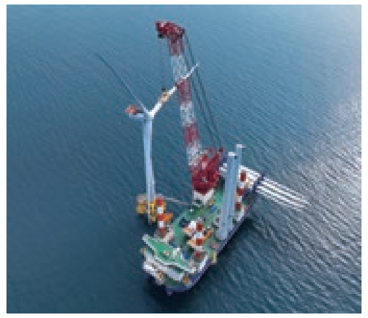
- Collaboration between civil engineering and building construction, as well as between domestic and overseas, to leverage their strengths
- Collaboration between civil engineering and building construction (civil engineering undertakes foundation works such as soil improvement, groundwater control, and construction close to existing infrastructure, etc.)
- Collaboration between domestic and overseas projects (collaboration with Singapore, a leading country in BIM/CIM, application of Japanese civil engineering technologies to overseas projects, etc.)


Yodobashi Umeda Tower


MTR Shatin to Central Link Contract 1121 – Cross Harbour Tunnels (Hong Kong)

Cherishing a Pioneering Spirit

- Challenges as a front runner in offshore wind construction (active investments in work vessels and securing and nurturing over 150 human resources)
- Active net zero energy building (ZEB) initiatives (promotion of ZEB conversion of actual projects and site offices)
- Trial use of hydrogen energy at Muroran Factory (trial of hydrogen production and storage through electrolysis system using solar power generation electricity, and power generation using fuel cells)


Installation of wind turbine foundation, marine works, etc. for the Kitakyushu Hibikinada Offshore Wind Power Project


Hisamitsu Pharmaceutical Museum

Special Feature: GX initiatives

Offshore Wind Power Initiatives

Completion of the Wind Turbine Installation Work for the Kitakyushu Hibikinada Offshore Wind Power Project (port area)

The Kitakyushu Hibikinada Offshore Wind Farm Construction Project is a large-scale offshore wind farm construction project to install 25 wind turbines (9.6 MW class) and generate approximately 220 MW of output on an approximately 2,700 ha site located in the port area of the Kitakyushu Hibikinada district. We signed an EPCI*1 contract for marine construction and other works ([1] offshore civil engineering works such as foundation work for wind turbines, installation of wind turbines, cable laying, etc., [2] construction of O&M*2 base port), and started the construction in March 2023. (project developer: Hibiki Wind Energy Co., Ltd.).
On August 31, 2025, installation of the 25th wind turbine installation work was completed.

*1 EPCI: Acronym for Engineering, Procurement, Construction, and Installation *2 O&M: Operation & Maintenance

(1) Wind turbine foundation and marine works
In charge of marine civil works, including foundations and installation of 25 bottom-fixed-type wind turbines
Contractor
Penta-Ocean Construction Co., Ltd. and Nippon Steel Engineering JV

(2) O&M base port construction
Establishment of a base port for the operation and maintenance of the wind farm
Contractor
Penta-Ocean Construction Co., Ltd. and Wakachiku Construction JV

Project outline
(Source: Hibiki Wind Energy Co., Ltd. website)


Wind turbine installation work (CP-16001)


Departure from the base port (CP16001)


Completed O&M base port

A Japanese Offshore Wind Construction Leader

In Japan, aiming for the achievement of carbon neutrality by 2050, the Japanese government has set targets for the development of 10GW of offshore wind power by 2030 and 30-45GW by 2040. Offshore wind power is expected to increase its supply capacity as a major source of renewable energy, and in this context, the entire country is witnessing a surge in momentum for offshore wind construction.
In this business environment, we aim to become the “front runner in the offshore wind construction”, and are actively working to establish a system to meet the growing demands for offshore wind power facilities.

Construction of Large Work Vessels (HLV, CLV) for Offshore Wind Construction, Expansion of Work Vessel Lineup

Heavy Lift Vessel (HLV)

With the increasing size of wind turbines, the weight of monopile foundations has grown, making foundation installation difficult using offshore installation vessels. To safely and efficiently install large monopile foundations for 15MW–20MW class turbines, we are constructing one of the world’s largest self-propelled Heavy Lift Vessels (HLV) equipped with a fully rotating crane with a 5,000t lifting capacity, based on a new concept.

HLV Overview

Main Dimensions	: Length 218.4 m, Width 57.4 m
Foundation Design	: Ulstein Design & Solution (Netherlands)
Hull Construction	: Seatrium Group (Singapore)
Cranes and others	: Huisman Equipment (Netherlands)
Ownership Structure	: POC (50%), Fuyo General Lease Co., Ltd. (50%)
Construction Cost	: ¥120 billion (POC’s share: ¥60 billion)
Completion & Delivery	: Scheduled for May 2028

Cable Laying Vessel (CLV)

To expand our operations from wind turbine construction to power cable laying, and with an eye toward future offshore wind development within Japan’s Exclusive Economic Zone (EEZ), we are constructing one of the world’s largest and most advanced self-propelled Cable Laying Vessels (CLV). This CLV will be equipped with two 5,000-ton carousels (cable tanks), a state-of-the-art trencher (burial machine), and a work-class ROV. It will be capable of handling not only bottom-fixed offshore wind installations, but also floating offshore wind projects and subsea direct current power transmission cable laying.

CLV Overview

Main Dimensions	: Length 150 m, Width 32.2 m
Foundation Design	: Salt Ship Design (Norway)
Hull Construction	: PaxOcean Group (Singapore)
Ownership Structure	: POC (50%), Fuyo General Lease Co., Ltd. (50%)
Construction Cost	: ¥31 billion (POC’s share: ¥15.5 billion)
Completion & Delivery	: Scheduled for February 2028

Overview of Trencher and Work ROV

Procurement Sources	: SMD (UK)
Ownership Structure	: POC 65%, Kojima Corporation 35%
Construction Cost	: ¥5.5 billion (POC’s share: ¥3.5 billion)

Offshore Installation Vessels			Scour Protection & Work Support Vessel
CP-8001	CP-16001	Sea Challenger	CP-5001
 Completed in 2018	 Completed in 2023	 Scheduled for modification completion in 2026	 Completed in 2012
Non-self-propelled (800t lift) / Owned by POC	Non-self-propelled (1,600t lift) / Owned by PKY*3	Self-propelled (1,600t lift) / Owned by JOM*4	Self-propelled (500t lift) / Owned by POC

*3: PKY Marine (a joint venture of Penta-Ocean Construction, Kajima Corporation, and Yorigami Maritime Construction)
*4: Japan Offshore Marine (a joint venture of Penta-Ocean Construction and DEME Offshore)

Special Feature: GX initiatives

ZEB Initiatives

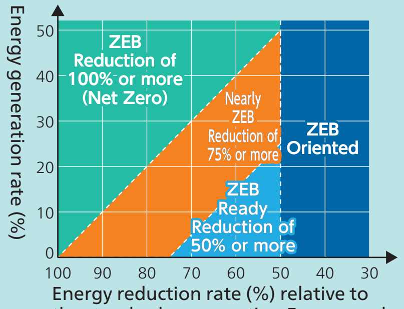
ZEB (Net Zero Energy Building) Performance

POC's Institute of Technology continues to develop energy-saving technologies for the promotion of conversion to ZEB. Energy monitoring of buildings after the completion of construction with energy-saving technologies has confirmed that ZEB features have been achieved, proving its effectiveness.

POC's major achievements in ZEB construction

ZEB rank	Project Name	Energy saving rate	Energy creation rate	Energy conservation rate
ZEB	Hisamitsu Pharmaceutical Museum (2019)	65%	38%	103%
Nearly ZEB	EXEO Group, Inc. South Kanto Branch (2021)	50%	25%	75%
ZEB	POC Muroran Factory (2022)	65%	360%	425%
ZEB Ready	GLP Okinawa Urasoe Anshin General Distribution Center (2022)	51%	0%	51%
ZEB Ready	Landport Fukuoka Hisayama I (2023)	50%	0%	50%
ZEB	Hulic Logistics Kashiwa (2023)	64%	105%	169%
ZEB	CP Kasei Co., Ltd. Metropolitan Area Molding Factory (2024)	80%	20%	100%

Definition of ZEB



(Created based on FY 3/19 ZEB Roadmap Follow-up Committee summary materials)

Hisamitsu Pharmaceutical Museum

EXEO Group Inc., South Kanto Branch

Landport Fukuoka Hisayama I

POC Muroran Factory

ZEB

The new Muroran factory was completed in 2022. With its ZEB-converted offices, all the facilities including the factory is powered by renewable energy sources. In addition to the existing business of fabricating steel structures for bridges, etc., the new factory will play a more significant role as a fabricating hub for temporary steel structures for offshore wind power construction, which is expected to have high demand in the future.

At the new factory which runs on 100% renewable energy, we will accumulate knowledge on the use of hydrogen energy through the use of by-product hydrogen and the production and use of green hydrogen generated from solar power, and apply this knowledge to our businesses.

▶ **Energy-saving technology applied to the offices of the new factory**

- Improvement of thermal insulation through the use of resin sashes
- Reduction of lighting load through the use of light-collecting films
- Introduction of high-efficiency air-conditioning units tailored for cold climates, etc.
- Air conditioning control using motion sensors, etc.

High energy savings

Energy reduction rate: 65%

▶ **Energy-creating equipment installed at the new factory**

- Photovoltaic power generation system (670 kW output)
- Hydrogen fuel cells (30 kW output)

A large amount of power generation throughout the year

▶ **Use and demonstration of hydrogen energy**

- Use of two types of hydrogen: green hydrogen and by-product hydrogen

Green hydrogen: Hydrogen produced through a water electrolysis system using solar power generation electricity is stored in hydrogen storage alloys, and used in fuel cells to generate electricity.

By-product hydrogen: Hydrogen produced as a by-product at a plant in Hokkaido is stored in hydrogen tanks, and used in fuel cells to generate electricity.

New Muroran Factory

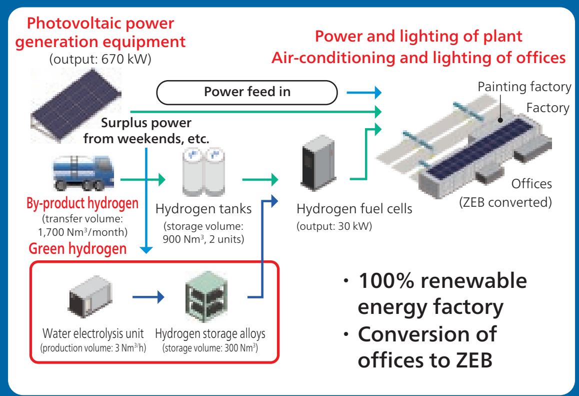


Diagram of energy use at the new factory

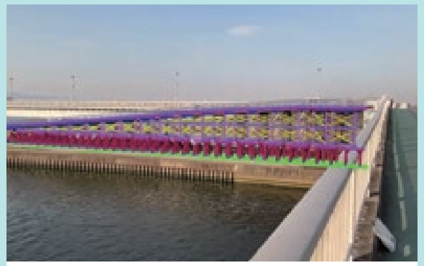
Special Feature: DX initiatives

Utilization of ICT and Initiatives for Improving Productivity

Domestic Civil Engineering: Utilization of AR, VR, and ICT (Yodogawa Weir Gate Improvement Project)

This project started as a "project to promote and implement construction DX using the latest digital technology," and promoted the use of DX in various scenes by fully utilizing AR (augmented reality) and VR (virtual reality) technologies in construction DX. In addition, together with the client (Kinki Regional Development Bureau), we created a PR video summarizing DX and ICT utilization examples and communicated the appeal of the construction industry to society.

Reference link
Kinki Regional Development Bureau Youtube video (Japanese)



Activity Example 1

To change the originally planned river-based approach to a land-based approach, augmented reality (AR) technology was used during discussions with the client regarding slope installation. This enabled smooth sharing of visual concepts and helped shorten the time required to reach consensus.

Activity Example 2

During in-river construction in the flood season, when formulating evacuation plans for equipment and materials in the event of typhoons or heavy rain, vehicle movements were simulated using a 4D model. This helped streamline the development of evacuation plans and improve the efficiency of information sharing.

Activity Example 3

By converting the BIM/CIM model, reflecting the actual placement of equipment and materials, into a VR environment, operators and workers can virtually experience potential contact hazards during crane operations. This enhances hazard prediction efforts and helps prevent accidents.

Domestic Building Construction: Improvement of Construction Productivity by Promoting the Use of Precast Concrete (Tsukishima 3-chome Redevelopment)

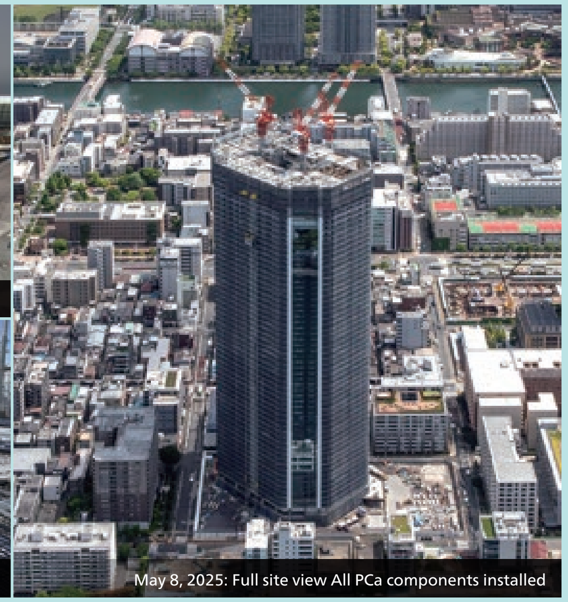
In this project, which is the largest scale domestic building, the semi top-down method was adopted, allowing underground construction while using the first floor slab around the high-rise building as a work platform, and the SQRIM/LVR method*1, which fully precasts columns and beams and does not provide cast-in-place concrete at the joints, was adopted, resulting in a significant reduction in construction period (achieving a four-day cycle per floor for the high-rise building). In addition, by utilizing various DX and ICT tools, we streamlined construction management operations and realized work style reforms, achieving eight site closures every four weeks in FY 3/25.

*1: Patented construction method by Sumitomo Mitsui Construction and Obayashi Corporation

Installation of precast concrete underway at the first-floor slab level

Installation of a precast concrete beam

Installation of a precast concrete column

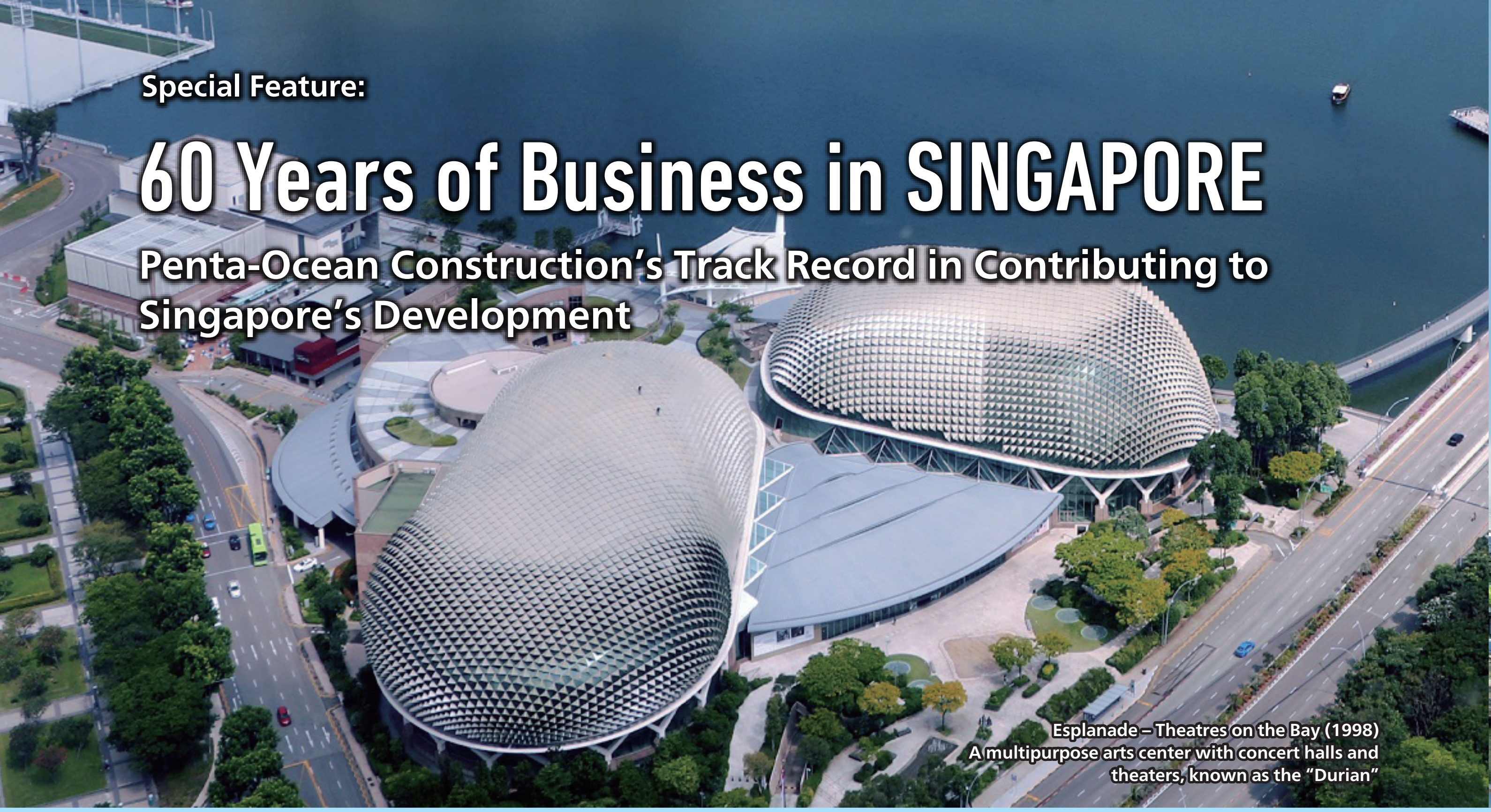


May 8, 2025: Full site view All PCa components installed

Special Feature:

60 Years of Business in SINGAPORE

Penta-Ocean Construction's Track Record in Contributing to Singapore's Development



Esplanade – Theatres on the Bay (1998)
A multipurpose arts center with concert halls and theaters, known as the "Durian"

ArtScience Museum (2007)
A Marina Bay landmark constructed with a lotus flower motif

ION Orchard and the Orchard Residences
2006
A 218m-tall mixed-use facility, the tallest constructed by POC, built above an MRT station

Sim Lim Square Building
1983
The first large-scale commercial facility awarded to us in Singapore

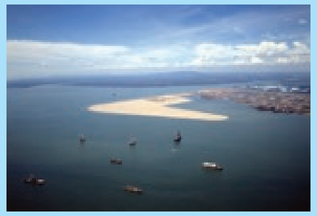
Wheelock Place
1991
Mixed-use facility designed by Kisho Kurokawa

VIVO CITY
2003
Mixed-use commercial facility designed by Toyo Ito

Mount Elizabeth Novena Hospital
2010
The first large-scale medical facility awarded to us in Singapore

Jurong Shipyard dock and quay
1964
Our first project in Singapore

Changi International Airport Land Reclamation
1976
The largest reclamation project in Southeast Asia at the time



Tuas Reclamation Project
1984
World's largest-scale reclamation project at approximately ¥70 billion

Jurong Phase 2 / Tuas Reclamation (1996)
Jurong Phase 3 3B Reclamation 1998
Jurong Phase 4 / Tuas Reclamation 2000
Consecutive Orders for Large-Scale Reclamation Projects

MRT Yew Tee Station, Kranji Station
1993
The first railway construction project awarded to us in Singapore

Deep Tunnel Sewerage System (DTSS)
1999
First long-distance shield tunneling project overseas

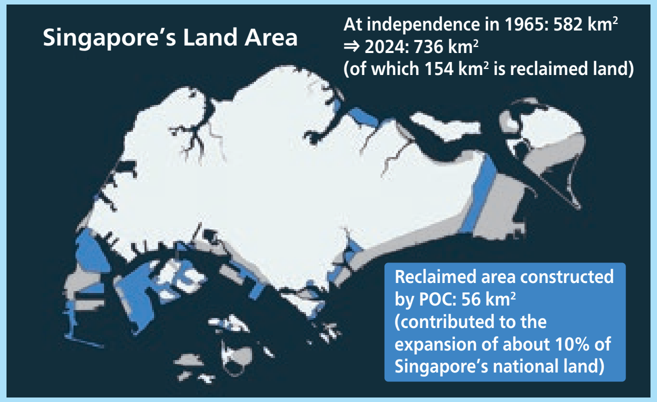
Marina District Expressway Section 485
2008
Singapore's first undersea tunnel located in the center of the Bay Area

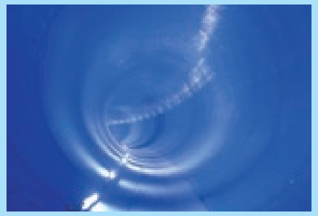
Thomson-East Coast Line Subway T219 Section 2014
Construction of tunnels, waiting areas, and subway connecting passages adjacent to Orchard Station

Sengkang General Hospital
2014
Our largest-ever building construction contract

Pasir Panjang Container Terminal Phases 3 & 4 Reclamation 2007
Container terminal construction project awarded following Phase 1

Tuas Finger One reclamation project
2014
First large-scale port reclamation project for the development of a next-generation container terminal





Deep Tunnel Sewerage System Phase 2 (DTSS2) (2017)
Shield tunneling project using POC's proprietary sulfuric acid-resistant concrete (a 100-year service life) for secondary lining

Construction of Polder at Area A and C of Pulau Tekong
2018
The first polder construction project ever awarded in Singapore (approx. 810ha)

The self-propelled dredger Andromeda V (commissioned in 1999)

1964: POC Singapore office established　1965: Republic of Singapore gained independence

2015: The headquarters functions of the International Business Unit was relocated to Singapore

Early Period (Prime Minister: Lee Kuan Yew 1959–1990)

- Large-scale supply of public housing (HDB)
- Port development and promotion of Changi International Airport construction
- Securing water resources

Growth Period (Prime Minister: Goh Chok Tong 1990–2004)

- Government support for the promotion of arts and sports
- Development of high-quality living conditions and enhancement of leisure activities
- Securing industrial land and development of transportation and communication infrastructure

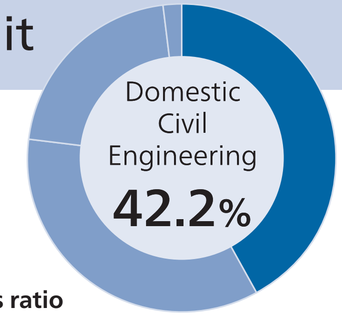
Development Period (Prime Minister: Lee Hsien Loong 2004–2024)

- Response to an aging society
- Acceleration of smart cities (improving accessibility and efficiency of public transportation)
- Expansion of airports and ports

Present (Prime Minister: Lawrence Wong 2024–)

- Development of new residential areas and revitalization of existing ones
- Expansion of green infrastructure and climate-adaptive urban planning
- Expansion of MRT and railway networks and development of integrated community hubs

Domestic Civil Engineering Business Unit



Sales ratio
(FY 3/25)

Goal to Aim for

Achieving sustainable business expansion with high engineering capabilities

- National resilience, reinforcing defense forces, reorganization and restructuring of waterfront areas, offshore wind construction -

Basic Strategies

The Civil Engineering Business Unit is experiencing steady demand due to public investment in national resilience initiatives and in strengthening the international competitiveness of ports and airports, as well as increased private capital investment. In FY 3/25, consolidated net sales increased significantly to ¥307.3 billion due to the smooth progress of a large number of projects, including large-scale port construction associated with the largest-scale Self-Defense Forces facility development in Japan and offshore wind construction at Hibikinada, Kitakyushu, while operating profit remained at ¥27.8 billion, the same level as the previous year.

Going forward, in addition to national resilience initiatives, public investment for strengthening defense capabilities and the start of full-scale offshore wind construction in general sea areas from FY 3/28 onward are expected to generate a stable and high level of business volume exceeding ¥250 billion.

To solidify the management foundation of the Civil Engineering Business Unit, which is the core of our business, we will promote DX and GX, as well as target-driven technology development and enhancement of technological capabilities, as a leading company in the civil engineering field. In addition, in accordance with the Penta-Ocean Construction Group Code of Conduct, we will steadily implement the Human Rights Policy, Sustainable Supply Chain Policy and Guidelines, Declaration of Partnership Building, and other initiatives, contributing to the development of a sustainable construction industry.

Business Strengths, Opportunities, and Response to Risks

Strengths (Internal Positive Factors)

- Advanced marine civil engineering technologies cultivated in port, coastal and waterfront areas
- Ownership of work vessels capable of handling diverse construction projects
- Problem-solving ability through inter-departmental collaboration

Risks

- Securing and nurturing future workforce (engineers and skilled workers)
- Response to the increasing size of wind turbines
- CN initiatives in construction business activities, especially the reduction of CO_2 emissions from work vessels

Opportunities (External Positive Factors)

- Increase of public works related to strengthening national resilience and defense
- Restructuring of manufacturing hubs in port, coastal, and waterfront areas as well as expansion of private investments related to CN initiatives
- Expansion of offshore wind power and other renewable energy market

Response to Risks

- Securing and developing diverse human resources, promoting DX (productivity improvement), and GX
- Construction of work vessels compatible with the increasing size of wind turbines and expansion of the work vessel fleet
- Efficiency improvement of crane operations on work vessels (ICT/AI utilization, electrification) and decarbonization through the use of fuel efficiency improvement additives and biofuels

Specific Measures

1 Demonstrating Collective Strengths by Front-loading Approach

- Strengthening efforts to win large-scale marine civil projects by leveraging collective strengths
- Strengthening and expanding the land civil engineering field through strategic efforts

2 Promotion of DX and Productivity Improvement

- Efficiency improvement and sophistication of construction management system through the use of BIM/CIM and AI
- Promotion of precast concrete (for both marine and land civil engineering projects)

3 Promotion of GX

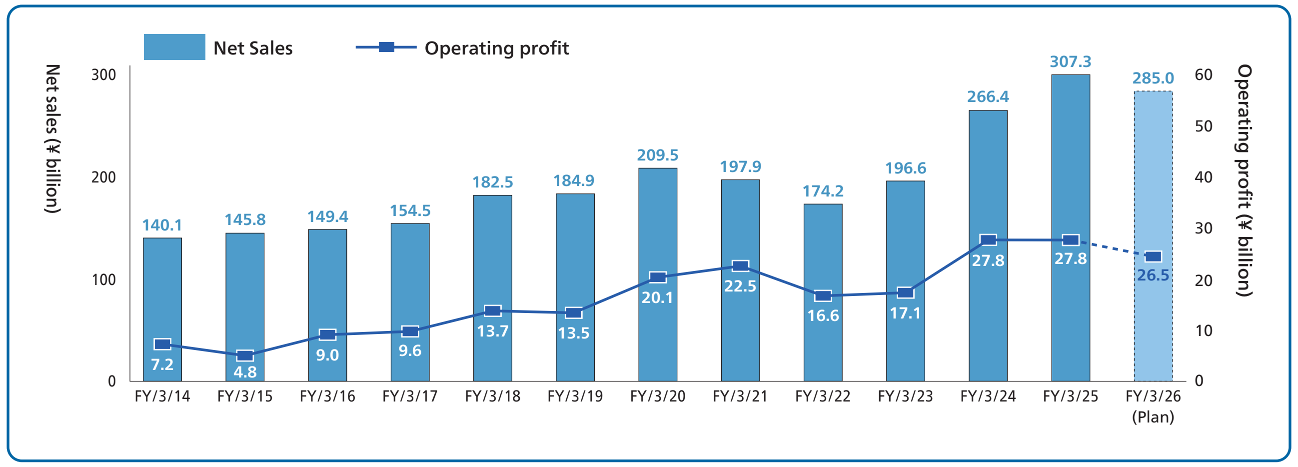
- CN initiatives in construction business activities (use of ICT and AI in crane work, increasing crane efficiency by electrification, and reducing carbon by using fuel efficiency improvement additives)
- Use of low-carbon materials (low-carbon/carbon-negative concrete, etc.)

4 Human Resources Development

- Promoting the instillation of sustainability management
- Securing and nurturing human resources in response to business volume expansion
- Work style reform and promotion of DE&I

Medium-term Management Plan from FY 3/24 to FY 3/26

Final year targets Net sales: ¥285 bn Gross profit margin: 14.6% Operating profit: ¥26.5 bn



Major Construction Projects Completed in FY 3/25

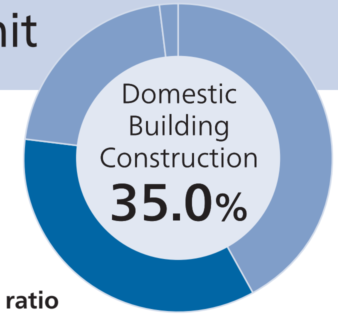
Aozora Bridge (Tokyo)

This project involves the construction of a pedestrian bridge connecting HANEDA Industrial Park, a regional industrial hub, with Seibijo Station on the Tokyo Monorail line, located on the opposite area across the Ebitori River. Due to site constraints restricting the installation of large cranes on both areas of the river or in the water area, the bridge superstructure was constructed using the barge vessel. Improved access to the station across the river had been a shared aspiration of both the local authorities and residents. The construction of a new bridge fulfilled this long-held wish and established a new evacuation route in the event of a disaster, while laying the foundation for the area's continued growth.

The Onahama Road Yamada Construction, The Onahama Road Iwaki Minami Construction (Fukushima Prefecture)

This project involves the construction of the expressway, the Iwaki Onahama interchange and the Iwaki Soeno interchange over a 3-kilometer stretch of the Onahama Road. The Onahama Road, developed as part of the Fukushima Reconstruction Roads, connects Onahama Port to the Joban Expressway. The project was carried out as a joint venture between Penta-Ocean Construction and Toa Corporation. The opening of the Onahama Road is expected to revitalize the region in terms of logistics, industrial activities, and tourism, as well as to secure smooth emergency transportation routes in the event of a large-scale disaster and alleviate traffic congestion around Onahama Port.

Domestic Building Construction Business Unit



Goal to Aim for

Strengthening management base eyeing sustainable business expansion
- Enhancement of proposal and construction capabilities backed by technological expertise -

Basic Strategies

In the Domestic Building Construction Business Unit, while the earlier surge in construction material prices has started to settle, supply constraints still persist. On the other hand, private construction demand remains strong driven by increased demand for logistics facilities and data centers, as well as urban redevelopment. In addition, the return of manufacturing to Japan and the reorganization of domestic factories from the perspective of economic security are further contributing to this trend. Furthermore, an increase in public investment is expected, such as strengthening Self-Defense Force facilities to enhance national defense capabilities. In this business environment, in FY 3/25, the completion of a series of data center construction projects and multiple large-scale logistics facility projects resulted in consolidated net sales of ¥254.5 billion and operating profit of ¥9 billion, marking a significant increase in both sales and profits from the previous year.
Going forward, with strong demand for logistics facilities, data centers, waste treatment facilities, urban redevelopment, and large-scale defense-related projects, a high level of business volume exceeding ¥250 billion is expected to remain stable.
We will establish a system to successfully handle the expanding business volume, promote front-loading approach through inter-departmental and external collaboration, advance DX and GX, and strengthen solution proposal and construction capabilities backed by technology. In addition, in accordance with the Penta-Ocean Construction Group Code of Conduct, we will steadily implement the Human Rights Policy, Sustainable Supply Chain Policy and Guidelines, Declaration of Partnership Building, and other initiatives, contributing to the development of a sustainable construction industry.

Business Strengths, Opportunities, and Response to Risks

Strengths (Internal Positive Factors)

- Abundant design and construction track record of logistics facilities, etc.
- Ability to undertake projects in waterfront areas, underground constructions in urban areas, and large-scale development projects through collaboration with the Civil Engineering Business Unit
- Early implementation of ZEB and other CN-related technologies and track record of design-and-build projects

Risks

- Soaring construction costs due to persistently high construction material prices, rising M&E construction costs including labor costs, and supply constraints
- Potential loss of orders due to inability to secure M&E subcontractors
- Securing and nurturing future workforce (engineers and skilled workers)

Opportunities (External Positive Factors)

- Strong private sector demand for logistics facilities, urban redevelopment, and data centers
- Strengthening Self-Defense Force facilities to enhance national defense capabilities and increase in public works such as waste treatment facilities
- Promotion of ZEB and ZEH, and expansion of Carbon neutral-related capital investment

Response to Risks

- Front-loading approach to projects, improving productivity through labor-saving, manpower-saving, and unitization
- Building a sustainable supply chain with business partners
- Strategic allocation of employees and development of a workplace environment that enables flexible work styles

Specific Measures

1 Demonstrating Collective Strengths by Front-loading Approach

- Front-loading approach integrating sales, design, technology, and construction teams
- Appropriate allocation of personnel for ultra-large-scale and highly complex projects

2 Promotion of DX and Productivity Improvement

- Work efficiency improvement through BIM utilization and active implementation of digital twins
- On-site implementation of various ICT tools
- Active on-site introduction of labor-saving, manpower-saving, precast, and unitization technologies utilizing DX

3 Promotion of GX

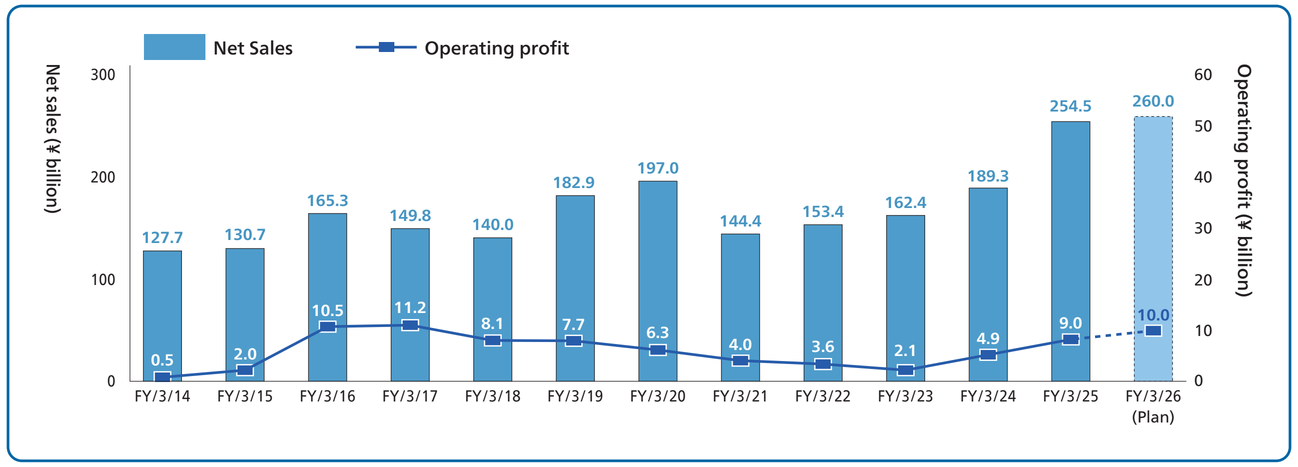
- Promotion of ZEB and ZEH-M in design-and-build projects
- Expansion of application of environmentally friendly concrete

4 Human Resources Development

- Promoting the instillation of sustainability management
- Securing and developing diverse human resources for business expansion
- Practical skill development for employees in their first eight years through the Task Support Center
- Work style reform and promotion of DE&I

Medium-term Management Plan from FY 3/24 to FY 3/26

Final year targets Net sales: ¥260 bn Gross profit margin: 7.3% Operating profit: ¥10 bn



Major Construction Projects Completed in FY 3/25

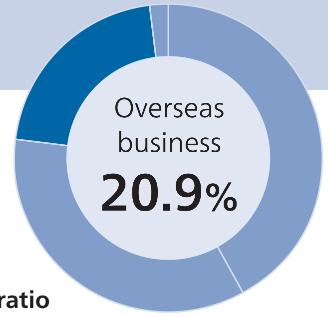
Landport Yokohama Sugita (Kanagawa Prefecture)

This is a logistics center constructed on the former site of the IHI Construction Machinery Co., Ltd.'s Yokohama Plant. Ordered by IHI Corporation and Nomura Real Estate Development Co., Ltd., it is the largest logistics facility in Japan operated by Nomura Real Estate Development. The facility features a landscaped plaza open to the neighbourhood residents, along with cafés, and has been designated by Kanazawa Ward, Yokohama City, as a tsunami evacuation center with a seismically isolated structure. Serving as a "community-accessible logistics hub," the facility works in partnership with the local community to promote regional economic vitality, strengthen disaster prevention, and enhance environmental conservation efforts.

La Tour Gotenyama (Tokyo)

This residential building was constructed in the Gotenyama area, one of the Jyonan Gozan, or the Five Hills of Southern Tokyo. The site was formerly home to the Hara Museum, located in a quiet, upscale neighbourhood. All 43 units offer serene views of the Gotenyama Japanese Garden. Tailored to support the comfortable lifestyle of its residents, the building features a wide range of amenities, including a party room, fitness room, kids' room, and an indoor golf range. With each unit exceeding 150 m² in floor area, this luxury rental residence offers refined living for those with discerning tastes.

International Business Unit



Goal to Aim for

Recovery of the International Business Unit and steps towards its sustainable development
- Target-oriented and profit-focused initiatives -

Basic Strategies

Although the International Business Unit continued to record operating profits for 14 consecutive terms from FY 3/08 to FY 3/21, it has posted operating losses for four consecutive terms since FY 3/22. In FY 3/25, consolidated net sales increased slightly to ¥151.8 billion due to progress in backlog projects, but additional losses in projects in Singapore and Hong Kong and non-operation of work vessels resulted in an operating loss of ¥15.6 billion.
Going forward, steady construction demand is expected in our major bases of Singapore, Hong Kong, and Southeast Asian countries, and as projects with loss risks have reached a certain milestone, we expect to return to operating profit from FY 3/26 onward.
To revitalize our distinctive International Business Unit, we will draw on past successes and setbacks, thoroughly manage risks such as technical challenges, procurement of materials, exchange rates, and geopolitical risks through front-loading initiatives from the bidding stage, and maintain a strong focus on profit-oriented strategies. In addition to promoting DX and GX, we will faithfully implement the Penta-Ocean Construction Group Code of Conduct, the Human Rights Policy, Sustainable Supply Chain Policy and Guidelines, and Declaration of Partnership Building, and contribute to the development of a sustainable construction industry overseas.

Business Strengths, Opportunities, and Response to Risks

Strengths (Internal Positive Factors)

- Long-standing track record and relationships of trust with stakeholders in Singapore, Hong Kong, and Southeast Asian countries (60th anniversary of entry into Singapore in 2024)
- Inter-departmental collaboration with the civil engineering and building construction teams in Japan
- Proprietary fleet of work vessels with global operational capabilities

Risks

- Uncertainty in the global economy due to geopolitical risks and higher U.S. tariffs
- Securing and nurturing local employees capable of assuming senior management positions
- Maintenance and operation of proprietary fleet of work vessels

Opportunities (External Positive Factors)

- Vigorous construction demands in Singapore, Hong Kong, Southeast Asia, etc.
- Export of high-quality infrastructure promoted by the Japanese government

Response to Risks

- Organizational and prompt response to technical challenges and various risks, and profit-oriented initiatives with clear targets
- Promotion of further localization and globalization
- Strengthening marketing strategies for increasing the operation rate of proprietary fleet of vessels

Specific Measures

1 Demonstrating Collective Strengths by Front-loading Approach

- Identification of technical challenges and risks, early response, and selection of projects
- Demonstration of technological capabilities through inter-departmental collaboration with the business units in Japan, and thorough quality and safety control
- Enhancement of marketing abilities, cost competitiveness and construction capabilities through collaboration with group companies in Singapore

UG M&E Pte. Ltd.: An M&E contracting subsidiary (proportion of shares owned: 100%)
KBE: Civil engineering, equity method affiliate (proportion of shares owned: 28.7%)

2 Promotion of DX and Productivity Improvement

- Information sharing and visualization of project progress by use of integrated platforms
- Introduction of advanced technologies, modularized construction methods, such as DfMA, MiC, and PCa, as well as construction robots

DfMA: Design for Manufacturing and Assembly
MiC: Modular Integrated Construction
PCa: Precast Concrete

3 Promotion of GX

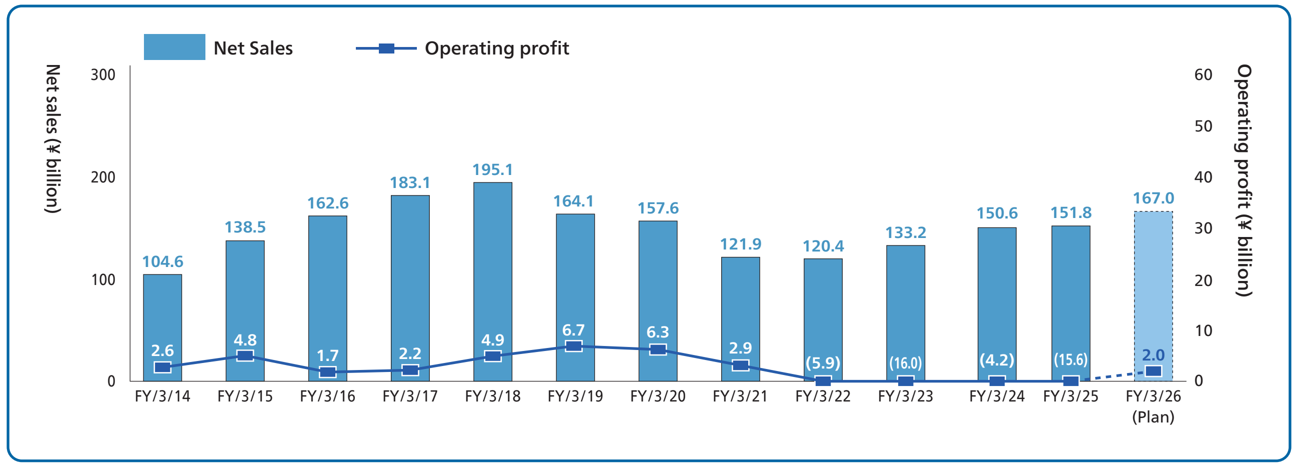
- Introduction and verification of effects of green-related technologies, equipment and materials, fuel efficiency improvement additives, and biofuels
- Development of GX mindset and improvement of GX literacy through education

4 Human Resources Development

- Promoting the instillation of sustainability management in each country
- Nurturing local employees and promoting them to senior management positions
- Strategic development of personnel capable of working globally

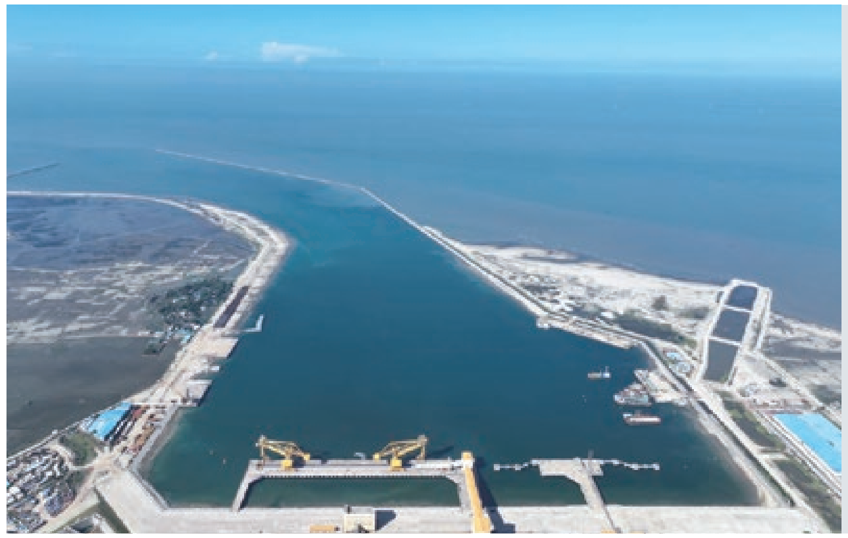
Medium-term Management Plan from FY 3/24 to FY 3/26

Final year targets   **Net sales: ¥167 bn**   **Gross profit margin: 2.7%**   **Operating profit: ¥2 bn**



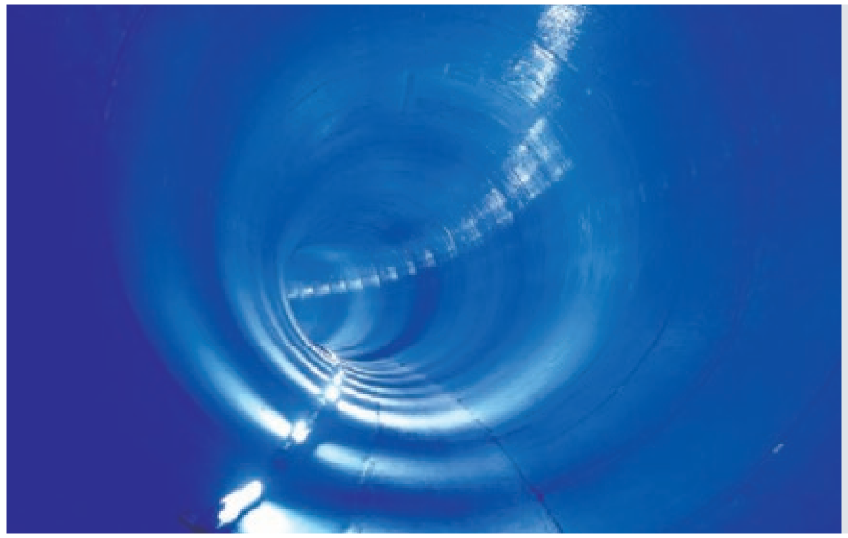
Major Construction Projects Completed in FY 3/25

Matarbari Ultra Super Critical Coal-Fired Power Plant Port Works (Bangladesh)



This is an Official Development Assistance (ODA) project supported by the Government of Japan to construct the largest power plant in Matarbari District in the southern part of Bangladesh to respond to the recent increase of electricity demand in the country. The project involves dredging of the access channel, construction of breakwaters against sedimentation, and reclamation and ground improvement works for the power plant site. It marks the completion of Bangladesh's first deep-sea port designed to accommodate large coal cargo vessels. Going forward, Matarbari District is expected to evolve into a central hub for comprehensive waterfront development by attracting power generation facilities, logistics operators as well as industrial parks.

Contract T-08 of the Deep Tunnel Sewerage System Phase-2 Project (Singapore)



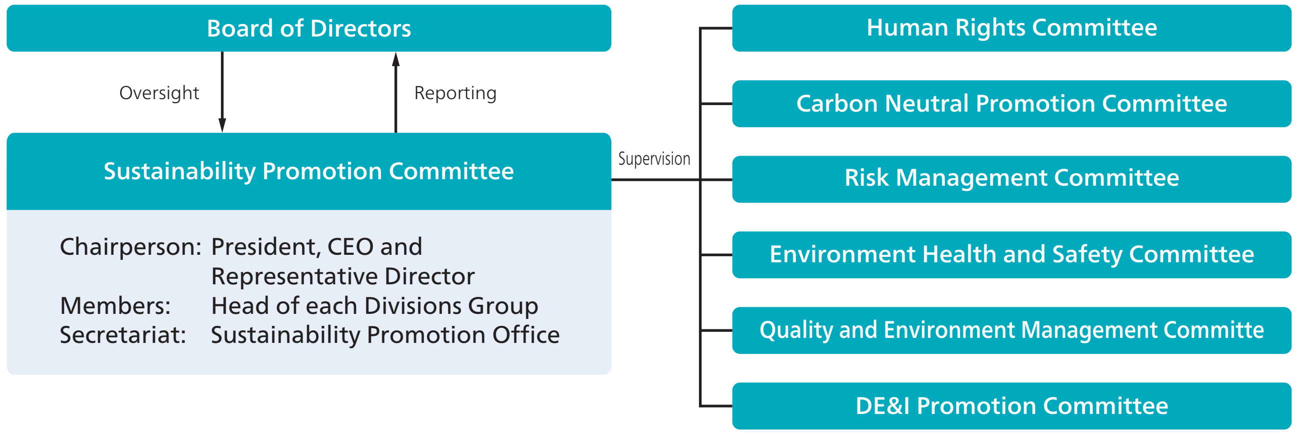
This project was carried out by a joint venture between Penta-Ocean Construction and a subsidiary of Koh Brothers Eco Engineering Ltd., a Singaporean company with which POC has a capital alliance. Four shield tunneling machines were deployed to excavate two deep sewage tunnels, each including an undersea crossing, with the combined length of approximately 10 kilometers. For the secondary lining of the tunnel, POC developed Microbiological Influenced Corrosion (MIC) resistant concrete with a 100-year service life that is resistant to sulfuric gas generated in the sewer tunnel and put it into practical use for the first time in Singapore.

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
Sustainability Promotion Committee (President, CEO and Representative Director)	Formulation and promotion of group-wide sustainability management policies, strategies, and activity plans	4
Human Rights Committee (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
Carbon Neutral Promotion Committee (President, CEO and Representative Director)	Formulation of basic policies and promotion of initiatives for carbon neutral advancement	2
Risk Management Committee (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
Environment Health and Safety Committee (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
Quality and Environment Management Committe (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
DE&I Promotion Committee (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
Creating Mechanisms to Deepen Sustainability Management		• Support and signature of the United Nations Global Compact (December 2022) • Identification and disclosure of Materiality (May) • Revision of POC Code of Conduct (May) • Revision of the Corporate Philosophy Structure (October)	• Promotion and monitoring of activities based on Materiality (from April) • Weekly "Sustainability Morning Briefings" at construction sites (from September) • Held the "1st Sustainability Awards" in Singapore (December)
Initiatives for Key Issues	Respect for Human Rights	• Establishment of Human Rights Committee (May) • Formulation and disclosure of the Human Rights Policy (June) • Establishment of Human Rights Consultation Desk (August) • Human Rights DD (For POC group: monitoring and training) (September–December) • Implementation of human rights dialogue with JP Mirai (March)	• Review and implementation of improvement plans based on human rights monitoring results (from May) • Implementation of human rights dialogue with UNDP (June) • Human Rights DD (Monitoring for subcontractors, etc.) (from July)
	Sustainable Supply Chain (SSC)	• Disclosure of the Multi-Stakeholder Policy (May) • Formulation and disclosure of SSC* policy and guidelines (November) • SSC guidelines briefing sessions for POC group, subcontractors, etc. (from November)	• Implementation of self-assessment questionnaire (SAQ) for subcontractors, etc. (159 domestic, 70 overseas) (from July) • Visits to business partners based on the monitoring results (February–March)

* 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.

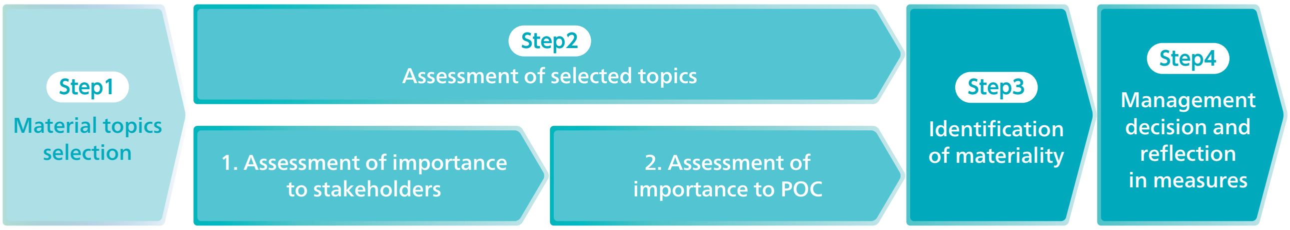
Sustainability Morning Briefing

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

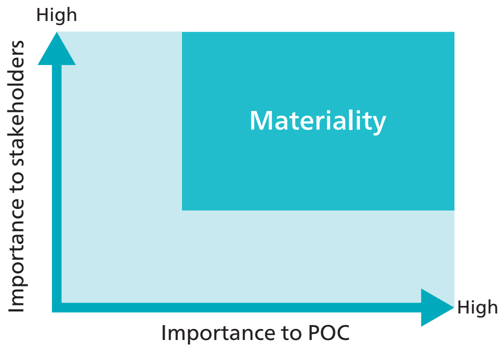
Assessment of Selected Topics (November 2022 – March 2023)

1. 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.
2. 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.

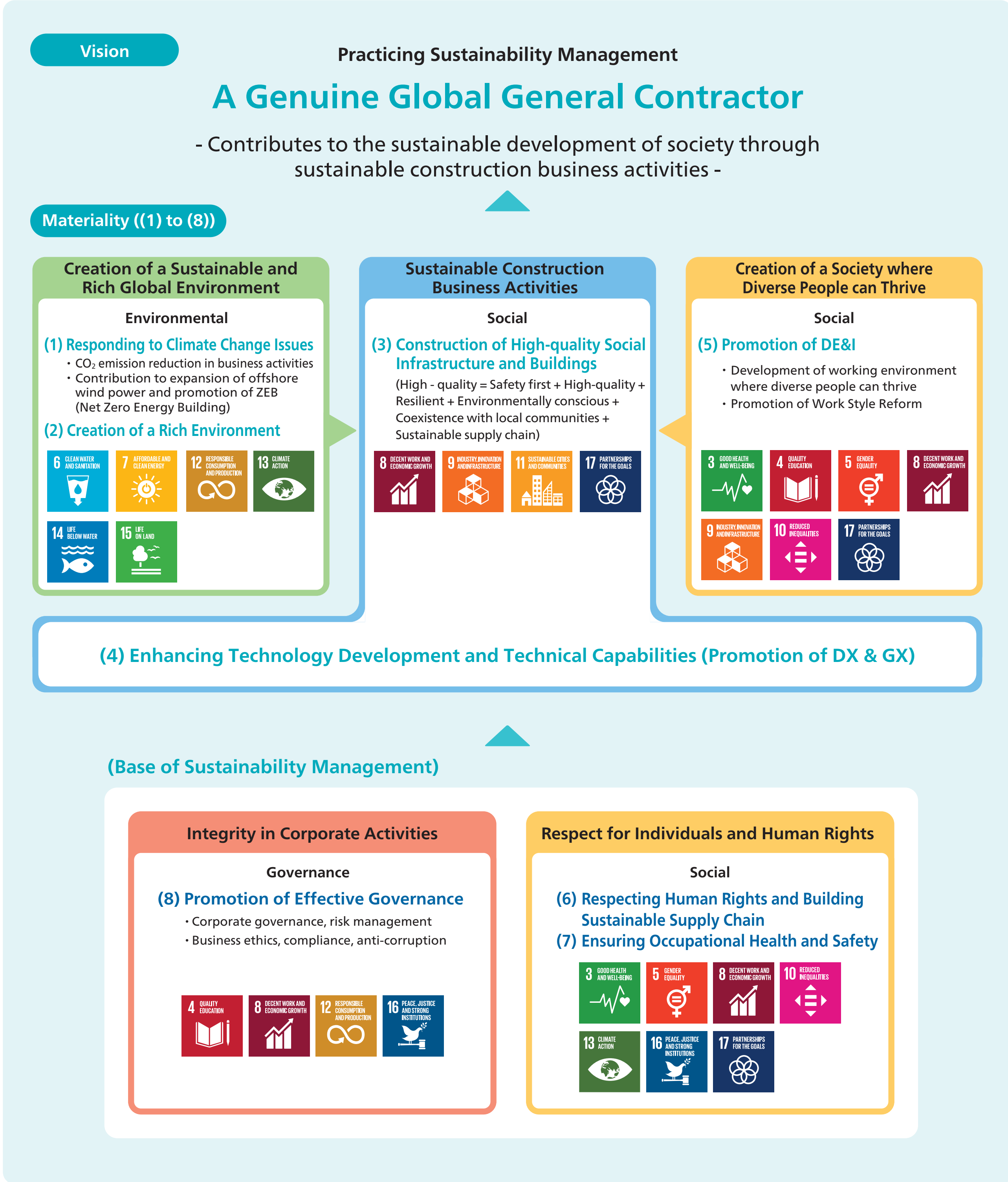


Step4

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	• GHG reduction in construction activities Scope 1: Use of low-carbon fuel (efficiency improvement), construction efficiency improvement Scope 2: ZEB conversion of on-site offices (energy-saving, use of renewable energies) Scope 3: Use of low-carbon concrete, promotion of ZEB conversion of buildings, CO_2 absorption by blue carbon in coastal areas etc. • Contribution to the promotion of ZEB conversion of buildings (energy saving, use of renewable energies) • Contribution to the expansion of renewable energy supply through offshore wind construction	• CO_2 emission (Scope 1, 2): 50% reduction (by FY 3/2031, vs. FY 3/2020)	288 kt-CO_2 (35.4% reduction)	269 kt-CO_2 (39.7% reduction)
				• CO_2 emission (Scope 3): 30% reduction (by FY 3/2031, vs. FY 3/2020)	295.2 kt-CO_2 (32.5% reduction)	213.3 kt-CO_2 (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
				• Output from constructed offshore wind farms	0 MW	0 MW
		(2) Creation of a Rich Environment • Creation of Aquatic Environment • Promotion of Resource Recycling • Prevention of Environmental Pollution • Conservation of Biodiversity • Effective Use of Water Resources	• Promotion of resource recycling 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) • Absorption of CO_2 by blue carbon and Calcia modified soil in coastal areas Creation and conservation of seaweed beds and tidal flats, use of Calcia modified soil (dredged soft soil)	• 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_2 absorption effect (FY 3/26), application to actual projects (FY 3/31)	10 external announcements related to CO_2 fixation technology	9 external announcements related to CO_2 fixation technology
Social	Sustainable Construction Business Activities	(3) Construction of High-quality Social Infrastructure and Buildings • Ensuring Quality • Coexistence with Local Communities	• Gaining trust of clients through reliable safety and quality backed by technology Demonstrating collective strengths by inter-departmental collaboration and front-loading initiatives Sharpening competitive edge by originating third-party alliance at home and abroad Sustainable construction (safety first, high-quality, resilient, environmentally conscious, coexistence with local communities, sustainable supply chain)	• Number of commendations (commendations from the Minister, the Director of regional development bureaus, Nikkenren and JSCE awards)	25	19
				• 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*1: 95% or higher	Civil engineering: 98.3 / Building construction: 100 (%)	Civil engineering: 100 / Building construction: 91.4 (%)
				• Number of nonconforming product handling cases*1 (domestic/overseas)	Domestic: 27 / Overseas: —	Domestic: 13 / Overseas: 46
		(4) Enhancing Technology Development and Technical Capabilities (Promotion of DX & GX)	• Sources of competitiveness, three areas of focus (DX, GX, Resilience) • Promotion of DX (streamlining design, construction and management, information sharing with clients and subcontractors) • Promotion of GX initiatives (development and implementation of technologies that contribute to achieve Carbon Neutrality) • Technology development with a view to diversifying needs and large-scale projects	• R&D expenses	¥3,142	¥3,262
				• Number of external publications (papers, press releases)	174	165
				• Number of patents and utility models held	685	648
	Creation of a Society where Diverse People can Thrive	(5) Promotion of DE&I • Human Resources Development • Work Style Reform, Securing Future Workforce	• Securing, developing and empowering diverse human resources (women, global employee, etc.) Development and management of inclusive workplace environment Improving employee education and training Promotion of work-style reform (conforming to overtime hour cap) Preparing for life events of employees (flexible work style and career plans) • Providing support to subcontractors for promoting work-style reform and securing future workers • Development of Harassment Helpline (domestic and overseas, in-house and external)	• 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%
				• 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*2)	86.7% / 100%	125.0% / 100%
				• Childcare leave acquisition rate (male) (Ministry of Health, Labour and Welfare standard / POC original standard*2)	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)*3	Domestic: 21 / Overseas: 0	Domestic: 37 / Overseas: 4
	Respect for Individuals and Human Rights	(6) Respecting Human Rights and Building Sustainable Supply Chain	• Formulation of Human Rights Policies and providing training thereof (from FY 3/2024) • Implementation of Human Rights Due Diligence (from FY 3/2024) • Formulation of Sustainable Supply Chain (SSC) policy and providing training thereof (from FY 3/2025) • Development of Human Rights Helpline (domestic and overseas, in-house and external)	• 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*4 (from FY2024) (domestic/overseas)	—	Domestic: 95.7% / Overseas: 98.7%
				• Number of cases received at Human Rights Consultation Desk (domestic/overseas)*3	Domestic: 1 / Overseas: 0	Domestic: 0 / Overseas: 0
		(7) Ensuring Occupational Health and Safety	• Undertaking activities of occupational accidents prevention in cooperation with subcontractors • Spreading POC Standard (Safety and quality first) across office at home and abroad • One-on-one training by senior employees of the Safety and Quality Control Education Office	• 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)
Governance	Integrity in Corporate Activities	(8) Promotion of Effective Governance • Corporate Governance • Risk Management • Business Ethics and Compliance, Anti-Corruption • Information Security and Personal Information Protection • Tax Governance • Transparent Information Disclosure	• Providing education on sustainability to raise employees' awareness • Continuous improvement of corporate governance (Directors' assessment of the internal control system and the effectiveness of the Board of Directors) • Providing compliance training (domestic and overseas) • Development of Compliance Helpline (domestic and overseas, in-house and external) • Implementation of information security training (domestic and overseas) • Formulation of Business Continuity Plan (BCP) and implementation of disaster drills (major earthquakes, tsunamis) • Conducting timely and appropriate information disclosure, IR activities for institutional investors, site tours for individual shareholders, etc.	• Sustainability training participation rate: 100%	100%	100%
				• Number of serious violations of laws and regulations: Zero	0	0
				• 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

Creation of a Sustainable and Rich Global Environment

Materiality 1. Responding to Climate Change Issues 2. Creation of a Rich Environment

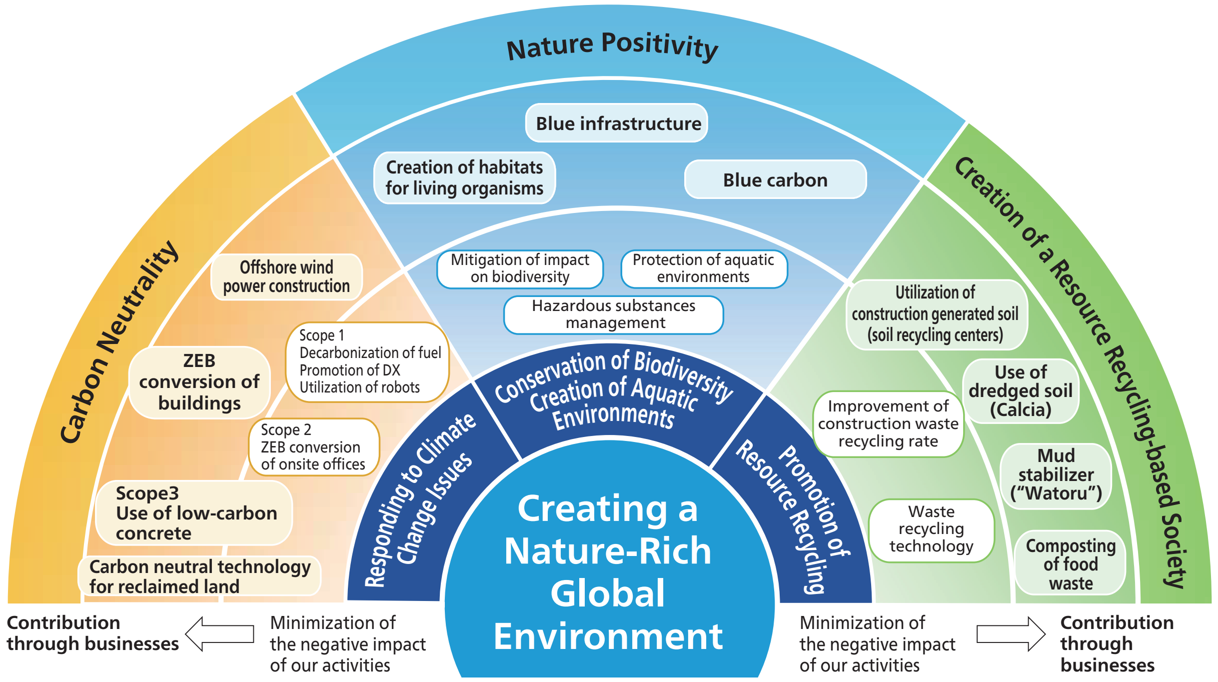
Penta-Ocean Construction Group strongly believes that passing on a nature-rich environment for future generations is fundamental to our business activities. Guided by this belief, we engage in manufacturing with consideration for the global environment.

In the Medium-term Management Plan announced in May 2023, we selected "Responding to Climate Change Issues" and "Creating a Nature-Rich Environment" as key issues (Materiality). For each of the above issues, we strive to contribute to society through our group business activities while minimizing their environmental impact.

In response to climate change issues, we are working to reduce CO_2 emissions from our construction business activities, while advancing businesses such as offshore wind construction, ZEB conversion of buildings, and the use of low-carbon concrete, aiming to achieve carbon neutrality.

In the fields of biodiversity conservation and creation of aquatic environments, we are developing technologies to reduce environmental footprint associated with construction and mitigate effects on marine organisms. These efforts include expanding the application of blue carbon, developing blue Infrastructure technologies, and creating habitats for living organisms, as part of our efforts toward commercialization.

In the field of resource recycling, we are enhancing the recycling rate of construction waste from our activities, and advancing recycling businesses for materials including contaminated soil treatment, construction-generated soil, construction sludge, dredged soil, paper ash, and food residues.



Materiality (Specific Initiatives)

	Our Vision	Materiality	Examples of Initiatives
Environment	Creation of a Sustainable and Rich Environment	1. Responding to Climate Change Issues	• Reduction of greenhouse effect gases in construction business activities Scope 1: Decarbonization of fuel (improved fuel efficiency), streamlining construction Scope 2: ZEB conversion of site offices (energy saving, use of renewable energy) Scope 3: Use of low-carbon concrete, ZEB conversion of constructed buildings, CO_2 fixation through blue carbon in coastal areas, etc. • Contributing to the promotion of ZEB conversion of buildings (energy saving, use of renewable energy) • Contributing to the expansion of renewable energy supply through offshore wind construction
		2. Creation of a Rich Environment • Creation of Aquatic Environments • Promotion of Resource Recycling • Prevention of Environmental Pollution • Conservation of Biodiversity • Effective Use of Water Resources	• Promotion of resource recycling Recycling of construction-generated soil and construction sludge, using Calcia-modifying material (steel slag), and Watoru soil-modifying materials (paper sludge incineration ash) for improvement of dredged soil, and food recycling business (food waste composting) • CO_2 fixation through blue carbon in coastal areas and Calcia-modified soil Creation and conservation of seaweed beds and tidal flats, utilization of Calcia-modified soil (dredged soil), etc.

Environmental Management

Materiality 1. Responding to Climate Change Issues 2. Creation of a Rich Environment

Penta-Ocean Construction Group promotes construction practices that take into account environmental protection through an environmental management system that complies with ISO 14001 standards.

Principle of Environmental Activity

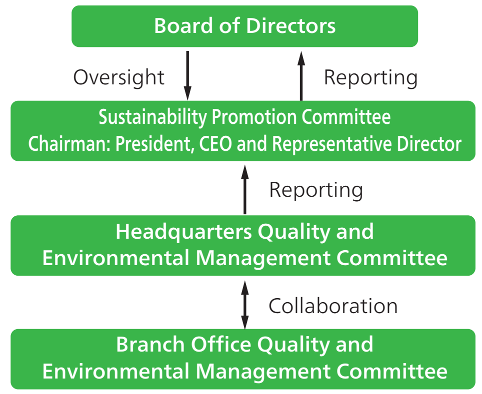
1. Reduce CO_2 emissions generated in construction business activities (reduction of CO_2 emissions from work vessels and construction equipment; productivity improvement through utilisation of ICT, electrification, automation and autonomy; use of low-carbon materials, etc.), and promote ZEB* (energy saving and energy creation) for project offices, thereby contributing to the realisation of carbon neutrality.
   * ZEB: Net Zero Energy Building
2. Strive to achieve carbon neutrality, create a recycling-based society, and create, preserve, and restore the environment, through close communication with local communities, the development of environment-related technologies, and environmentally friendly design and construction.
3. Continuously educate the staff and business partners on the importance of environmental conservation activities, and strive to prevent environmental accidents and ensure zero violations of environmental laws and regulations.

Scan the QR code for Safety, Health, Quality and Environmental Policy

Promotion System / Environmental Management System

Our environmental management system conforms to ISO 14001 standards.

We obtained ISO14001 certification as a company-wide environment management system in November 2002, and have been operating it as a means to promote continuous system improvement and efficient, effective operations. The environmental management system is overseen by the Quality and Environmental Management Committees of the Headquarters and each branch office, established under the Sustainability Promotion Committee chaired by the President, CEO and Representative Director. The system is applied to all of our business activities (construction production activities and office activities). We formulated the "Integrated Manual" that outlines the rules and procedures for corporate management in conformity with the certified environmental management system and quality management system, and implement it across the organization. In addition, we continuously provide training sessions to employees, including management system training for young employees, to inform and educate our employees.



Compliance with Environmental Laws and Regulations

In order to conduct business activities with due consideration for the environment in all aspects, such as preventing global warming and ensuring proper waste disposal, we regularly monitor compliance with environmental laws and regulations. We respond promptly to any revisions of these laws and regulations and strive to prevent legal violations related to the environment. There were zero major legal violations related to the environment in FY 3/25.

Environmental Patrols

We conduct environmental patrols at each branch's construction sites to prevent air pollution, water contamination, soil contamination, noise, vibration, ground subsidence, foul odors, and other forms of environmental pollution, and to achieve zero legal violations related to the environment.

Education and Awareness

Specialized Environmental Training

We provide specialized environmental training to keep all employees apprised of the necessary knowledge of overall environmental management at construction sites and the key points of legal revisions. Specialized environmental training is held annually at each headquarters and branch office, in which our employees participate regularly (once every three years). The number of participants in specialized environment training in FY 3/25 was 677.

Environmental Study Session Before Construction Commencement

To confirm and enhance the environmental knowledge of site staff, the Safety, Quality and Environment Management Division conducts environmental study sessions prior to the start of construction. Through this training, we ensure thorough implementation of measures to prevent environmental contamination and to maintain compliance with laws and regulations. In FY 3/25, sessions were held at 141 sites.

Responding to Climate Change

Materiality 1. Responding to Climate Change Issues

Information Disclosure Based on TCFD Recommendations

TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

We believe that responding to climate change issues is one of our most important management issues, and are strengthening our efforts to reduce greenhouse gas emissions both domestically and internationally. In addition to undertaking initiatives to reduce CO_2 emissions from our construction business activities, we will strive to achieve carbon neutrality by 2050 through our core business through promoting the construction of offshore wind power facilities and the conversion of buildings into ZEBs (net zero energy buildings).

1. Governance

The Carbon Neutral Promotion Committee chaired by the President, CEO and Representative Director and the CN Promotion Office play a central role for the further advancement of initiatives for reducing GHG emissions. As a subordinate organization under the Sustainability Promotion Committee (Chairman: President, CEO and Representative Director), this committee is responsible for deliberating important matters such as the basic policy for responding to climate change Issues for our group, planning and formulating strategies, and measures based on the results of monitoring the status of initiatives. The Committee decisions are reported to and discussed at the Sustainability Promotion Committee. The Committee decisions on policies and strategies are incorporated into business plans of each Business Unit, the company-wide annual plans and Medium-term Management Plan, and they then progress towards their implementation. The Board of Directors receives reports from the Sustainability Promotion Committee and oversees all sustainability related issues including climate-change issues. The implementation of measures to address climate change issues will be continuously monitored by the Carbon Neutral Promotion Committee in order to review and improve our policies and strategies.

2. Strategies

In the construction industry, CO_2 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 CO_2 emissions than other construction work and civil engineering work performed on land, because of the use of work vessels. As part of our initiatives to tackle the issue, we have identified the risks and opportunities that climate change may pose to our group, and performed scenario analyses.

As a result of the analyses, we expect to see an increase in capital investment in maintenance, renewal, and new construction of work vessels to achieve their carbon neutrality. We believe, however, that we will witness more business opportunities for our company that outweigh these drawbacks. The opportunities include the promotion of offshore wind construction in the civil engineering field, and the promotion of ZEB technology application in the building construction field. As a company with distinctive strengths in marine civil engineering technology and as a front runner in offshore wind construction, we will contribute to the expansion of renewable energy supply in Japan as well as to the development of a sustainable society.

3. Risk Management

The Risk Management Committee, established under the Sustainability Promotion Committee, plays a central role in systematically classifying risks assumed in business activities, assigning a department in charge for each risk, and implementing appropriate risk management. The CN Promotion Office is the department in charge of climate change risks. They identify, evaluate risks and implement countermeasures against these risks from a long-term perspective. The results of deliberations by the Carbon Neutral Promotion Committee are reported to and discussed at the Sustainability Promotion Committee. The activity status of the Sustainability Promotion Committee is reported to the Board of Directors, which oversees the implementation of risk management for climate change. In the event of the occurrence of climate change risk, it is promptly reported to the supervising department, determined according to the degree of impact on corporate management (major risks are reported to the Board of Directors). As described above, we have a system in place to respond to risks in a timely and appropriate manner.

Risks and Opportunities

Categories		Climate change	Impact on businesses	Scale of impact	
				1.5°C	4°C
Transition risks and opportunities	Risks	Policy changes and regulation tightening on CO_2 emission reduction	• Increase of climate change response costs for construction and other business activities (in particular, costs to reduce CO_2 emissions from construction machinery and work vessels) • Increase of procurement costs for construction materials (cement and steel), which have high CO_2 emissions during manufacturing process • Further increase in climate change response costs and construction costs due to the introduction of a carbon tax	Large	Small
			• Increase in costs due to tightening of Energy Efficiency Act and mandatory ZEB application	Medium	Small
	Opportunities	Increased construction demand related to renewable energy and energy conservation	• Increase in demand for the construction of offshore wind farms • Increase in demand for the construction of ZEB buildings/ZEB technology application	Large	Small
Physical risks and opportunities	Risks	More intense and frequent natural disasters (high waves, storm surges, and torrential rains caused by typhoons and low-pressure fronts)	• Extension of construction period and increase in construction costs due to damages by disasters made during construction • Supply constraints due to disruptions in the supply chain for construction materials and equipment	Medium	Large
		Decrease in construction productivity due to severer weathers/conditions caused by rising sea temperature	• Increased risk of process delays and higher construction costs due to lower utilization rates, especially in marine civil engineering work	Medium	Large
		Decrease in construction productivity during summer time caused by temperature rise	• Increased risk of workers' heat stroke on construction sites • Decreased productivity due to increased frequency of break times to prevent heat stroke	Medium	Large
	Opportunities	Increase of construction demand related to the national resilience plan	• Increase in construction demand for disaster prevention, disaster mitigation, and national resilience • Increase in demand for disaster recovery work	Large	Large

Measures

Categories		Climate change	Measures
Transition risks and opportunities	Risks	Policy changes and regulation tightening on CO_2 emission reduction	• Reduction of CO_2 emissions from construction machinery and work vessels (Scope 1) Improvement of construction efficiency: Electrification, use of ICT, and promotion of automatic and autonomous construction Fuel decarbonization ⇒ from low-carbon to zero-carbon: (Short-term) Use of additives to improve fuel efficiency (Mid-term) Use of alternative fuels (BDF, GTL) Utilization of renewable electricity (including electricity supply from land and rechargeable batteries) (Long-term) Introduction of hydrogen, ammonia, and other next-generation energies
			• Reduction of CO_2 emissions (Scope 2, 3) Promotion of the renewable electricity use at site offices, etc. (Scope 2) Promotion of introduction of CO_2 adsorption materials and low-carbon concrete, etc. (Scope 3) CO_2 fixation by solidification of dredged sediments (Scope 3)
	Opportunities	Increased construction demand related to renewable energy and energy conservation	• Strengthening offshore wind construction initiatives (e.g., capital investment in equipment for offshore installation vessels and other large work vessels) • Promotion of ZEB proposals, design, and construction of ZEB buildings. Trial use of hydrogen at company-owned facilities • Issuance of green bonds for capital investment
Physical risks and opportunities	Risks	More intense and frequent natural disasters	• Establishment of BCP system and regular implementation of disaster drills (for BCP and tsunami)
		Decrease in construction productivity due to severer weathers/conditions caused by rising sea temperature	• Advanced weather and metocean forecasting systems
		Decrease in construction productivity during summer time caused by temperature rise	• Improving productivity by saving labor on sites (contribution to CO_2 reduction) Actively using precast concrete for concrete work and promoting DX (digital transformation)
	Opportunities	Increase of construction demand related to the national resilience plan	• Development and practical application of technologies that contribute to the national resilience plan

4. Metrics and Targets

With the aim of achieving carbon neutrality by 2050, we have set a CO_2 emissions reduction target with FY3/20 as the base year, including our overseas operations, which account for the majority of our CO_2 emissions. The reduction target for FY3/31 was certified at the "1.5°C level" by the SBTi (Science Based Targets initiative) in December 2022.

CO_2 Emissions Reduction Target (Unit: thousand t-CO_2)

	FY 3/20 Results	FY 3/31	FY 3/51
Scope1+2	446	223 (50% reduction)	Carbon neutrality
Scope3	4,370	3,060 (30% reduction)	

Roadmap to Achieve Carbon Neutrality (CN) (Scope 1, 2)

<Short-term Initiatives> Low Carbonization

Fuel efficiency improvement (Scope 1)
- Engine-idle reduction, energy saving education, and ensuring proper maintenance of major vessels and machinery
- Promotion of the on-site use of K-S1 and other fuel efficiency improvement additives

Improvement of construction efficiency (Scope 1)
- Improving construction efficiency through the use of ICT technology for land-based construction machinery and work vessels, and promoting more efficient energy use in work vessel equipment
- Tracking the market trend of electrified land-based construction machinery - Promoting their on-site use
- Conducting studies for the electrification of cranes and winches on work vessels and utilization of large rechargeable batteries and fuel cells

New energy (Scope 1)
- Tracking technological trends, such as engine development, for the introduction of new energy sources
- Review of contribution to the Carbon Neutral Port (CNP) as an import and storage hub for new energy sources

Energy conservation and energy creation (Scope 2)
- Promotion of ZEB conversion of site offices, etc.

FY 3/31 reduction target: (50%) (compared to FY 3/20)

FY 3/31

<Mid-term Initiatives> Low Carbonization to Decarbonization

Fuel efficiency improvement (Scope 1)
- Study aimed at the introduction of dual fuel engines, etc. (from research and development to on-site implementation)

Improvement of construction efficiency (Scope 1)
- Exploring automatic and autonomous operations by electrification of work vessels (from program development to on-site implementation)

New energy (Scope 1)
- Utilization of alternative fuels such as BDF (biodiesel fuel) and GTL (gas-to-liquid fuel)
- Onshore power supply (work vessels)
- Utilization of by-product hydrogen and ammonia, trial use of green hydrogen

<Long-term Initiatives> Decarbonization

New energy (Scope 1)
- Introduction of work vessels and land-based construction machinery which run on new energy
- Utilization of green hydrogen and ammonia
Utilization of surplus electricity from offshore wind power generation (onshore power supply and green hydrogen utilization)

FY 3/51 reduction target (100%) (Compared to FY 3/20)

FY 3/51

Biodiversity, Aquatic Environment

Materiality 2. Creation of a Rich Environment

Penta-Ocean Construction Group, with creating a rich environment as one of our management philosophies, is engaged in activities for the conservation of biodiversity, creation of aquatic environments, and initiatives toward nature positivity. In the future, we plan to disclose information in accordance with TNFD recommendations.

Action Guidelines on Biodiversity

To conserve and enhance biodiversity while contributing to the sustainable development of society, Penta-Ocean Construction Group established the Action Guidelines on Biodiversity in August 2025 as the foundation of our environmentally responsible and sustainable construction business activities.

Scan the QR code for Action Guidelines on Biodiversity

Promotional Structure

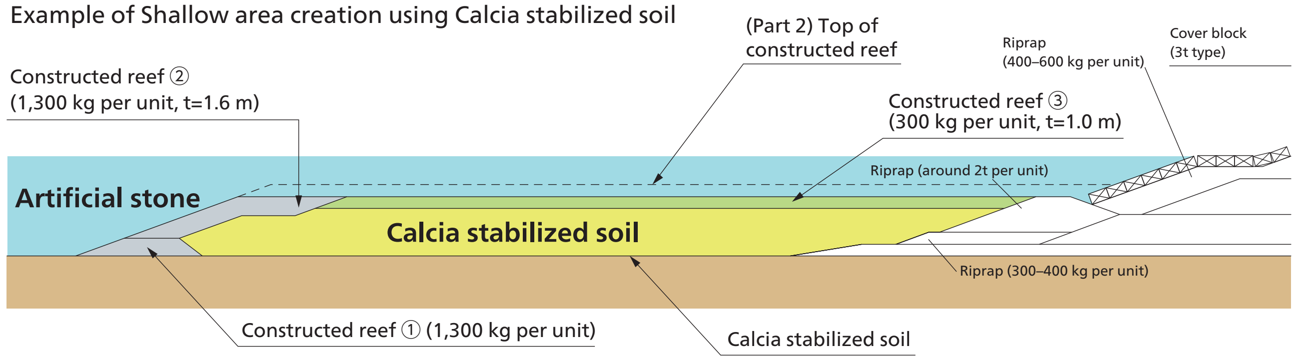
The Sustainability Promotion Committee, chaired by the President, CEO and Representative Director, formulates and promotes company-wide policies, strategies, and activity plans related to biodiversity.

Initiatives to Create and Maintain Aquatic Environments

Application of Calcia Soil Stabilization Technology in the Creation of Shallow Areas, etc.

Shallow areas and tidal flats serve as habitats for many organisms. To conserve biodiversity, we are working on blue infrastructure development of shallow areas and tidal flats using dredged soil, Calcia stabilized soil, and Calcia artificial stone (artificial stone made by mixing dredged soil, steelmaking slag, blast furnace slag powder, etc.).

Example of Shallow area creation using Calcia stabilized soil



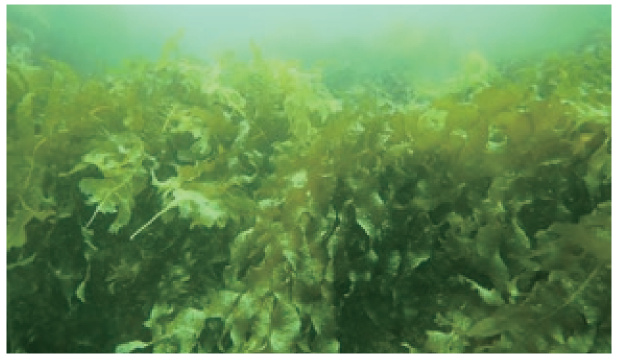

Mixing dredged soil and Calcia stabilized material with a backhoe


Placement of Calcia stabilized soil

Formation of Blue Carbon Ecosystems and Creation of Seaweed Beds

CO_2 Fixation through Blue Carbon and Other Means

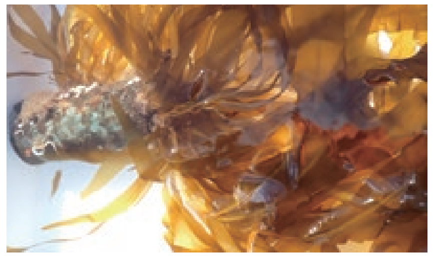
In shallow areas formed with Calcia shallow soil and other materials, the growth of seaweed and seagrass capture atmospheric CO_2 as blue carbon, contributing to measures against global warming while also realizing a rich marine environment through blue carbon ecosystems. We conducted surveys on the growth status of seaweed and evaluated the amount of CO_2 fixed as blue carbon in the shallow area created in Aboshi District, Himeji City, Hyogo Prefecture, and carried out registration and sales as J Blue Credit®. Additionally, the results of catch surveys such as basket net fishing in shallow areas, revealed an increase in species such as rockfish and sea cucumbers.


Seaweed growth survey


Catch survey of basket net fishing

Development of Materials for Seaweed Growth

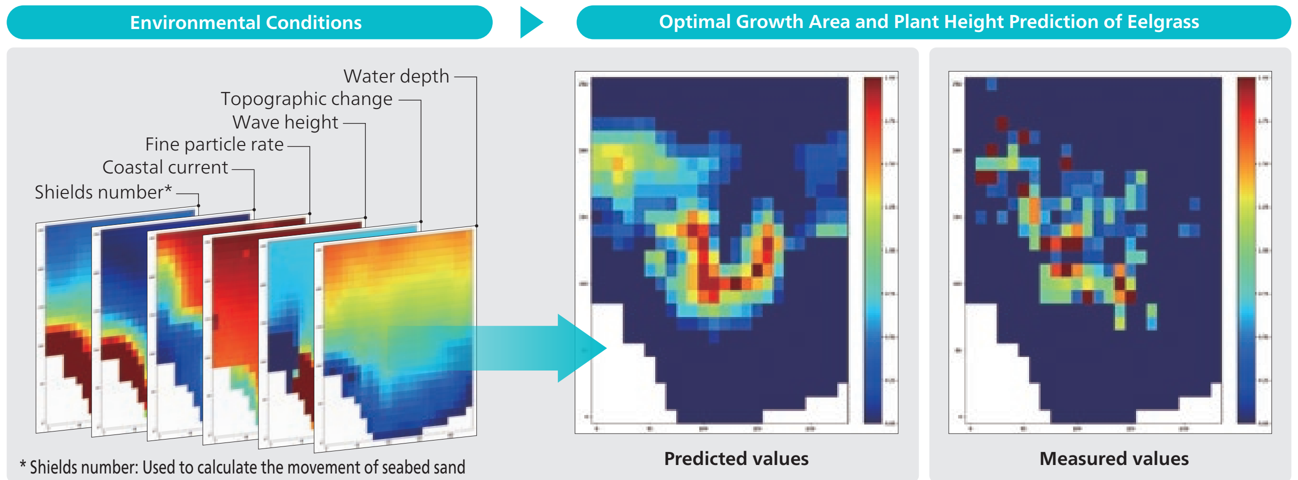
For seaweed to grow in shallow areas, it is necessary to provide stones or concrete blocks that seaweeds can cling and flourish. By installing Calcia artificial stone, a low-carbon material compared to concrete, in shallow areas or by capturing CO_2 in Calcia artificial stone, it is possible to reduce CO_2 emissions during construction. We are also developing Calcia artificial stone that enables better attachment and growth of seaweed compared to concrete.
Currently, we are developing a real-time seaweed growth monitoring system by attaching transmitters to seaweed to check growth status.


Development of material for seaweed growth

Transplantation and Creation of Coral and Seaweed Beds Associated with Construction

Creating seaweed beds and coral growth areas requires understanding suitable environmental conditions, selecting appropriate sites, and transplantation techniques. We have been working on the creation of eelgrass beds for some time, and are improving the accuracy of site selection through calculations using genetic algorithms. In addition, in canal areas of Tokyo Bay and elsewhere, we are conducting growth tests in tanks and transplantation experiments in actual sea areas targeting the seagrass Zostera japonica, which can be utilized for blue carbon.


Zostera japonica growth test



Selection of suitable sites using simulations

Resource Recycling

Materiality 2. Creation of a Rich Environment

Penta-Ocean Construction Group utilizes construction-generated soil, dredged soil, waste, and other materials generated during construction as resources, commercializes their cyclical use and creation of added value, and contributes to the formation of a recycling-oriented society. At construction sites, we have been promoting zero-emission activities company-wide since fiscal 2006 to reduce final disposal volumes, and are implementing 3R (Reduce, Reuse, Recycle) promotion activities with full participation, based on the principle of suppressing generation.

Effective Use of Soft Dredged Soil

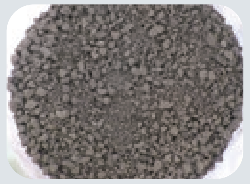
Calcia Reforming Technology

Calcia stabilizing technology is a technology that improves the physical and chemical properties of soft dredged soil generated in ports by mixing it with Calcia stabilizing material (a material made by controlling the composition and adjusting the particle size of converter steelmaking slag generated in the steelmaking process). The Calcia reformed soil made by the Calcia reforming technology can be widely applied in marine constructions such as landfill material, partition embankment material, revetment backfill material, and marine embankment material for repairing route burial. It is expected to shorten the construction period and reduce costs.

Our company has long focused on Calcia stabilizing technology as an effective method for utilizing dredged soil and by the end of fiscal 2024 used it to create over 2 million m^3 of Calcia stabilized soil. We are also engaged in the development of large-scale construction technologies, the construction of Calcia stabilized soil drop mixing vessels, the development of efficient construction methods, and the creation of new materials such as advanced Calcia stabilization technologies incorporating short fibers and soil improvement agents.

Overview of the Calcia Reforming Technology

Soft dredged soil

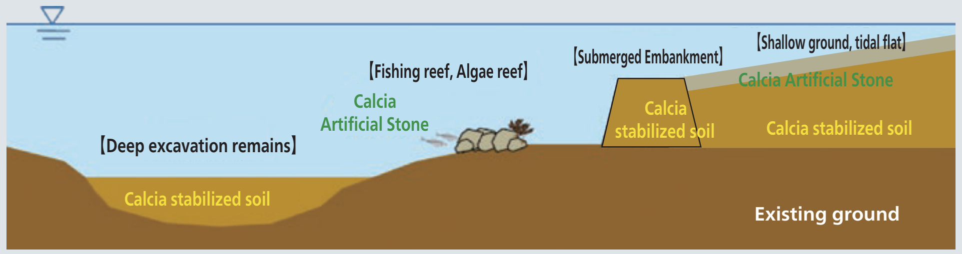


Calcia stabilizing material

Calcia stabilized soil

Calcia stabilized soil can be used in a wide variety of applications including landfill material, levee widening material, embankment material, filling material, etc.

Utilization of Calcia stabilized soil



An image showing the different ways how Calcia stabilized soil can be used

Ocean 3 (Calcia stabilized soil drop mixing vessel)

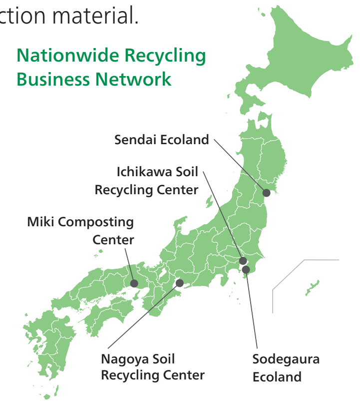
Recycling Business

The recycling of construction-generated soil is an important issue for the construction industry. Our company is developing maritime hubs and building a wide-area network to promote the utilization of soil as a resource. In addition, we are collaborating with the steel industry to develop new environmentally conscious technologies (Calcia reforming technologies) for the use of dredged soil, and are working to expand the range of applications for dredged soil as construction material.

Recycling of Construction Generated Soil and Construction Sludge

In 2014, we expanded our Ichikawa office in Chiba Prefecture, which undertook marine transportation of construction soil for utilization as a reclamation material, and opened the Ichikawa Soil Recycling Center as a facility to receive construction generated soil and contaminated soil. The received contaminated soil is properly treated and then used cyclically, for example, as raw material for cement. We opened a soil recycling center in Yokohama in 2017 (until 2024) and another center in Nagoya in 2018. In 2021, we began accepting construction sludge in Nagoya, and in 2022, we launched the production and sale of slurry fill in Ichikawa as part of our construction sludge recycling initiative. Through these efforts, we are advancing comprehensive initiatives for the proper treatment and wide-area recycling of excavated soil, with operational bases in both the Kanto and Chukyo regions.

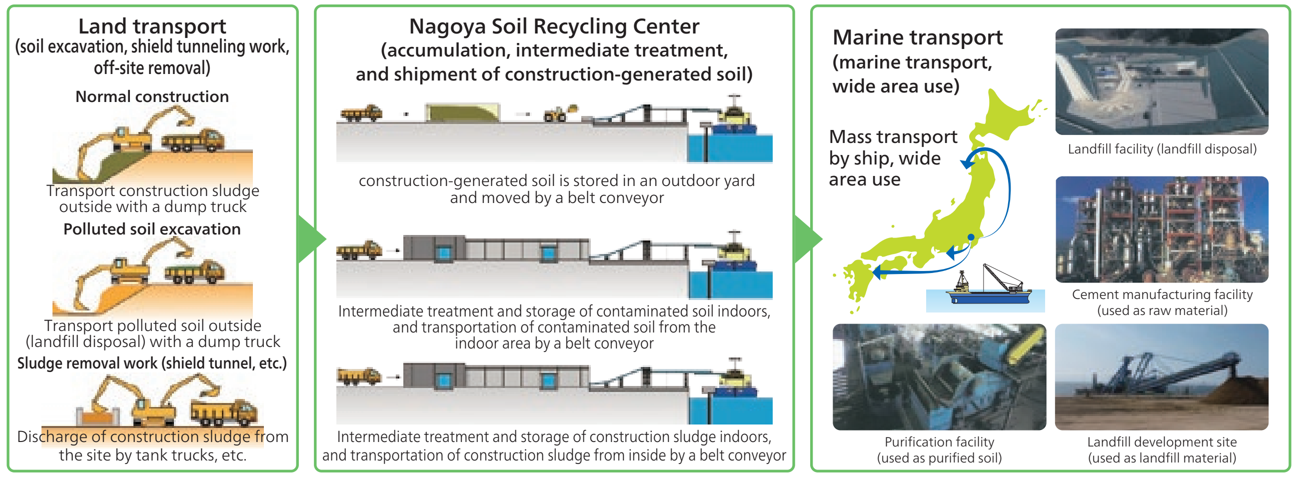
Nationwide Recycling Business Network



Ichikawa and Nagoya Soil Recycling Centers

We operate Soil Recycling Centers (in Ichikawa and Nagoya) that are involved in the accumulation, intermediate treatment, and shipment of construction-generated soil in order to properly process and widely reuse construction-generated soil, contaminated soil, and construction sludge generated in the Kanto and Chubu regions.

Wide area use of construction-generated soil



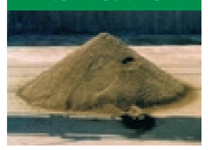
Sendai Ecoland

We improve (granulate and solidify) inorganic sludge* generated from construction and excavation work, and recycle it as construction material "Simarussa" (recycled sand).

* Sludge that cannot be used as it is, such as construction sludge mixed with cement or bentonite or with a high water content ratio.

Before treatment

After treatment



Paper Sludge Incineration Ash Recycling Business Water-absorbing mud stabilization material "Watoru"

Sodegaura Ecoland

The water-absorbing mud stabilization material "Watoru" is a hydration-treated product made by mixing a special chemical with incinerated paper ash (PS ash) from paper manufacturing sludge generated by paper factories. In addition to having physical reforming through water-absorption (with an instantaneous reforming effect), it demonstrates chemical reforming ability as time advances (with gradual strength development). The material received the Excellent Award in the Infrastructure Technology Development Award in 2021 and is highly recognized as an effective recycling material.

Food Recycling Business

Miki Composting Center

This business processes and sells compost materials made from organic waste discharged from food-related companies, etc.

Before treatment (acceptable items)	
Tea leaves, coffee grounds, etc. from beverage manufacturers	Cut vegetables and other scraps from vendors for convenience stores and supermarkets
Manufacturing waste and sludge from food companies	Sake lees and waste rice from sake breweries

After treatment

Product "Minami-No-Hikari"

Quality Management

Materiality 3. Construction of High-quality Social Infrastructure and Buildings

Penta-Ocean Construction Group provides high-quality construction and related services for social infrastructure and buildings, ensuring reliable quality backed by advanced technologies, in accordance with our quality management system which conforms to ISO 9001 standards.

Principle of Quality Activities

1. Demonstrate flexible ideas and creativity to provide high value-added products and services
2. Establish an appropriate construction management system for construction work
3. Strive to improve the ability of the staff to perform their duties, refine productivity-enhancing technologies, and strive to ensure reliable construction and quality

Scan the QR code for Safety, Hearth, Quality, and Environmental Policies

Promotion System / Quality Management System

Our quality management system conforms to ISO 9001 standards. We obtained ISO 9001 certification for our company-wide quality management system in November 2003 and have been utilizing it as a means to promote continuous system improvement and efficient, effective operations. The quality management system is overseen by the Headquarters Quality and Environmental Management Committee and the Quality and Environmental Management Committee of each branch office.

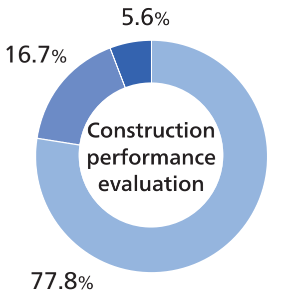
Quality Patrols

To ensure reliable quality that meets client requirements, a quality plan, which outlines quality-related activities for each construction project, is prepared and managed by the project supervisor. The Civil Engineering Division Manager and Building Construction Division Manager at each branch regularly conduct quality patrols to verify the effective implementation of the plan and the proper functioning of measures to prevent nonconformities.

Commitment to Customer Satisfaction

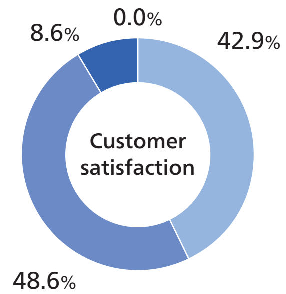
We conduct customer satisfaction surveys every year in accordance with our quality management system. We collect and analyze survey data and construction performance evaluations, and share the findings, such as items that received high ratings and those that were rated poorly, with each branch and construction office through meetings such as the Civil Engineering Division Managers' Meeting and the Site Manager/Senior Staff Member Meeting. In particular, for items that received low evaluations, we clarify the causes and implement countermeasures to build a system that enables company-wide improvements, aiming to further enhance customer satisfaction.
In the FY 3/25 survey, for public civil engineering works, approximately 95% of our work received very high client evaluations of 75 points or more. For private building construction, many customers expressed satisfaction with our constructed buildings, construction staff, and sales staff, rating them as "very satisfied" or "satisfied."

FY 3/25 Construction Performance Evaluation (Civil Engneering Projects, Public Sector)



Evaluation of 80 points or higher	77.8%
Evaluation of 75 points or higher	16.7%
Evaluation below 75 points	5.6%

FY 3/25 Handover Project Customer Satisfaction Survey (Buillding Constraction Project, Private Sector)

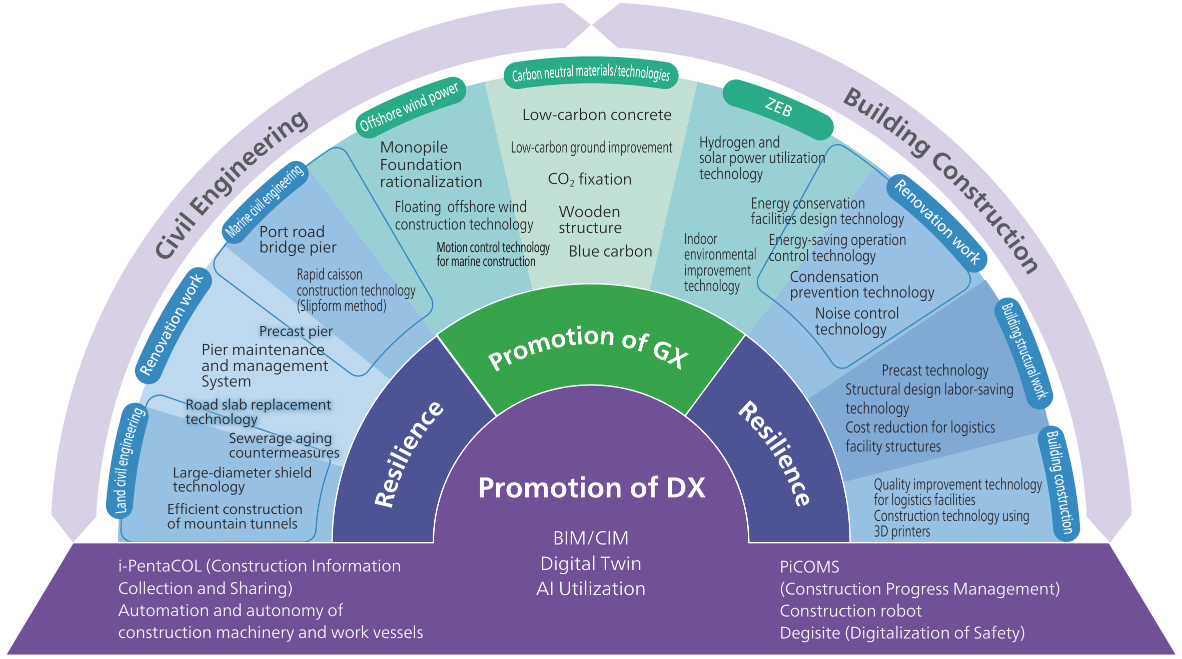


Very satisfied	42.9%
Satisfied	48.6%
Slightly dissatisfied	8.6%
Dissatisfied	0.0%

Technology Development

Materiality 4. Enhancing Technology Development and Technical Capabilities

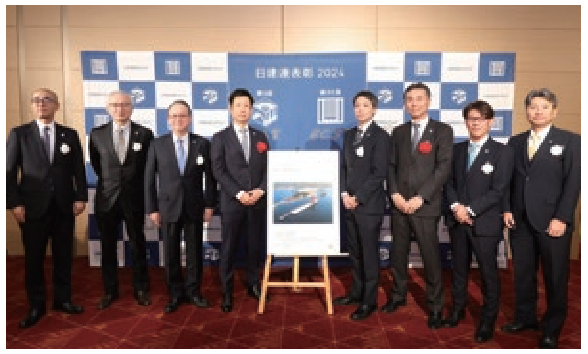
With the aim of contributing to society by providing high-quality social Infrastructure and buildings, we are engaged in technology development focusing on three areas: Promotion of DX, promotion of GX, and resilience (national resilience). We regard DX as a foundation for productivity enhancement and technological innovation. In the area of GX, we are engaged in the development of technologies that contribute to the realization of a sustainable society. For resilience, we are working to develop disaster prevention technologies, countermeasures for aging structures, and to advance construction technologies. While enhancing our technologies, we also aim to create new value through interdepartmental collaboration that leverages the strengths of each business unit and the promotion of open innovation.



External Awards

Double winner of JSCE Award and Nikkenren Award

The "Pier No. 3 at Mitsukojima Transshipment Wharf New Construction Project" received the Technology Award at the 2023 JSCE (Japan Society of Civil Engineers) Award and the Outstanding Civil Engineering Achievement Award at the 2024 Nikkenren (Japan Federation of Construction Contractors) Award. This project, at the Mitsukojima Transshipment Wharf—the largest raw salt terminal in Japan—was a collaboration among industry, government, and academia to develop and commercialize Japan's first precast pier construction technology using large blocks, achieving both rapid construction and economic efficiency.



Received the OCAJI Project Award

At the 2024 OCAJI Project Awards held by the Overseas Construction Association of Japan, Inc., two of our projects—Offshore Marine Center 2 (Singapore) and Nacala Port Development Phase I & II (Mozambique)—received awards.
The Offshore Marine Center 2 project was recognized for its utilization of digital technology, while the Nacala Port Development project commended for its contribution to the development and revitalization of countries in the Nacala Corridor region.

Human Capital Strategy

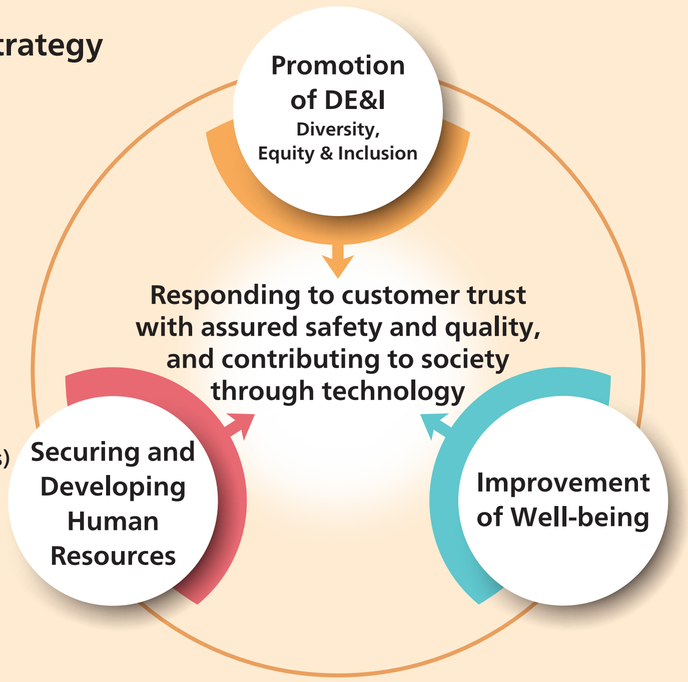
Materiality 5. Promotion of DE&I

Penta-Ocean Construction aspires to be an organization where diverse human resources respect one another, thrive in their work and grow personally and professionally. To that end, our basic policy is to secure and nurture "individuals who practice sustainability management and play a key role at a Genuine Global General Contractor" and "individuals who respond to customer needs and social expectations with foresight, courage and speed".
Through initiatives based on our human capital strategy, we contribute to sustainability management that we envision and embrace. By enhancing the satisfaction of each individual (employee engagement), we bring out their full potential, thereby working toward the long-term enhancement of our corporate value.

Ideal Vision
An organization where diverse human resources respect one another, thrive in their work and grow personally and professionally

Ideal Talent Profile
Individuals who practice sustainability management and play a key role at a Genuine Global General Contractor
Individuals who respond to customer needs and social expectations with foresight, courage and speed

Human Capital Strategy



- Support for the active participation of diverse human resources
- Realization of a healthy work-life balance
- Development of a rewarding workplace environment
- Fostering a culture that respects diversity

- Recruitment (new graduates, mid-career professionals)
- Prevention of turnover, job return
- Personnel system, Performance Evaluation
- Training, young employee development programs

- Promotion of health and productivity management
- Regular health checkups equivalent to full-scale medical screenings
- Mental health education
- Events and initiatives for health promotion

Promotion System

Under the Sustainability Promotion Committee, we have established the DE&I (Diversity, Equity & Inclusion) Promotion Committee. The DE&I Promotion Committee is established at headquarters, branch offices, International Business Unit, and group companies to plan measures and monitor their implementation status in collaboration with relevant departments and labor-management, working together to resolve key issues.
In addition, by conducting regular visits to branch offices and group companies, members of the Headquarters DE&I Promotion Committee gain firsthand insight into local circumstances and consider tailored solutions to individual issues.

Enhancement of Well-being

Materiality 5. Promotion of DE&I

We believe that fostering the well-being of our employees is fundamental to driving the long-term and sustained development of society through sustainable construction practices. In pursuit of that goal, we are committed to supporting and nurturing both the mental and physical well-being of all executives and employees.

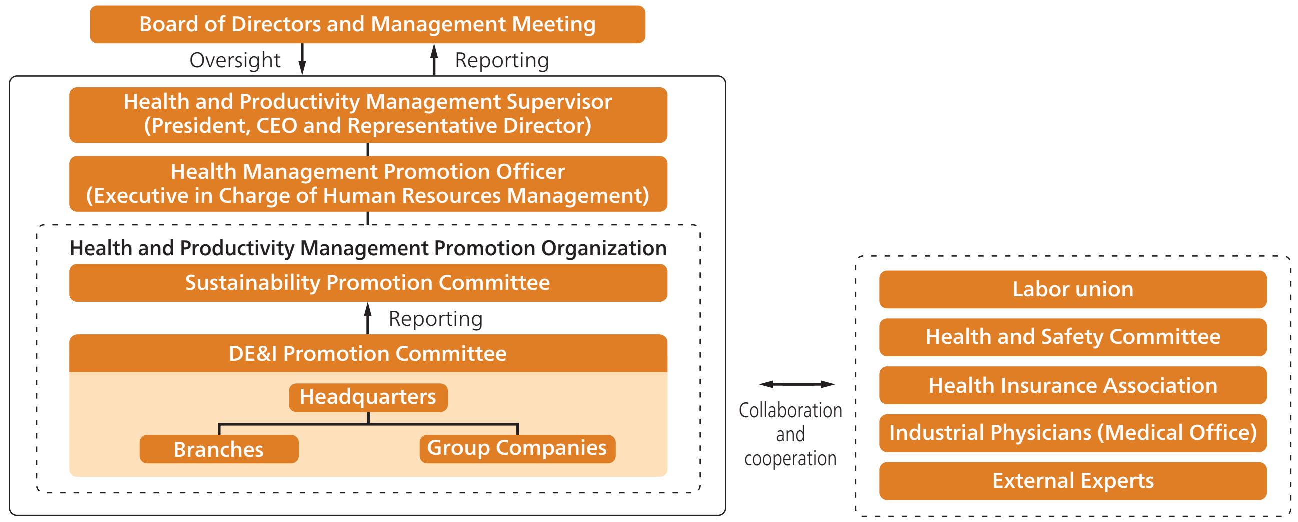
Health and Productivity Management Promotion Policy / System

To articulate our commitment to enhance employee well-being, we formulated the Penta-Ocean Construction Group Declaration of Health and Productivity Management in 2024.

Scan the QR code for the Declaration of Health and Productivity Management

Health and Productivity Management Promotion System

The President, CEO and Representative Director serves as the Health and Productivity Management Supervisor, and the Senior Executive in charge of human resources management acts as the Promotion Officer. Under the Sustainability Promotion Committee, the DE&I Promotion Committee advances Health and Productivity Management. These bodies will work closely and collaborate with internal/external organizations including the labor union, the health insurance association and other experts, in promoting the above initiatives.



Physical Health

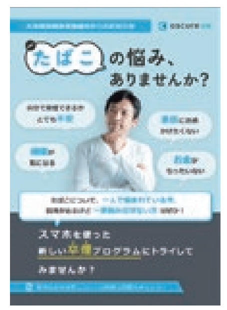
To detect diseases early and prevent serious illnesses, we conduct regular health checkups equivalent to full-scale medical screenings, and also provide support for examination costs for women's specific health risks such as uterine and breast cancers.

Mental Health

We conduct "Self-Care Training" for young employees and "Line-Care Training" for newly appointed managers to help them maintain their mental health. In addition, we have established multiple external counseling services to create an environment where employees have accessible and approachable channels for mental and physical health support. We also conduct stress checks annually and provide support for improving workplaces identified as having high health risks based on analysis of the results for each organization.

Health Education

While aiming to raise employees' health awareness and prevent mental health issues and illness, we promote healthy lifestyles by distributing health-related booklets annually. We also conduct "Line-Care Training" and "Self-Care Training", along with sessions on women's health issues and infertility treatment.



Initiatives for Health Promotion

We carry out various initiatives for health promotion, such as organizing wellness walks and providing smoking cessation programs.

Promotion of DE&I (Diversity, Equity & Inclusion)

Materiality 5. Promotion of DE&I

In accordance with the Penta-Ocean Construction Group DE&I Promotion Policy, we actively promote initiatives to improve work-life balance so that all employees, regardless of gender, can continue their careers without professional concerns when navigating through various life events such as child care or caregiving, beyond our commitment to promoting female empowerment. We strive to create an environment and systems where diverse individuals - regardless of race, gender, nationality, religion, disability, age, sexual orientation, or gender identity - have equal opportunities to thrive and work with mutual respect.

Diversity, Equity and Inclusion (DE&I) Promotion Policy

At Penta-Ocean Construction Group, we strive to create a rewarding workplace where human talent from diverse backgrounds is given equal opportunities to thrive and reach their full potential. We believe that embracing diversity and maximizing the potential of each individual enables us to respond flexibly to social challenges and changes, while creating new value. Guided by this belief, we have formulated our DE&I Promotion Policy in August 2025.

Scan the QR code for the DE&I Promotion Policy

Support for the Empowerment of Diverse Human Resources

Promotion of Female Empowerment
We are committed to fostering a workplace where women can thrive in their work by enhancing internal systems and implementing supportive measures that enable them to work comfortably, as part of our broader efforts to build a more inclusive society. In particular, we provide career support and develop environments that allow employees to continue their careers on-site through different phases of life, such as child-rearing. In July 2023, we obtained the "Eruboshi" certification (second stage) from the Minister of Health, Labour and Welfare for these efforts.

女性が活躍しています!

Support for the Success of Global Employees Working at Headquarters in Japan
To support employees of diverse nationalities thrive in the workplace, we offer Japanese language training to facilitate communication and provide religious accommodations such as prayer rooms. We also conduct orientation and follow-up training for newly hired employees of foreign nationality.


Training for global employees

Empowerment of Senior Employees
We offer opportunities for employees who wish to continue working beyond the retirement age of 60 to utilize their extensive experience. We provide opportunities for senior employees to remain active in the workplace by mentoring younger colleagues and sharing their expertise, often serving as one-on-one instructors for young employees at the Safety and Quality Control Education Office.

Support for the Success of Employees with Disabilities
We support employees with disabilities by providing accommodations tailored to their individual needs, enabling them to fully demonstrate their abilities and thrive in the workplace. At our satellite offices (work rooms) located in Tokyo (Shinjyuku and Mitaka) and Kanagawa (two locations in Yokohama), we offer an environment designed to support their well-being, including regular one-on-one meetings and mental health support systems.

Enhancing Paternity Leave Uptake
We support male employees' active participation in child care by promoting the acquisition of paternity leave. To create an environment that fully supports the use of paternity leave, we conduct surveys and roundtable discussions for eligible male employees. In recent years, the uptake rate of child care leave and related leaves has reached 100%.


Roundtable discussion for fathers who have taken paternity leave

Initiatives to Achieve Work-Life Balance

Support for Balancing Child Care and Work
We provide various systems and support to help employees navigate through life events such as childbirth and child care to work comfortably and continue their careers. We enhance support for employees with child care responsibilities by holding opinion exchange meetings during their child care leave or after returning to work, granting 12 days of paid leave per year for child nursing regardless of the number of children, and expanding the reasons for taking leave beyond legal requirements.


Opinion exchange meeting for employees returning from child care leave

Support for Balancing Nursing Care and Work
We are committed to creating an environment to help employees balance their professional lives with their nursing care responsibilities. We support employees with caregiving responsibilities by granting 12 days of paid leave per year for caregiving, regardless of the number of family members requiring care, and by providing necessary information through handbooks and leaflets.

Balancing Infertility Treatment and Work
To support balancing infertility treatment and work, we grant 12 days of paid leave per year for birth support, enabling employees to undergo infertility treatment without adding undue stress. We have also established systems for leave of absence for infertility treatment and special financial supports.

System for Changing Work Location due to Spouse Job Transfers
We have established a system that allows employees with location-specific constraints to apply for a change of work location when their spouse is transferred, enabling them to continue their careers.

Workplace Tours for Employees' Families
We hold workplace tours for employees' families, providing learning opportunities for children and deepening families' understanding of the workplace and the work we do, which leads to increased employee motivation and enhanced workplace support for employees with child care responsibilities. In FY 3/25, family visits were held at the Tokyo Civil Engineering Branch, Tokyo Building Construction Branch and the Osaka Branch.


Tokyo Civil Engineering / Tokyo Building Construction Branch Family Visit

Creating a Rewarding Workplace Environment

Establishing two days off per week / Reducing Overtime Work
Penta-Ocean Construction Group is working toward the goals of establishing a system where employees take 8 days off per 4 weeks, two days off per week (Saturday and Sunday off), and 8 site closures per 4 weeks. We are also working to reduce overtime by thoroughly implementing a system of no more than 45 hours of work every other month.

Promoting the Acquisition of Annual Paid Leave
We support employees in enriching their private lives by enabling the acquisition of paid leave in half-day and hourly units and promoting leave acquisition. We also require employees to take five planned days of leave per year and create an environment that fully supports the use of planned leave.

Special Leave of Absence System
We have established a system that allows employees who wish to take a long-term leave of absence for personal reasons, such as engaging in volunteer activities or accompanying a spouse on a job transfer.

Promotion of Flexible Work Styles
- **Flextime system / Rotating Morning Briefing System**
  From 2024, in addition to office-work departments, we are introducing a flextime system at site offices and implementing a rotating morning briefing system to promote flexible working hours.
- **Telework System**
  Adopted in FY 3/21, we continue the telework system, which was established during the COVID-19 pandemic, to promote diversity in work styles.

Fostering a Culture That Respects Diversity

Education for Promoting DE&I
We hold annual lectures on diversity-related themes and conduct various training programs, such as harassment prevention training at construction sites with female staff and training for diversity promotion officers.

Establishment of Consultation Desks
Internal and external stakeholders affected by the corporate activities of our group can consult about various issues such as harassment or human rights violations that may conflict with our human rights policy. We have established consultation desks and posted notices at all business locations, construction offices, and dormitories to raise awareness.

Securing and Developing Human Resources

Materiality 5. Promotion of DE&I

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 through interdepartmental collaboration to enhance organizational strength.

Securing Human Resources

We place strong emphasis on securing human resources to drive sustainable corporate growth, advance globalization and take on challenges in new fields such as offshore wind power. While expanding our business, we also address the reduction of overtime work by implementing strategic recruitment initiatives and strengthening both on-site replacement staffing and back-office functions. In addition to new graduate recruitment, we aim to create a workplace where diverse talent can thrive through mid-career recruitment, employment of global talent, and support for the continued success of senior employees aged 60 and above.

New Graduate Recruitment

For new graduate recruitment, we base our approach on "personality first," "no academic requirements," and "no nationality requirement," adopting a fully open application system and focusing on dialogue with students in our recruitment activities. We aim to hire approximately 200 individuals each year.

Mid-career Recruitment

We actively promote mid-career recruitment to leverage the skills they have gained through various external careers to enhance our organizational strength. Our goal is to hire approximately 20 professionals each year.

Global Recruitment

We hire outstanding international students whose native language is not Japanese (from universities and graduate schools in Japan and ASEAN region nations) every year. Following employment, we provide Japanese language education and training to help them grow into human resources who can play active roles both domestically and internationally.

Global employees flourish at our company

Internships

To help students better understand the industry and provide opportunities for work experience necessary for future career decisions, we accept approximately 200–300 interns each year.

Introductory briefing for interns

Employee Retention (Turnover Prevention)

We strive to communicate our company's strengths and working environments clearly during the recruitment process to prevent post-hire mismatches among both new graduates and mid-career hires. After joining, young employees are supported through OJT and a mentor system that fosters open communications and helps ease their professional concerns. Additionally, we hold opinion exchange meetings (training and social gatherings) at headquarters and each branch to foster connections among young employees, reduce turnover and enhance their engagement.

Promotion of Reemployment (Job Return System)

We offer opportunities for former employees who left due to career changes or family circumstances to return to Penta-Ocean Construction through the Job Return system. To encourage more former employees to rejoin POC and contribute as immediate assets, we removed the previous eligibility criteria in FY 3/26, which had been limited to individuals who had left POC due to childcare, family caregiving and a spouse's job transfer.

Human Resources Development

Personnel System

Our personnel system presents a clear vision of the qualities we value in our employees, encouraging them to pursue higher-level roles and actions. By continuously developing and cultivating professional talent, we aim to enhance both corporate performance and employee self-fulfillment.

Performance Evaluation, Evaluator Development and Fair Compensation

We emphasize goal setting and follow-up to achieve both employee self-fulfillment and corporate performance improvement.
To promote understanding of the purpose of performance evaluation and ensure consistency and clarity in evaluations, newly appointed evaluators receive annual training on an ongoing basis. Furthermore, evaluators hold one-on-one meetings with employees who they are evaluating to facilitate mutual communication. All evaluations are conducted in accordance with our publicly available human resources evaluation standards, which are linked to compensation decisions, including salary, bonuses, and promotions.

On the Job Training (OJT) & Off the Job Training

Since professional growth through work (OJT) is imperative in the construction industry, we appoint a senior employee as the OJT supervisor for each new employee to provide guidance and support.
At the same time, we conduct Off the Job Training (Off-JT) to acquire knowledge, skills, perspectives, and ways of thinking that cannot be gained through experience alone. We conduct rank-based training according to the growth stage of job competency, as well as job-specific training organized by each division to acquire specialized knowledge. For younger employees, we also provide communication training to foster autonomy by improving foundational business knowledge and strengthening trust-based relationships.

Customized OJT education

Support System for Obtaining Qualifications and Support Grant System for Self-development

We encourage our employees to obtain the official qualifications and licenses required for work in the construction industry, and provide a comprehensive backup as part of our Self-Development System, such as organizing in-house training sessions, covering exam fees and other costs, as well as offering achievement-based incentives aligned with the significance of each qualification. In addition, to support employees engaged in self-development, we established the Support Grant System for Self-development in FY 3/24.

"Nanaichi Plan," a Job-specific Young Talent Development Program

In the Civil Engineering Divisions Group, we implement the "Nanaichi Plan," a young talent development program where employees acquire essential job-specific knowledge over seven years. The curriculum systematically covers key areas required for a fully qualified civil engineer, such as construction, design, and cost estimation. In addition to in-person courses, content is available anytime via YouTube and e-learning platforms. Some courses are also available in English, making them accessible to global career-truck employees and other global employees.

"Task Support Center"

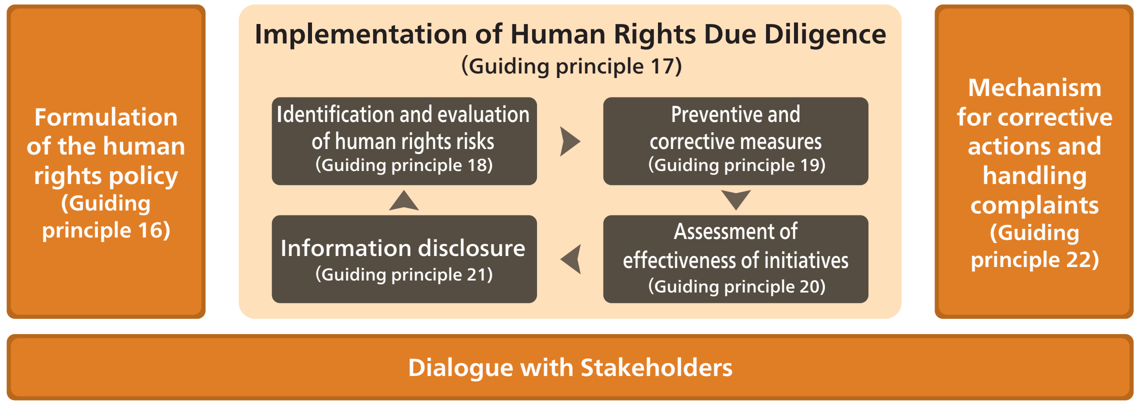
In the Building Construction Divisions Group, we established the "Task Support Center" in 2020 as a department where specialized instructors individually guide and educate construction staff in their first eight years, aiming to enhance technical skills and ensure optimal placement of personnel. For M&E and design positions, we also strive to improve the technical skills of young employees based on each respective development program.

Fundamental skills training for new construction employees

Respect for Human Rights

Materiality 6. Respecting Human Rights and Building Sustainable Supply Chain

As a signatory company of the UN Global Compact (UNGC), POC undertakes initiatives for embracing respect of human rights in accordance with the framework of the UN Guiding Principles on Business and Human Rights, in addition to supporting and respecting international norms such as the International Bill of Human Rights, and the ILO Declaration on Fundamental Principles and Rights at Work.



Framework of the UN Guiding Principles on Business and Human Rights

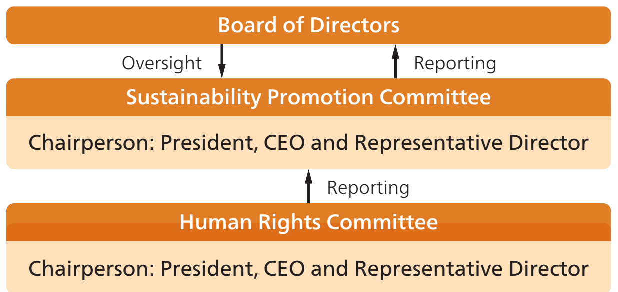
Human Rights Policy

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. This policy was drafted after consultation with external experts and issued by a resolution of the Board of Directors dated June 27, 2023.

Scan the QR code for the Human Rights Policy

Promotion System

In May 2023, we established the Human Rights Committee, chaired by the President, CEO and Representative Director. We are promoting human rights due diligence, including the formulation of our group's human rights policy, identification of significant human rights risks through regular human rights impact evaluation, and monitoring the effectiveness of remedy and corrective measures.



Establishment of the Human Rights Consultation Desk and Harassment Consultation Desk

To enable early detection and correction of negative impact on human rights, we have established the Human Rights Consultation Desk and Harassment Consultation Desk that are available to all individuals affected by our Group's corporate activities. In addition to internal contact points, we have established external contact points (law firms), allowing for anonymous consultations and ensuring that those seeking advice are not subject to any disadvantageous treatment. The total number of consultations received at both contact points (domestic and overseas) in FY 3/25 was 41 (harassment consultations: 41, human rights consultations: 0)*.

* Counted at each contact point based on the consultation content

Dialogue with Stakeholders

To ensure the effectiveness of our business and human rights initiatives, in March 2024, we held an opinion exchange with experts from the Japan Platform for Migrant Workers towards Responsible and Inclusive Society (JP-MIRAI) regarding the human rights of foreign workers. In June 2024, we also participated in individual guidance sessions at the UNDP (United Nations Development Programme) Business and Human Rights Academy, where we received expert advice on our business and human rights initiatives.
In the Global Compact Network Japan (GCNJ), which we have joined since 2022, we participate in the Human Rights Education Subcommittee and the Human Rights Due Diligence Subcommittee, obtaining information from experts and others to promote our initiatives.

Human Rights Due Diligence (DD)

Identification/Evaluation of Human Rights Risks, and Preventive/Corrective Measures

In FY 3/23, with guidance from external experts, we identified human rights risks and priority issues in the construction industry. Based on these findings, we conducted monitoring within POC group in FY 3/24, followed by assessments in subcontractors, etc. in FY 3/25. To address human rights issues that change in response to social demands and corporate activities, we will regularly review human rights risks based on human rights impact evaluations.

[FY 3/23] Identifying Human Rights Risks in the Construction Industry

- Based on reports issued from international organizations, industry groups, NGOs, etc. and cases of human rights abuses, we identified human rights risks in the construction industry
- We performed mapping of stakeholders on the value chain that are susceptible to each anticipated risk

[FY 3/24] Determining the State of Human Rights Risk Control in Penta-Ocean Construction Group

- We held internal dialogue meetings to promote the understanding of identified human rights risks among relevant parties. Additionally, we conducted hearing and monitoring surveys for our branch offices, overseas offices and companies of the Group to confirm "presence or absence of rules", "grasping the current state", etc
- The Human Rights Committee deliberates on how to implement preventive and corrective measures that should be prioritized, and continues to monitor their progress

[FY 3/25] Implementation of Measures Based on the Results of Human Rights Monitoring Surveys, and Extending Initiatives for Respecting Human Rights to Subcontractors

- Implementation of specific measures by responsible departments such as safety and human resources departments, and extension of these measures to include group companies
- Overseas, with input from experts, we created checklists based on human rights-related laws and social norms in each country
- Conducted monitoring surveys targeting major subcontractors and others
  (Monitoring using the self-assessment questionnaire (SAQ) based on the Sustainable Supply Chain Policy and Guidelines)

[FY 3/26] Continued Implementation of Human Rights Due Diligence

- Implementation of human rights monitoring in Japan and overseas

Human Rights Risk	Issues to be Discussed Preferentially	People to Whom Special Attention Should be Paid among Stakeholders Susceptible to Negative Impacts			
		POC Employees	Employees at Subcontractors	Workers at Material Suppliers (Sites/Factories)	Local Residents
Malfunction of complaint handling mechanism			●	●	
Occupational Health and Safety	●	●	●	●	
Prohibition of discrimination		●	●	●	
Inhumane treatment and harassment	●	●	●	●	
Working hours	●	●	●	●	
Wages and working conditions	●	●	●	●	
Forced labor	●		●	●	
Child labor			●	●	
Freedom of association and collective bargaining rights			●	●	
Human rights abuses against foreign migrant workers (foreign technical intern trainees, etc)	●	●	●	●	
Rights of indigenous people and local residents					●

Education and Awareness

As part of our human rights policy, we conducted in-house training (e-learning) for all executives and employees in October 2023 to promote deep understanding and awareness. We also provide our major subcontractors with clear explanations of our initiatives regarding respect for human rights during briefing sessions on the Sustainable Supply Chain Guidelines. Furthermore, we conduct annual training sessions on topics such as discrimination issues, harassment, persons with disabilities, and mental health. We hold a Training Workshop for Executives to Raise Awareness for Human Rights targeted for executives and management-level employees every year. In February 2025, we held and panel discussion led by an external speaker on the theme of diversity. Additionally, aiming to respect the human rights of each individual and create a comfortable and positive workplace, we strive to enhance understanding of human rights by soliciting human rights awareness slogans from employees and their families, and by creating human rights posters and leaflets.

Sustainable Supply Chain

Materiality 6. Respecting Human Rights and Building Sustainable Supply Chain

At Penta-Ocean Construction Group, we will conduct fair and equal transactions with our business partners including subcontractors and material suppliers 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.

Sustainable Supply Chain Policy and Guidelines

As specified in the Penta-Ocean Construction Group Code of Conduct, we will promote the building of partnerships with business partners and establish a Sustainable Supply Chain (SSC), aiming to continue to grow while contributing to the sustainable development of society together with business partners. To promote this idea with our business partners, we formulated and disclosed the Sustainable Supply Chain Policy and the Sustainable Supply Chain Guidelines by a resolution of the Board of Directors dated November 21, 2023.

Scan the QR code for the Sustainable Supply Policy and Guidelines

Declaration of Partnership Building

To support partner companies in advancing their work style reforms and securing future human resources, Penta-Ocean Construction has announced a declaration to build new partnerships by promoting collaboration and mutual prosperity with supply chain business partners and value-driven business operators.

パートナーシップ構築宣言

Scan the QR code for Declaration of Partnership Building (Japanese)

Promotion System

In May 2023, we added the formulation and promotion of strategies related to the Sustainable Supply Chain as new duties of the Sustainability Promotion Committee (Chairman: President, CEO and Representative Director), thereby clarifying the structure of our initiatives.

Board of Directors

Oversight ↓ ↑ Reporting

Sustainability Promotion Committee

Chairperson: President, CEO and Representative Director

Supporting Subcontractors in Advancing Work Style Reform and Securing Human Resources

We support work style reforms of subcontractors and skilled workers by providing incentives for proper holiday acquisition, etc. in order to achieve two days off per week. We also improve payment conditions for subcontractors (termination of payments by promissory notes, 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.

Providing Incentives to Skilled Workers for Holiday Acquisition

To help stabilize the income of skilled workers whose wages fluctuate based on the number of working days, and to raise awareness among skilled workers and subcontractors, we have implemented an initiative to provide premium compensation for labor costs to skilled workers who take more days off than the site-closure targets set at each site. This initiative was launched in July 2019 and has applied to all new orders received since then. Additionally, starting with the project that we newly received in July 2020, we have revised correction factors, making this arrangement more manageable and rewarding.

Practice of Making Cash Payment to Subcontractors

To strengthen the management base of subcontractors, promote social insurance enrollment, and support work style reforms at sites, all payments to subcontractors are made in cash. Starting with the new contract in July 2017, we have changed our payment methods for our subcontractors (including material suppliers) from the conventional payment by promissory notes (including payment using electronically recorded monetary claims, and payment on due date) to cash payment. In FY 3/19, the transition to cash payments was fully completed.

Promotion of Fair Transactions

Penta-Ocean Construction Group promotes fair transactions by stipulating in its Sustainable Supply Chain Guidelines, which include principles such as "to conduct fair and equal business transactions with business partners" and "not to engage in unjust behavior such as abuse of dominant position towards business partners". Specifically, all executives and employees are thoroughly informed about fair transactions through training programs. In addition, we carry out an annual survey using a proprietary Fair Transactions Questionnaire for our business partners to verify whether price negotiations and price pass-through are being conducted appropriately, and whether they are not subject to unfair burden shifting. In the Price Negotiation Promotion Month Follow-up Survey (March 2025) conducted by Small and Medium Enterprise Agency, we received high evaluations of rate "A" for price negotiations and payment terms, and "B" for price pass-through. (A: the highest of four levels, B: the second-highest)

Briefings Based on the Sustainable Supply Chain Guidelines and Monitoring of Business Partners

Starting in FY 3/25, initiative monitoring is conducted using a self-assessment questionnaire (SAQ) composed of specific questions based on the items of the Sustainable Supply Chain Guidelines (compliance with laws and regulations, fair transactions, respect for human rights, environmental protection, etc.).

[FY 3/24] Briefings on the Policy and Guidelines (for POC Group and Subcontractors, etc)

- Prior to extending the application of the policy and guidelines to business partners, e-learning was conducted for all executives and employees, and a total of 19 briefings were held from December to June 2024 for domestic branches, overseas offices, and group companies
- The policy and guidelines were sent in writing to all domestic business partners, and a total of 12 briefings were held for major business partners, including explanations of the background of the initiatives and introductions of case studies using guideline overview materials

[FY 3/25] Monitoring of Business Partners' Initiatives

- Monitoring using the self-assessment questionnaire (SAQ) was conducted with 159 companies, including senior executive companies of the Penta-Ocean Construction Labor Safety Council, major material suppliers, and main business partners of the Group companies. Following the analysis of questionnaire responses, nine companies were visited for interviews and discussions regarding their answers
- Briefings were held at major overseas bases in Singapore, Hong Kong, Thailand, Indonesia, and Vietnam, and surveys using the SAQ were conducted with 70 companies

[FY 3/26] Ongoing Monitoring of Initiatives with an Expanded Scope

- In Japan, the scope was expanded to include all member companies of the "Penta-Ocean Construction Labor Safety Council," and briefings were conducted at General Safety Meeting at headquarters and all branches. Requests for self-assessments were sent to 995 companies, including the group's main business partners and material suppliers. Overseas, the scope will also be expanded and monitoring surveys are planned


Lecture at General Safety Meeting in Japan


Dialogue meeting in Singapore

Occupational Health and Safety

Materiality 7. Ensuring Occupational Health and Safety

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

Principle of Health and Safety Activity

1. Make every effort to avoid all accidents, including occupational accidents and public ones
2. Prevent occupational diseases, infectious diseases, and personal injuries and illnesses, promote mental and physical health, and create a comfortable and reassuring working environment.
3. Build an open workplace culture, conduct safety and health activities where staff and business partners are united, and aim to improve the standards.

Scan the QR code for Safety, Health, Quality, and Environmental Policy

Promotional Structure

Environment Health and Safety Committee

To effectively promote environment, health and safety activities, the Environment Health and Safety Committee is established as the central organization under the Sustainability Promotion Committee chaired by the President, CEO and Representative Director. This committee deliberates and decides on basic policies and measures. Furthermore, based on the annual plan, the Environment Health and Safety Committee conduct patrols of construction sites at all branch offices.

Board of Directors

Oversight ↓ ↑ Reporting

Sustainability Promotion Committee
Chairman :President, CEO and Representative Director

↑ Reporting

Environment Health and Safety Committee

↕ Collaboration

Branch Environment Health and Safety Committee

Occupational Health and Safety Management System (COHSMS)

Our commitment to construction safety stems from basic respect for humanity. In order to eliminate or reduce potential disaster factors inherent in our business, promote health promotion and the creation of comfortable workplaces for workers, and improve the company's safety and health standards, we have established an occupational health and safety management system. We were one of the first in the construction industry to obtain the "COHSMS Certification" from the Japan Construction Occupational Safety and Health Association (JISHA) in 2008, and have been updating it every three years through audits.

*COHSMS: Construction Occupational Health and Safety Management System

Safety Results

Domestic (4 or more days lost) (non-consolidated)

	FY3/21	FY3/22	FY3/23	FY3/24	FY3/25
Number of accidents	11	9	23	17	22
Number of fatal accidents	0	1	1	0	0
Number of deaths (employees)	0	0	0	0	0
Number of deaths (subcontractors)	0	1	1	0	0
Frequency rate	0.59	0.47	1.30	0.97	1.00
Severity rate	0.03	0.42	0.52	0.06	0.07

Overseas (4 or more days lost) (non-consolidated)

	FY3/21	FY3/22	FY3/23	FY3/24	FY3/25
Number of accidents	11	9	12	7	9
Number of fatal accidents	0	2	0	1	2
Number of deaths (employees)	0	0	0	0	0
Number of deaths (subcontractors)	0	2	0	1	2
Frequency rate	0.35	0.30	0.36	0.20	0.32
Severity rate	0.00	0.46	0.01	0.22	0.48

Initiatives for Putting Safety First

Education and Awareness

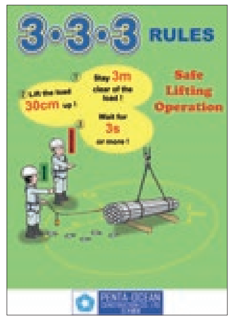
To enhance knowledge and skills related to workplace safety and to work toward eliminating accidents, we provide systematic, rank-based training for all employees from the time they join the company, as well as ongoing education such as regular training sessions for general safety and health managers.

Global Implementation of POC Standards

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 subcontractors.

<Examples of Initiatives>

- Establishment of Special Safety Day (March 30), Fire Prevention Day (April 20)
- General Safety Meeting (1st day of every month), Safety Week (preparation period: June 1–30, period held: July 1–7)
- Implementation of Penta-Ocean Construction self-regulation and accident prevention activities (Exercise 333, etc.)



English Version
3-3-3 Campaign Poster

- **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 clients. In addition, to keep this disaster in mind, March 30 is designated as "Special Safety Day," when simultaneous onsite inspections are conducted 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 Considerations for International Workers

The proportion of international workers has been increasing year by year, and they account for about 10% of on-site personnel at our domestic sites. As part of our safety measures for non-Japanese personnel, we prepare safety signage, key construction items, and orientation/training materials in their native languages (such as Vietnamese, Indonesian, English, and Chinese), and provide training accordingly.

Initiatives in Partnership with Subcontractors

Safety, Health and Environment Promotion General Meeting

In June, the headquarters, branch offices, and the Labor Safety Council jointly hold a "Safety, Health and Environment Promotion General Meeting." This is in preparation for the National Safety Week, which is held every July. The Safety, Health and Environment Promotion General Meeting at headquarters in FY 3/26 was held jointly with the Labor Safety Consultation Council Federation, with the President, CEO and Representative Director in attendance.


Headquarters Safety, Health and Environment Promotion General Meeting (June 2025)

Education and Training Programs

We hold various education and training programs, such as foreman and safety and health manager education, safety officer training, risk sensitivity education, top seminars of the Labor Safety Consultation Council Federation, and business owner education, to enhance the knowledge and skills of our members.

Foremen's Associations

At each site, we organize foremen's associations, consisting of foremen and safety and health managers from multiple subcontractors, and carry out activities to raise safety and health awareness among all workers.


Patrol carried out by foremen's association members

Corporate Governance

Materiality 8. Promotion of Effective Governance

To ensure sound, transparent, and law-abiding corporate management, and for our continued growth and development, Penta-Ocean Construction Group is working to build and enhance our corporate governance system, including management, business execution, internal control, and risk management.

Corporate Governance Guidelines

We established the "Penta-Ocean Construction Corporate Governance Guidelines," as our basic stance for corporate governance and management guidelines.

Purposes of Establishment

POC Group practices a management philosophy that focuses on sustainability. We believe that the "Construction of high-quality social infrastructure and buildings is the greatest contribution to society." Not only do we provide reliable safety and quality backed by technology but we also earnestly address all sustainability issues from an ESG perspective. We strive to achieve sustainable growth and further enhance our corporate value to grow into an even more attractive corporation in the eyes of our various stakeholders. To achieve this, we established the "Penta-Ocean Construction Corporate Governance Guidelines" and built a system that allows us to make quick and resolute decisions in response to changes in the business environment.

Structure of the Guidelines
- Ensuring shareholders' rights and equality
- Proper cooperation with stakeholders other than shareholders
- Appropriate information disclosure and transparency
- Duties of the Board of Directors
- Dialogue with shareholders

Scan the QR code for the Corporate Governance Guidelines (Japanese)

Historical Changes in Corporate Governance System

Year	Contents
2002	The number of the Members of the Board was reduced to seven, and the executive officer system was adopted.
	An Outside Member of the Board was appointed for the first time.
	The HR Committee including Outside Members of the Board was established.
	The performance-based stock compensation system (monetary) was adopted.
2007	The retirement benefit system for officers was abolished.
2016	The number of Outside Members of the Board was increased to two.

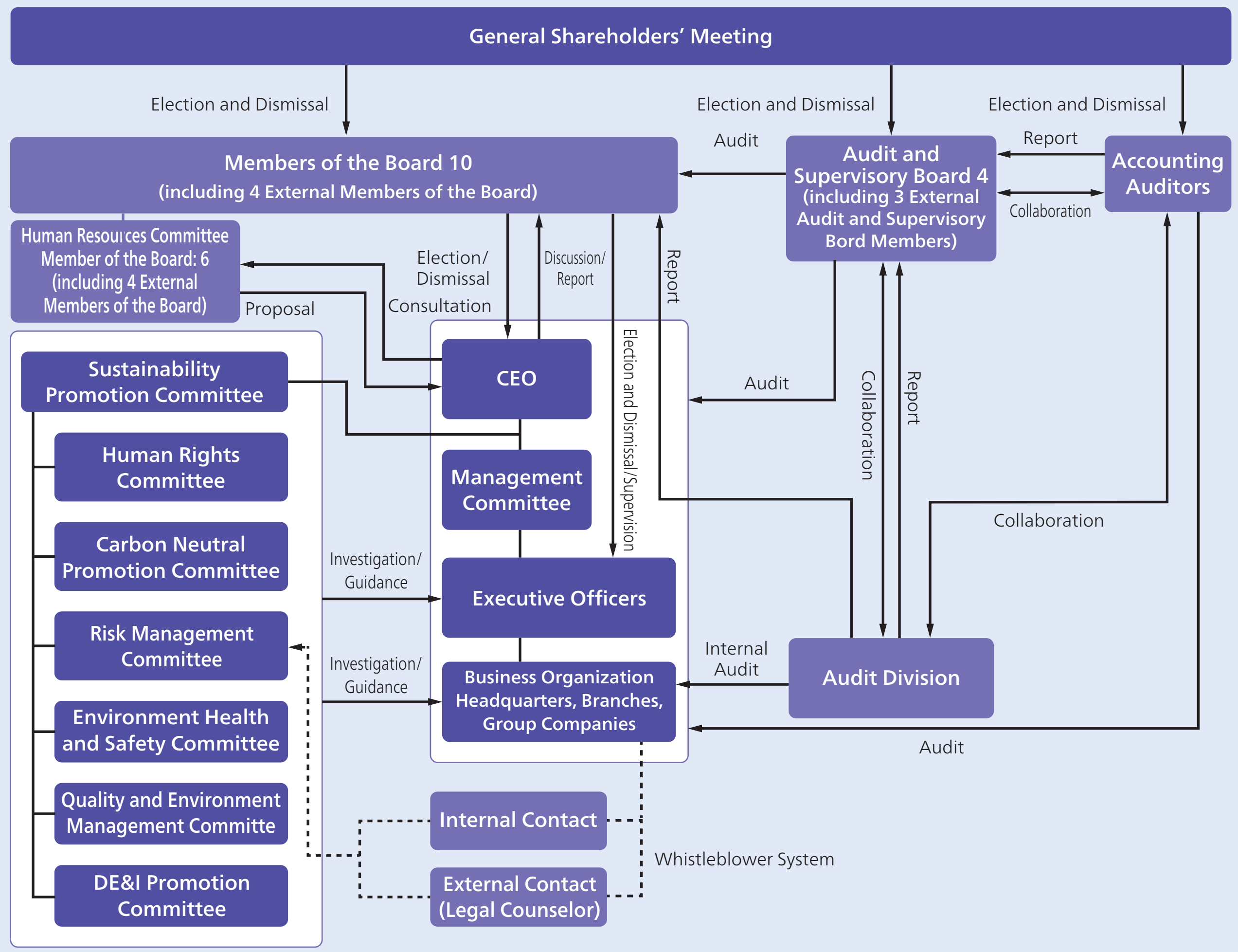
Year	Contents
2017	The number of Outside Members of the Board was increased to three.
	The performance-based stock compensation system (non-monetary) was adopted.
2021	The performance-based stock compensation system (monetary) was revised (introduction of short-term incentive compensation, etc.)
2022	The number of Outside Members of the Board was increased to four including appointment of one female Member of the Board.
2025	Appointed two female Members of the Board.

Continuous Improvement of Corporate Governance

Management and business execution

The Board of Directors is composed of 10 Members of the Board, including four external ones, and operates in accordance with the laws, regulations, articles of incorporation, in-house rules, and the Penta Ocean Construction Corporate Governance Guidelines. In principle, a meeting of the Board of Directors is held twice a month, to make decisions on important management issues and supervise business operation. In addition, we adopted a system of executive officers, in order to clarify the responsibility for business execution. Nomination of candidates for executive positions and proposals for executive compensation are made by the Board of Directors after consultation with the Human Resources Committee, which is composed of all external Members of the Board and a small number of other Members of the Board, not exceeding a majority. Executive compensation is composed of (1) base salary (fixed monetary compensation), (2) performance based monetary compensation based on individual performance (individual performance-based compensation) and company performance (short-term incentives), and (3) performance-based stock compensation using a stock benefit trust (non-monetary). In light of their roles, outside Members of the Board's' compensation is based solely on their individually established base salary, and they are not eligible for performance-based compensation (whether monetary or non-monetary). We have the Audit and Supervisory Board serving, which is composed of four Audit and Supervisory Board Members including three external Audit and Supervisory Board Members. In addition to attending the Board of Directors' meetings, the Audit and Supervisory Board Members also actively participate in important meetings in the Company (e.g. Executive Board Meetings, Group Management Meetings) and monitor the execution of duties of Members of the Board.
We believe that the above corporate governance system enables fair and transparent business administration.

Corporate Governance System Diagram



Internal Control System

The Board of Directors establishes the basic internal control policy and develops an internal control system, with the aim of ensuring thorough risk management, compliance with laws and regulations, and the appropriate and efficient operation of business activities. The internal audit department examines the implementation and operation of the overall internal control system, focusing on the continuous improvement and appropriate operation. The assessment results are evaluated by the Board of Directors in May or June of each year, to confirm whether the internal control system is implemented properly based on the basic internal control policy.

Strategic Shareholdings

We hold strategic shareholdings with the premise to hold long-term, subject to a resolution of the Board of Directors, with the aim of maintaining and strengthening business and cooperative relationships with investee companies. Regarding the stocks we hold, every year from May to June, we check the financial condition, business performance, stock price and dividend status of each investee company, as well as the transaction status over the past three years and future plans for each stock. The Board of Directors specifically examines the suitability of holdings with respect to their objectives, the benefits and risks associated with the investment, and whether the investment matches the cost of capital. However, from the perspective of reducing holding risk and improving capital efficiency, we proceed with gradual reductions after sufficient dialogue with investee companies.

Assessment of Effectiveness of the Board

Every June, all the directors in the Board of Directors conduct self-assessment to improve effectiveness of the Board of Directors based on the ""Penta-Ocean Construction Corporate Governance Guidelines." Through the self-assessment for FY 3/25 conducted in June 2025, we confirmed that the effectiveness of our current Board of Directors is ensured under the current circumstances. We will strive to further improve the Board's effectiveness by continuously making the necessary improvements for the issues identified through this assessment.

Corporate Governance

Materiality 8. Promotion of Effective Governance

Executive Remuneration

Fixed salary (monetary), performance-based remuneration (monetary), and performance-based remuneration (non-monetary) account for approximately 65%, 25%, and 10%, respectively, of the remuneration paid to Members of the Board and executive officers (hereinafter "Members of the Board and others"). In consideration of their duties, outside Members of the Board shall receive only base salary (fixed remuneration in cash), which is set for each Member of the Board, and shall not receive performance-based remuneration (monetary and non-monetary).

1. Fixed Remuneration (Monetary)

The amount of remuneration consists of the base salary determined for each executive officer's position, plus additional remuneration for Members of the Board, which commensurate with the weight of their responsibilities.

2. Performance-linked Remuneration (Monetary)

Individual Performance-Based Remuneration (Monetary)

Individual performance-based remuneration is a variable amount of ±10% of the fixed remuneration (monetary), based on an evaluation of each individual based on objective indicators such as the performance of the division or branch to which the individual belongs, as well as a qualitative evaluation of the individual. Individual performance evaluation (five-level evaluation) is determined by evaluation of items such as company-wide performance evaluation (orders received, operating profit, cash flow, quality and safety initiatives, and subsidiary performance) and qualitative evaluation. In qualitative evaluation, initiatives conscious of sustainability management and the Code of Conduct are also considered.

Individual performance-based remuneration = Fixed salary × Evaluation coefficient based on individual performance evaluation

Short-term Incentive Compensation (Monetary)

The base amount determined for each position is multiplied by the annual incentive coefficient, which is calculated by multiplying the company performance evaluation coefficient, operating profit coefficient, Return on Equity (ROE) coefficient, and dividend payout ratio coefficient. The company performance evaluation coefficient is calculated using the same method as the individual performance-based remuneration and the operating profit coefficient is calculated based on the amount of consolidated operating profit. The short-term incentive compensation is set at zero if ROE falls below 5% or if no dividend is paid.

Short-term Incentive Compensation = Base Amount × Annual Incentive Coefficient

Annual Incentive Coefficient = Company Performance Evaluation Coefficient × Consolidated Operating Profit Coefficient × ROE level coefficient × Dividend payout ratio level coefficient

3. Performance-Linked Remuneration (Non-Monetary)

This is performance-based stock compensation using a stock benefit trust. Points to be granted to Members of the Board, etc . are determined each fiscal year by multiplying the points determined for each position by a company-wide evaluation coefficient based on an evaluation of the company's performance, an individual evaluation coefficient based on a qualitative evaluation of the individual, and a standard stock price coefficient for a standard stock price to be reviewed every three years, in the same manner as the individual performance-based compensation in 2. above. Each point is converted into one share of common stock of the company at the payment of stock-based compensation. As a general rule, Members of the Board and others receive benefits in the form of shares of our company, etc. when they retire from the Board of Directors.

The ratio of remuneration for Members of the Board and others

Fixed Salary (monetary)	Performance-linked Remuneration (monetary)	Performance-linked Remuneration (non-monetary)
Approximately 65%	Approximately 25%	Approximately 10%

Details of Executive Compensation

Type of Compensation	Members of the Board and others	Outside Members of the Board	Audit and Supervisory Board Members
Fixed remuneration (monetary)	●	●	●
Performance-linked remuneration (monetary)	●	-	-
Performance-linked remuneration (non-monetary)	●	-	-

Remuneration for Members of the Board and Audit and Supervisory Board Members in FY 3/25

Executive category	Total amount of remuneration, etc. (million yen)	Total amount of remuneration, etc. by type (million yen)		Number of executive and Corporate Auditors to be paid
		Monetary compensation	Stock compensation	
Members of the Board (excluding outside Members of the Board)	368	347	21	6
Outside Member of the Board	56	56	-	5
Audit and Supervisory Board Members (excluding outside Members of the Board)	29	29	-	1
Outside Audit and Supervisory Board Members	45	45	-	5

* Stock compensation represents the amount paid during the fiscal year under review and the amount transferred to the reserve for Members of the Board's and Audit and Supervisory Board Members' stock benefits. It is paid at the time of retirement of directors or executive officers, and the amount of payment varies depending on the reason for retirement and the stock price at the time of payment.

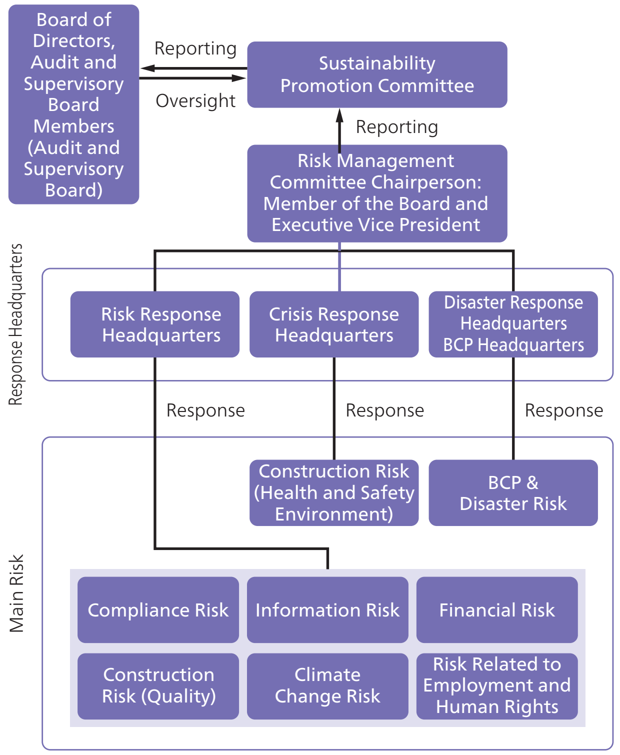
Risk Management

Materiality 8. Promotion of Effective Governance

At Penta-Ocean Construction Group, we take appropriate, timely, and continued measures to cope with various risks that may arise in the course of our business operations, and strive to prevent the occurrence of such risks and if such risks do occur, we endeavor to minimize losses that may affect our overall management.

Risk Management Structure

In accordance with the Risk Management Regulations, we have established the "Risk Management Committee" under the Sustainability Promotion Committee, chaired by the President, CEO and Representative Director. The committee deliberates on the construction and improvement of the management system, provides guidance and supervision to departments designated according to risk classification, and offers guidance and support to each group company, thereby promoting Risk Management throughout the entire group. The activities of the Risk Management Committee are reported to the Board of Directors through the Sustainability Promotion Committee, and the effectiveness of its activities is monitored by the Board of Directors. By identifying and classifying risks in advance, we are able to promptly respond according to the specific type of risk when they do occur. Additionally, by reviewing actions taken after risk responses, we strive to prevent the occurrence of new risks. Also, we will establish; (1) the Risk Response Headquarters, headed by the President, CEO and Representative Director in the event of a major risk situation, (2) the BCP Headquarters if a major incident that threatens the continuity of business activities occurs, (3) the Crisis Response Headquarters if a major occupational accident occurs, and (4) the Disaster Response Headquarters if a natural disaster occurs. In FY 3/25, no significant risks, including serious legal violations, have occurred.



Information Security Management

In recent years, cyber attacks have become increasingly sophisticated and malicious, and the risk of leakage of personal and confidential information has become a major management issue in corporate activities. Protecting all information held, including information assets entrusted by customers and business partners, is an extremely important social responsibility that companies must fulfill. Our company promotes the following initiatives and strives for the continuous enhancement of our information security framework.

- Establishment of a dedicated monitoring body to ensure rapid reporting system
- Raising Employees' awareness and practical training: Regular implementation of security education through e-learning for all executives and employees, as well as phishing email response drills based on targeted attack scenarios.
- Adoption of advanced multi-layered defense technology and establishment of a round-the-clock monitoring system

There were zero major information incidents in FY 3/25.

Formulation of Business Continuity Plan (BCP)

In anticipation of natural disasters/calamities, fires, system failures, or other emergency situations that may affect business continuity, we have formulated a Business Continuity Plan (BCP) to ensure that critical operations can continue even under crisis conditions, with countermeasures targeting events such as earthquakes directly beneath the capital and Nankai Trough earthquakes. We conduct a large-scale BCP disaster drill every September and a tsunami evacuation drill at our headquarters and all branches in November, aiming to maintain a system that enables smooth activation of the BCP in emergencies and to continuously improve the BCP.

Specific BCP Activities

- Confirmation of the safety of all group executives and employees and their families, as well as assessment of damage to business sites, through the safety confirmation system
- Information resource backup measures at the Institute of Technology (Nasushiobara City, Tochigi Prefecture)
- Provision of an alternative business base in the event that the headquarters is damaged

BCP drill conducted in September 2024

Compliance, Anti-corruption

Materiality 8. Promotion of Effective Governance

Penta-Ocean Construction Group established the Risk Management Committee in each company of the Group in accordance with the Basic Compliance Policy, ensuring that all executives and employees of the entire Group comply with laws and regulations, respect social norms and corporate ethics, and act with integrity at all times.

Policy

All executives and employees of POC Group shall comply with laws and regulations in conducting business activities, respect social norms and ethics, and always act with integrity. In particular, in construction bidding, we shall comply with the Antimonopoly Law and other related laws and regulations, and practice fair and free competition. In the "Penta-Ocean Construction Group Code of Conduct," we stipulate "Compliance with Laws and Regulations," ensuring strict compliance with laws and international rules in all countries and regions where we conduct business. In addition, we promote corporate behavior based on high ethical standards and sound judgment in line with social norms and ethics. Furthermore we define key policies such as "Fair Competition and Proper Transactions" and "Prevention of Bribery and Corruption", and strive to disseminate them across organizations, both at home and abroad. Promoting corporate behavior based on high ethical standards and sound judgment in accordance with social norms and ethics. We also specify and communicate both internally and externally matters such as "Fair Competition and Proper Transactions" and "Prevention of Bribery and Corruption." There were no significant legal violations in FY 3/25.

Compliance Training

POC Group provides various compliance training sessions, including anti-corruption training for all executives and employees to ensure that all of them comply with laws and regulations in conducting business activities, respect social norms and corporate ethics, and always act with integrity. In FY3/25 in Japan, in accordance with our Group's "Code of Conduct," we conducted training focused on compliance with laws and regulations such as the Construction Industry Act, the Subcontract Act, and the Antimonopoly Act, as well as the "Declaration of No Bid Rigging and Declaration of Compliance" based on past scandals. All executives and employees of the domestic Group companies attended the training. Meanwhile, overseas, in every country where we operate, we conducted training covering labor management, Competition Laws, anti-bribery, harassment, and information asset management, with all executives and employees in each country participating. In addition, we conducted rank-based training for younger employees to learn about legal knowledge such as the Antimonopoly Act and Risk Management, and for managers, we held discussion-based training sessions focused on cases suspected of misconduct or violations of laws and regulations.

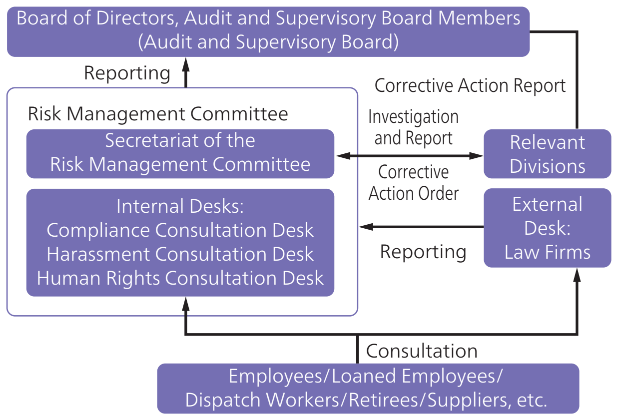
Action Guidelines for Proper Bidding

On March 31, 2009, we issued a "Declaration of No Bid Rigging and Declaration of Compliance." As one of the measures to ensure the implementation of this declaration, in June of the same year, the "Action Guidelines for Proper Bidding" were established as guidelines to be observed by all executives and employees of Penta-Ocean Construction Group, and are revised as necessary. The guideline clearly states the Group's basic stance against illegal activities: "Not to do, not to allow, and not to overlook". We provide all executives and employees of the Group with the guideline via the intranet. In addition, we provide compliance training to all executives and employees of POC Group every year, and continue to ensure their understanding.

Compliance Consultation Desk

As part of measures to further promote thorough compliance, Penta-Ocean Construction Group established an outside office for consulting a lawyer, the Compliance Consultation Desk, apart from an internal contact point. Employees can report incidents that may conflict with laws, regulations, corporate ethics, and internal regulations, or a suspected violation of compliance. The consultation desk is available not only to executives and employees of POC Group, but also to all people affected by the Group's corporate activities. Anonymous reports are also accepted, and under the Whistleblower Protection Act, it is clearly stipulated that any disadvantageous treatment of whistleblowers is prohibited. The methods for using this contact point are posted on the intranet and website, posters are displayed at business offices and site offices, and this information is also communicated during compliance training. Additionally, we have established the Harassment Consultation Desk and the Human Rights Consultation Desk to receive consultations on various types of harassment such as sexual harassment, power harassment, and maternity harassment, as well as general human rights issues. For received consultations, after investigating the facts, we take appropriate actions such as guidance and disciplinary disposal in accordance with work rules and company regulations.

Outline of the Whistleblower System



Thorough Elimination of Anti-social Forces

The Risk Management Committee established a framework that completely eliminates relationships with organized crime groups and other anti-social forces. It also manages and coordinates risks on this front, and has a system in place that enables the immediate response to the emergence of these risks. Furthermore, we carry out various initiatives that encompass our Group's overall business activities, such as providing a wide range of compliance training for executives and employees of POC Group. In relationships with business partners, our contract terms (such as "Construction Subcontract Agreement Terms" and "Sales of Goods Agreement Terms") include provisions for the exclusion of anti-social forces.

Communication with Stakeholders

Materiality 8. Promotion of Effective Governance

Our company strives to enhance management transparency and foster understanding of our corporate stance and direction among a wide range of stakeholders, including shareholders and other investors, customers, business partners and subcontractors, local communities, external organizations, as well as employees, by disclosing information in a timely and appropriate manner and engaging in proactive dialogue.

Communication with Shareholders and Other Investors (Main IR Activities)

We proactively disclose management-related information that is deemed beneficial to shareholders and other investors, even if it is not required by stock exchange regulations.

● Financial Results Briefing and General Meeting of Shareholders

We hold quarterly financial results briefings for analysts and institutional investors, and in June, we hold the General Meeting of Shareholders. The President, CEO and Representative Director attends financial results briefings for interim and full-year financial results to explain in detail financial results, business outlook, and notable topics.

● One-on-One Meetings

Throughout the year, we hold one-on-one meetings with analysts and institutional investors, including foreign investors, to discuss our company's financial results, as well as non-financial matters such as ESG (Environment, Social and Corporate Governance) initiatives.

● IR Activities Overseas

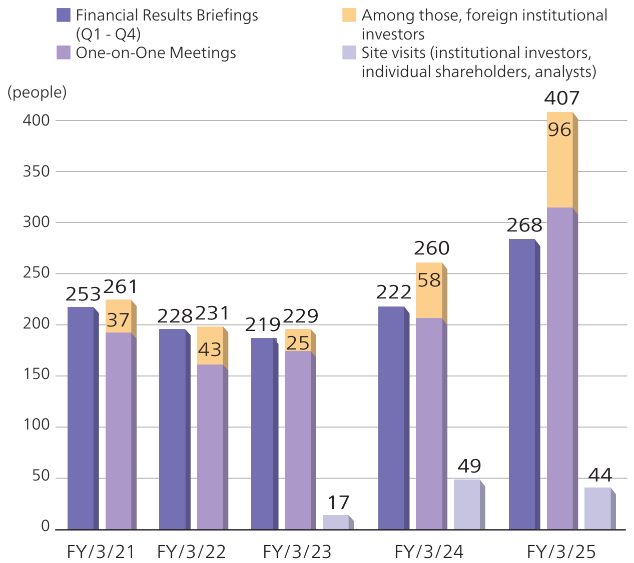
The President, CEO and Representative Director holds face-to-face meetings or one-on-one meetings online with foreign institutional investors to discuss financial results and business prospects. In July 2025, we conducted IR meetings in Paris, Zurich and London.

● Work Site Visits

As part of our IR activities, we hold site visits for institutional investors, analysts, and individual shareholders to help them gain a better understanding of our business and construction performance.

Financial Results Briefing (May 2025)

Track Record of IR Activities (total no. of participants)



Communication with Various Stakeholders

Stakeholders	Main Activities and Dialogue
Shareholders and Other Investors	General Meeting of Shareholders, financial results briefings, one-on-one meetings, site tours
Customers	Understanding needs through sales activities and construction, providing value that ensures satisfaction, satisfaction surveys
Business Partners / Subcontractors	Fair transactions, building partnerships, briefings on Sustainable Supply Chain policies and guidelines, implementation of self-assessment questionnaires
Local Communities	Construction site tours, participation in events, volunteer activities
External Organizations, etc.	Dialogue with experts, social contribution through collaboration
Employees	Labor-management council with labor unions, information sharing via intranet

Members of the Board

Takuzo Shimizu

President, Chief Executive Officer and Representative Director
Appointed as a Member of the Board in June 2012

Kazuya Ueda

Executive Vice President, Representative Director
In charge of Civil Engineering Business Unit, and Head of Civil Engineering Sales and Marketing Divisions Group, Civil Engineering Business Unit
Appointed as a Member of the Board in June 2014

Tomoyuki Yamashita

Executive Vice President, Representative Director
Head of Corporate Administration Divisions Group
Appointed as a Member of the Board in June 2018

Tetsushi Noguchi

Senior Managing Executive Officer, Member of the Board
Head of Civil Engineering Divisions Group, Civil Engineering Business Unit
Appointed as a Member of the Board in June 2014

Hiroshi Watanabe

Senior Managing Executive Officer, Member of the Board
Head of Building Construction Sales and Marketing Divisions Group, Building Construction Business Unit
Appointed as a Member of the Board in June 2017

Osamu Hidaka

Managing Executive Officer, Member of the Board
Head of International Civil Engineering Divisions Group, International Business Unit
Appointed as a Member of the Board in June 2022

Hokuto Nakano

Outside Member of the Board

Appointed as an Outside Member of the Board of POC in June 2021
Status of concurrent holding of important positions
Outside Member of the Board, Nippon Denko Co., Ltd.
(Audit & Supervisory Committee Member)

Mina Sekiguchi

Outside Member of the Board (Ms.)

Appointed as an Outside Member of the Board of POC in June 2022
Status of concurrent holding of important positions
Part-time Auditor, Japan Atomic Energy Agency
Outside Audit and Supervisory Board Member, YKK AP Inc.

Hiroshi Hayashida

Outside Member of the Board

Appointed as an Outside Member of the Board of POC in June 2024

Akiko Kikuchi

Outside Member of the Board (Ms.)

Appointed as an Outside Member of the Board of POC in June 2025
Status of important concurrent positions
Director, Novo Nordisk Pharma Ltd.

Audit and Supervisory Board Members

Shunji Kitahashi

Appointed as full-time Audit and Supervisory Board Member in June 2025

Nobuaki Yonezawa

Outside Audit and Supervisory Board Member

Appointed as an Outside Audit and Supervisory Board Member of POC in June 2024

Naoto Koga

Outside Audit and Supervisory Board Member

Appointed as an Outside Audit and Supervisory Board Member of POC in June 2024

Maki Kataoka

Outside Audit and Supervisory Board Member (Ms.)

Appointed as an Outside Audit and Supervisory Board Member of POC in June 2025
Status of concurrent holding of important positions
Auditor, Shibaura Electronics Co., Ltd.
Auditor, Rakuten Group, Inc.
Director, Kataoka Certified Public Accountant Office

* Members of the Board: Hokuto Nakano, Mina Sekiguchi, Hiroshi Hayashida, and Akiko Kikuchi are Outside Members of the Board as prescribed in Article 2, Paragraph 15 of the Companies Act.
* Auditors and Supervisory Board Members: Nobuaki Yonezawa, Naoto Koga, and Maki Kataoka are Outside Audit and Supervisory Board Members as defined in Article 2, Paragraph 16 of the Companies Act.

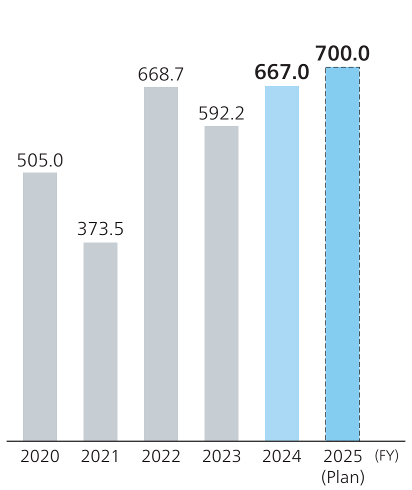
● Skill Matrix

Name	Title	Skills, experience, knowledge, etc.						
		Corporate Management	Technology/IT	Sales/Business Strategy	Financial Affairs/ Accounting	Legal Affairs/ Risk Management	CSR/ Sustainability	Global
Takuzo Shimizu	President, Chief Executive Officer and Representative Director	●	●	●			●	
Kazuya Ueda	Executive Vice President, Representative Director	●	●	●				
Tomoyuki Yamashita	Executive Vice President, Representative Director	●			●	●	●	●
Tetsushi Noguchi	Senior Managing Executive Officer, Member of the Board		●	●				
Hiroshi Watanabe	Senior Managing Executive Officer, Member of the Board		●	●				●
Osamu Hidaka	Managing Executive Officer, Member of the Board		●	●				●
Hokuto Nakano	Outside Member of the Board	●		●	●			●
Mina Sekiguchi	Outside Member of the Board	●		●	●		●	●
Hiroshi Hayashida	Outside Member of the Board	●	●					●
Akiko Kikuchi	Outside Member of the Board	●				●	●	●
Shunji Kitahashi	Full-time Audit and Supervisory Board Member				●	●		
Nobuaki Yonezawa	Outside Audit and Supervisory Board Member (full-time)	●		●	●			
Naoto Koga	Outside Audit and Supervisory Board Member (full-time)	●			●			
Maki Kataoka	Outside Audit and Supervisory Board Members				●	●	●	●

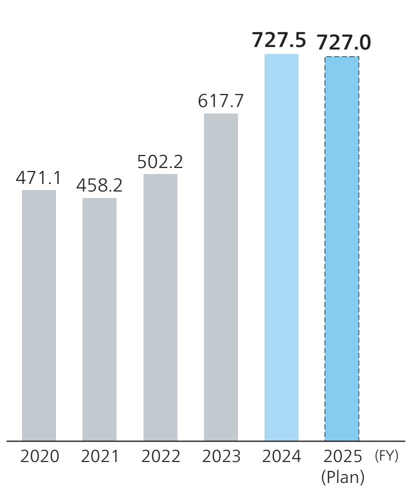
Financial/Non-financial Highlights

* In principle, consolidated. A note is provided whenever the scope of coverage deviates from this description.
* FY 3/26 Plan: Current as of August 7, 2025.

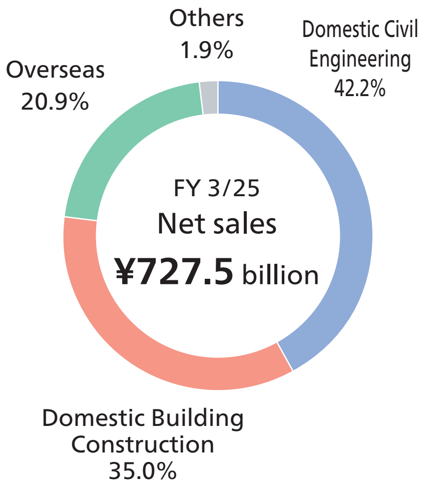
Construction Total Orders Received (Non-consolidated)
(¥ billion)



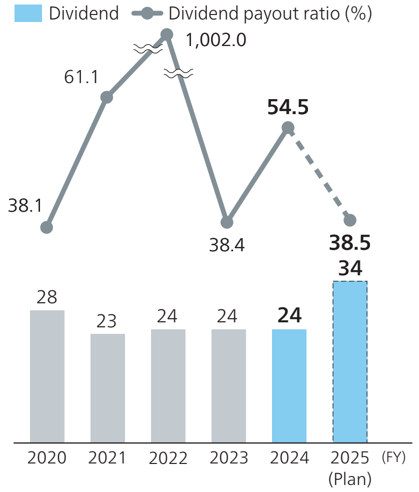
Net Sales
(¥ billion)



Sales Contribution by Business Unit

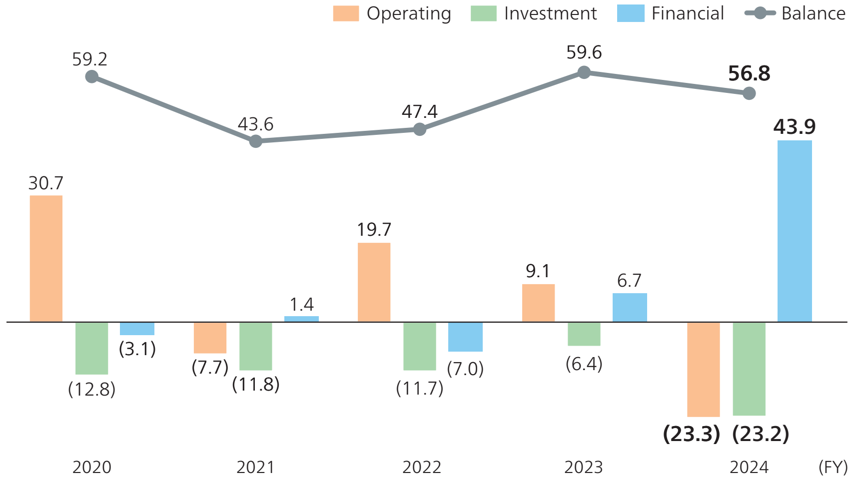


Dividend/Dividend Payout Ratio
(Yen/%)

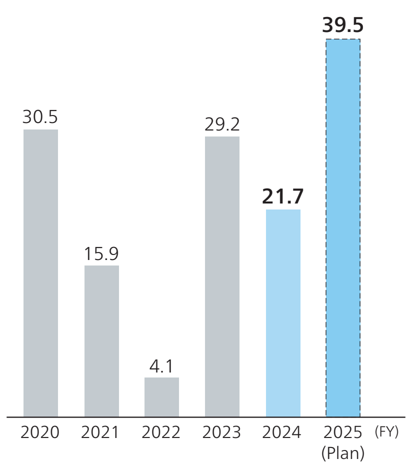


* The dividend for FY 3/21 includes the 125th anniversary commemorative dividend of 5 yen.

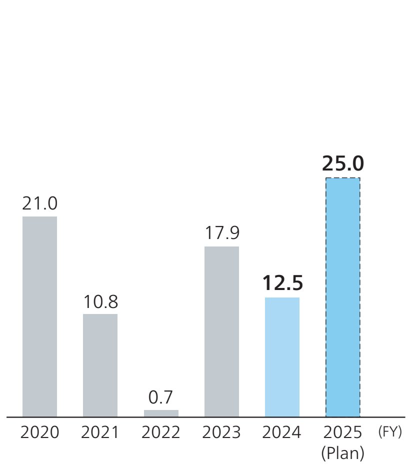
Operating, Investing and Financing Cash Flows/ Term-end Balance of Cash and Cash Equivalents
(¥ billion)



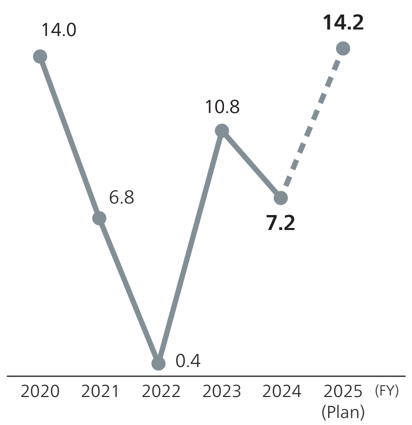
Operating Profit
(¥ billion)



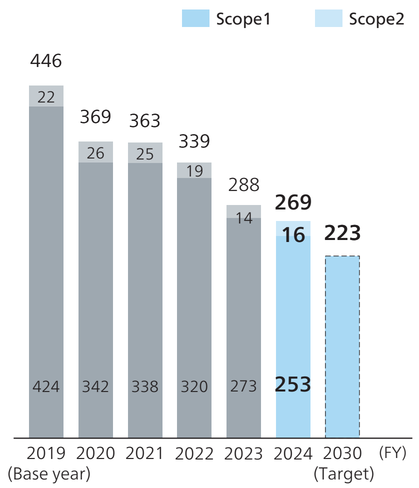
Net Income
(¥ billion)



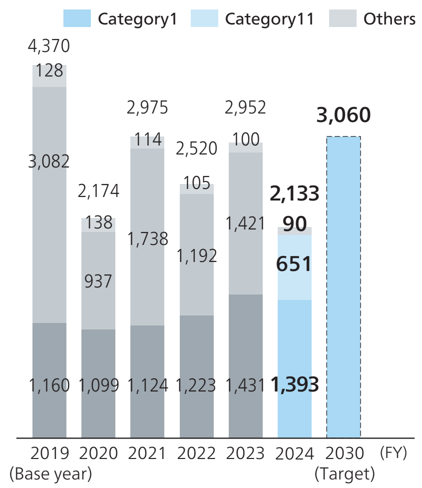
ROE
(%)



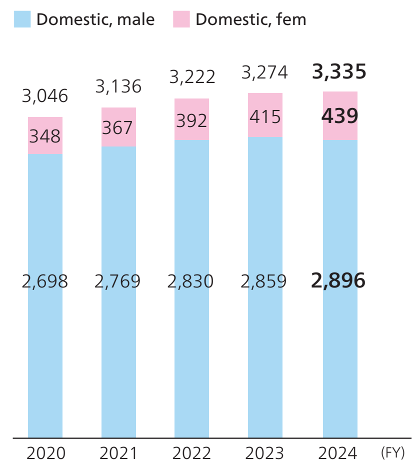
CO_2 Emissions (Scope 1+2)
(kt-CO_2)



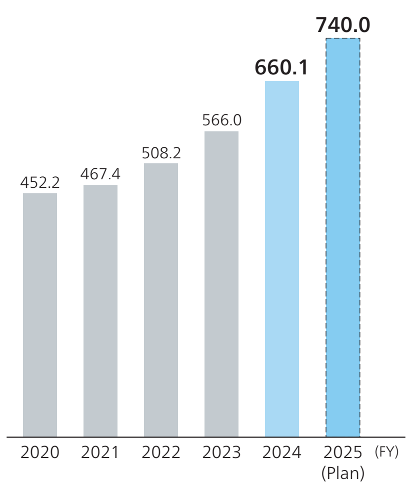
CO_2 Emissions (Scope 3)
(kt-CO_2)



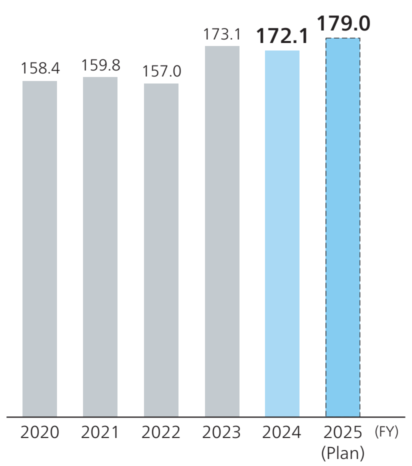
Number of Employees (Non-consolidated)
(people)



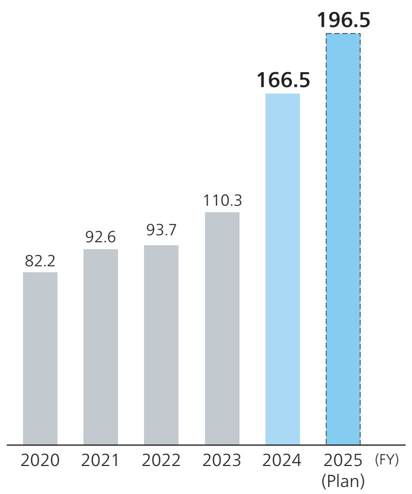
Total Assets
(¥ billion)



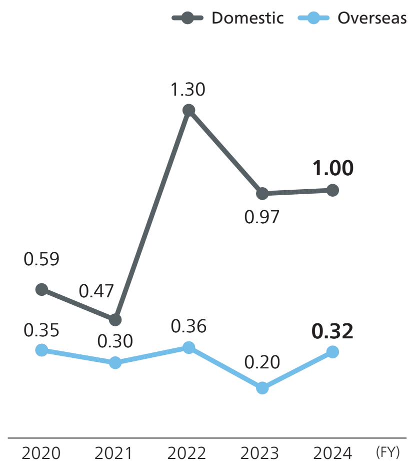
Net Assets
(¥ billion)



Interest-bearing Debt
(¥ billion)

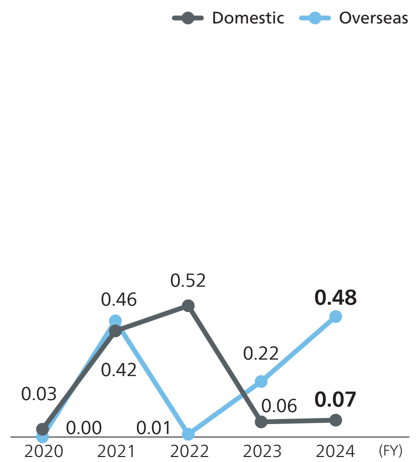


Occupational Accident: Frequency Rate (Non-consolidated) (Domestic/Overseas)



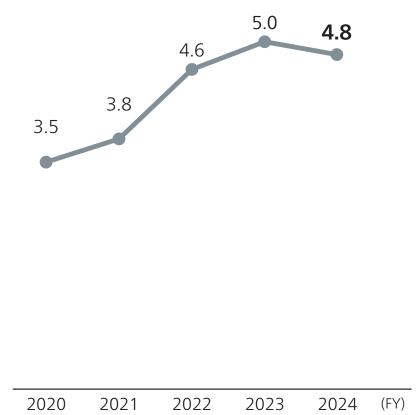
* Accident Frequency Rate: It represents the frequency of industrial accidents, and is calculated by the equation: (Number of casualties in industrial accidents) / (Total number of actual working hours) × 1,000,000

Occupational Accident: Severity Rate (Non-consolidated) (Domestic/Overseas)



* Accident Severity Rate: It represents the severity of industrial accidents, and is calculated by the equation: (Total number of workdays lost) / (Total number of actual working hours) × 1,000

Ratio of Female Management-level Employees (Non-consolidated)
(%)



Consolidated Financial Indicators Trends

Business Results

(Unit: ¥ billion)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Domestic Civil Engineering	189.1	153.2	187.4	166.8	162.4	192.8	185.7	165.5	310.6	**273.6**	**233.0**
Domestic Building Construction	171.4	145.1	176.2	200.5	173.9	165.1	178.2	160.1	221.7	**250.6**	**315.9**
Overseas	355.9	141.8	100.2	300.6	164.1	81.5	141.1	48.0	136.4	**68.0**	**118.1**
Construction Total Orders Received (Non-consolidated)	**716.5**	**440.1**	**463.8**	**667.9**	**500.4**	**439.4**	**505.0**	**373.5**	**668.7**	**592.2**	**667.0**
Domestic Civil Engineering	145.8	149.4	154.5	182.5	184.9	209.5	197.9	174.2	196.6	**266.4**	**307.3**
Domestic Building Construction	130.7	165.3	149.8	140.0	182.9	197.0	144.4	153.4	162.4	**189.3**	**254.5**
Overseas	138.5	162.6	183.1	195.1	164.1	157.6	121.9	120.4	133.2	**150.6**	**151.8**
Net Sales	**414.9**	**477.3**	**487.4**	**517.7**	**531.9**	**564.1**	**464.2**	**448.0**	**492.2**	**606.4**	**713.6**
Others	11.3	14.3	13.0	9.2	10.1	9.7	6.8	10.2	10.0	**11.4**	**13.9**
Net sales	**426.2**	**491.6**	**500.3**	**526.9**	**541.9**	**573.8**	**471.1**	**458.2**	**502.2**	**617.7**	**727.5**
Domestic Civil Engineering	4.8	9.0	9.6	13.7	13.5	20.1	22.5	16.6	17.1	**27.8**	**27.8**
Domestic Building Construction	2.0	10.5	11.2	8.1	7.7	6.3	4.0	3.6	2.1	**4.9**	**9.0**
Overseas	4.8	1.7	2.2	4.9	6.7	6.3	2.9	(5.9)	(16.0)	**(4.2)**	**(15.6)**
Others	0.7	(0.6)	1.3	0.9	1.3	0.4	1.1	1.5	1.0	**0.6**	**0.5**
Operating profit	**12.3**	**20.6**	**24.3**	**27.6**	**29.2**	**33.2**	**30.5**	**15.9**	**4.1**	**29.2**	**21.7**
Operating Profit	**11.4**	**19.4**	**23.7**	**25.7**	**26.6**	**32.5**	**30.5**	**15.7**	**1.4**	**27.2**	**18.8**
Net Income	**6.2**	**7.8**	**15.3**	**17.8**	**18.9**	**23.4**	**21.0**	**10.8**	**0.7**	**17.9**	**12.5**

* Until FY 3/23, completed construction value, sales, and operating income were categorized into four segments based on the business activities of consolidated subsidiaries. Beginning in FY 3/24, the classification has been revised to a company-based four-segment structure, aligned with the segment categories used in financial results summaries and securities reports.

Financial Status and Management Indicators

(Unit: ¥ billion)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	366.2	378.8	372.3	418.8	383.8	428.9	452.2	467.4	508.2	566.0	660.1
Net Assets	77.1	80.7	96.4	112.0	126.6	141.3	158.4	159.8	157.0	173.1	172.1
Equity ratio	21.0%	21.3%	25.9%	26.7%	33.0%	32.9%	35.0%	34.1%	30.9%	30.6%	26.1%
Interest-bearing Debt	94.9	74.2	59.7	67.5	59.5	77.5	82.2	92.6	93.7	110.3	166.5
Interest-bearing debt ratio	25.9%	19.6%	16.0%	16.1%	15.5%	18.1%	18.2%	19.8%	18.4%	19.5%	25.2%
Net Interest-bearing Debt Net	56.4	7.8	(12.7)	1.8	23.3	33.9	22.4	47.7	43.2	50.2	109.2
D/E Ratio (Point)	0.7	0.1	(0.1)	0.0	0.2	0.2	0.1	0.3	0.3	0.3	0.6
Cash flow from operations	(4.6)	55.2	31.3	3.4	(6.6)	4.4	30.7	(7.7)	19.7	9.1	(23.3)
Cash flow from investment	(9.1)	(4.7)	(9.1)	(13.1)	(11.2)	(9.1)	(12.8)	(11.8)	(11.7)	(6.4)	(23.2)
Cash flow from financing	19.1	(20.7)	(15.5)	4.1	(12.5)	13.5	(3.1)	1.4	(7.0)	6.7	43.9
Term-end Balance of Cash and Cash Equivalents	37.9	65.4	71.8	65.1	35.6	43.0	59.2	43.6	47.4	59.6	56.8
ROE	8.6%	9.9%	17.3%	17.1%	15.8%	17.4%	14.0%	6.8%	0.4%	10.8%	7.2%
Dividend per share (Yen)	4	6	12	14	19	24	28	23	24	24	24
Dividend payout ratio (%)	18.5%	22.0%	22.5%	22.5%	28.7%	29.4%	38.1%	61.1%	1,002.0%	38.4%	54.5%
R&D Expense (Non-consolidated)	1.6	1.7	2.0	2.1	2.3	2.4	2.3	2.4	2.8	3.1	3.3
Capital expenditures	10.2	7.0	9.5	13.4	10.3	10.3	11.6	9.0	10.4	11.2	50.2
Depreciation and Amortization	5.3	5.5	5.6	6.8	7.7	9.1	7.4	6.5	7.2	7.6	8.7

Company Profile

Company Name	PENTA-OCEAN CONSTRUCTION CO., LTD.
Founded	April 1896
CEO	Takuzo Shimizu
Paid-in Capital	¥30,449 million
Net sales	Consolidated: ¥727,491 million (for FY 3/25)
Employees	Consolidated: 3,888 employees (for FY 3/25)
Main Business	Design and contracting of construction work, and all other construction related businesses
URL	https://www.penta-ocean.co.jp/english/
Headquarters	2-2-8 Koraku, Bunkyo-ku, Tokyo112-8576

Corporate Identity

Penta-Ocean's pentagon logo represents the five oceans of the world.
Penta-Ocean believes there are no borders for the creative mind and with this philosophy has played an active role in human development in every corner of the world over the past century.

Penta-Ocean Construction Group

Consolidated Affiliates

Penta-Ocean Dredging Co., Ltd.	Koto-ku, Tokyo
Yoshin Construction Co., Ltd.	Hiroshima City, Hiroshima Prefecture
Penta Builders Corporation	Bunkyo-ku, Tokyo
Kegoya Dock Co., Ltd.	Kure City, Hiroshima Prefecture
Penta Techno Service Co., Ltd.	Nasushiobara City, Tochigi Prefecture
Jaiwat Co., Ltd.	Ichikawa City, Chiba Prefecture
Sand Techno Co., Ltd.	Ichikawa City, Chiba Prefecture
Domi Environmental Solutions Co., Ltd.	Sodegaura City, Chiba Prefecture
Miki biotech Co., Ltd.	Miki City, Hyogo Prefecture
Penta Insurance Services Co., Ltd.	Chiyoda-ku, Tokyo
PKY Marine Co. Ltd.	Bunkyo-ku, Tokyo
Japan Offshore Marine Co. Ltd.	Bunkyo-ku, Tokyo
Penta-Ocean Marine Holdings Pte. Ltd.	Singapore
Andromeda Five Pte. Ltd.	Singapore
Cassiopeia Five Pte. Ltd.	Singapore
Mercury Five Pte. Ltd.	Singapore
Mars Five Pte. Ltd.	Singapore
Cherry Five Pte. Ltd.	Singapore
UG M&E Pte	Singapore
Penta-Ocean (Malaysia) SDN. BHD.	Malaysia
Angkutlaut Ltd.	Malaysia
PT. Penta Ocean Construction	Indonesia
Siam Goyo Co., Ltd.	Thailand
Thai Penta-Ocean Co., Ltd.	Thailand
Penta-Ocean Construction (Hong Kong) Ltd.	Hong Kong, China
Penta-Ocean Construction (India) Pvt. Ltd.	India
Penta-Ocean Construction (Lao) Sole Company Limited	Laos
PENTA-OCEAN CONSTRUCTION VIETNAM COMPANY LIMITED	Vietnam
Japan Offshore Marine DK Co., Ltd.	Denmark
Brichwood Co., Ltd.	Hong Kong, China
Penta-Ocean Technology Information Advisory (Shenzhen) Ltd.	China

Equity Affiliate

Koh Brothers Eco Engineering	Singapore

Non-Equity Affiliates

Tempozan Terminal Services Co., Ltd.	Osaka City, Osaka Prefecture
Haneda International Airport Apron PFI Co., Ltd.	Shinjuku-ku, Tokyo
Miyajima Aqua Partners Co., Ltd.	Hatsukaichi City, Hiroshima Prefecture
Matsuyama Environment Technology Co., Ltd.	Matsuyama City, Ehime Prefecture
Wakkanai Environment Technology Co., Ltd.	Wakkanai City, Hokkaido
Zentsuji, Kotohira, and Tadotsu School meal Supplier Co., Ltd.	Zentsuji City, Kagawa Prefecture
Kuremira Special Purpose Company	Minato-ku, Tokyo

Participation in Major Initiatives

External Evaluation

FTSE Blossom Japan Sector Relative Index

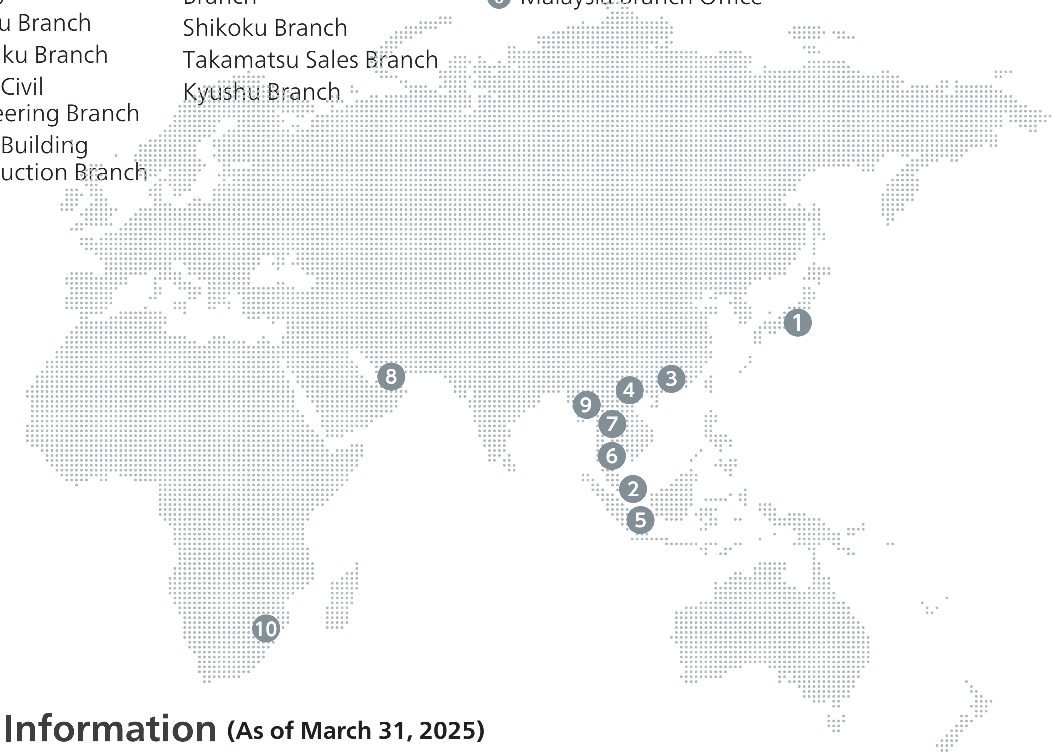
Offices

Domestic Offices

1 Headquarters
Institute of Technology
Sapporo Branch
New Muroran Factory
Tohoku Branch
Hokuriku Branch
Tokyo Civil Engineering Branch
Tokyo Building Construction Branch
Yokohama Sales Branch
Nagoya Branch
Osaka Branch
Chugoku Branch
Yamaguchi Sales Branch
Shikoku Branch
Takamatsu Sales Branch
Kyushu Branch

Overseas Offices

2 International Business Unit Headquarters in Singapore
3 Hong Kong Branch Office
4 Vietnam Branch Office
5 Indonesia Branch Office
6 Malaysia Branch Office
7 Thailand Branch Office
8 Middle East Regional Office
9 Myanmar Branch Office
10 Africa Regional Office

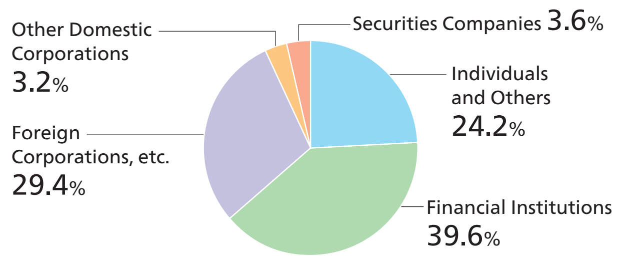


Stock Information (As of March 31, 2025)

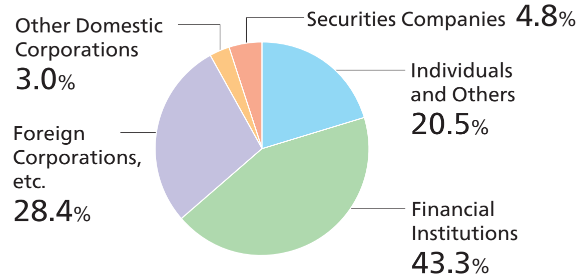
Status of Shares

Total Number of Authorized Shares .... 599,135,000 shares
Total Number of Issued Shares .... 286,013,910 shares
Number of Shareholders 57,397

Distribution by Owner (number of shares)



For reference (as of March 31, 2024)



Major Shareholders

Shareholder Name	Number of Shares Held (Thousand shares)	Shareholding Ratio (%)
Japan Master Trust Trust Bank, Ltd. (Trust Account)	41,420	14.6
Japan Custody Bank, Ltd. (Trust Account)	22,847	8.1
State Street Bank and Trust Company 505001	8,850	3.1
Mizuho Bank, Ltd.	7,059	2.5
Meiji Yasuda Life Insurance Company	5,990	2.1
Juniper	5,494	1.9
State Street Bank and Trust Company 505301	5,195	1.8
State Street Bank and Trust Company 505223	4,771	1.7
Tokio Marine & Nichido Fire Insurance Co., Ltd.	4,763	1.7
Goldman Sachs Japan Co., Ltd.	4,280	1.5

(Note) The shareholding ratio is calculated after deducting treasury shares (3,277,861 shares).