Annual Report 2026

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/

This information in this document is current as of September 2026.
Unauthorized reproduction or reprinting of this material is prohibited.

◁Penta-Ocean Construction official website

UD FONT Easy-to-read universal design fonts are used.

PENTA-OCEAN CONSTRUCTION CO., LTD.

Vision

Practicing Sustainable Management and Building New Horizons in Construction

A Genuine Global General Contractor

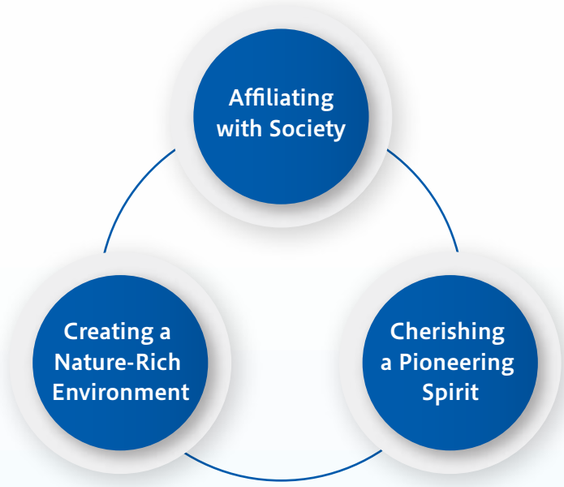
Contributes to the sustainable development of society

through sustainable construction business activities

The 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 the 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.

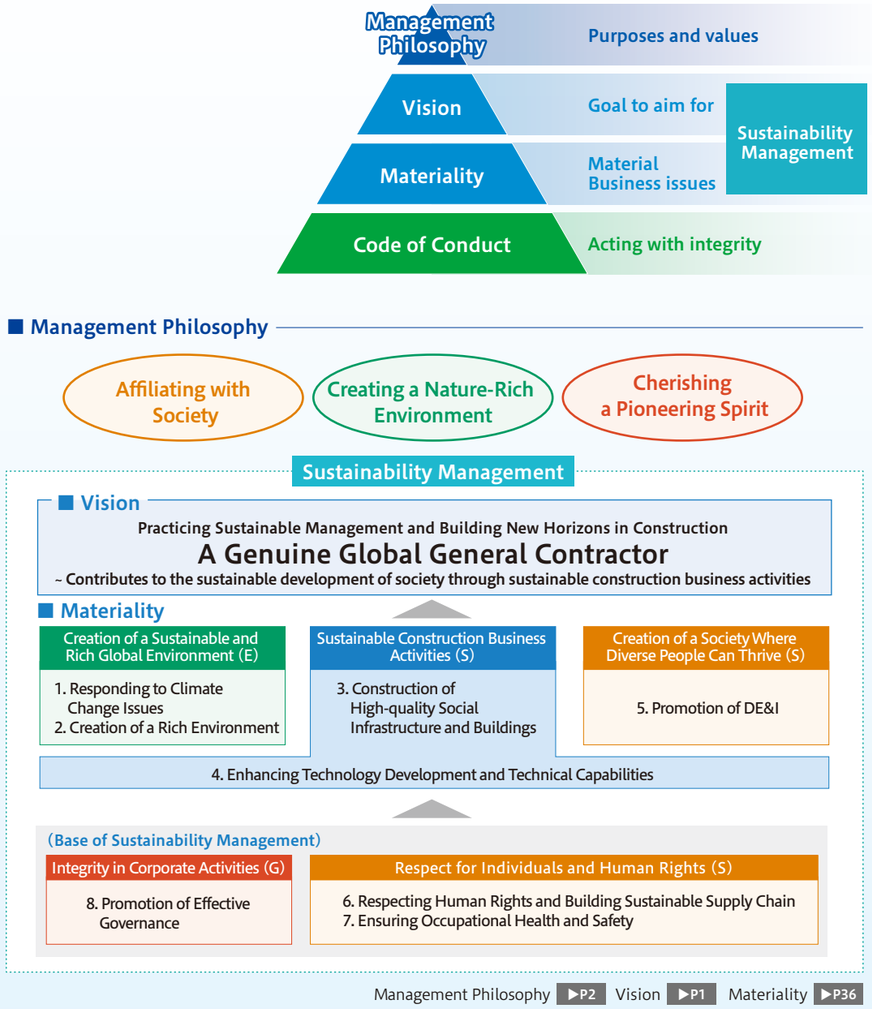
Creating a Nature-Rich Environment

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 ▶P2 Vision ▶P1 Materiality ▶P36

■ 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 anti-social 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

web Code of Conduct

Editing Policy

The Annual Report (integrated report) is a communication tool for investors and a wide range of stakeholders, and contains information related to the Group's philosophy, strategies, business activities, and sustainability initiatives.
This year's report, marking our 130th anniversary and the formulation of the new Medium-term Management Plan (FY 3/27–FY 3/29), introduces the Group's initiatives as we aim to become a Genuine Global General Contractor by practising sustainable management and building new horizons in construction, highlighting our efforts to contribute to the sustainable development of society through sustainable construction business activities.
Our website provides extensive information on our sustainability initiatives in greater detail. Please visit our website for more information about our sustainability initiatives.

■ **Target period** The report covers FY 3/26 (from April 1, 2025 to March 31, 2026). However, some information outside of the said fiscal year is also included.
■ **Scope of coverage** In principle, the report focuses on the activities of the Penta-Ocean Construction (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"
· 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 2026

web Penta-Ocean Construction official website Sustainability

CONTENTS

■ Management Philosophy and Vision
Vision 1
Management Philosophy 2
Corporate Philosophy Structure 3
Code of Conduct 3
Editing Policy 4
Penta-Ocean Construction's 130-year History 5

■ Value Creation Strategy
Message from the President 7
The Medium-term Management Plan 13
Sustainability Initiatives Begin on Site 17
Creation of a Society Where Diverse People Can Thrive 18
Promotion of GX 19
Promotion of DX 21
Value Creation Process 23
Business Model and Strengths 25
Domestic Civil Engineering Business Unit 27
Domestic Building Construction Business Unit 29
International Business Unit 31
Practising Sustainability Management 33
Materiality (Key Issues) 35

■ Environment
Creation of a Sustainable and Rich Global Environment 37
Responding to Climate Change 39
Advancement of Nature Positive Initiatives (Biodiversity) 41
Resource Recycling 43

■ Society
Technology Development 45
Quality Management 46
Promotion of DE&I 47
Securing and Developing Diverse Human Resources 48
Development of a Comfortable and Rewarding Workplace Environment 49
Enhancement of Well-being 50
Respect for Human Rights 51
Sustainable Supply Chain 53
Occupational Health and Safety 55

■ Governance
Roundtable Discussion of Outside Members of the Board 57
Roundtable Discussion of Outside Audit and Supervisory Board Members 61
Corporate Governance 63
Risk Management 66
Compliance, Anti-corruption 67
Communication with Stakeholders 68
Board Members (Members of the Board, Audit and Supervisory Board Members, Skills Matrix) 69

■ Data Section
Financial/Non-financial Highlights 71
Materiality (Example of Initiatives and Indicators) 73
Consolidated Financial Indicators Trends 75
Company Information 77
Offices and Stock Information 78

Legend web Linked title: Detailed information is available on our website. ▶P00: Related information can be found in this report.

“Cherishing a Pioneering Spirit” Penta-Ocean Construction’s 130-year History

It has been 130 years since “Mizuno Gumi,” the predecessor of POC, was established in 1896. Guided by our corporate DNA—a pioneering spirit—we have expanded our business areas from initial marine civil engineering to land civil engineering and building construction in Japan and overseas, advancing new technologies and stepping into new fields.

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 harbours 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 POC’s 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 contractor

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 capitalising our strengths in port, coastal, and waterfront areas as well as overseas



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



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



Completion of MAZDA Zoom-Zoom Stadium Hiroshima (2009)

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 Tokyo Port Umi no Mori Tunnel (2020)



Completion of Sengkang General Hospital in Singapore (2018)



Completion of Tamagawa Sky Bridge (2022)



Completion of Yodobashi Umeda Tower (2019)



Completion of Hilton Hiroshima (2022)



Completion of Inzai Data Center (2025)



Completion of Matarbari Ultra Super Critical Coal-Fired Power Plant Port Works in Bangladesh (2024)



Completion of the Kitakyushu Hibikinada Offshore Wind Farm (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
- **2024** 60th anniversary of our entry into Singapore
- **2026** 130th founding anniversary

Contributing to the Sustainable Development of Society through Two Key Evolutions: “Sustainability Initiatives Begin on Site” and “Building New Horizons in Construction”



Takuzo Shimizu

President,
Chief Executive Officer and
Representative Director

Celebrating the 130th Anniversary

Founded as Mizuno Gumi in Kure City, Hiroshima Prefecture in 1896, Penta-Ocean Construction celebrates its 130th anniversary this year. Our initial business in marine civil engineering has significantly expanded to land civil engineering and building construction. Our overseas ventures started with the Suez Canal Dredging Project in 1961, and have expanded primarily in Singapore, Hong Kong, and across Southeast Asia, with Singapore as our regional hub, since our first entry into the market in 1964. Since its founding, we have taken on challenging and large-scale projects both in Japan and abroad, with a pioneering spirit as part of our corporate DNA.

Under our previous Medium-term Management Plan (FY 3/24-3/26), which concluded in March 2026, although challenges remained in our International Business Unit, our Domestic Civil Engineering and Domestic Building Construction segments achieved substantial growth in business volume and improved profitability. As a result, in FY 3/26, the final year of the Plan, we recorded consolidated net sales of JPY 794.3 billion and net income attributable to owners of the parent of JPY 34.7 billion, setting new records for both net sales and net income.

Under our new Medium-term Management Plan (FY 3/27–3/29), commenced in April 2026, we expect continued growth in business volume and a corresponding increase in profits, supported by robust construction demand across both Japan and overseas markets. For the final year of the Plan, we aim to achieve consolidated net sales of JPY 880 billion and net income attributable to owners of the parent of JPY 38 billion, setting new records for both net sales and net income.

At our 125th anniversary, we adopted the message, “An Era of New Challenge Begins—The path we walked will create our own destiny.” Guided by this message, we have strengthened interdepartmental collaboration, advanced DE&I, promoted “Digital” and “Green” initiatives, and taken on the challenges in new business fields such as offshore wind construction and ZEB (Net Zero Energy Buildings). For the 130th anniversary, our message, **“The Era of New Challenges Continues”** expresses our determination to further accelerate these efforts. We, the Penta-Ocean Construction Group, will anticipate changes, adapt with agility, and continuously evolve to shape the future. To this end, we pursue two forms of “Evolution.”

Evolution 1

Sustainability Initiatives Begin on Site

—Together with our business partners, we advance sustainability in everything we do.

From the perspective of ESG (Environment, Social, and Governance), we will embed sustainability into our business practices and corporate conduct as part of our DNA. We will steadily fulfil our social responsibilities in our daily operations by conserving and restoring the environment, including reducing CO_2 emissions and promoting nature-positive initiatives, ensuring occupational health and safety, advancing DE&I, respecting human rights, and maintaining fair and appropriate transactions with business partners.

Evolution 2

Building New Horizons in Construction

—Driving DX and GX through AI and robotics to transform construction into an engaging workplace.

Looking ahead to construction sites over the next decade, we will implement AI and robotics on-site to create workplaces that appeal to younger generations. Led by the Global DX Centre, we will promote Construction DX (advancing digital construction and improving construction management efficiency), Knowledge DX (applying experience and expertise to standardise operations and automate design and construction planning), and Corporate DX (developing digital infrastructure and improving efficiency of management systems). Furthermore, improvements in productivity driven by DX will contribute to the low-carbon and decarbonised use of fuel. Combined with the expanded adoption of renewable energy, these efforts will promote GX and lead to reductions in CO_2 emissions.

The Goal to Aim for—a Genuine Global General Contractor

The Penta-Ocean Construction Group aims to become a “Genuine Global General Contractor” who practises sustainability management and builds new horizons in construction. A Genuine Global General Contractor is defined by the absence of barriers among the three business units (Domestic Civil Engineering, Domestic 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.
By embedding sustainability management in every corner of our operations across the POC Group, our subcontractors, and business partners, and making collaborative efforts with them, we will secure the trust of all stakeholders. Furthermore, by fostering partnerships with our subcontractors and business partners on an equal footing, we will build a sustainable supply chain.
Our belief, “The greatest contribution to society is the construction of high-quality infrastructure," is profoundly ingrained in our construction business activities. We will accelerate DX by leveraging AI and robotics to deliver safety and quality backed by technology. Concurrently, we remain committed to addressing all sustainability challenges from an ESG perspective, including green transformation. Through these endeavours, we bring a bright future of construction into the present, making the industry truly attractive to the younger generation.
These initiatives showcase our commitment to fostering the sustainable development of society, as a Genuine Global General Contractor with distinctive strengths in port, coastal and waterfront areas and overseas.

Practising Sustainability Management

Under our new Medium-term Management Plan (FY 3/27–3/29), our Group conducted a comprehensive review of the eight Materiality identified in 2023. To pre-emptively address rapidly evolving societal demands, we have integrated high-priority initiatives and new KPIs into our existing framework, thereby reinforcing management's commitment to achieving these targets. Moving forward, we remain dedicated to integrating sustainability across all of our business activities from a global perspective.



Sustainability Awards (Japan)

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. In order to embed sustainability management throughout our corporate Group and its extended network of subcontractors and business partners, we have introduced various initiatives. From FY 3/25, under the slogan of “Sustainability Initiatives Begin on Site,” we are working to entrench sustainability management across all our domestic and overseas branches by holding Sustainability Morning Briefings and introducing Sustainability Awards. These initiatives have delivered very tangible results, and we are seeing encouraging progress. To support the creation of a thriving global environment, we formulated the “Action Guidelines on Biodiversity” in 2025, and disclosed information in accordance with the TNFD (Taskforce on Nature-related Financial Disclosures) Recommendations in May 2026. In recognition of the need to broaden our environmental scope beyond climate change response, we are driving initiatives aimed at achieving nature-positive outcomes, including the conservation and creation of aquatic environments, an area where we demonstrate our core strengths, to support the preservation and restoration of biodiversity and foster a thriving environment.
With regard to another important pillar of respecting individuals and human rights, we will further enhance our efforts of “ensuring occupational health and safety” and “respecting human rights and developing a sustainable supply chain.” Our human rights due diligence process, which was primarily targeted for the POC Group, has been extended to include our subcontractors and business partners. Based on this process, we will continue to implement specific measures and maintain regular monitoring.
In accordance with our “Declaration of Partnership Building” revised in March 2026, we are dedicated to ensuring fair contract pricing that accurately reflects labour and material costs for our subcontractors and business partners. Through these initiatives, we will foster deep relationships of trust across our supply chain and support their efforts to secure and cultivate talent, thereby forging a truly sustainable supply chain.
In parallel with these site-driven sustainability initiatives, the Global DX Centre (GDXC) established in April 2026 will lead our efforts to execute on-site implementation of AI and robotics. Thus, we will transform construction sites into safe and engaging workplaces that appeal to younger generations.

FY 3/26 Performance Review

The business environment surrounding the construction industry has been marked by continued increases in construction costs due to soaring and persistently high prices of resources, energy, and construction materials worldwide. However, in Japan, construction demand has remained strong, supported by steady public investment in enhancing national resilience and defence capabilities, as well as private-sector investment in domestic production and logistics facilities aimed at strengthening supply chain resilience from an economic security perspective. Demand for data centres has also continued to grow, driven by advances in AI. Overseas, infrastructure demand has remained strong in Singapore, Hong Kong, and Southeast Asia, our key focus areas for international operations.
Under these circumstances, in FY 3/26, the final year of our previous Medium-term Management Plan, we achieved record-high consolidated net sales of JPY 794.3 billion (up 9.2% year-on-year). In terms of profits, operating profit rose to JPY 55.3 billion (up 154.9% YoY), ordinary income to JPY 53.2 billion (up 182.4% YoY), and net income attributable to owners of the parent to JPY 34.7 billion (up 178.4% YoY), all reaching record highs.
The International Business Unit did not achieve an operating profit due to a downward revision of the profitability outlook for a building construction project in Singapore, compounded by additional losses incurred by a local M&E subsidiary. However, we significantly exceeded the financial targets of the previous Medium-term Management Plan, driven by substantial growth in business volume resulting from steady progress on projects in hand and improved project profitability in our Domestic Civil Engineering and Domestic Building Construction Business Units.
In terms of orders received, the Domestic Civil Engineering Business Unit secured several large-scale projects in the private sector in addition to public works related to national resilience and defence. The Domestic Building Construction Business Unit also secured several large-scale projects, including logistics facilities and defence-related facilities. Both domestic units achieved record-high orders received. The International Business Unit also secured major civil engineering projects, including two in Singapore and one in Hong Kong. As a result, non-consolidated orders received reached to a record-high of JPY 851.1 billion, up 27.6% year-on-year.

Medium-term Management Plan (FY 3/27–3/29)

Recently, supply constraints on naphtha-derived construction materials caused by the situation in Iran have begun to ease, partly due to government measures to ensure stable supplies. However, prices of construction materials continue to rise, and together with increasing labour costs, construction costs are expected to continue rising.
Despite these cost pressures, the business environment for the construction industry is expected to remain favourable throughout the new Medium-term Management Plan (FY 3/27–3/29), supported by robust demand both in Japan and overseas. The Japanese government is pursuing a policy of “Responsible and Proactive Public Finances,” aiming to build a strong economy through investments in crisis management and economic growth. The 17 strategic growth fields identified by the government include areas where we can leverage our strengths, such as “Disaster Prevention and National Resilience,” “Resources, Energy Security, and Green Transformation (GX),” “Port Logistics,” and “Oceans.” Offshore wind power has also been explicitly positioned within the field of “Resources, Energy Security, and GX.”
In Japan, steady public investment in national resilience and strengthening defence capabilities is expected to continue, alongside robust private sector investment in growth sectors, including production facilities, logistics hubs, and data centres. Overseas, strong infrastructure investment is expected to continue, particularly in Singapore and other key markets. Supported by this favourable business outlook, we will capitalise fully on robust construction demand and ensure that further growth in business volume translates into increased profits under the new Medium-term Management Plan. For FY 3/29, the final year of the Plan, we aim to achieve consolidated net sales of JPY 880 billion and net income attributable to owners of the parent of JPY 38 billion, setting new records for both net sales and net income.
Furthermore, with full-scale offshore wind construction expected to commence from FY 3/30 onward, alongside robust domestic demand for large-scale building construction projects, achieving JPY 1 trillion in net sales in FY 3/31, during the next Medium-Term Management Plan period, is now within sight. To ensure that we can effectively accommodate this expansion in business volume, the next three years will be critical for strengthening our management foundation. While steadily progressing our substantial backlog of projects and preparing for further business expansion, we will enhance our technical capabilities through DX initiatives and strengthen our workforce and construction execution capabilities in close collaboration with our subcontractors.
Under the new Medium-term Management Plan, we will make proactive growth investments totalling JPY 100 billion over the three-year period, with JPY 70 billion allocated to offshore wind-related businesses. At the Kitakyushu Hibikinada Offshore Wind Farm, Japan’s largest offshore wind farm, which commenced commercial operations In March 2026, we have accumulated valuable construction expertise. We will apply this expertise to future projects, while developing the most comprehensive fleet of offshore wind construction vessels in Japan. In addition to the Heavy Lift Vessel (HLV) and Cable Laying Vessel (CLV) currently under construction, we plan to build an Offshore Construction Vessel (OCV) and a Feeder Vessel (FV). By expanding and enhancing our fleet, we will be able to accommodate increasingly large wind turbines and foundations and overcome Japan’s complex seabed conditions, enabling safe, reliable, and efficient offshore construction. As a front-runner in offshore wind construction in Japan, we will play a leading role in the full-scale development of bottom-fixed offshore wind projects from FY 3/30 onward. We will also accelerate research and development of floating offshore wind construction technologies through joint research with the University of Tokyo, as well as the activities of the Floating Offshore Wind Construction System Technology Research Association (FLOWCON), in which we play a leading role.
To further strengthen the human resources and technological foundations that will support our future growth, we will invest JPY 25 billion in DX and GX initiatives and approximately JPY 5 billion in human resources over the three-year period.
In terms of human resources, we will actively invest in the people who will drive our next stage of growth through initiatives such as the introduction of an Employee Stock Ownership Plan (J-ESOP) and enhanced education and training programmes. Through these efforts, we will strengthen our human and intellectual capital, which are fundamental sources of our corporate value.

Shareholder Returns

To further promote management that is conscious of the cost of capital and stock price, we have positioned the period of our new Medium-term Management Plan (FY 3/27–3/29) as a period for accelerating corporate value enhancement and will implement more proactive shareholder return measures.
Our new shareholder return targets are: 1. a consolidated dividend payout ratio of 40% or higher (raised from the previous 35%), and 2. share repurchases totalling JPY 30 billion (over the three-year period starting in FY 3/27). Regarding dividends in Item 1 above, we will maintain our basic policy of paying stable

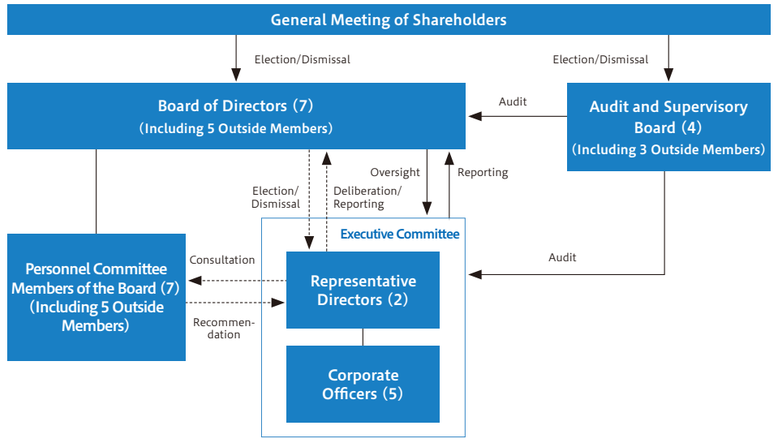
and consistent dividends while aiming to increase dividends in line with profit growth. For FY 3/27, we forecast an annual dividend of JPY 52 per share. Regarding share repurchases in Item 2 above, we have extended the period covered by our previous plan by one year, through FY 3/29, and will continue to repurchase JPY 10 billion worth of shares annually. We plan to repurchase approximately JPY 5 billion worth of shares following the interim and full-year financial results announcements, respectively. This represents a target consolidated shareholder return ratio of at least 20% through annual share repurchases. Consequently, we aim to achieve a total shareholder return ratio of 60% or higher, combining dividends and share repurchases, with the ratio forecast to reach 68.6% in FY 3/27.
Moving forward, we remain committed to enhancing capital efficiency and maximising shareholder value through appropriate shareholder returns in line with our profit growth.

Corporate Governance Enhancement

Based on discussions arising from our annual Board effectiveness evaluation conducted each June, we revised our corporate governance structure on June 24, 2026, with the aim of strengthening the governance and effectiveness of the Board of Directors. While retaining our framework as a Company with an Audit and Supervisory Board, we have incorporated the strengths of both a Company with Nominating Committees, etc., and a Company with an Audit and Supervisory Committee, to strengthen the Board's governance and oversight of business execution.

Firstly, to strengthen the governance of the Board of Directors, we increased the proportion of Outside Members of the Board to a majority. The number of Internal Members of the Board was reduced from five to two, comprising only the Representative Directors, while the number of Outside Members of the Board increased from four to five. In addition, the number of female Members of the Board increased from two to three, further enhancing the Board's diversity in terms of gender and professional expertise. The Personnel Committee, a voluntary advisory committee that deliberates on matters such as nominations and remuneration, continues to be chaired by an Outside Member of the Board, with Outside Members of the Board constituting a majority of its members.
Secondly, decision-making authority regarding business execution has been delegated to the Executive Committee, comprising two Representative Directors and five Corporate Officers representing our major business divisions. Important matters specified in the Board of Directors Regulations, however, will continue to require resolutions by the Board, and all matters deliberated by the Executive Committee will be reported to the Board. This structure will allow the Board to focus more on discussions and decision-making concerning the Company's future direction and management strategies from a medium- to long-term perspective, while continuing to oversee business execution. We expect this to further enhance the effectiveness of the Board. In addition, the Corporate Officers attend Board meetings to maintain close communication with the Board and participate in its discussions.

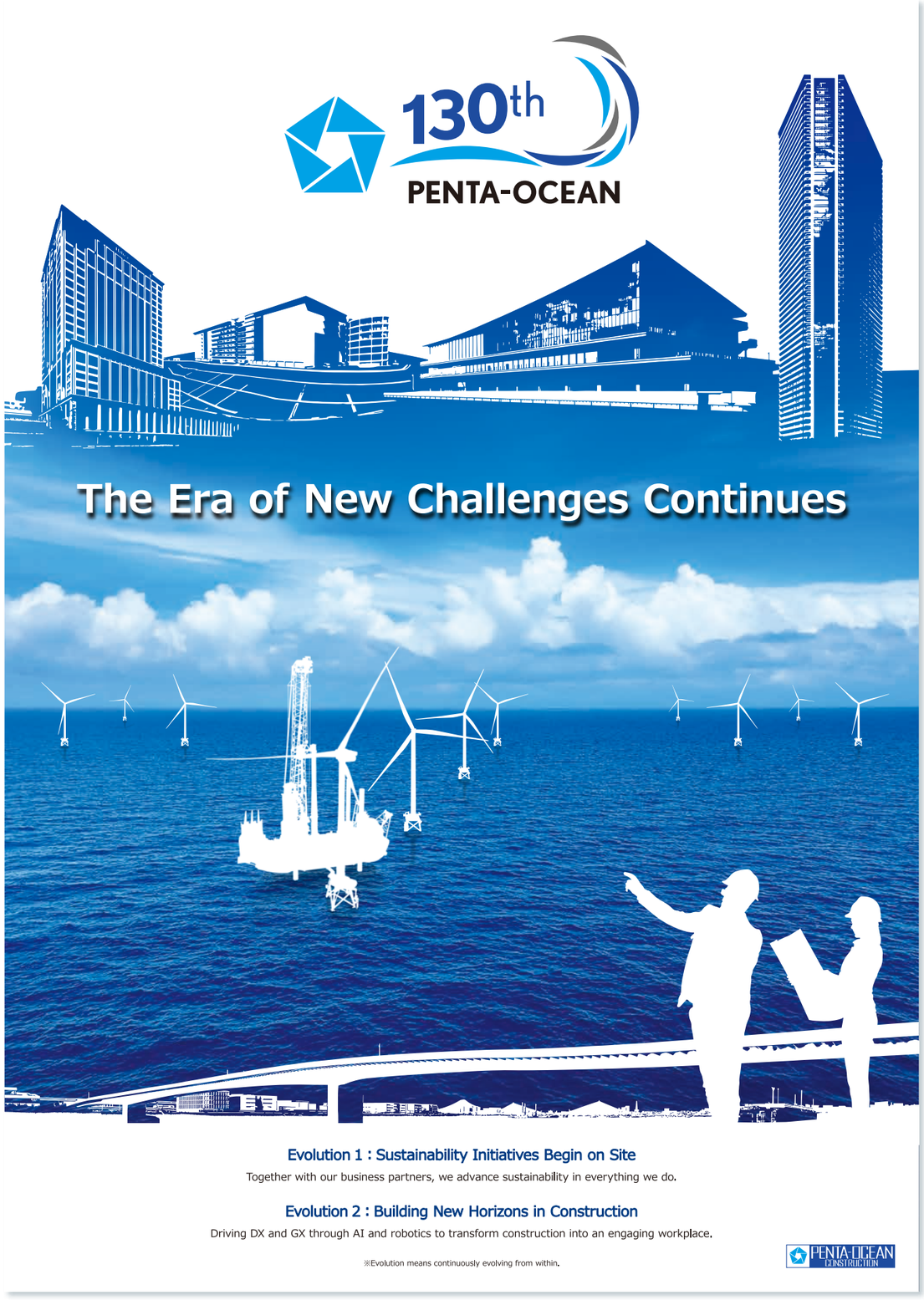
Corporate Governance Structure (Revised on 24 June 2026)



In Conclusion

The Penta-Ocean Construction Group will continue, with its pioneering spirit, to practise sustainable construction activities and take on new technologies and business fields to build new horizons in construction that inspire all stakeholders. The path we walk will shape the future beyond—and the era of new challenges continues. By fostering close collaboration with our subcontractors and business partners, we strive to contribute to the development of a sustainable society. We would appreciate your continued guidance and support.





The Medium-term Management Plan (FY 3/27–FY 3/29)

Vision

A Genuine Global General Contractor who Practises Sustainability Management and Builds New Horizons in Construction.
～ Contributes to the sustainable development of society through sustainable construction business activities

Basic Strategies

Sustainability Initiatives Begin on Site



- **Creating Mechanisms to Advance Sustainability Management**
  ・Sustainability Morning Briefings ・Sustainability Awards
- **Strengthening Initiatives on Material Issues**
  ・Respect for human rights ・Sustainable supply chain ・Conservation of biodiversity
- **Enhancement of Sustainability Disclosure**
  ・Promotion of integrated disclosure
  ・Adapting to global standards and enhancement of information disclosure

Sustainable Construction Business Activities



- **Our Greatest Contribution to Society is the Construction of High-quality Infrastructure**
- **Translating Increased Business Volume into Greater Profit**

Front-loading × Technical capabilities × Risk management capabilities × Inter-departmental collaboration × Pioneering spirit

  ・Thorough implementation of front-loading approaches
  ・Strengthening partnership with subcontractors and suppliers
  ・Promotion of collaboration with external parties
- **DX Promotion Utilising AI and Robotics**
  ・Establishment of the Global DX Centre

Creation of a Society Where Diverse People Can Thrive



- **Promotion of DE&I**
  ・Securing and developing diverse talent ・Enhancement of well-being
  ・Support for the empowerment of diverse human capital
  ・Realisation of a healthy work-life balance
  ・Creating a rewarding workplace environment
  ・Fostering a culture that embraces diversity

Creation of a Sustainable and Rich Global Environment



- **Responding to Climate Change Issues**
  ・A front-runner in offshore wind construction ・Promotion of ZEB for buildings
  ・Reduction of CO_2 emissions
- **Nature-Positive Initiatives**
- **Creation of a Resource Recycling-based Society**

Promotion of Effective Governance



- **Revision of the Corporate Governance System (Enhancing the Effectiveness of the Board of Directors)**
  ・Majority of Outside Members of the Board on the Board of Directors
  ・Focus on medium- to long-term management strategy
  ・Delegation of business execution to the Executive Committee
- **Sharing Value with Shareholders and Enhancing Medium- to Long-Term Corporate Value**
  ・Increase in the stock compensation portion of executive remuneration (from 10% to 30%)
  ・Introduction of the Employee Stock Ownership Plan (J-ESOP)

Main Management Targets (Consolidated)

Key Consolidated Numerical Targets (FY 3/29)

Net Sales

FY 3/26 result: JPY 794.3 billion → JPY **880.0** billion

Operating Profit

FY 3/26 result: JPY 55.3 billion → JPY **63.5** billion

Net Income

FY 3/26 result: JPY 34.7 billion → JPY **38.0** billion

ROE (Return on Equity)

FY 3/26 result: 18.7% → **10**% or higher (generally over 16%)

Shareholder Return

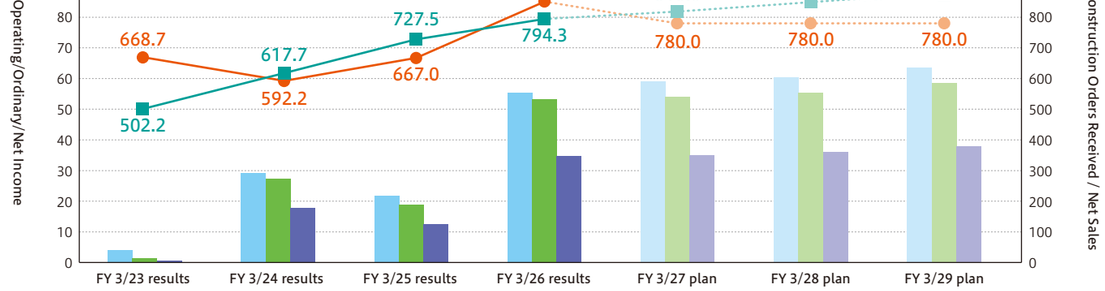
Dividend payout ratio

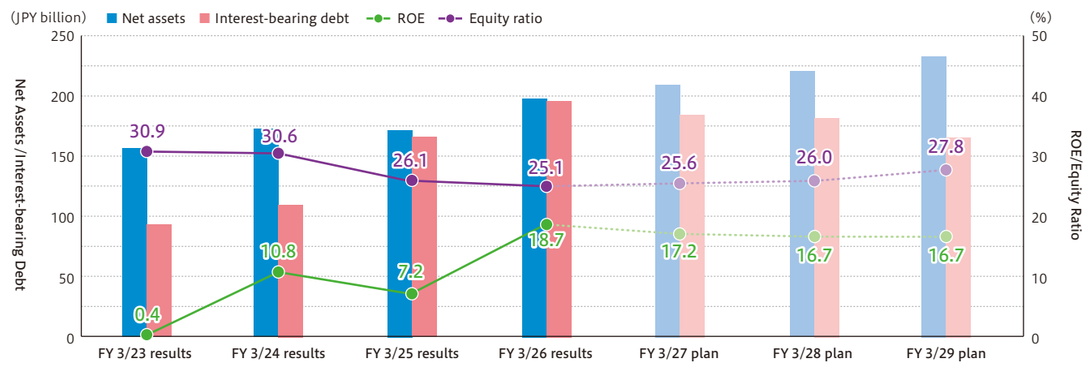
FY 3/26 result: 38.1% → **40**% or higher

Total return ratio

FY 3/26 result: 66.9% → **60**% or higher

Trends in Key Figures (Consolidated)





The Medium-term Management Plan (FY 3/27–FY 3/29)

Investment Plan & Financial Plan (Consolidated)

Investment Plan

Growth investment: JPY 100 billion/3 years

●Offshore wind-related investment: JPY 70 billion/3 years (including newbuilding cost of JPY 67 billion)

- Expanding our fleet portfolio for offshore wind construction
- Heavy lift Vessel (HLV) and Cable Laying Vessel (CLV) are scheduled for completion in 2028
- A new Offshore Construction Vessel (OCV) and a Feeder Vessel (FV) are currently under consideration for construction
- Expanding our human capital and R&D capabilities in preparation for the start of full-scale operations in FY 3/30

●Investment for DX & GX promotion: JPY 25 billion/3 years

- Accelerating DX through the Global DX Centre (newly established in April 2026)
- Promoting construction DX, knowledge DX, and management DX
- Continuing initiatives and R&D toward GX promotion

●Human capital investment: approx. JPY 5 billion/3 years

- Introduction of Japanese Employee Stock Ownership Plan (J-ESOP)
- Promotion of enrolment in the employee stock ownership plan and enhancement of incentives
- Enhancing human resources development and training
- Strengthening support for self-development

Financial Plan

●Balance of interest-bearing debt: JPY 166 billion (FY 3/29)

●Securing funds for further growth investments and enhanced shareholder returns

- Maintaining a high level of operating cash flow
- Ensuring capital for growth investments (construction of offshore-wind vessels and DX investment)
- Securing necessary funding and optimising the management of interest-bearing debt
  - Deploying proceeds from planned corporate bond issuances toward growth investments
  - Utilising interest-bearing debt effectively while maintaining a healthy balance (at around three times EBITDA)

●Addressing increasing working capital needs

- Strengthening cash flow management with a focus on interest costs
- Mitigating the increase in interest expenses due to rising interest rates to the extent possible

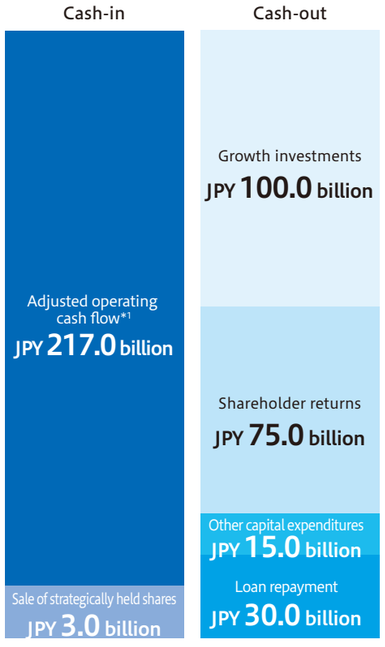
Shareholder Return

●Consolidated dividend payout ratio of 40% or higher (raised from the previous 35% or higher)

●Share repurchase amount of JPY 30 billion (over the three years FY 3/27–FY 3/29)

- We plan to repurchase approximately JPY 5.0 billion of treasury stock shares in the interim period (second half) and the fiscal period (first half of the following fiscal year)

Cash Allocation (Cumulative Total for FY 3/27–FY 3/29)



Item	Investment Amount	Description	FY 3/24–FY 3/26 Result
Offshore wind-related	JPY 70 billion	Capital investment in work vessels for offshore wind projects Construction in progress: Heavy Lift Vessel (HLV) Cable Laying Vessel (CLV) New: Offshore Construction Vessel (OCV) Feeder Vessel (FV)	JPY 88 billion
DX and GX	JPY 25 billion	Promotion of DX (construction DX, knowledge DX, and management DX) GX promotion	JPY 16 billion
Human resources-related investment	JPY 5 billion	Employee stock compensation system, human resources development Strengthening support for self-development, promotion of DE&I	JPY 2.6 billion
Dividend	JPY 45 billion	Dividend payout ratio 40% or higher	35% or higher
Share repurchases	JPY 30 billion	Three years from FY 3/27 to FY 3/29: JPY 10 billion each fiscal year	JPY 17 billion

*1: Adjusted operating cash flow = Operating cash flow + Expensed items
Growth investment amounts include items that have been expensed (personnel costs, research and development expenses, etc.).

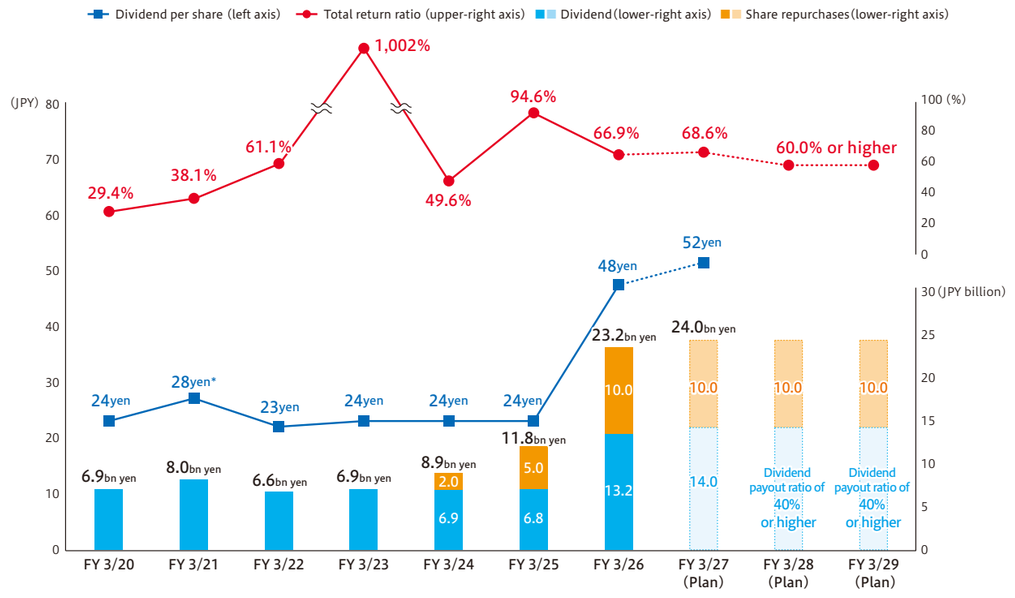
Cash Flows and Interest-bearing Debt Balance

(Unit: JPY billion)

		FY 3/25 results	FY 3/26 results	Medium-term Management Plan		
				FY 3/27 plan	FY 3/28 plan	FY 3/29 plan
Consolidated	Cash flow from operations	-23.3	68.4	56.0	63.0	73.0
	Cash flow from investment	-23.2	-66.3	-31.0	-28.0	-20.0
	Cash flow from financing	43.9	9.6	-37.0	-27.0	-42.0
	Balance of cash and deposits	57.3	71.8	59.8	67.7	78.8
	Balance of interest-bearing debt (Of which, work vessels)	166.5 (37.4)	196.1 (60.7)	185.0 (62.6)	182.0 (59.6)	166.0 (55.0)
	(Change from previous fiscal year)	56.2	29.6	-11.1	-3.0	-16.0
Non-consolidated	Balance of cash and deposits	51.2	64.4	52.3	61.3	74.3
	Balance of interest-bearing debt (Of which, work vessels)	155.4 (28.0)	170.8 (37.0)	157.7 (37.0)	157.7 (37.0)	142.3 (33.0)
	(Change from previous fiscal year)	56.2	15.4	-13.1	0	-15.4

* CF: Consolidated cash flow statement
* Balance of cash and deposits: cash and deposits on the balance sheet
* Borrowings related to work vessels Consolidated: Kajima Corporation, Yorigami Maritime Construction, DEME Offshore
Non-consolidated: JRTT (the Fiscal Investment and Loan Programme)

Shareholder Returns



* The dividend of JPY 28 for FY 3/21 includes the 125th anniversary commemorative dividend of JPY 5.



Sustainability Initiatives Begin on Site

—Promoting Sustainability Together with Subcontractors

Sustainability Morning Briefing (Vietnam)

In order to thoroughly instill sustainability management initiatives at worksites, we display posters and conduct sustainability training, and through Sustainability Morning Briefings and Sustainability Awards, we drive these initiatives engagement-wide, extending from POC Group executives and employees to subcontractor personnel working at our sites.

Sustainability Morning Briefings

We hold morning briefings on sustainability themes once a week at domestic and overseas sites to promote awareness and understanding of sustainability at worksites. We also craft posters introducing everyday examples on Materiality themes such as CO_2 reduction, environmental conservation, occupational health and safety, promotion of DE&I, and respect for human rights. This inspires each individual to grasp the significance of each theme and take practical action in their daily work.

September 2024:
Started at domestic sites
January 2025:
Expanded to sites of domestic Group companies
January 2026:
Started at overseas sites



Sustainability Morning Briefing Posters (Japan)



Communication to International Workers Using AI Translation Tools (Japan)

Sustainability Awards

We implement Sustainability Awards to recognise on-site sustainability initiatives and to foster their replication across other worksites. Past applications included highly creative worksite initiatives such as innovation in workplace communication, environment impact reduction, safety measures, and communication with local communities. Through presentations to executive management and the sharing of best practices, we drive the further evolution of these initiatives.

FY 3/25:
Started the first Sustainability Awards in Singapore to commemorate the 60th anniversary of our entry into Singapore
FY 3/26:
Expanded the Sustainability Awards to Japan and Hong Kong



Japan 1st Sustainability Awards Ceremony (February 2026)



Singapore 2nd Sustainability Awards Ceremony (December 2025)

Practising Sustainability Management ▶P33



Creation of a Society Where Diverse People Can Thrive

—No Corporate Growth Without Securing and Developing Diverse Human Resources

Active participation of young engineers at worksites

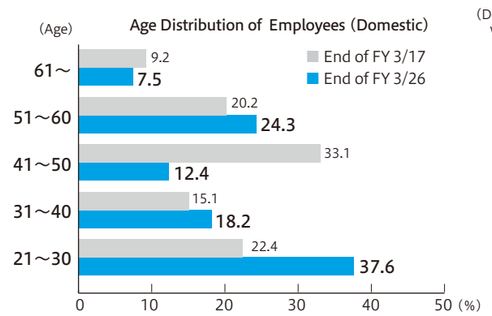
The Group aims to be "an organisation where diverse human resources respect one another, thrive in their work and grow personally and professionally", and aligns its recruitment and talent development practices accordingly. Through initiatives based on our human capital strategy, we contribute to sustainability management that we envision and embrace. By enhancing the satisfaction and engagement of each individual , we bring out their full potential, thereby working toward the medium- to long-term enhancement of our corporate value.

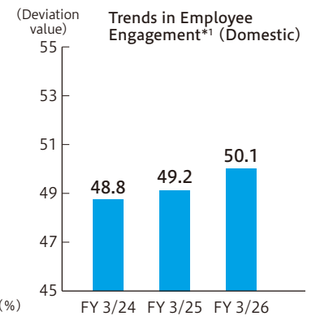
Securing and Developing Diverse Human Resources

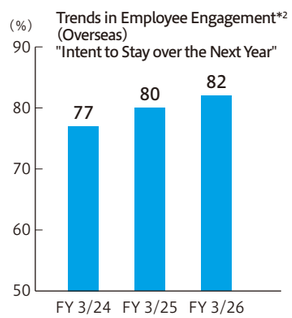
As the Group advances sustainability management, we have set forth the basic strategies both to fulfil our mission that "the greatest contribution to society is the construction of high-quality infrastructure" and to translate expansion of business volume into profit growth.
To that end, we believe that the multiplier effect of combining our mindset, actions, and strengths—"Front-loading × Technical capabilities × Risk management capabilities × Inter-departmental collaboration × Pioneering spirit"—is the source of our competitive edge and key point differentiation from other companies.
To support this strategy, we will attract diverse human resources through competitive compensation and the development of a supportive working environment, thereby fostering a vibrant organisation and driving talent development aimed at maximising our human capital.
With respect to diverse human resources, as a result of strengthening new graduate hiring from an early stage in anticipation of business expansion, we have shifted to a healthy pyramid-shaped workforce structure. We will continue to strengthen both new graduate and mid-career recruitment towards further business expansion.

Enhancement of Engagement

The Group regularly conducts engagement surveys to improve organisational strength over the medium term and to support the creation of a workplace environment where employees feel work engagement. The FY 3/26 survey results on employee engagement (a sense of unity and belonging to the organisation) for domestic staff further improved from the previous fiscal year and are at a favourable level compared with industry peers.
In the FY 3/26 engagement surveys of overseas staff as well, more than 80% expressed an intent to stay at Penta-Ocean Construction after one year, a figure that continues to rise year-on-year. This reflects a further improvement in the sense of unity with the Company through the pursuit of initiatives that heighten mutual understanding between supervisors and team members both corporate-wide and at worksites, including alignment with the corporate philosophy and vision, as well as work feedback.
In addition, as part of measures to enhance engagement, we are implementing various initiatives including the introduction of a stock benefit trust for employees (J-ESOP), enhancement of incentives for the employee stock ownership plan, and enrichment of various training programmes.







*1: Survey by Advantage Risk Management Co., Ltd. *2: Survey by the Company

Securing and Developing Diverse Human Resources ▶P48 Enhancement of Well-being ▶P50

Promotion of GX —Responding to Climate Change Issues



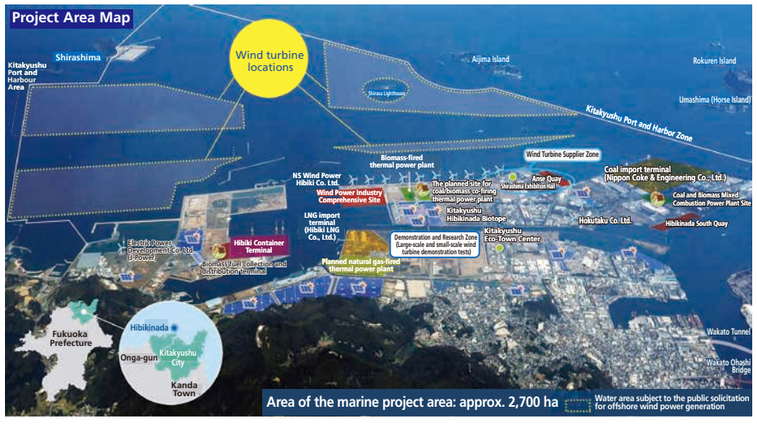
Panoramic View of Kitakyushu Hibikinada Offshore Wind Farm

A Front-runner in Offshore Wind Construction

The Kitakyushu Hibikinada Offshore Wind Farm Construction Project was Completed, and Commercial Operation Started in March 2026

The Kitakyushu Hibikinada Offshore Wind Farm Construction Project is a large-scale offshore wind construction project to install 25 wind turbines (9.6 MW class). The farm generates 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.). Installation of the 25th wind turbine was completed on August 31, 2025, and commercial operation started in March 2026.

*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

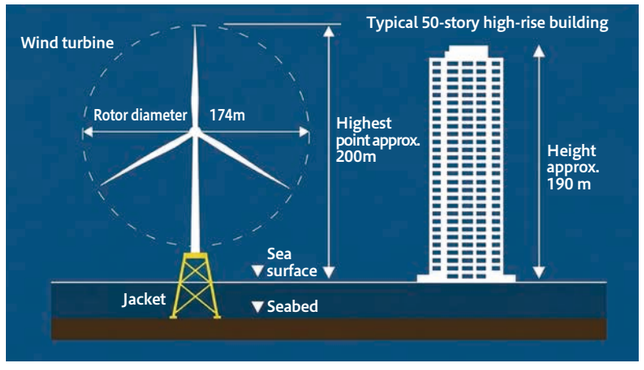
Contractor

Penta-Ocean Construction Co., Ltd. and Wakachiku Construction JV

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



Wind Turbine Installation Work (CP-16001)



A Front-runner in Offshore Wind Construction in Japan

In Japan, aiming for the achievement of carbon neutrality by 2050, the Japanese government has set targets for the development of 10 GW of offshore wind power by 2030 and 30–45 GW 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.
Under these circumstances, as a "front-runner in offshore wind construction," we are actively promoting the establishment of a system to meet the growing demand for offshore wind power facilities.

Upgrades to Our Third Self-propelled Offshore Installation Vessel "Sea Challenger" Completed, Full-scale Operations Underway in Taiwan

Upgrades to the self-propelled Offshore Installation Vessel (OIV) "Sea Challenger," owned by Japan Offshore Marine (ownership ratio 51%), a joint venture between POC and Belgium-based DEME Offshore Holding NV—including an increase in crane lifting capacity (from 900 t to 1,600 t), widening of the vessel, and extension of the legs—were completed in December 2025. As a result, together with CP-8001 (completed in 2018, owned by POC) and CP-16001 (completed in 2023, owned by PKY Marine*3), we own three OIVs. We are the only construction company in Japan capable of constructing multiple offshore wind farms at the same time with our own fleet.
"Sea Challenger" operated from February to August 2026 on wind turbine installation work at Taiwan's "Hai Long 3 Offshore Wind Farm."

*3: PKY Marine: a joint venture of Penta-Ocean Construction, Kajima Corporation, and Yorigami Maritime Construction (ownership ratio: 65%)

Floating Offshore Wind Initiatives

Together with the University of Tokyo, we have established a Social Cooperation Program on Innovation for Construction, Operation and Maintenance of Floating Offshore Wind Energy System within the UTokyo International Collaborative Research Organization on Floating Offshore Wind Energy and Related Technologies (UT-FloWIND).
In order to overcome Japan's uniquely severe environmental conditions and to realise floating offshore wind power as a mainstay source of renewable energy, we will carry out scientific and systematic technology development. In this Social Cooperation Program, we will bring together the wisdom and technology of academia and industry and work on R&D and the development of highly skilled professionals on the following three themes related to design, construction, stable operation, etc.

- **Theme 1** System design to enhance overall construction efficiency and resilience, taking into account metocean conditions in Japanese waters
- **Theme 2** Optimal floating structure design based on an integrated perspective from construction through operation
- **Theme 3** Development of a digital twin model of metocean conditions in Japanese waters

These three research themes are closely aligned with the initiatives of the Floating Offshore Wind Construction System Technology Research Association (FLOWCON), approved by the Ministry of Land, Infrastructure, Transport and Tourism (MLIT), in which we participate as a member. Through collaboration with the University of Tokyo, we will advance research on the rationalisation of construction methods and the sophistication of operations for floating offshore wind. By promptly sharing cutting-edge research outcomes not only within our company but across the broader industry, we aim to contribute to the establishment of a rational construction system for the large-scale deployment of floating offshore wind.

Lineup of Offshore Wind Power-related Work Vessels

Offshore Installation

CP-8001



Completed in 2018
Non-self-propelled (800t lift) / Owned by POC

CP-16001



Completed in 2023
Non-self-propelled (1,600t lift) / Owned by PKY
* PKY Marine (a joint venture of POC, Kajima Corporation, and Yorigami Maritime Construction)

Sea Challenger



Completed in 2014, upgraded in December 2025
Self-propelled (1,600t lift) / Owned by JOM
* Japan Offshore Marine (a joint venture of POC and DEME Offshore)

Scour Protection and Work Support

CP-5001



Completed in 2012
Self-propelled (500t lift) / Owned by POC

Power Cable Laying

CLV (Cable Laying Vessel)



Scheduled for completion in 2028
Self-propelled (10,000t cable) / Owned by POC and Fuyo General Lease Co., Ltd.

Foundation Construction (Monopile Foundations)

HLV (Heavy Lift Vessel)



Scheduled for completion in 2028
Self-propelled (5,000t lift) / Owned by POC and Fuyo General Lease Co., Ltd.

Towing of OIVs and Work Support

Kaiko



Completed in 2021
Self-propelled (6,000 hp) / owned by KWS



Promotion of DX —Visualising the Future of Construction Sites 10 Years from Now

Global DX Centre

In April 2026, to further strengthen collaboration between domestic and overseas operations and accelerate DX utilising AI and robotics, we reorganised the former ICT Promotion Office and newly established the Global DX Centre.
While visualising the future of construction sites 10 years from now, we will promote on-site implementation of DX through AI and robotics. With the Global DX Centre at the centre of these initiatives, domestic and overseas operations will work together on construction DX (on-site automation through labour saving and productivity improvement), knowledge DX (operational efficiency through automatic creation of site documents using AI, etc.), and management DX (development of information infrastructure and timely construction management).

Roadmap for on-site automation

3 years later (2029)
Advance implementation of automation Level 2
- Automation of grab dredging
- Land works (Automatic construction of Backhoe and dump truck)

After 5 years (2031)
Automation Level 2 construction type expansion
- Automation and autonomy of work vessels and DX utilisation
- Automatic mountain tunnel construction
- Automatic installation and transport of shield segments underground
- Automation of rebar assembly

After 10 years (2036)
Widespread adoption of automation Level 3
Widespread adoption of robotics

Level 2 : Automating tasks (human operators provide instructions for optimal manoeuvres)
Level 3 : Automating determines optimal manoeuvres
(Conditional: Human support is required)

Initiatives for Productivity Improvement

Domestic Building Construction: Improvement of Construction Productivity Utilising ICT in Renovation Work

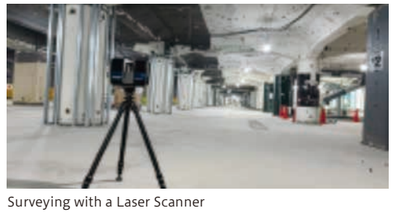
In renovation work on an old large commercial facility that has undergone multiple extensions and reconstructions, we resolved issues such as a lack of accurate drawings using point-cloud surveying with a laser scanner, resulting in a more sophisticated understanding of the current building shape and labour savings.

Issues

- Built several decades ago, with only handwritten drawings remaining
- Due to more than 10 changes of use and more than 20 extensions and reconstructions, the drawings did not reflect the current conditions
- Complex structural shape that is not level and square
- Vast work area

Effects

- Accurately captured complex structural shapes with lasers from the floor surface without installing scaffolding, and reduced surveying errors from manual work
- Eliminated work at heights involving climbing scaffolding, and improved safety during ceiling surveying, etc.
- Reduced surveying costs (reduced to 1/8 compared with conventional manual surveying)


Surveying with a Laser Scanner


3D Scan Results

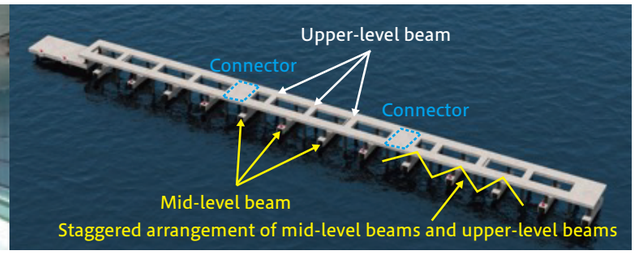
Domestic Civil Engineering: One-time Erection of PCa (Precast) Slabs of the Largest Scale in Japan

In the new pier construction project of Shuhou Mining Co., Ltd., we thoroughly integrated and enlarged pier PCa (precast) members while reducing the number of units to the utmost limit, thereby significantly improving productivity.

Integration of PCa Members

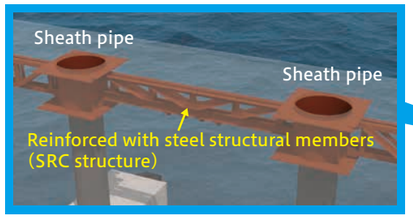
- Integrated the main pier and berthing dolphin, which had been independent structures in the existing pier, and changed them to a rational structure
- Newly installed mid-level beam PCa members and consolidated multiple functions such as the base for installing fenders, support of reaction force from the hull, and connection with the rear-row piles
- Adopted a staggered arrangement to eliminate mid-level beams in pile rows without fenders, resulting in a significant reduction in the number of PCa units

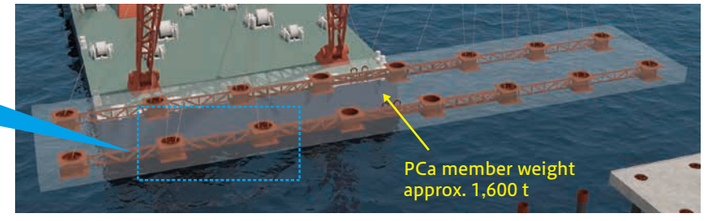




Enlargement of Members through SRC (Steel-renforced Concrete) Structure

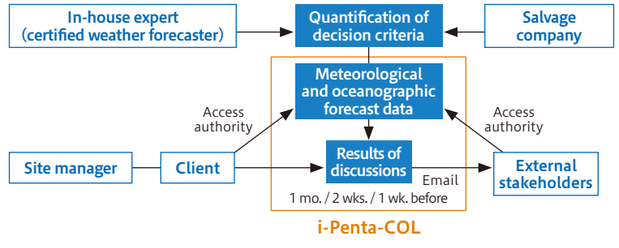
- Placed reinforcing steel inside the PCa to eliminate the risk of deformation and cracking during lifting by a floating crane





Swift Decision-making through an In-house Developed System

- Developed a meteorological and oceanographic forecast system that predicts at an early stage and with high accuracy the four consecutive calm days required for one-time erection of long PCa members
- Shared forecast data and decision criteria in real time with the client and external stakeholders through the Penta-Ocean Construction Data Gathering and Sharing System (i-Penta-COL)





Shuhou Mine Pier Extension Work


PCa slabs of the largest scale in Japan
(Length 53.8–58.4 m × width 11.5 m)

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.

* FY 3/26 result or figures at the end of FY 3/26

Input

Financial Capital

Financial base for achieving value creation

Total Assets JPY **790.4** billion

Net Assets JPY **198.3** billion

Equity Ratio **25.1** %

Human Capital

Diverse and professional human resources

Number of Consolidated Employees **3,991**

Intellectual Capital

Target-oriented technology development

R&D Expenses (Non-consolidated) JPY **3.3** billion

Manufacturing Capital

Capital investment to support business activities

Capital Expenditures JPY **84.7** billion

Social and Relationship Capital

Partnerships for co-creating value

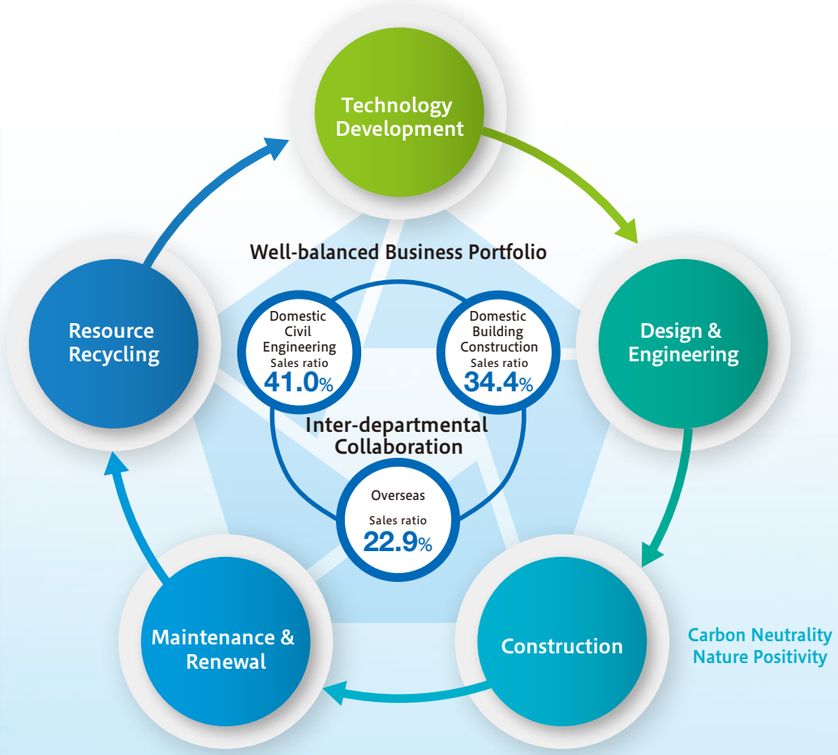
Number of Penta-Ocean Construction Labour Safety Council Members **1,155** companies

Natural Capital

Efficient use of resources

Amount of Energy Used **5,684,128** GJ

Business Model



Sustainable Construction Business Activities

Materiality (Key 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 JPY **325.9** billion

Gross Profit Margin **17.0** %

Operating Profit JPY **40.2** billion

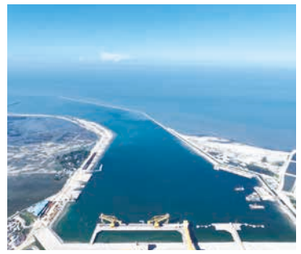


Domestic Building Construction

Net Sales JPY **273.4** billion

Gross Profit Margin **9.5** %

Operating Profit JPY **16.8** billion



Overseas

Net Sales JPY **181.8** billion

Gross Profit Margin (**0.2** %)

Operating Profit (JPY **3.2** billion)



Others

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

Net Sales JPY **13.2** billion

Gross Profit Margin **17.6** %

Operating Profit JPY **1.5** billion

Outcome

Value Provided to Stakeholders

Customers

Providing reliable safety and quality backed by technology

Construction Performance of Government-ordered (Domestic Civil Engineering) Projects **80.4** points

Customer Satisfaction (Domestic Civil Engineering, Private Sector) **100** %

Customer Satisfaction (Domestic Building Construction, Private Sector) **93.2** %

Shareholders and Other Investors

Enhancement of corporate value, continuous and stable shareholder returns

ROE **18.7** %

Annual Dividend Amount JPY **48**

Total Return Ratio **66.9** %

Employees

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

Ratio of Female Employees **17.6** %

Turnover Rate within 3 Years of Joining (Domestic Hires) **11.2** %

Implementation Status of 8 Site-closures per 4 Weeks (Domestic) **95.3** %

Business Partners

Building partnerships on an equal footing

Number of Excellent Foreman Certifications (Domestic) **530**

Number of Fatalities (Domestic Subcontractors) **0**

Number of Fatalities (Overseas Subcontractors) **1**

Environment, Local Communities

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

CO_2 Emissions Reduction Rate* (Compared to FY 3/20) **7.8** %

Number of ZEB and Other Certifications Acquired **4**

Construction Waste Recycling Rate (Domestic) **95.0** %

* Scope 1, 2

Enhanced Reinvestment of Management Capital

Business Model and Strengths

Over the decades of our history, POC has cultivated four strengths. Under the four strengths, the three business units closely collaborate to create sustainable value in the value chains for “technology development,” “design and engineering,” “construction,” “maintenance and renewal,” and “resource recycling,” 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 250 or more new graduates and 50 or more mid-career employees, and quickly developing young employees into valuable assets through various education and training programmes
- Promoting proactive initiatives and workplace enhancements that enable all employees to contribute to corporate growth while fostering a rewarding workplace and supporting a healthy balance between professional and personal responsibilities, including childcare and family caregiving

Four Strengths

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 2026: 40th 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)


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 (strengthening collaboration with the Global DX Centre as the core, application of Japanese civil engineering technologies to overseas projects, and application of overseas civil engineering technology in domestic projects)


Yodobashi Umeda Tower


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

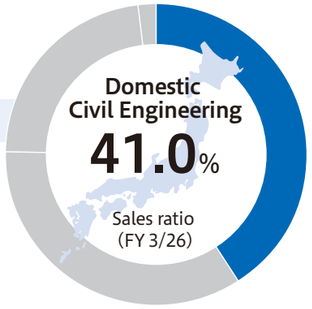
Cherishing a Pioneering Spirit

- 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)


The Kitakyushu Hibikinada Offshore Wind Farm


Hisamitsu Pharmaceutical Museum

Domestic Civil Engineering Business Unit



Goal to Aim for

**“Technical Capabilities × Human Capital”
Striving for Further Business Expansion**

～Reinforcing the Management Foundation to Support Business Expansion

Basic Strategies

In the Domestic Civil Engineering Business Unit, in addition to national resilience initiatives and efforts to boost the international competitiveness of ports and airports, public works related to defence are increasing. Alongside strong private investment, robust construction demand continues across both the public and private sectors. In FY 3/26, due to the steady progress of large-scale port construction projects and improvement in construction profitability, consolidated net sales were JPY 325.9 billion and operating profit was JPY 40.2 billion, substantially exceeding the final-year targets of the Medium-term Management Plan (FY 3/24–3/26). In the Medium-term Management Plan (FY 3/27–3/29), although large-scale port construction projects that have driven performance are heading toward completion and a temporary decline in profit is expected, thanks to continued strong construction demand and the steady progress of a substantial backlog of works, we expect net sales of JPY 325.0 billion and operating profit of JPY 33.5 billion in FY 3/29, the final year of the current Medium-term Management Plan. Furthermore, in the next Medium-term Management Plan (FY 3/30–3/32), further expansion of business volume is expected due to large-scale works related to defence and other areas as well as the full-scale launch of offshore wind construction, and we will therefore promote the enhancement of our management foundation with a view to net sales of JPY 400.0 billion through technical capabilities combined with human capital.

We will deploy the following strategies to translate the expansion of business volume into higher profit.

First, we will promote cross-organisational front-loading initiatives targeting large-scale projects such as strengthening national resilience and defence capability enhancements, and we will work to build a structure capable of generating net sales of JPY 400.0 billion in preparation for the full-scale launch of offshore wind construction. To strengthen on-site construction capabilities across POC's network, including subcontractors and suppliers, as a unified team, we will promote deeper collaboration with subcontractors through the building of partnerships based on appropriate contracts and price pass-through, and through expanded support for securing and developing human resources, promoting DX, and other areas.

We will also work to improve the basic technical capabilities of young engineers, develop specialists, and strategically develop human resources capable of managing large-scale projects.

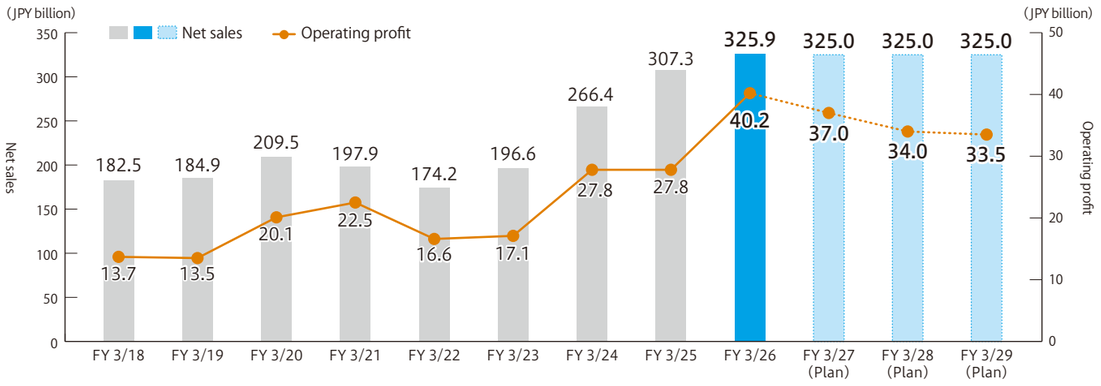
Furthermore, together with the Global DX Centre established in April 2026, we will promote the on-site implementation of AI and robotics and construction DX (advancement of digital construction and driving greater efficiency in construction management). For the automation and autonomy of work vessels and onshore construction machinery, we will formulate and promote a roadmap to advance from automation Level 2, which automates a series of motions, to automation Level 3, in which AI detects surrounding conditions and automatically determines optimal motions.

For offshore wind construction, we will leverage our track record cultivated in the construction of the Kitakyushu Hibikinada Offshore Wind Farm (commenced commercial operation in March 2026) and make use of our Group's most extensive fleet lineup in Japan to firmly establish a seamless construction system for bottom-fixed projects (wind turbine foundations, installation, and cable laying). We will also accelerate industry-academia collaboration initiatives toward the establishment of a rational construction system for floating-type projects.

Looking to the future, we will also take on new fields such as the development of marine resources in Japan's EEZ and CCS (carbon dioxide capture and storage), as well as pursuing large-scale projects in port, coastal and waterfront areas. We will promote cross-organisational front-loading initiatives for projects related to these areas.

Medium-term Management Plan from FY 3/27 to FY 3/29

Final year targets Net sales: JPY 325 bn Gross profit margin: 16.0% Operating profit: JPY 33.5 bn



Business Strengths, Opportunities, Risks, 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

Opportunities (External Positive Factors)

- Increase in public works related to strengthening national resilience and defence
- 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 markets

Risks

- Securing and nurturing future workforce (engineers and skilled workers)
- Response to soaring prices of construction materials and fuel
- CN initiatives in construction business activities, especially the reduction of CO_2 emissions from work vessels

Response to Risks

- Securing and developing diverse human resources and deepening collaboration with subcontractors (support for securing and developing human resources, promoting DX, etc.)
- Ongoing monitoring of procurement conditions for construction materials and fuel (securing alternative routes)
- Achieving greater efficiency through automation and autonomy of work vessels and construction machinery, decarbonising through electrification and the use of fuel efficiency improvement additives and biofuels, and utilising low-carbon construction materials (concrete, steel, etc.)

Specific Measures

1 Reinforcing the Management Foundation Supporting Business Expansion

- Strengthening of construction capabilities through the building of a sustainable supply chain with subcontractors and suppliers and expanded support (securing and developing human resources, promoting DX, etc.)
- Front-loading initiatives for large-scale projects in port, coastal and waterfront areas
- Strengthening and expanding land civil engineering and improvement of technological competitiveness (mountain tunnels, automation of large-scale earthworks, and promotion of the development of renovation technologies)

2 Creating the Future of Construction —Promotion of DX and GX Utilising AI and Robotics

- Promotion of DX together with the Global DX Centre (on-site implementation of AI and robotics, and promotion of construction DX, knowledge DX, and management DX)
- Project-oriented technology development
- Technology development for vessels and machinery with an eye to the next generation

3 Strengthening Initiatives as a Front-runner in Offshore Wind Power

- Maximising collective strengths (advancement and optimisation of design methods and establishment of a seamless construction system for bottom-fixed projects)
- Enhancement of the lineup of state-of-the-art work vessels
- Acceleration of initiatives toward the realisation of floating-type projects

4 Promotion of Initiatives for Next-generation Core Businesses

- Initiatives in marine resource development and CCS (carbon dioxide capture and storage)

5 Developing Human Resources

- Promotion of DE&I and maximisation of human capital
- Building a JPY 400.0 billion net sales structure
- Development of specialists and human resources for handling large-scale project management

Major Construction Projects Completed in FY 3/26

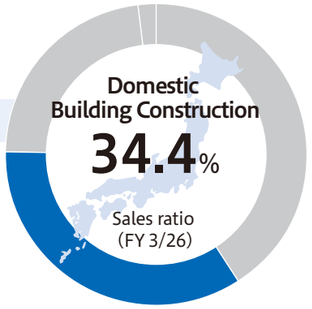


Kitakyushu Hibikinada Offshore Wind Farm [Fukuoka Prefecture]



Shuhou Kouzan Jetty Extension Work [Yamaguchi Prefecture]

Domestic Building Construction Business Unit



Goal to Aim for

“Technological Capabilities × DX”
Striving for Sustainable Business Expansion

～Reinforcing the Management Foundation to Support Business Expansion

Basic Strategies

In the Domestic Building Construction Business Unit, construction demand remains strong in both the public and private sectors. In addition to urban redevelopment in the Tokyo metropolitan area, construction demand is surging for domestic production bases and logistics facilities to enhance supply-chain resilience from the perspective of economic security, as well as data centres driven by AI advancement. Public works related to defence such as the strengthening of Self-Defense Forces facilities are also increasing. In this business environment, in FY 3/26, thanks to the steady progress of projects on hand, including urban redevelopment, logistics facilities, and data centres, consolidated net sales were JPY 273.4 billion and operating profit was JPY 16.8 billion, substantially exceeding the final year targets of the Medium-term Management Plan (FY 3/24–3/26). In the Medium-term Management Plan (FY 3/27–3/29), supported by sustained strong demand and progress on a substantial order backlog, we project net sales of JPY 335.0 billion and operating profit of JPY 22.8 billion in the final year of the Plan, FY 3/29. Furthermore, looking ahead to the next Medium-term Management Plan (FY 3/30–3/32), we anticipate continued growth in business volume. We will therefore reinforce our management foundation eyeing net sales of JPY 400.0 billion by leveraging our technological capabilities combined with DX.

We will implement the following strategies to translate expanded business volume into profit growth.

First, by promoting front-loading initiatives across the organisation targeting large-scale projects such as redevelopment, logistics, data centres, and defence-related projects, we will establish a structure to generate JPY 400.0 billion in net sales. By advancing inter-departmental collaboration and expertise in each field within the Business Unit—sales, design, technology, construction, and M&E—we will deliver maximum value to our customers. Specifically, in large-scale redevelopment projects, we will transform construction through labour saving (off-site production, precasting, and modularisation) × DX: establishing a next-generation building production model.

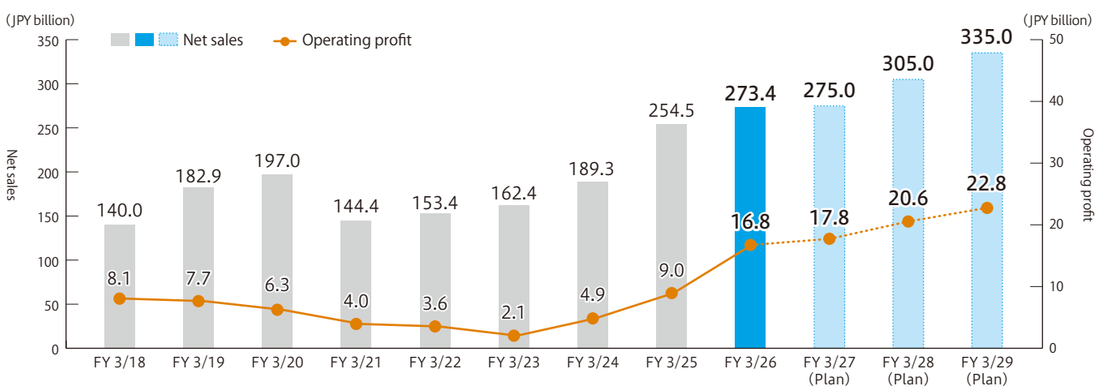
To strengthen on-site construction capabilities across POC's network, including subcontractors, M&E specialists, and suppliers, we will deepen collaboration with these partners by building strong partnerships through fair contracting and appropriate price pass-through, while expanding our supports for securing and developing human resources, promoting DX, and other areas. We will also strengthen strategic development of human resources capable of managing large-scale projects and initiatives to promote the growth of young engineers through the Task Support Centre.

Furthermore, the Global DX Centre established in April 2026 will take the lead in transforming operations through AI, robots, and IoT and aiming for further improvement in productivity. We will automate operations by integrating AI with digital twins; streamline on-site operations and construction management through AI, robots, and IoT; support decision-making using AI; and accumulate and leverage expert know-how.

We will also pursue initiatives to reduce CO_2 emissions from buildings by promoting conversion of ZEB (Net Zero Energy Buildings) and utilisation of low-carbon materials. At our Muroran Factory (completed in October 2022), powered primarily by solar energy, we added a water electrolysis unit that produces green hydrogen and fuel cells that generate electricity from hydrogen. Aiming to make the plant a truly 100% renewable energy facility, we are pursuing initiatives to maximise the efficiency of renewable energy use in combination with storage batteries.

Medium-term Management Plan from FY 3/27 to FY 3/29

Final year targets Net sales: JPY 335 bn Gross profit margin: 10.1% Operating profit: JPY 22.8 bn



Business Strengths, Opportunities, Risks, and Response to Risks

Strengths (Internal Positive Factors)

- Abundant design and construction track record in logistics facilities, data centres, etc.
- Ability to undertake underground construction and large-scale development projects in port, coastal, and waterfront areas as well as in urban areas through collaboration with the Civil Engineering Business Unit
- Abundant design and construction track record related to carbon neutrality, such as ZEB

Opportunities (External Positive Factors)

- Strong private-sector demand in urban redevelopment, logistics, data centres, etc.
- Increase in public works such as the strengthening of defence facilities
- Effective use of ZEB and renewable energy (solar power generation, combination of hydrogen energy and storage batteries), and promotion of watt-bit coordination

Risks

- Increase in building construction costs due to soaring prices and supply constraints of construction materials and rising labour costs (especially soaring M&E construction costs)
- Potential loss of orders due to inability to secure M&E subcontractors, etc.
- Securing and nurturing future workforce (engineers and skilled workers)

Response to Risks

- Front-loading initiatives for cost reduction through continuous monitoring of the procurement status of construction materials (securing of alternative routes), labour-saving construction methods, etc.
- Building of partnerships for mutual prosperity with subcontractors and suppliers
- Securing and developing diverse human resources and deepening collaboration with subcontractors (extending support for securing and developing human resources, promoting DX, etc.)

Specific Measures

1 Creation of Customer Value through the Evolution of Front-loading

- Concentration of management resources on redevelopment, logistics, data centre, and defence-related fields
- Working to maximise customer value by evolving inter-departmental collaboration and the expertise of each field within the Business Unit
- Realising the next-generation building production model in large-scale redevelopment projects

  Transforming construction through productivity improvements (off-site production, precasting, and modularisation) × DX

2 Strengthening of Construction Capabilities and Earning Power through Deeper Collaboration with Subcontractors

- Building a sustainable supply chain with subcontractors, M&E subcontractors, and suppliers
- Strengthening construction capabilities through expansion of support (securing and developing human resources, promoting DX, etc.)

3 Creating the Future of Construction —Transforming Worksites into Places Where All Personnel Can Work Comfortably by Promoting DX and GX

- Improvement of productivity in collaboration with the Global DX Centre

  Automation of operations through the integration of AI and digital twins

  Streamlining of on-site operations and construction management through AI, robots, and IoT
- Taking on initiatives to expand the application of ZEB and low-carbon materials such as environment-friendly concrete and improve the utilisation efficiency of renewable energy

4 Developing Human Resources

- Promotion of DE&I and maximisation of human capital
- Building a JPY 400.0 billion net sales structure
- Strategic development of human resources for large-scale project management
- Strengthening of initiatives to promote the growth of young engineers through the Task Support Centre

Major Construction Projects Completed in FY 3/26

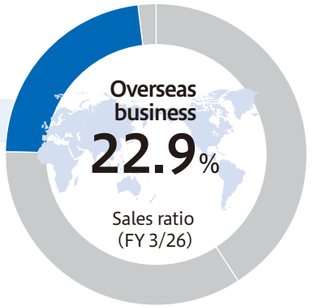


Park Court The Sanbancho House [Tokyo]



Tono Chubu Medical Centre [Gifu Prefecture]

International Business Unit



Goal to Aim for

“Risk Management Capabilities × DX” Striving for Sustainable Business Growth

～Manage Risk, Drive Smart, Grow Together

Basic Strategies

The International Business Unit is located in Singapore, in which it first established a presence in 1964. Focusing primarily on Singapore and Hong Kong as its main markets, the Business Unit undertakes civil engineering and building construction work for local governments, alongside Japanese ODA port construction projects in Southeast Asia, South Asia, and Africa. Although we continued to record an operating profit for 14 consecutive fiscal years from FY 3/08 to FY 3/21, we posted an operating loss for five consecutive fiscal years from FY 3/22, primarily due to substantial construction losses on multiple large-scale civil engineering works. In FY 3/26, the final year of the Medium-term Management Plan from FY 3/24 to FY 3/26, consolidated net sales were JPY 181.8 billion and the operating loss was JPY 3.2 billion. However, infrastructure construction demand remains strong in Asian construction markets, including Singapore. Having secured orders for multiple profitable large-scale civil engineering and building construction works since FY 3/25, and with the projects that incurred substantial losses now completed, we expect to return to an operating profit under the Medium-term Management Plan (FY 3/27–3/29). Targeting net sales of JPY 205.0 billion and operating profit of JPY 6.0 billion in the final year of the Plan, FY 3/29, we will drive sustainable growth by strengthening risk management capabilities and promoting DX at all sites.

We will implement the following strategies to ensure a turn to operating profit.

First, we will thoroughly apply “a front-loading approach to strengthen risk management capabilities” and “pursue profit-focused business operations.” Led by the Singapore IBU Headquarters, we will build a structured and timely framework for business and project management. From the initial stage of bidding, we will systematically identify all project risks, ranging from technical issues, material procurement, and exchange-rate fluctuations to geopolitical risks. After determining appropriate construction costs, we will narrow down our targets by region and carefully select and undertake only consistently profitable projects. We will also promote the optimal allocation of our proprietary vessels through global marketing.

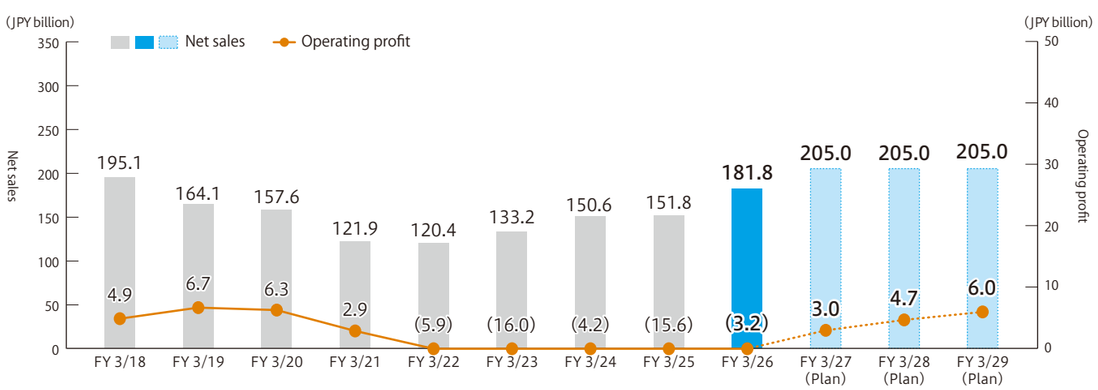
In addition, to strengthen our competitive edge in Singapore, our largest market, we will fully leverage our partnerships with UG M&E Pte. Ltd. (an M&E subsidiary) and KBE Ltd. (an equity-method affiliate in civil engineering), and strengthen construction capabilities and earning power through strong partnerships and deeper collaboration with local subcontractors, M&E subcontractors, and suppliers.

Furthermore, in coordination with the Global DX Centre established in April 2026, we will roll out successful initiatives such as precasting and M&E modularisation in building construction and mechanised construction cultivated in large-scale civil engineering projects, and drive productivity improvement by accelerating DX.

Moreover, to evolve into a truly global organisation, we will accelerate our shift from a management style centred on Japanese executives to a system where high-performing individuals, regardless of nationality, can take on key management roles. To attract and develop diverse human resources while enhancing engagement, we will outline clear career paths for our employees, systematically cultivate high-performing individuals capable of turning diversity into organisational strength, and actively promote them to executive positions.

Medium-term Management Plan from FY 3/27 to FY 3/29

Final year targets Net sales: JPY 205 bn Gross profit margin: 4.6% Operating profit: JPY 6 bn



Business Strengths, Opportunities, Risks, and Response to Risks

Strengths (Internal Positive Factors)

- Long-standing track record and relationships of trust with stakeholders (clients, subcontractors, suppliers, etc.) in Singapore, Hong Kong, and Southeast Asian countries
- Inter-departmental collaboration with the civil engineering and building construction teams in Japan
- Proprietary fleet of work vessels with global operational capabilities

Opportunities (External Positive Factors)

- Vigorous construction demand in Singapore, Hong Kong, and Southeast Asian countries
- Large-scale ODA port construction works of the Japanese government (export of high-quality infrastructure)
- Abundance of large-scale projects leveraging advanced infrastructure technologies of Japan, Europe, etc. can be utilised (especially Singapore and ODA projects)

Risks

- Risks unique to overseas construction, such as geopolitical risks including the situations in Ukraine and the Middle East, country risk, and foreign exchange risk
- Challenges in securing local employees as candidates for executive positions, and retention of the next generation of leaders
- Risk of occupational accidents at sites

Response to Risks

- Organisation-wide, prompt management of technical challenges and various risks from the bidding stage, combined with rigorous project screening focused on profitability
- Outlining clear career paths and promotion of measures to enhance engagement
- Improvement of productivity and safety through labour saving (precasting and modularisation) and promotion of DX

Specific Measures

1 Demonstrating Collective Strengths by a Front-loading Approach

- Strengthening of risk management capabilities through front-loading initiatives (risks unique to overseas construction, technical issues, and construction costs)
- Sales strategy with clear targets and profit-focused bidding
- Building of an organised and timely construction management system led by the Singapore Headquarters

2 Strengthening of Construction Capabilities and Earning Power through Deeper Collaboration with Subcontractors

- Fully leveraging collaboration with UG M&E Pte. Ltd. (an M&E subsidiary) and KBE Ltd. (an equity-method affiliate in civil engineering) in Singapore
- Building of partnerships for mutual prosperity with subcontractors, M&E subcontractors, and suppliers

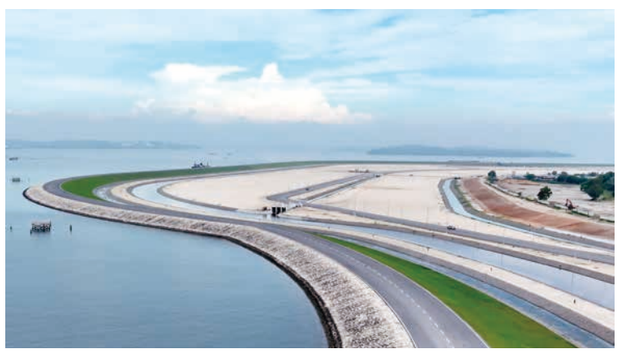
3 Creating the Future of Construction —Improvement of Productivity and Acceleration of DX

- Promotion of the advancement of construction technologies (precasting and M&E modularisation)
- Promotion of construction DX utilising AI and robotics in coordination with the Global DX Centre, and replication of successful initiatives

4 Human Resources Development —Evolution into a Truly Global Organisation

- Acceleration of the shift from a management style centred on Japanese executives to a system where high-performing leaders, regardless of nationality, can take on executive roles
- Outlining clear career paths and promotion of measures to enhance engagement
- Securing and developing DX human resources through industry-academia collaboration

Major Construction Projects Completed in FY 3/26



Construction of Polder at Area A and C of Pulau Tekong [Singapore] (Credit: HDB)



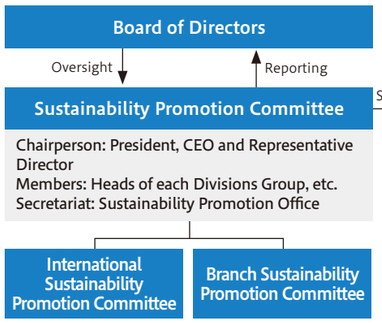
PT. Fumakilla Indonesia Welfare and Amenity Facility [Indonesia]

Practising Sustainability Management

The Penta-Ocean Construction Group believes that its greatest contribution to society is the construction of high-quality infrastructure, and practises 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 reduce risks and 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 Environment Management Committee, and the Diversity, Equity & Inclusion (DE&I) Promotion Committee to promote ESG-oriented sustainability management. The Sustainability Promotion Committee, which meets four times a year, implements specific initiatives and monitors achievements for each issue identified as Materiality (key issues). 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 to long term.

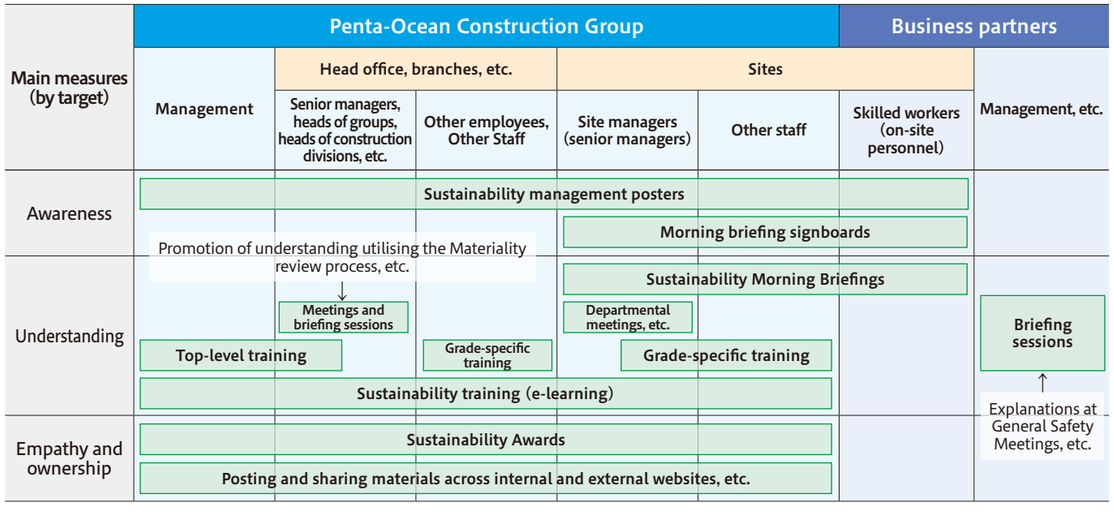


	Chairperson	Number of meetings held in FY 3/26
Human Rights Committee	President, CEO and Representative Director	4 times
Carbon Neutral Promotion Committee	President, CEO and Representative Director	2 times
Risk Management Committee	Executive Vice President and Representative Director	11 times
Environment Health and Safety Committee	Managing Executive Officer, Head of Safety, Quality and Environment Management Divisions Group	12 times
Quality and Environment Management Committee	Managing Executive Officer, Head of Safety, Quality and Environment Management Divisions Group	2 times
DE&I Promotion Committee	Executive Officer, Head of Human Resources Division	7 times

web Outline of activities of each committee

Creating Mechanisms to Advance Sustainability Management

Based on the Materiality (key issues) reviewed and announced in May 2026, we are building mechanisms to evolve sustainability management both within the Penta-Ocean Construction Group and across our business partners. To promote awareness and understanding, we display posters and other materials on sustainability management at all offices including the headquarters, branches, sales offices, and site offices, as well as at worksites, and we globally conduct sustainability training every year for all executives and employees of the Group (FY 3/26: participation rate 100%). We also provide education through grade-specific training and training sessions hosted by business units.



Instilling Sustainability Management at Worksites—Sustainability Initiatives Begin on Site

Sustainability Morning Briefings

In order to share sustainability management initiatives, we have held Sustainability Morning Briefings once a week at worksites in Japan since September 2024, both within the POC Group and with subcontractors, using each Materiality theme as a topic. From September 2025, we have been preparing morning briefing posters in five languages (Japanese, English, Chinese, Vietnamese, and Indonesian) for the increasing number of international workers. Since January 2026, we have also been conducting Sustainability Morning Briefings overseas.



Sharing the Content of Morning Briefings through Posters and Videos

Sustainability Awards

In FY 3/25, we launched the Sustainability Awards in Singapore, which recognise on-site sustainability initiatives, and since FY 3/26, we have expanded the Awards to Japan and Hong Kong.
At the award ceremonies, outstanding cases were presented to the management and the awardees were commended by the President.
Outstanding initiatives at each worksite are introduced on the intranet and at meetings, etc., and rolled out across other worksites.



Singapore 2nd Sustainability Awards Ceremony (December 2025)

Case Example

Sustainability Awards (Japan)

Excellence Award "Creating Safe Worksites through Diverse Human Resources (DE&I Gosunakai)"

In February 2026, at the 1st Sustainability Awards, an initiative at a worksite of the Tokyo Building Construction Branch was selected for the Sustainability Excellence Award from among 262 applications. At a worksite where nearly 40% of workers were international workers, there was a risk that safety rules and other information would not be communicated accurately due to insufficient communication. The team pooled its wisdom and worked on promoting the use of AI translation tools and improving signage in foreign languages. In addition, the DE&I Gosunakai safety patrol group, led by international workers, conducted weekly patrols in the three areas of safety, environment, and cleaning separately from the ordinary foremen's meetings. The initiative was highly evaluated for preventing occupational accidents and enhancing worksite productivity through communication that transcended language barriers.
Comments included: "Through safety instruction in multiple languages, international workers' understanding of the rules improved dramatically, and rule violations and dangerous entry decreased"; "Morning briefings by language group built a sense of unity across the site, including subcontractors"; and "By promoting the use of translation tools, workers grew closer and shared more smiles".
We are rolling out these voluntary on-site initiatives nationwide, guided by our vision of creating worksites where no one is left behind.



DE&I Gosunakai of the Tokyo Building Construction Branch, Recipient of the Excellence Award



Safety Patrols by International Workers Using AI Translation Tools

web Practising Sustainability Management

Materiality（Key Issues）

Under the Medium-term Management Plan（FY 3/27–FY 3/29）announced in May 2026, the Penta-Ocean Construction Group set as its vision becoming "a Genuine Global General Contractor that practises sustainability management and builds new horizons in construction."
In promoting sustainability management, in 2023, we 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. Taking into account subsequent changes in the social environment and expectations from stakeholders, as well as changes in our own business environment, we conducted a review in 2026. As a result, while the eight Materiality issues remain unchanged, we revised the highly important initiative items and KPIs. More specifically, the following are our eight Materiality: (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. We plan to review Materiality on a regular basis going forward.

Materiality Review Process

Step 1
1. Review of the current version
2. Review of issues to be considered

Step 2 Assessment of selected issues
1. Assessment of importance to stakeholders
2. Assessment of importance to POC

Step 3 Review of Materiality and consideration of KPIs

Step 4 Management decision and disclosure Reflection in measures

Step 1 Review of the current version and of issues to be considered（November 2025 to February 2026）

1. The responsible departments reviewed the status of initiatives based on the current Materiality
2. We collected and analysed megatrends, global ESG standards（SASB, the GRI Standards, etc.）, peer trends, opinions of outside experts, and other information, and reviewed 23 social issues to be considered

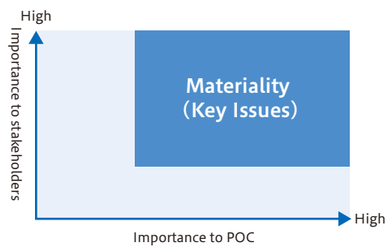
Step 2 Assessment of selected topics（February to March 2026）

1. Assessment of importance to stakeholders
Based on various types of information including questionnaires received from clients, external research organisations, and reports from international organisations and NGOs, we analysed 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
37 members selected from the Domestic Civil Engineering Divisions Group, the Domestic Building Construction Divisions Group, the International Business Unit, the Corporate Administration Divisions Group, and branch offices participated.
Through briefing sessions and other opportunities involving outside experts, we deepened our understanding of the 23 issues reviewed in Step 1, and discussed risks and opportunities that we shall focus on from medium- to long-term perspectives, as well as their importance to our businesses.

Step 3 Review of Materiality and consideration of KPIs（March to April 2026）

・In accordance with the results of Step 2, a draft review of Materiality was created based on the two-axes assessment: importance to stakeholders and importance to POC.
・Considered key indicators and targets（KPIs）



Step 4 Management decision and disclosure, and reflection in measures（from April 2026）

・After review by the management, the results of the Materiality review were reported and deliberated at the Sustainability Promotion Committee in April 2026
・Upon approval by the Board of Directors, it was announced in the Medium-term Management Plan（FY 3/27–FY 3/29）and reflected in measures

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

Vision

Practicing Sustainability Management and Building New Horizons in Construction

A Genuine Global General Contractor

～ Contributes to the sustainable development of society through sustainable construction business activities

Materiality（(1) to (8)）

（Practicing Sustainability Management）

Creation of a Sustainable and Rich Global Environment
Environmental
(1) Responding to Climate Change Issues
- Reduction of CO_2 emissions
- Contribution to carbon neutrality (offshore wind, ZEB, etc.)

(2) Creation of a Rich Environment
- Advancement of nature positive initiatives
- Biodiversity conservation（creation of aquatic environments）
- Prevention of environmental pollution, effective use of water resources
- Promotion of resource recycling（effective use of construction-generated soil and industrial waste）

Sustainable Construction Business Activities
Social
(3) Construction of High-quality Social Infrastructure and Buildings
- Ensuring quality
- Coexistence with local communities

Creation of a Society Where Diverse People Can Thrive
Social
(5) Promotion of DE&I
- Securing and developing diverse human resources and promoting their active participation
- Development of workplace environments that are easy to work in and enhance work engagement
- Enhancement of well-being
- Support for securing workers at subcontractors

(4) Enhancing Technology Development and Technical Capabilities
- Promotion of DX through the use of AI
- Promotion of GX
- Development of technologies to strengthen the resilience of social infrastructure

（Base of Sustainability Management）

Integrity in Corporate Activities
Governance
(8) Promotion of Effective Governance
- Corporate governance
- Risk management
- Business ethics, compliance, anti-corruption
- Information security and personal information protection
- Tax governance
- Transparent information disclosure

Respect for Individuals and Human Rights
Social
(6) Respecting Human Rights and Building Sustainable Supply Chain
- Respect for human rights
- Sustainable supply chain

(7) Ensuring Occupational Health and Safety

Risks and Opportunities

Through the process of identifying and reviewing Materiality, we analyse 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, for individual risks, progress is managed by the committees under the Sustainability Promotion Committee, and we review initiatives from the perspectives of policies, structure, strategies, etc., to identify shortfalls and excesses in our efforts 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）▶P73
web Materiality（Key Issues）

Creation of a Sustainable and Rich Global Environment

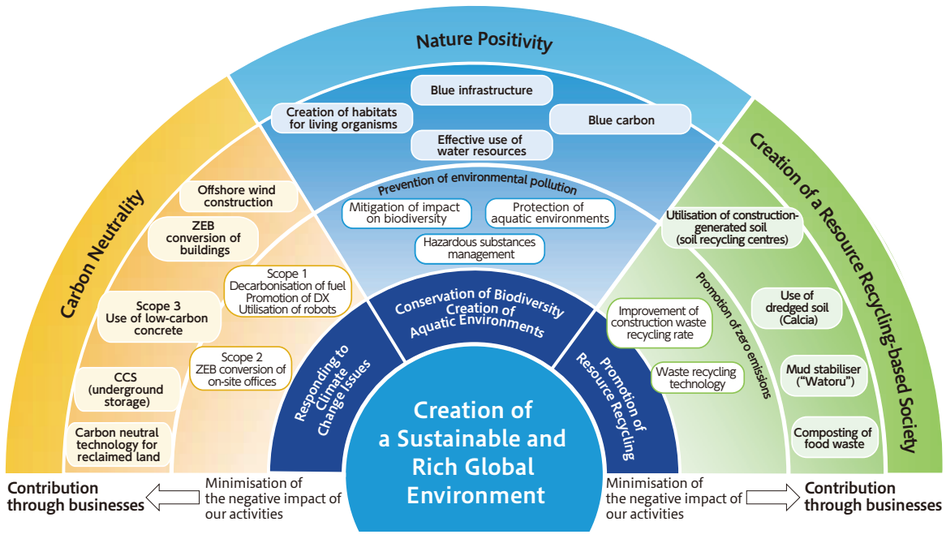
Materiality Responding to Climate Change Issues, Creation of a Rich Environment

The 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.
For each of the issues identified as Materiality (key issues), namely "Responding to Climate Change Issues" and "Creation of a Rich Environment," we engage in initiatives aimed at contributing to society through our business and minimising the environmental impact of the Group's activities.

Initiatives of the Penta-Ocean Construction Group

- **Responding 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.
- **Biodiversity Conservation and Creation of Aquatic Environments**
  As nature-positive initiatives, we promote biodiversity conservation, creation of aquatic environments, prevention of environmental pollution, and effective use of water resources.
  We are developing technologies to reduce the 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 commercialisation.
- **Promotion of Resource Recycling**
  We are enhancing the recycling rate of construction waste from our activities and advancing contaminated soil treatment business and recycling businesses for materials including construction-generated soil, construction sludge, dredged soil, paper ash, and food residues, thereby contributing to the creation of a resource recycling-based society.

web Creation of a Sustainable and Rich Global Environment



Principle of Environmental Activity

1. In addition to reducing CO_2 emissions generated in construction business activities, promote ZEB for project offices, thereby contributing to the realisation of carbon neutrality.
2. Strive to create a recycling-based society and create, preserve, and restore the environment through communication with local communities, the development of environment-related technologies, and environmentally friendly design and construction.
3. Continuously educate the staff of the Company and business partners on the importance of environmental conservation activities, and strive to prevent environmental accidents (air, water, and soil pollution) and ensure thorough waste recycling, as well as compliance with environmental laws and regulations.

web Safety, Health, Quality, and Environmental Policy

Environmental Conservation in Business Activities

The Penta-Ocean Construction Group operates an environmental management system that complies with ISO 14001 standards across all business activities (construction production activities and office activities), and promotes construction practices that take into account environmental protection.

Promotion System

・Quality and Environment Management Committee
The environmental management system is overseen by the Quality and Environment 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 our business activities. We formulated the "Integrated Manual" that outlines the rules and procedures for corporate management in conformity with the certified environmental management system, and implement it across the organisation.
In addition, we continuously provide training sessions to employees, including management system training for young employees, to inform and educate our employees.



Environmental Management System

Our environmental management system conforms to ISO 14001 standards. We obtained ISO 14001 certification as a company-wide environmental management system in November 2002, and have been operating it as a means to promote continuous system improvement and efficient, effective operations.

web List of ISO Certifications, etc.

Environmental Patrols

We conduct environmental patrols at each branch's construction sites to prevent the seven typical types of pollution (air pollution, water contamination, soil contamination, noise, vibration, ground subsidence, and foul odours) and other forms of environmental pollution, to achieve zero legal violations related to the environment, and to prevent incidents that could lead to environmental complaints to the extent possible.

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 3/26.

Education and Awareness

・General and Specialised Environmental Training
We provide general environmental training for all executives and employees and specialised 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. Specialised environmental training is held annually at each headquarters and branch office, in which applicable employees participate regularly (once every three years). The number of participants in specialised environment training in FY 3/26 was 527.

・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, etc. and to maintain compliance with laws and regulations. In FY 3/26, sessions were held at 134 sites.

web Environmental Management

Zero-Emission Promotion Activities at Construction Sites

At construction sites, we have been promoting zero-emission activities company-wide since FY 3/07 to reduce final disposal volumes, and are implementing 3R (Reduce, Reuse, Recycle) promotion activities with full participation, based on the principle of suppressing waste generation.

web Zero-Emission Promotion Activities at Construction Sites

Prevention of Environmental Pollution and Resolution of Environmental Issues

In the construction business, we face various environmental issues, including soil contamination caused by heavy metals and chemical substances, dioxin issues at incineration facilities, and water pollution. To resolve these issues, we actively implement countermeasures and engage in development of related technologies.

web Prevention of Environmental Pollution


Implementation of Insolubilisation Methods for Heavy Metals, etc.

Responding to Climate Change

Materiality
Responding to Climate Change Issues

Information Disclosure Based on TCFD Recommendations

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 by promoting the construction of offshore wind power facilities and the conversion of buildings into ZEB (Net Zero Energy Buildings).

web Information Disclosure Based on TCFD Recommendations

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 organisation under the Sustainability Promotion Committee (Chairperson: 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 characterised 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 the Company that outweigh these drawbacks. These 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 and 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.

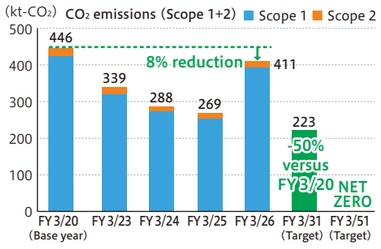
Risks, Opportunities, and Countermeasures

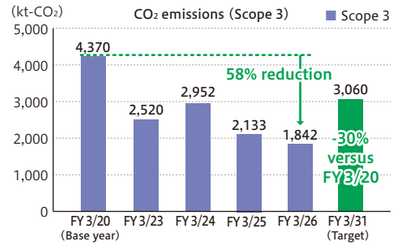
Categories		Climate change	Impact on businesses	Countermeasures
Transition risks and opportunities	Risks	Policy changes and regulation tightening on CO_2 emission reduction	・Increase of climate change response costs for construction and other business activities (in particular, costs to reduce CO_2 emissions 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	・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 decarbonisation ⇒ from low-carbon to zero-carbon: (Short-term) Use of additives to improve fuel efficiency (Mid-term) Use of alternative fuels (BDF, GTL) Utilisation of renewable electricity (including electricity supply from land and rechargeable batteries) (Long-term) Introduction of hydrogen, ammonia, and other next-generation energies
			・Increase in costs due to tightening of Energy Efficiency Act and mandatory ZEB application	・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	・Increase in demand for the construction of offshore wind farms ・Increase in demand for the construction of ZEB buildings/ZEB technology application	・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	・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	・Establishment of BCP system and regular implementation of disaster drills (for BCP and tsunami)
		Decrease in construction productivity due to severer weather/conditions caused by rising sea temperature	・Increased risk of process delays and higher construction costs due to lower utilisation rates, especially in marine civil engineering work	・Advanced weather and metocean forecasting systems
		Decrease in construction productivity during summer 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	・Improving productivity by saving labour 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	・Increase in construction demand for disaster prevention, disaster mitigation, and national resilience ・Increase in demand for disaster recovery work	・Development and practical application of technologies that contribute to the national resilience plan

Results of Major Countermeasures (FY 3/24–FY 3/26)

Item	FY 3/24	FY 3/25	FY 3/26	Details of implementation
Introduction rate of fuel-efficiency additives, biofuels, etc.	14.2%	18.2%	**33.1%**	In FY 3/26, 4,676 KL of biofuel was used in Indonesia
Introduction rate of environmentally friendly construction machinery	2.2%	2.3%	**2.8%**	Introduction of electric, hybrid, and ICT construction machinery
Number of ZEB and other certifications obtained by site offices	2	0	**2**	Promotion of ZEB conversion of site offices
Amount of renewable energy used	626	865	**1,085**	In-house renewable energy generation + purchased green electricity

4. Metrics and Targets





SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

The FY 3/31 reduction targets have obtained SBTi validation at the 1.5°C level

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

<Short-term Initiatives> Low Carbonisation

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 utilisation 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 Carbonisation to Decarbonisation

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 programme development to on-site implementation)

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

<Long-term Initiatives> Decarbonisation

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

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

Advancement of Nature Positive Initiatives

Materiality
Creation of a Rich Environment

The Group formulated the Action Guidelines on Biodiversity in August 2025. We are further strengthening initiatives for biodiversity conservation and the creation of aquatic environments and, toward the realisation of nature positive future, we aim to minimise the negative environmental impact of our business activities and to restore and create nature.

web Action Guidelines on Biodiversity

Information Disclosure Based on TNFD Recommendations

Endorsing the philosophy of the TNFD (Taskforce on Nature-related Financial Disclosures), we began nature-related financial disclosure based on the TNFD recommendations in May 2026.

Taskforce on Nature-related Financial Disclosures

Full text: web Biodiversity, Aquatic Environment

General Requirements

In this disclosure, we focused on the marine civil engineering business, which was identified as having a high environmental impact within the domestic civil engineering business, a core pillar in our business portfolio. As priority areas with high nature-related risks, we selected domestic construction sites for marine civil engineering projects. We also apply a double materiality approach, which places importance on both the impact of nature-related issues on the Company and the impact of our business activities on the natural environment.

Governance

Nature-related issues are deliberated by the Sustainability Promotion Committee, chaired by the President, CEO and Representative Director. The committee formulates Action Guidelines on Biodiversity, evaluates dependencies and impacts, analyses risks and opportunities, and reports the findings to the Board of Directors.

Strategies

In line with the LEAP approach, we determined the assessment scope, evaluated dependencies and impacts, assessed risks and opportunities, and formulated our countermeasures. Regarding risks, based on an analysis of direct dependencies on and impacts on nature for each type of work, we identified specific risks such as changes in seabed topography, water pollution, discharge of hazardous substances, and illegal waste dumping. Identified opportunities include increased number of secured orders for projects dredging and sediment disposal by leveraging our proprietary technologies, and the creation of blue carbon ecosystems.

Major Risks

Type of Work	Dependencies and Impacts on Nature	Related Laws and Regulations	Types and Details of Risk
Dredging, Earth Disposal	[**Changes in seabed topography**] Disturbance of habitats of marine life [**Water pollution**] Impacts on ecosystems due to pollution or oil spill	**Basic Act on Biodiversity** **Act on Prevention of Marine Pollution** **Water Pollution Prevention Act** **Act on Waste Management**	**Transition risk—Reputation:** Risk of being criticised for negative impacts on marine ecosystems **Transition risk—Liability:** Risk of legal violations and associated response costs
Ground Improvement (Land)	[**Water pollution and discharge of hazardous substances**] Impacts on ecosystems due to pollution or hazardous substances [**Illegal dumping**] Outflow of dumped plastics and other materials into the sea and their conversion into microplastics		
Ground Improvement, Foundation Work, and Superstructure Work (Breakwaters and Revetments)	[**Changes in seabed topography**] Disturbance of habitats of marine life [**Water pollution**] Impacts on ecosystems due to pollution or oil spill		
Foundation and Superstructure Work (Wind Power Generation Facilities)	[**Noise and vibration**] Adverse effects on marine life [**Water pollution**] Impacts on ecosystems due to pollution or oil leakage [**Water pollution and discharge of hazardous substances**] Impacts on ecosystems due to pollution or hazardous substances		

Key Opportunities

Type of Work	Categories of Opportunities		Outline of Opportunities	Details of Opportunities
Dredging and Sediment Disposal	Corporate Performance	Market	Increase in orders through proposals utilising proprietary technologies (Calcia drop mixing vessel and tremie pipe)	・Growing environmental awareness drives increased demand for technologies such as Calcia-improved soil, creating expanded opportunities for related construction work and improving the utilisation of our proprietary Calcia drop mixing vessel
		Products and Services		
	Sustainability Performance	Restoration and Regeneration of Ecosystems	Creation of ecosystems through the use of Calcia-improved soil made from dredged soil	・Creation of biological habitats by the remediation of deep trenches and development of shallow areas using Calcia-improved soil ・Created shallow areas facilitate carbon sequestration through the formation of blue carbon ecosystems, while also contributing to the securing of fishery resources ・Quantification of CO_2 absorbed by newly formed seagrass beds enables the certification and issuance of J Blue Credit*
		Preservation of Ecosystems	Preservation of ecosystems by utilising dredged soil	・Repurposing dredged soil as Calcia-improved soil reduces the volume of dredged soil, thereby extending the remaining capacity of disposal sites ・Reducing the volume of dredged soil for disposal eliminates the need for new site development or expansion, thereby minimising negative impacts on ecosystems

Calcia Improvement Technology ▶P43

Metrics and Targets

In our construction business, to appropriately monitor and disclose environmental impacts, particularly across aquatic and marine aquatic areas, by using metrics such as land-use change, pollution, and resource use, we have set indicators related to our material issues. In particular, for land-use changes in terrestrial, freshwater, and marine areas, our disclosures include the area of blue carbon ecosystems created, as well as our actions to address major opportunities.

Examples of global disclosure metrics

Metric no.	Factors of Natural Change	Indicators	The Group's Disclosure Content	Targets
C1.0	Land use changes in terrestrial, freshwater, and marine areas	Total spatial footprint	・Area of blue carbon (J Blue Credit*) creation ・Number of projects involving the conservation, restoration, and creation of shallow areas and tidal flats ・Number of projects involving the conservation, restoration, and creation of biological habitats	web ESG Data Sheet
C1.1		Extent of land use changes in terrestrial, freshwater, and marine areas		

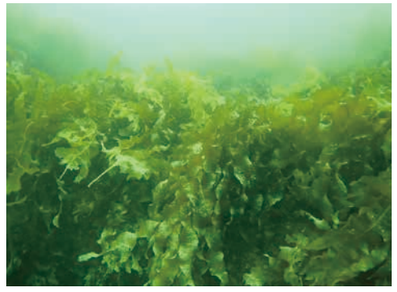
Our Initiatives Contributing to a Nature Positive Future

Because the construction business is intrinsically linked to natural capital, we undertake diverse initiatives to conserve and restore biodiversity, including mitigating construction impacts, environmental conservation, transplanting corals and seagrass beds and restoring tidal flats near construction sites, and creating shallow areas using Calcia-improved soil. We regard TNFD disclosure as an opportunity for enhancing our strategy formulation and for business opportunities, and will advance our initiatives going forward.

・Creation of Blue Carbon

Shallow areas created using Calcia-improved soil and other materials foster formation of seagrass beds and serving as habitats for fish and shellfish. Seaweed also absorbs CO_2 and sequesters it as blue carbon. Leveraging our dredging and sediment disposal works as opportunities, we conduct monitoring after seagrass beds creation to verify increases in catch and CO_2 absorption by seagrass beds and obtain registration of J Blue Credit**.

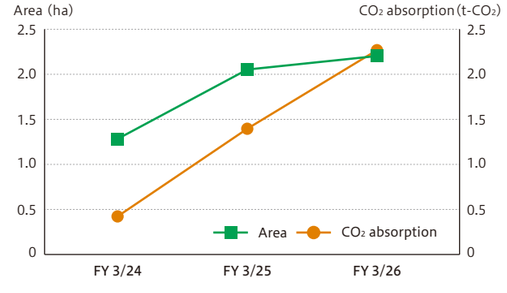
* Carbon credits issued based on calculation of the amount of CO_2 absorbed by blue carbon ecosystems. Certified, issued, and managed by the Japan Blue Economy Association, which is authorised by the Ministry of Land, Infrastructure, Transport and Tourism.



Status of Seagrass Bed Formation



Fishery Surveys



Seagrass Bed Area and CO_2 Absorption in the Aboshi District, Hyogo Prefecture

・Conservation, Restoration, and Creation Projects for Shallow Areas, Tidal Flats, etc.

In the Tamagawa Sky Bridge construction project, to minimise impacts on tidal flat organisms, we kept dredging to a minimum and used the surface soil of removed tidal flats to restore them as part of our efforts to restore the environment to its pre-construction state.



Tamagawa Sky Bridge



Restoration of Tidal Flats

・Conservation, Restoration, and Creation Projects for Biological Habitats

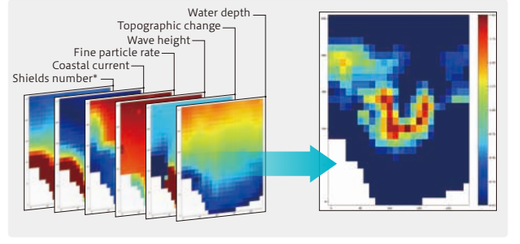
For seaweed to thrive, they require stones or substrates that seaweeds adhere and grow. We are also developing Calcia artificial stone, a lower-carbon material than concrete, that facilitates seaweed adhesion and growth compared to concrete. In creating habitats for seagrass beds and corals, we identify optimal sites based on environmental conditions appropriate for growth (water depth, wave height, amount of topographic change, etc.) and develop transplantation technologies.



Development of Substrates for Seaweed Attachment



Mechanical Transplantation of Seagrass Blocks



* Shields number: Used to calculate the movement of seabed sand

Suitable Site Selection Using Simulations

Resource Recycling

Materiality
Creation of a Rich Environment

The Penta-Ocean Construction Group utilises construction-generated soil, dredged soil, waste, and other materials generated during construction as resources. By commercialising our recycling operations and value-added applications, we contribute to the formation of a recycling-oriented society.

Development of Resource Recycling Technologies

Calcia Improvement Technology

Calcia Improvement technology improves the physical and chemical properties of soft dredged soil generated during port construction work by mixing it with Calcia improving material (a material made by controlling the composition and adjusting the particle size of converter steelmaking slag generated in the steelmaking process), thereby enabling the effective use of the dredged soil. The Calcia-improved soil produced using the Calcia Improvement technology can be widely used in port construction work as landfill material, material for creating shallow areas, backfill material for deep excavation pits, etc.
We have long focused on Calcia Improvement technology as an effective method for utilising dredged soil, and are also engaged in the development of large-scale construction technologies, the construction of drop-mixing vessels for Calcia-improved soil that enable efficient construction, and the development of dredging and underwater placement technologies with a low environmental impact.

Overview of the Calcia Improvement Technology


Soft Dredged Soil


Calcia Improving Material



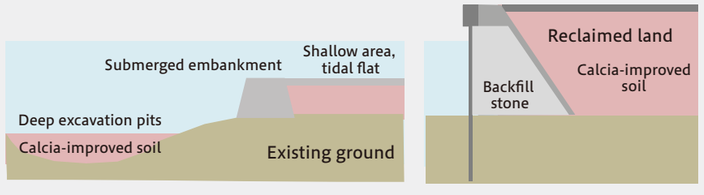
Calcia-improved soil

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


Dredging with a Grab Dredger


Transport of Dredged Soil by Hopper Barge


Construction Using a Calcia-improved Soil Drop-Mixing Vessel

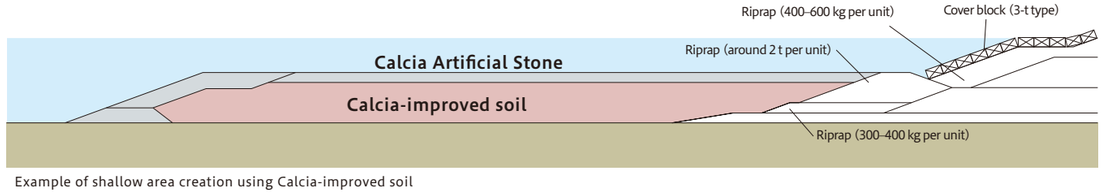


Images showing the different ways Calcia-improved soil can be used


Tremie Pipe for Underwater Placement with Low Turbidity Generation

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

Using Calcia-improved soil as filling material for shallow areas allows solidification to progress, thereby suppressing settlement. In addition, placing high-strength Calcia Artificial Stone (artificial stone made by mixing dredged soil with steelmaking slag, ground granulated blast-furnace slag, etc.) on the surface of shallow areas suppresses erosion caused by waves and currents, while also providing a substrate for seaweed attachment.



Example of shallow area creation using Calcia-improved soil

Development of Recycling Businesses

To recycle by-products generated by a variety of industries in each region, the Penta-Ocean Construction Group is actively developing recycling businesses throughout Japan. We establish resource recycling hubs and networks in each region, collecting by-products within the region and recycling them into resources. The recycled products are utilised both within the region or transported nationwide via land and sea networks, promoting wide-area cyclical use.

Wide-Area Recycling Business for Construction-Generated Soil and Construction Sludge (Sand Techno Co., Ltd.)

The Ichikawa Soil Recycling Center expanded its facilities in 2014 and, in addition to its existing marine transportation business for construction-generated soil, it now accepts contaminated soil. It transports construction-generated soil from the Kanto region to all parts of Japan, promoting wide-area cyclical use. In 2018, we also opened a soil recycling centre in Nagoya, and are advancing the wide-area recycling of construction-generated soil and sludge from the Chukyo region as raw material for cement.

Construction Sludge Recycling Business (Jaiwat Co., Ltd. and Sand Techno Co., Ltd.)

We engage in construction sludge recycling businesses in Sendai City and Ichikawa City. Sendai Ecoland, which has marked 26 years since opening, granulates and solidifies inorganic sludge and recycles it into high-quality recycled sand. Sand Techno in Ichikawa City constructed a plant for producing liquefied stabilised soil in 2020 and is accepting construction sludge generated in the Kanto region and selling the recycled product.


Before Treatment → After Treatment

Stabilisation Material Manufacturing Business Using Paper Sludge Incineration Ash (Jaiwat Co., Ltd.)

We manufacture the water-absorbing mud stabilisation material "Watoru" by mixing a special chemical with paper sludge incineration ash generated by paper factories. "Watoru" is a soil stabilisation material with both a water-absorption effect (instantaneous physical improvement) and a chemical stabilisation effect (gradual strength development). The material received the Infrastructure Technology Development Award (Excellence Prize) in 2021 and is highly regarded as a high-performance environmental material.

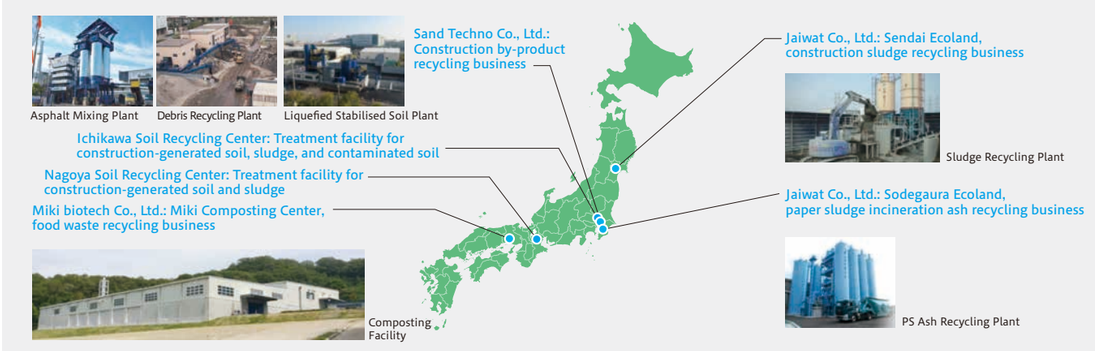


Food Waste Composting Business (Miki biotech Co., Ltd.)

Located in the Kinki region, home to numerous food factories, the Miki Composting Center accepts food residues generated by beverage manufacturers, food processing companies, and prepared-food manufacturers, and ferments and matures them over an extended period to produce the compost product "Minami-no-Hikari" (certified under the Compost Quality Certification programme). In addition to recycling food waste, this contributes to soil improvement for individual farmers and farming cooperatives.


Food Waste → Compost Product

Resource Recycling Business Network



Collaboration with External Parties

The Penta-Ocean Construction Group actively engages in the development of technologies in the resource recycling field in collaboration with external companies and organisations.

Examples of Collaboration with External Companies and Other Parties

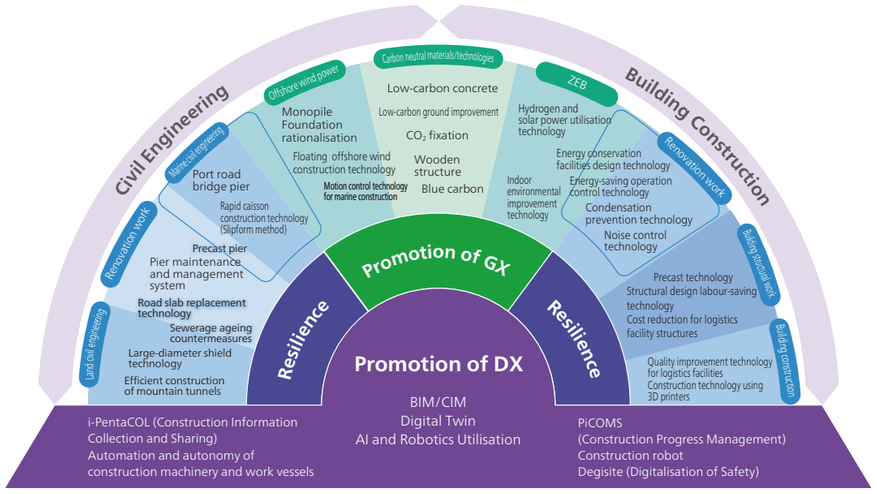
Details	External companies and organisations
Cooperated in a demonstration project for wide-area utilisation of recycled aggregates and base course materials via rail container transport https://www.penta-ocean.co.jp/english/updates/2025/250924.html	Japan Asphalt Mixture Association
Obtained a technical evaluation certificate for a new construction method using Calcia-improved soil, a green material utilising steel slag https://www.penta-ocean.co.jp/english/updates/2023/230705.html	JFE Steel Corporation, Nippon Steel Corporation, Toa Corporation, and Nippon Kaiko Co., Ltd.

web Resource Recycling

Technology Development

Materiality
Enhancing Technology Development and Technical Capabilities

With the aim of contributing to society by providing high-quality social infrastructure and buildings, we are promoting technology development focusing on three areas: promoting digital transformation (DX), such as through the utilisation of AI and robotics; promoting green transformation (GX); and enhancing infrastructure resilience.
In the area of DX, we will leverage rapidly advancing AI and robotics to develop technologies that further enhance productivity, such as the automation of construction and construction management, with a view to the next 10 years ahead.
In the area of GX, we will work on the development of technologies that contribute to expanding offshore wind power, the achievement of carbon neutrality, and the conversion of buildings to ZEB (Net Zero Energy Buildings). Furthermore, targeting important projects such as the strengthening of infrastructure and buildings and countermeasures for ageing structures, we will also focus on developing survey, design, and construction technologies that enhance resilience.
Guided by the pioneering spirit that has been part of our DNA since our founding, we will promote the development of new technologies that serve as a source of competitiveness, while boldly taking on technically challenging construction projects. We will also strengthen our technical capabilities by having our Domestic Civil Engineering, Domestic Building Construction, and International Business Units collaborate across organisational boundaries to leverage our collective strengths. By leveraging our high level of technical capabilities that differentiate us from competitors, and by rigorously implementing a front-loading approach and risk management that integrate sales, design/engineering, and construction, we aim to translate growth in business volume into growth in profits.



Case Example

External Awards

Received the JSCE Technology Award

Establishment of Construction Technology for a Large-Overburden Tunnel Adjacent to the Median Tectonic Line (San-en Nanshin Expressway Aokuzure Pass Tunnel (Tentative Name) Main Tunnel Construction), undertaken by the Company and Hazama Ando Corporation, received the Technology Award in the 2024 JSCE (Japan Society of Civil Engineers) Awards. To cope with extremely difficult construction conditions—the presence of fragile rock known as a fault fracture zone adjacent to the Median Tectonic Line and the action of immense earth pressure—a double support structure was adopted, consisting of two layers of steel arch supports and shotcrete. By optimising the construction method for the support structure and applying ultra-high-strength shotcrete, the project was completed safely.



Received the Special Award at the 9th Infrastructure Maintenance Grand Award

The Company's "Hammering Sound Inspection System for the Undersides of Piers Using a Sphere Launching and Recovery Device" (jointly developed with Kyowa Giken Co., Ltd. and Tokyo Metropolitan University) received the Special Award (Ministry of Land, Infrastructure, Transport and Tourism; Technology Development Category; Ports and Coasts) at the 9th Infrastructure Maintenance Grand Award. The system launches metal spheres with compressed air from an unmanned small boat at the underside of a pier and analyses the resulting hammering sound to detect delamination in the concrete of existing piers. This eliminates the physical burden on workers and significantly reduces the risks associated with inspections.



web Technology Development

Quality Management

Materiality
Construction of High-quality Social Infrastructure and Buildings

The 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, promote productivity enhancement, and strive to ensure reliable construction and quality

web Safety, Health, Quality and Environment Policy

Promotion System

Quality and Environment Management Committee

The quality management system is overseen by the Quality and Environment Management Committees of the Headquarters and each branch office, and is applied to all of our business activities (construction production activities and office activities).



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 utilising it as a means to promote continuous system improvement and efficient, effective operations.

web List of ISO and Other Certifications

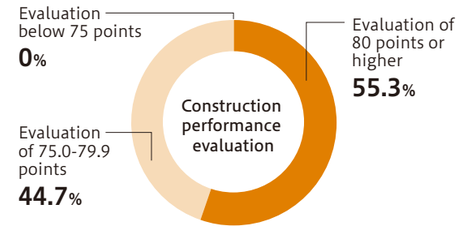
Quality Patrols

To ensure reliable quality that meets client requirements, a quality plan, outlining 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 ensure that non-conformity prevention measures function properly. The Headquarters also conducts patrols of key construction sites.

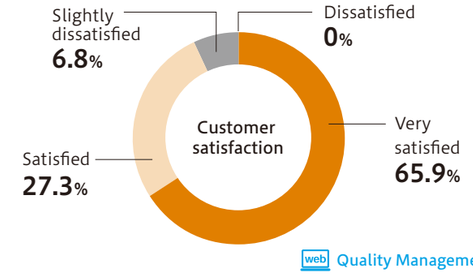
Commitment to Customer Satisfaction

We conduct customer satisfaction surveys every year in accordance with our quality management system. We collect and analyse 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 and Building Construction Division Managers' Meeting and the Construction Site Managers' 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 3/26 survey of domestic projects, for public civil engineering works, 100% of our work received very high client evaluations of 75 points or higher. 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 3/26 Construction Performance Evaluation (Civil Engineering Projects, Public Sector, Domestic)



FY 3/26 Handover Project Customer Satisfaction Survey (Building Construction Projects, Private Sector, Domestic)



web Quality Management

Promotion of DE&I

Materiality
Promotion of DE&I

In accordance with our Diversity, Equity and Inclusion (DE&I) Promotion Policy, we seek to empower diverse human resources, develop a comfortable and rewarding workplace environment by promoting work-life balance, and foster a culture that respects diversity.

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

At the 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 maximising the potential of each individual enables us to respond flexibly to social challenges and changes, while creating new value. Guided by this belief, we formulated our DE&I Promotion Policy in August 2025.

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

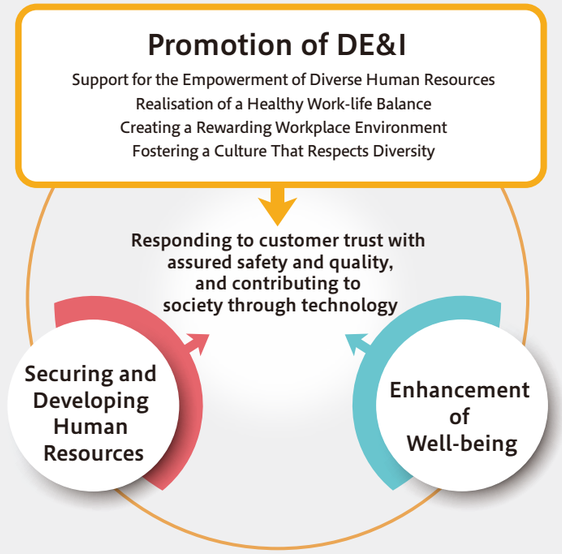
Penta-Ocean Construction Group Human Capital Strategy

Ideal Vision

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

Ideal Talent Profile

- **Individuals who practise 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**



Promotion System

The DE&I Promotion Committee has been established at the Headquarters, branch offices, the International Business Unit and Group companies so that relevant departments, management and employees can work together in close collaboration to formulate measures for resolving issues and to monitor their implementation.
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 devise tailored solutions to individual issues.




Visit by the DE&I Promotion Committee (Southern Kyushu Construction Office)

web Promotion of DE&I

Securing and Developing Diverse Human Resources

Materiality
Promotion of DE&I

To demonstrate our collective strengths as a Genuine Global General Contractor, we work to secure and develop human resources with the aim of developing the strengths of each individual and bringing them together through inter-departmental collaboration to strengthen the organisation as a whole.

Securing Human Resources

Recruitment and Retention of Diverse Human Resources

Securing and developing human resources is a key management priority for us as we seek to achieve sustainable growth, advance globalisation, and take on challenges in new fields such as offshore wind power. To achieve both business expansion and a reduction in overtime work, we are implementing strategic recruitment initiatives and reinforcing both backup staffing at worksites and back-office support functions. We aim to create a workplace where diverse talent can thrive through new graduate recruitment as well as mid-career recruitment, employment of global talent, and support for the continued success of senior employees aged 60 and above.
As measures to prevent turnover, we use on-the-job training (OJT) and a mentor system to ease the concerns of young employees after they join the Company and create an environment where they can readily seek advice. We have also introduced a job return system for former employees who have left the Company.

In addition, while promoting mid-career recruitment, we provide onboarding training to help mid-career hires adapt quickly to the workplace and their duties and remain with the Company. Recruitment targets and results by category are shown in the table below.


Global Employees Flourish at Our Company

Recruitment Targets and Results
(Non-consolidated, domestic)

	FY 3/25 Results	**FY 3/26 Results**	FY 3/27 Target
Number of interns accepted	243	**379**	482 (result)
Number of new graduate hires	165	**202**	230 (result)
Number of mid-career hires	43	**39**	Approx. 50
Number of global career-track hires	8	**3**	Approx. 5
Turnover rate within 3 years of joining	14.9%	**11.2%**	5% or lower

Human Resources Development

Overview of Training Programmes

We provide all executives and employees with the necessary education according to their job category, grade, and other attributes.

	New employees	20s	30s–40s	50s and above
Grade-specific training	New employee training	Grade-specific training		
	Follow-up training	OJT		Training for newly appointed Executive Officers
			Training for newly appointed evaluators	
				Training for newly appointed line division heads
	Global career-track employee training			
Job-specific training	Nanaichi Plan (civil engineering)			
	Task Support Centre (building construction)			
	Training for other job categories (building services, mechanical & electrical, design)			
	Intensive training for administrative staff			
	Sales staff training			
	Networking sessions for female career-track employees (by job category)			
	Safety and Quality Control Education Office training ("First-Timers" series training, one-on-one training)			
	Young engineer development programmes			
	Training for non-managerial staff (basic, intermediate, advanced)			
Company-wide training	e-learning (sustainability training, compliance training, harassment prevention training, information security education, phishing email drills, etc.)			
	Language training			
	Onboarding training (mid-career hires)			
	Recruiter training / Interviewer training			
			Special compliance training (for managers)	
				Future life planning seminars
	Communication training (young employees)		Communication training (site managers)	
Self-development	Self-development			
	Japanese language training (global career-track employees)			

Young Engineer Development Programmes

We have established development programmes in each business unit to help young employees build essential technical competencies from an early stage.

・Civil Engineering: "Nanaichi Plan"
Since 2019, the Civil Engineering Divisions Group has implemented the "Nanaichi Plan," a young talent development programme in which 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. Some courses are also available in English, making them accessible to global career-track employees and other global employees.

・Building Construction: "Task Support Centre"
In the Building Construction Divisions Group, we established the Task Support Centre in 2020, a forum where specialised instructors individually guide and educate construction staff in their first eight years, aiming to enhance technical skills and ensure optimal placement of personnel.

web Securing and Developing Diverse Human Resources

Development of a Comfortable and Rewarding Workplace Environment

Materiality Promotion of DE&I

We actively promote various initiatives and build systems to improve work-life balance enabling employees to maintain career continuity through major life events, including childcare and family caregiving. We also implement targeted measures to create a workplace environment that enhances employee engagement.

Empowerment of Diverse Human Resources	Achievement of a Healthy Work-Life Balance	Creation of a Rewarding Workplace Environment
Gender equality	Childcare	Enhancement of work style reform
Employment of people with disabilities	Family caregiving	Advancing subcontractor work style reform
Global employees	Childbirth support	Health and productivity management
Promoting understanding of LGBTQ+	Support for unaccompanied job transfers	Workplace tours for families, etc.

Main Initiatives in FY 3/26

Initiatives to Achieve Work-Life Balance

・Establishment of special paid leave for employees on unaccompanied job transfers

To support diverse work styles, we established a new special paid leave system for employees living away from their families due to job transfers. By allowing up to 24 days of leave a year for family visits, the system helps employees maintain strong family ties creating a workplace that supports employee well-being and personal fulfilment.

・Establishment of a work-location transfer system for employees accompanying spousal relocation

We established a new work-location transfer system to enable employees accompanying their spouse's job relocation to maintain career continuity. By keeping families together while retaining valued skills and experience within the Company, the system supports diverse work styles across every life stage.

・Establishment of a childbirth support (infertility treatment) system

We established a new support system to help employees undergoing infertility treatment maintain career continuity while building their families. By offering initiatives including up to 12 days of special leave per year, a leave of absence of up to 365 days (which may be split into up to three periods), and an interest-free financial support, we alleviate employees' emotional burdens of balancing treatment with work. By respecting each employee's personal choices, we cultivate a supportive environment where everyone can thrive.

Initiatives for a Workplace Environment that Enhances Work Engagement

・Site visit for employees with disabilities

We held a site visit for employees with disabilities working at the Headquarters and Tokyo Building Construction Branch. Fifteen employees who provide essential day support for the Company's internal operations took part, and by experiencing a front-line construction site firsthand, they were able to deepen their sense of commitment and alignment as indispensable members of the Company. Participants shared positive feedback, such as “Experiencing the site firsthand inspired me to contribute even more to the Company” and “The atmosphere was warm and welcoming.”

web Promotion of DE&I

・Family Visit Days

As part of our efforts to nurture the next generation, we held Family Visit Days at three branches, with 51 people from 17 families taking part. This initiative is designed to help families' understanding of our business and to enhance employee motivation. On the day, activities included exchanging business cards, craft-making, and site tours. We received positive feedback, with children commenting “I learnt that construction work supports people’s everyday lives” and employees saying “It was a great opportunity to show my workplace to my family.”



Site Visit Employees with Disabilities



Hokuriku Branch Family Visit

Supporting Subcontractors in Advancing Work Style Reform

We support work style reform at subcontractors and among skilled workers through targeted initiatives, such as providing financial incentives for taking leave to help establish a two days off per week system. We are also improving payment terms for subcontractors (abolishing payment by promissory notes and making payment in cash), encouraging and supporting registration in the Construction Career Up System (CCUS)*, and offering performance allowances under the Excellent Foreman System (for CCUS registrants).

* Construction Career Up System: The system registers the work records and qualifications of each skilled worker, enabling fair evaluation of their skills, improvement in construction quality, and enhanced efficiency of on-site operations.

web Sustainable Supply Chain

Enhancement of Well-being

Materiality Promotion of DE&I

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

Main Initiatives for Mental and Physical Health

Declaration of Health and Productivity Management

We formulated the "Declaration of Health and Productivity Management" in November 2024.

web Declaration of Health and Productivity Management

Comprehensive Above-statutory Health Checkups and Specialised Screenings and Early Intervention to Health Risks

We provide all employees with enhanced regular health checkups that include examination items equivalent to a full-scale medical screening to the regular health checkups required under the Industrial Safety and Health Act. To enable early detection and treatment of diseases, we also subsidise the cost of specialised screenings such as brain checkups (MRI screening), screenings for cancers specific to women (uterine and breast cancer), and prostate cancer screening. To help prevent lifestyle-related diseases, we are also implementing measures to address metabolic syndrome.
We have lowered the target age for health guidance from the statutory age of 40 and above to cover employees aged 35 and above.

(Non-consolidated, Domestic)	FY 3/25 results	**FY 3/26 results**	FY 3/27 targets
General regular health checkup uptake rate	99.8%	**99.9%**	100%
Follow-up examination uptake rate	27.3%	**68.6%**	80%
Specific health guidance uptake rate	37.2%	**—**	70%

Integrated Monitoring of Stress Levels and Engagement, and Support for Improvement

Going beyond statutory requirements, we conduct annual stress checks and engagement surveys for all employees. By simultaneously identifying early-stage mental health risks (stress checks) and measuring employees' vitality and enthusiasm for their work as well as their sense of alignment with and commitment to the Company (engagement), we gain a comprehensive understanding of employee well-being. We also feed the results of organisational analysis from the surveys back into individual departments, providing targeted support to high health-risk workplaces and fostering engagement, thereby fostering an environment where all employees thrive and achieve their full potential. Consequently, employee engagement has been rising year-on-year both in Japan and overseas.

(Non-consolidated)	FY 3/25 results	**FY 3/26 results**	FY 3/27 targets
Stress check participation rate (Domestic)	99.8%	**99.8%**	100%
Employee engagement*1 (Domestic)	49.2	**50.1**	—
Employee engagement*2 "intent to stay over the next year" (Overseas)	80%	**82%**	—

*1: Survey by Advantage Risk Management Co., Ltd.
*2: Survey by the Company

Promotion of Comprehensive Self-Care Using the “QOLism” Healthcare App

Utilising digital technology, we have created an environment enabling employees to manage their physical fitness, nutrition, and mental well-being in an integrated manner. In addition to encouraging regular exercise through wellness walks and similar initiatives, we provide a mobile application that allows employees to monitor their calorie intake, track body weight, and even assess their stress levels by voice analysis. These tools help all executives and employees take ownership of their own physical well-being and foster higher health awareness.



Implementation of Health Measures Encompassing the Supply Chain

In our Declaration of Partnership Building, revised on March 31, 2026, we set out our commitment to extending Health and Productivity Management initiatives throughout our supply chain. We are working to improve the occupational health environment at construction sites (measures to prevent heatstroke, measures against passive smoking, etc.).

External Evaluation

In recognition of our efforts to enhance employee well-being, we were certified for the sixth time as an Outstanding Organisation of KENKO Investment for Health 2026 (Large Enterprise Category) under the certification programme jointly administered by the Ministry of Economy, Trade and Industry (METI) and the Nippon Kenko Kaigi.

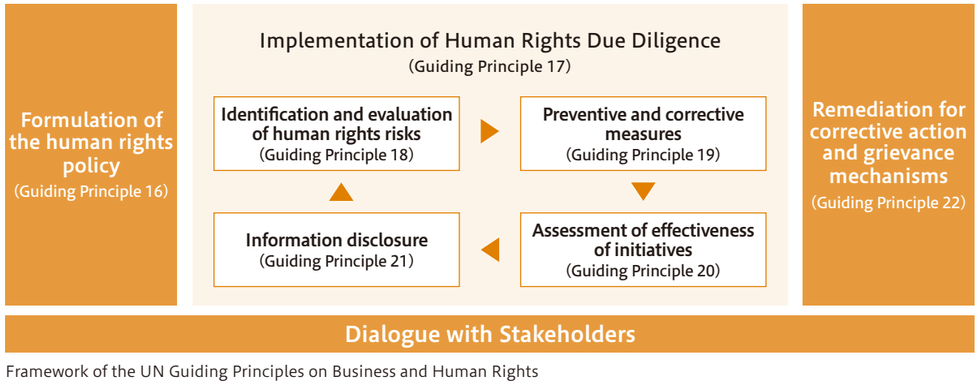
2026 健康経営優良法人 KENKO Investment for Health 大規模法人部門

web Enhancement of Well-being

Respect for Human Rights

Materiality
Respecting Human Rights and Building Sustainable Supply Chain

As a signatory company of the UN Global Compact (UNGC), POC upholds the Ten Principles in the four areas of human rights, labour, environment, and anti-corruption; supports and respects international human rights norms such as the International Bill of Human Rights and the ILO Declaration on Fundamental Principles and Rights at Work; and undertakes initiatives to promote respect for human rights in line with the framework of the UN Guiding Principles on Business and Human Rights.



Framework of the UN Guiding Principles on Business and Human Rights

Human Rights Policy

To fulfil our corporate responsibility to respect human rights, we have established the Penta-Ocean Construction Group Human Rights Policy and are practising 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.

web Human Rights Policy

Promotion System

In May 2023, we established the Human Rights Committee, chaired by the President, CEO and Representative Director. The Committee formulates the Group's human rights policy, identifies significant human rights risks through regular human rights impact assessments, monitors the effectiveness of remedial and corrective measures, and promotes human rights due diligence. Important matters are reported to the Board of Directors.

Sustainability Management Governance Structure ▶P33

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 the 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 3/26 was 37 (harassment consultations: 37, human rights consultations: 0)*. There were no cases of serious human rights violations.

* Consultations are classified and counted under the applicable contact point based on their content.

web Human Rights Consultation Desk and Harassment Consultation Desk

Dialogue with Stakeholders

Since June 2024, we have participated in the Business and Human Rights Academy, organised by the UNDP (United Nations Development Programme), deepening our understanding of business and human rights issues through lectures by human rights experts and discussions with other participating companies, and applying these insights to improve our own initiatives.
In the Global Compact Network Japan (GCNJ), of which we have been a member since 2022, we participate in the Human Rights Due Diligence Working Group, obtaining information from experts and others to promote our initiatives.

Education and Awareness

We conduct human rights training globally for all executives and employees of the Group, and we also hold a "Human Rights Awareness Trainings for executives" for executives and management-level employees, both on an annual basis. In February 2026, we held a lecture by an external speaker on the theme of "Practising Human Rights Due Diligence in the Construction Industry." Additionally, we strive to broadly enhance understanding of human rights by soliciting human rights awareness slogans from employees and their families, and by creating human rights posters and leaflets. We also provide our major business partners with clear explanations of our specific initiatives regarding respect for human rights when presenting the Sustainable Supply Chain Guidelines.

Human Rights Due Diligence (HRDD)

Implementation of Human Rights Monitoring

We conduct monitoring based on the human rights risks and priority issues in the construction industry that we identified in FY 3/23 with guidance from external experts.
Responsible departments, such as those in charge of safety, human resources, and general affairs, monitor the implementation status of specific measures and report regularly to the Human Rights Committee. In FY 3/26, we conducted human rights monitoring covering 10 domestic branches, nine Group companies, and overseas offices in seven countries and regions. After explaining human rights issues to each of these sites, we asked them to conduct self-checks and confirmed the results.
For major subcontractors and material suppliers, we also conducted human rights monitoring in FY 3/26 covering 1,075 companies (in Japan and overseas) as part of the self-assessment questionnaire (SAQ) based on the Sustainable Supply Chain Policy and Guidelines. We take action on items requiring improvement and report the results to the Human Rights Committee.

Monitoring Based on the Sustainable Supply Chain Guidelines ▶P54



Briefing Session on Human Rights Issues in Singapore

Major Human Rights Risks and Priority Issues in the Construction Industry

Human Rights Risks	Priority Issues	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
Dysfunctional grievance mechanisms			●	●	
Occupational health and safety	●	●	●	●	
Prohibition of discrimination		●	●	●	
Inhumane treatment and harassment	●	●	●	●	
Working hours	●	●	●	●	
Wages and working conditions	●	●	●	●	
Forced labour	●		●	●	
Child labour			●	●	
Freedom of association and collective bargaining rights			●	●	
Human rights abuses against foreign migrant workers (foreign technical intern trainees, etc.)	●	●	●	●	
Rights of indigenous peoples and local residents					●

Major Initiatives of the Penta-Ocean Construction Group

	FY 3/23	FY 3/24	FY 3/25	FY 3/26
Human Rights Committee		Establishment of Committee (May)	Regular meetings (four times a year)	
Human Rights Policy		Formulation and disclosure of Policy (June)		
Human Rights Consultation Desk		Establishment of Consultation Desk (Aug.)	Operation	
Human rights risks	Identification of risks			Review of risks (through FY 3/27)
Human rights monitoring, preventive, and corrective measures		POC Group: Education and monitoring (Sept.–Dec.)	Business partners: Briefing sessions and monitoring (June–Mar.)	POC Group: Briefing sessions and monitoring (Sept.–Jan.) Business partners: Briefing sessions and monitoring (June–Mar.)
Dialogue with stakeholders		Human rights dialogue (JP-Mirai)	Participation in the UNDP Business and Human Rights (B+HR) Academy	
		Participation in GCNJ human rights-related working groups		
Education and awareness	In-house training (e-learning) for all Group executives and employees, "Human Rights Awareness Trainings for executives" and management-level employees (held annually)			
		Awareness-raising for business partners		

web Respect for Human Rights

Sustainable Supply Chain

Materiality
Respecting Human Rights and Building Sustainable Supply Chain

At the Penta-Ocean Construction Group, we conduct fair transactions with our business partners, including subcontractors and material suppliers, on an equal footing, and foster partnerships aimed at collaboration, coexistence, and co-prosperity. Together with our business partners, we 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 strive to foster strong partnerships with business partners and build a Sustainable Supply Chain (SSC), aiming to contribute to the sustainable development of society and achieve continued growth together with them. To advance this initiative with our business partners, we formulated and disclosed the Sustainable Supply Chain Policy and the Sustainable Supply Chain Guidelines following a resolution by the Board of Directors on November 21, 2023.

web Sustainable Supply Chain Policy and Guidelines

Declaration of Partnership Building

To support partner companies in advancing their work style reform and securing future human resources, Penta-Ocean Construction has published a Declaration of Partnership Building. Through this declaration, we commit to collaboration, coexistence, and co-prosperity with our supply chain business partners and other value-creating enterprises.



web Declaration of Partnership Building (Japanese)

Promotion System

Since May 2023, the Sustainability Promotion Committee (chaired by the President, CEO and Representative Director) has been responsible for formulating and promoting sustainable supply chain strategies, actively driving related initiatives forward.

Sustainability Management Governance Structure ▶P33

Education and Awareness

Internally, since FY 3/24 we have conducted briefings based on the Sustainable Supply Chain Guidelines for domestic branches, overseas offices, and Group companies. We also conduct annual e-learning training globally on sustainable supply chains for all executives and employees of the Group. For business partners, we also brief them on the Policy and Guidelines and share case studies on our initiatives along with explanatory documents.

Promotion of Fair Transactions

The Penta-Ocean Construction Group promotes fair transactions in line with its Sustainable Supply Chain Guidelines, which set out key principles such as "conducting fair transactions with business partners on an equal footing" and "not engaging in unfair practices such as abuse of a superior bargaining position towards business partners." Specifically, all executives and employees are fully briefed on fair transactions through training programmes. In addition, we carry out an annual survey using our proprietary Fair Transactions Questionnaire for our business partners to verify whether price negotiations and price pass-through are executed appropriately and to ensure no unfair burdens are imposed. In the Small and Medium Enterprise Agency's Price Negotiation Promotion Month Follow-up Survey (March 2026), we received an "A" rating for price negotiations and payment terms and a "B" rating for price pass-through (A: the highest of four levels; B: the second highest).

Supporting Subcontractors in Advancing Work Style Reform and Securing Human Resources

In addition to supporting work style reform at subcontractors and among skilled workers and encouraging and supporting registration in the Construction Career Up System (CCUS), we pay performance allowances under the Excellent Foreman System (for CCUS registrants) and have improved payment terms for subcontractors (abolishing promissory notes and making payment in cash).

Supporting Subcontractors in Advancing Work Style Reform ▶P49



Promoting Registration in the Construction Career Up System (Facial Recognition)

Safety and Environmental Initiatives in Partnership with Subcontractors

Together with our subcontractors, we strive to ensure safety and protect the environment at construction sites, and to enhance knowledge and skills through various education and training programmes.

Initiatives in Partnership with Subcontractors ▶P56

Monitoring Based on the Sustainable Supply Chain Guidelines

Monitoring of Business Partners and Feedback

We monitor the status of business partners' initiatives using a self-assessment questionnaire (SAQ) formulated from specific items based on the items of the Sustainable Supply Chain Guidelines (compliance with laws and regulations, fair transactions, respect for human rights, environmental protection, etc.). To support the monitoring process, we provide explanatory briefings at General Safety Meetings, hold briefings in each country, and distribute informational tools.
In Japan, the FY 3/25 monitoring covered 159 companies, including those serving as board member companies of the Penta-Ocean Construction Labour Safety Council, major material suppliers, and main business partners of the Group companies. In FY 3/26, the scope was expanded to all member companies of the Penta-Ocean Construction Labour Safety Council, covering 995 companies including major subcontractors and material suppliers. Overseas, briefings were held at our major locations in Singapore, Hong Kong, Thailand, Indonesia, and Vietnam, and SAQ surveys were conducted with 70 companies in FY 3/25 and 80 companies in FY 3/26.
In FY 3/26, the overall response rate for Japan and overseas was a strong 84%, and the conformity rate* was 97%, but an item-by-item comparison showed relatively lower results for "response to climate change" and "environmental protection." We will continue to enhance our efforts in this area, including providing our business partners with guidance materials to help them better understand these issues.

* Conformity rate: Number of questions for which a rating of 3 (standard level of initiative) or higher was selected / Number of questions asking about the status of initiatives for Guideline items

Status of Monitoring of Business Partners

	Item		Domestic	Overseas	Total
FY 3/25	Number of briefings held		9	7	16
	SAQ survey	Companies surveyed	159	70	229
		Companies responding	155	56	211
		Response rate	97.5%	80.0%	92.1%
		Conformity rate	95.7%	98.7%	97.2%
	Companies visited for interviews		9	—	9

	Item		Domestic	Overseas	Total
FY 3/26	Number of briefings held		**10**	**7**	**17**
	SAQ survey	Companies surveyed	**995**	**80**	**1,075**
		Companies responding	**837**	**61**	**898**
		Response rate	**84.1%**	**76.3%**	**83.5%**
		Conformity rate	**97.3%**	**97.3%**	**97.3%**
	Companies visited for interviews		**12**	**16**	**28**

Visits to Business Partners and Discussions

In addition to providing feedback on the evaluation results to all responding companies, we conducted on-site visits to nine companies in Japan in FY 3/25 and 28 companies across Japan and overseas in FY 3/26 to hold interviews and review their responses. Going forward, we will conduct follow-up interviews with business partners identified as requiring further follow-up. Where issues are identified, we will request corrective action plans and support their efforts as a Group.
In FY 3/26 in particular, we visited companies serving as chairs of the respective Penta-Ocean Construction Labour Safety Councils at all domestic branches and received valuable feedback on our Sustainable Supply Chain initiatives and future direction.
We will continue to drive further improvements and share best practices to advance initiatives in collaboration with our subcontractors and material suppliers.

Opinions Received (Excerpts)

- Some items in the SSC Guidelines cover very broad themes, making it difficult to determine the appropriate scope and depth of actions.
- The capacity to implement these initiatives varies depending on factors such as company size. We would welcome more practical explanations tailored to different levels of understanding, as well as additional support tools.
- Conducting a self-check once a year after sharing the vision we are aiming for is highly meaningful.
- A long-term perspective is essential, and we feel this is important for business continuity.
- Penta-Ocean's commitment to working together with subcontractors is clearly communicated. We feel that activities like this contribute to the positive atmosphere at construction sites.



Briefing for Subcontractors at General Safety Meeting (June 2026, Japan)



Briefing for Subcontractors (July 2026, Singapore)

web Sustainable Supply Chain

Occupational Health and Safety

Materiality
Ensuring Occupational Health and Safety

Recognising occupational health and safety as the foundation of sustainability management, we work with subcontractors to promote occupational accident prevention activities.

Principles of Health and Safety Activity

1. Make every effort to avoid all accidents, including occupational and public accidents.
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 continuously raise the standards.

web Safety, Health, Quality, and Environment Policy

Promotion System

Environment Health and Safety Committee

To effectively promote environment, health, and safety initiatives, the Environment Health and Safety Committee has been established as the central organisation under the Sustainability Promotion Committee, chaired by the President, CEO and Representative Director. The Committee deliberates and determines basic policies and measures.

Safety and Health Patrols

Based on the annual plan, we regularly conduct various types of patrols at construction sites of all branches.

- Environment Health and Safety Committee (headquarters and branch offices) patrols
- President's patrols
- Labour Safety Council (headquarters and branch offices) patrols
- Patrols by subcontractors' business owners



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 hazards inherent in our business, promote health 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 COHSMS*1 Certification from the Japan Construction Occupational Safety and Health Association (JCOSHA) in 2008, and have renewed it following an audit every three years since. Overseas, several of our sites and offices have also obtained certification under the international standard for occupational health and safety management systems (ISO 45001), and we strive to continuously improve our occupational health and safety performance through the operation of these systems.

*1: COHSMS (Construction Occupational Health and Safety Management System)

web List of ISO and Other Certifications

Safety Results

In FY 3/26, a total of 25 occupational accidents resulting in four or more days lost occurred in Japan and overseas combined. In addition, two fatal accidents occurred overseas. We will further raise awareness of the importance of putting safety first and ensure strict safety management.

Safety Results Data (4 or more days lost, non-consolidated)

	Penta-Ocean Construction total (Domestic and Overseas)					Domestic					Overseas				
	FY 3/22	FY 3/23	FY 3/24	FY 3/25	**FY 3/26**	FY 3/22	FY 3/23	FY 3/24	FY 3/25	**FY 3/26**	FY 3/22	FY 3/23	FY 3/24	FY 3/25	**FY 3/26**
Number of accidents	18	35	24	31	**25**	9	23	17	22	**18**	9	12	7	9	**7**
Number of fatal accidents	3	1	1	2	**2**	1	1	0	0	**0**	2	0	1	2	**2**
Number of fatalities (employees)	0	0	0	0	**1**	0	0	0	0	**0**	0	0	0	0	**1**
Number of fatalities (subcontractors)	3	1	1	2	**1**	1	1	0	0	**0**	2	0	1	2	**1**
Frequency rate*2	0.34	0.69	0.48	0.60	**0.48**	0.47	1.30	0.97	1.00	**0.81**	0.30	0.36	0.20	0.32	**0.23**
Severity rate*3	0.45	0.20	0.17	0.31	**0.31**	0.42	0.52	0.06	0.07	**0.03**	0.46	0.01	0.22	0.48	**0.51**
Total working hours (million hours)	52.20	50.98	53.79	53.25	**52.34**	19.21	17.70	19.62	22.05	**22.28**	33.00	33.28	34.17	31.21	**30.06**

*2: Frequency rate: Represents the frequency of accidents, expressed as the number of casualties from occupational accidents per one million total actual working hours.
*3: Severity rate: Represents the severity of accidents, expressed as the number of workdays lost per 1,000 total actual working hours.

Initiatives to Uphold Our Safety-First Commitment

Education and Awareness

To enhance knowledge and skills related to workplace safety and to work toward eliminating occupational and public 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.

Establishment of Special Days to Pledge Safety

・Special Safety Day (March 30)
On March 30, 2014, a major accident occurred at the Okinotorishima port construction site, taking the 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 on-site inspections are conducted to reconfirm safety.

・Fire Prevention Day (April 20)
On April 20, 1998, a major fire occurred at one of our construction sites, resulting in one fatality, 16 people seriously or slightly injured, and one building completely destroyed by fire. To ensure that the lessons of this disaster are never forgotten, we have designated April 20 as Fire Prevention Day, an occasion on which we review and reaffirm our fire prevention measures.

Safety Considerations for International Workers

The proportion of international workers has been increasing year by year, now accounting for about 12% of on-site personnel across our domestic sites. As part of our safety measures for international workers, we prepare safety signage, key construction items, and orientation/training materials in their native languages (such as Vietnamese, Indonesian, English, and Chinese), providing training accordingly.
We have also introduced an AI translation tool company-wide. It is used in safety training and other settings to enhance communication with international workers. At some sites, safety patrols led by international workers are conducted on a weekly basis. Through these measures, we aim to reduce occupational accidents and improve on-site productivity by overcoming language barriers.





Safety Training Using an AI Translation Tool

Case Example: Sustainability Awards (Japan) ▶P34

Initiatives in Partnership with Subcontractors

Safety, Health and Environment Promotion General Meeting

In June, the headquarters, branch offices, and the Penta-Ocean Construction Labour Safety Council jointly hold a Safety, Health and Environment Promotion General Meeting at each branch. 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 3/27 was held jointly with the Labour Safety Consultation Council Federation, with the President, CEO and Representative Director in attendance.



Headquarters Safety, Health and Environment Promotion General Meeting (June 2026)

Education and Training Programmes

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

Foremen's Associations

At each site, we organise a foremen's association 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

web Occupational Health and Safety

Roundtable Discussion of Outside Members of the Board



At the Board of Directors meeting held every June, Penta-Ocean Construction conducts an evaluation of the Board of Directors' effectiveness. Building on the discussions that arose from these evaluations, POC transitioned to a new corporate governance structure following the General Meeting of Shareholders in June 2026. While maintaining its status as a Company with an Audit and Supervisory Board, POC adopted a new governance structure that integrates the advantages of both a Company with a Nomination Committee, etc., and a Company with an Audit and Supervisory Committee. To mark this transition, we held a roundtable discussion with our five Outside Members of the Board—Hokuto Nakano, Mina Sekiguchi, Hiroshi Hayashida, Akiko Kikuchi and Misawa Kishinami. They shared their insights on key themes, including Board operations, the new corporate governance structure, and POC's approach to practising sustainability management.

Prospects for the New Corporate Governance Structure and Key Challenges

——What is your assessment of the new corporate governance structure and the current operation of the Board?

Nakano: Amid growing expectations for stronger corporate governance over the past few years, the atmosphere of the POC Board meetings has noticeably changed. Discussions have become far more collaborative, with Outside Members of the Board actively raising questions and offering opinions. In recent years, a key focus of Board discussions was the International Business Unit (IBU), which continued to face underperformance over the past few years. Some shareholders suggested "POC should consider withdrawing from unprofitable overseas operations to reallocate resources toward the more lucrative domestic civil engineering and building construction segments."
However, through extensive discussions at Board meetings, all members reaffirmed the strategic importance of the IBU as one of the three core business pillars, recognising its crucial role in enhancing the Company's overall corporate value. Consequently, the consensus within the Board has shifted toward how the entire Company, including domestic civil engineering and building construction, can best support the IBU as an essential pillar.
Hayashida: I agree that the POC Board currently serves as a platform for open, candid dialogue, where meetings are structured to ensure all participants can contribute freely. Compared to nearly two years ago when I took office, targeted improvements have been steadily made to both the selection of agenda items and Board operations, thoughtfully incorporating input from Outside Members of the Board. Furthermore, I highly evaluate the timely restructuring of the Board to give Outside Members a majority. This transition allows us to place greater weight on deliberating mid- to long-term business strategies, driving key decisions and overseeing business execution.
Kikuchi: POC's new corporate governance structure, featuring a majority of Outside Members of the Board, is set to significantly enhance the Board's oversight function by incorporating independent and objective perspectives. This transition establishes a clear separation between the roles of the Members of the Board and those of the Corporate Officers. It represents an important step forward, enabling the Board to pivot its focus from reviewing individual operational matters to deliberating on medium- to long-term growth strategies, including overall management policies, major business risks, resource allocation, and the introduction of a performance-based stock compensation programme. Furthermore, increasing female representation on the Board to three marks a crucial advancement. It brings broader experience and more diverse perspectives to the Board's decision-making, ultimately enhancing both the scope and depth of discussions.
Kishinami: The true value of this Board restructuring lies in balancing the "speed of decision-making" with the "rigour of oversight". What I expect from this transition is for POC to utilise the new structure beyond merely as a "reactive" governance framework. I expect the new structure to serve as a dynamic platform to leverage the diverse insights of Outside Members of the Board, thereby enhancing both the speed and quality of strategic decision-making. Transitioning to a majority of Outside Members of the Board is fully aligned with broader social trends.
Sekiguchi: VUCA (Volatility, Uncertainty, Complexity, and Ambiguity) is no longer a transitory phase, but an ongoing reality. It is no longer realistic to assume that the medium- to long-term business environment will remain stable, and operating without effective safeguards against VUCA is inherently risky. POC transitioned to its new corporate governance structure at a timely moment. As I understand it, this transition effectively delegates short- to medium-term operational decisions to the Executive Committee. In turn, it reshapes the Board into a body that truly "thinks" through deliberation in order to ensure sustainable corporate value creation amidst medium- to long-term changes in the business environment.



Hokuto Nakano

Having served as Managing Executive Officer at Mizuho Bank, Ltd., Mizuho Financial Group, Inc., and Mizuho Securities Co., Ltd., as well as Director and Managing Executive Officer at ASICS Corporation, he brings broad experience and deep insight in corporate management.
(Outside Member of the Board since June 2021)

——Looking ahead, what do you see as key management issues, and how do you expect the Company to address them?

Sekiguchi: Naturally, the Board must continue to fulfil its core responsibilities by monitoring executive decision-making from an external stakeholder perspective and ensuring that interests of external stakeholders are fully protected. Beyond this, our essential role is to challenge the *status quo*—the assumption that current conditions will continue—which is inherently difficult for current management to let go of. This requires us to prepare for extreme volatility and dynamic changes, build the necessary organisational frameworks and secure strategic options, while keeping our sights on a future beyond the tenure of the current management team. We are called to engage in thorough discussion on what must be done today to build a structure that enables the next generation of management to sustainably create and deliver value to all stakeholders. Driving management to take concrete action is the paramount function expected of modern boards. It is my sincere hope that, under this new corporate governance framework, we will conduct precisely these kinds of forward-looking discussions.
Hayashida: I concur, and I also expect the Board to serve as a dynamic forum for strategic discussion from a medium- to long-term perspective. Concurrently, we need to ensure the newly established Executive Committee fully executes its mandate, linking its functions with the Board effectively and efficiently.
Kikuchi: For Outside Members of the Board to challenge internal assumptions and long-standing practices while addressing fundamental issues from the broad perspective of stakeholders, including shareholders, clients, and employees, we must continuously foster an environment that encourages open and candid dialogue. At the same time, Outside Members of the Board must avoid falling into superficial or ritualistic discussions without a deep understanding of POC's business operations and on-site challenges. Through the Board effectiveness evaluation, we requested several key initiatives to address this: streamlining Board agendas to secure sufficient time for deliberation, providing timely information and thorough pre-briefings, and deepening direct dialogue with personnel engaged in on-site operations. Personally, I remain committed to asking the right questions from an independent standpoint to bring POC to greater heights. I will strive to maintain a relationship defined by both healthy tension and mutual trust with executive management, contributing to sustainable corporate value creation through rigorous oversight and constructive advice.
Nakano: Following our discussions on the IBU, I believe management's next major strategic focus lies in the Offshore Wind Construction Business Division, which has required massive capital investment. This is a recognition we share with the President and executive management, which will naturally lead to expanded discussions going forward. However, a key challenge is that despite the growing focus on such strategic topics, the sheer volume of Board agendas leaves us with insufficient time for deep deliberation. Fresh, unfiltered observations from Outside Members of the Board—who are, in a sense, non-experts in this industry—can often uncover blind spots that internal experts might otherwise miss or overlook. Drawing out these valuable insights requires sufficient discussion time. Furthermore, former Board members overseeing business execution will now sit in on Board meetings as Corporate Officers. From an outside perspective, I hope these executives—particularly those representing the core divisions, such as Domestic Civil Engineering, Domestic Building Construction and IBU—will actively contribute opinions beyond their own departments. They possess industry experience and operational knowledge that far exceed ours. While Outside Members may offer fresh angles that internal experts miss, I believe input from other internal divisions carries enormous value in its own right.
Kishinami: To ensure that transitioning from the previous governance structure is not a mere formality, and to prevent the Board from becoming a body that simply endorses executive decisions, we must continuously elevate both the quality and function of the Board's oversight. POC's corporate governance is still evolving. Moving forward, I remain committed to driving further Board reform, fulfilling our accountability to all stakeholders, and dedicating myself to sustainable value creation.



Mina Sekiguchi

Through her career at KPMG AZSA LLC and KPMG Japan, she brings a wealth of experience and profound expertise in sustainability and ESG across the energy sector, climate change, and carbon neutrality.
(Outside Member of the Board since June 2022)

Sustainability Initiatives Begin on Site

——What is your assessment of the sustainability management that POC strives for?

Hayashida: Ongoing initiatives such as the "Sustainability Morning Briefings" and "Sustainability Awards" are highly commendable as remarkably progressive efforts. Listening to the feedback from the award recipients, I am convinced that being recognised under this theme itself is directly linked to the evolution of sustainability management within the Company. Furthermore, there is no doubt that promoting the advancement of female employees and international talent as part of the human capital strategy makes a vital contribution to its advancement. I strongly encourage management to accelerate these human capital initiatives even further.

Nakano: Promoting sustainability through the morning briefings and internal awards helps raise ESG awareness among employees, particularly those working on-site. If each employee, alongside the primary goal of successfully delivering an awarded project, can pursue sustainability as a second vital goal, it will become a major strategic strength for POC. Achieving this, however, will take time. The key lies in management's persistent commitment to driving this mindset shift. At this stage, these dual objectives are not yet given equal weight. Even during site visits, briefings from on-site teams remain focused primarily on construction works, with limited attention given to sustainability. While it may be a gradual process, if on-site employees come to treat these dual goals with equal weight—recognising that sustainability is an essential objective for every single project—it will significantly enhance POC's presence in the industry.

Kikuchi: In addition to embedding awareness through the morning briefings and internal awards, POC is addressing a broad range of key issues—including human rights, supply chain management, diversity, climate change, and creating a rich environment. Its commitment to rooting sustainability across project sites is truly exemplary. Because the true effectiveness of sustainability initiatives hinges on the awareness and actions of each individual working on-site, future efforts should go beyond merely implementing and expanding measures. It would be ideal if the Company could clearly demonstrate how the behaviour of employees and subcontractors actually changes, and how those changes directly translate into risk mitigation and enhanced corporate value.

Sekiguchi: Transitioning to this new corporate governance structure holds immense significance for POC's sustainability management, as it establishes a framework designed to deliver continuous value to all stakeholders through sustainable growth. Beyond merely generating short-term profits, I believe that this shift has institutionalised the ability to "think". This new structure is expected to secure ongoing value creation, even amid a rapidly changing business environment. As a general contractor, POC works daily alongside numerous subcontractors to create value. Given the vast scale of this corporate community extending to subcontractors, ensuring that every member understands, embraces, and practises POC's concrete sustainability initiatives is the Company's fundamental social responsibility as a general contractor.



Akiko Kikuchi

As a Solicitor of England & Wales and Hong Kong with practice experience at law firms in the UK and the US, as well as roles as an Officer at Bayer Holding Ltd. and a Member of the Board at Novo Nordisk Pharma Ltd., she possesses comprehensive experience and deep knowledge in legal affairs, compliance, and corporate governance.
(Outside Member of the Board since June 2025)



Hiroshi Hayashida

Having served in key roles such as Director-General of the Ports and Harbours Bureau at the Ministry of Land, Infrastructure, Transport and Tourism, he offers high-level insight and expertise in the construction industry and port construction technologies.
(Outside Member of the Board since June 2024)

——What are your expectations for POC's future strategic direction, and what key initiatives should we focus on going forward?

Kikuchi: Regarding the risk mitigation and corporate value enhancement mentioned earlier, establishing KPIs to visualise these outcomes would be an ideal next step. Moving forward, management must clearly articulate its vision while making continuous efforts to reflect these outcomes in performance evaluations, human capital development, and daily operational processes.

In terms of diversity, alongside quantitative targets, emphasis must be placed on true inclusion by fostering a workplace culture where everyone feels safe and empowered to speak up. On human rights, rigorous compliance concerning foreign national workers is required—an area receiving heightened attention in recent years. Across the supply chain, building even stronger collaborative frameworks with subcontractors, while remaining mindful of geopolitical risks, will be essential. Furthermore, I expect to see POC more actively showcase its excellent climate change initiatives, leveraging them to secure orders and advance R&D, thereby driving its competitive edge and sustainable growth. As an Outside Member of the Board, I will continue to closely monitor whether "speak-up" practices are effectively taking hold on-site and whether critical information, including unfavourable news, is being transparently and appropriately reported to the Board.

Kishinami: From the Social (S) perspective of ESG, POC has established the Sustainable Supply Chain Guidelines and is making highly systematic progress across key areas—including legal compliance, anti-corruption, safety-first initiatives, and respect for the human rights of foreign



national workers. To further enhance the effectiveness of these efforts, I hope to see continued progress through concrete initiatives, such as disclosing human rights due diligence results alongside its subsequent reviews, KPI reassessments, as well as showcasing the framework for a "two-way" feedback mechanism that channels on-site near-miss incident reports and subcontractor input back to the Sustainability Promotion Committee. I will strive to advocate these measures to continuously elevate the quality of POC's practices.

Nakano: While it may not be directly linked to sustainability, I believe that the ultimate strength of POC's project sites lies in its technical excellence and human integrity. The Company's engineering capabilities have long enjoyed a strong market reputation. Beyond that, clients feel a genuine sense of trust and personal warmth when working with POC, which naturally inspires them to return for their next project. This "human touch" is a powerful competitive advantage. Leveraging this core identity to drive its sustainability agenda forward is a key theme that I intend to pursue.

Sekiguchi: POC is deeply focused on developing mechanisms to enhance its sustainability management, and as an Outside Member of the Board, I highly value these proactive efforts. While themes like human rights, sustainable supply chains, and biodiversity can often seem abstract, bringing them down to daily operations is of paramount importance. For both employees and subcontractors, taking ownership of these issues, embedding them in daily work, and transparently sharing outcomes are fundamental to this process. Visualising how these daily actions directly contribute to broader environmental and social sustainability is key to sustaining these efforts over the long term. Just as all project stakeholders take pride in the Company's core civil engineering and building construction operations, its sustainability initiatives deserve to be held in equally high regard by society. I expect to see these efforts further developed and steadily pursued.

Hayashida: POC proactively addresses the challenge of practising sustainability management through concrete actions—such as offshore wind construction, promoting ZEB (Net Zero Energy Building) conversions, supporting blue carbon initiatives, and utilising eco-friendly materials like Calcia-improved soil and the mud-reforming agent "Watoru". Addressing these issues directly within its core business domains is pivotal to ensuring the tangible impact of these initiatives, and I fully support the continued expansion of these efforts. Among these, offshore wind power construction is a large-scale business expected to serve as a vital pillar in addressing global environmental challenges through the achievement of carbon neutrality. I highly value POC's commitment to advancing this field by constructing state-of-the-art work vessels and allocating key talent. Furthermore, POC's efforts to drive the broader adoption of offshore wind energy by proposing cost-reduction measures for construction deserve high praise. This is a concrete manifestation of the Company's commitment to building a sustainable society.

Kishinami: From the Environmental (E) perspective, I expect POC to transform the inherent risks unique to marine contractors into viable business opportunities. Few companies can successfully integrate environmental sustainability with advanced engineering expertise, as demonstrated by the Company's blue carbon initiatives and adoption of bio-friendly structures. By leveraging these core strengths to shift from passive risk mitigation to proactive, value-creating sustainability management and effectively communicating this vision, POC can build a compelling growth narrative that significantly enhances its long-term corporate value.



Misawa Kishinami

She brings a wealth of knowledge and expertise in corporate finance, financial strategy, and capital markets through key roles at Goldman Sachs Japan Co., Ltd. and UBS Securities Japan Co., Ltd.
(Outside Member of the Board since June 2026)

Roundtable Discussion of Outside Audit and Supervisory Board Members



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

Prospects for the New Corporate Governance Structure and Key Challenges

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

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



Nobuaki Yonezawa

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

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

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



Naoto Koga

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

Sustainability Initiatives Begin on Site

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

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

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

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



Maki Kataoka

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

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

Corporate Governance

Materiality
Promotion of Effective Governance

To ensure sound, transparent, and law-abiding corporate management and to achieve our continued growth and development, the 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

The POC Group practises a management philosophy that focuses on sustainability. We believe that "Our greatest contribution to society is the construction of high-quality infrastructure." 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 enhance our corporate value over the medium to long term 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

web Corporate Governance Guidelines (Japanese)

Enhancement of the Corporate Governance System

To strengthen the governance and effectiveness of the Board of Directors, we made enhancements to our corporate governance system, effective June 24, 2026.

1. Strengthening the Governance of the Board of Directors —Structuring the Board of Directors with a Majority of Outside Members of the Board

While retaining our structure as a Company with an Audit and Supervisory Board, we have incorporated the strengths of the Company with a Nominating Committee, etc. and Company with an Audit and Supervisory Committee models, thereby strengthening the Board of Directors' governance and its oversight of business execution. The Personnel Committee, which deliberates on officer nominations, compensation, and other matters, will continue to be chaired by an Outside Member of the Board, with Outside Members of the Board holding a majority of the Committee seats. Likewise, Outside Audit and Supervisory Board Members continue to constitute a majority of the Audit and Supervisory Board.

	2025	**2026**
Members of the Board	10	**7**
Of which, Outside Members of the Board (ratio)	4 (40.0%)	**5 (71.4%)**

2. Strengthening the Effectiveness of the Board of Directors —Delegating Business Execution to the Executive Committee

- The Board of Directors focuses on deliberation and decision-making regarding the Company's direction, management strategies and other matters from a medium- to long-term perspective, and oversees the execution of business by the Representative Directors and Executive Officers.
- The Executive Committee (newly established), composed of the Representative Directors and Corporate Officers (Executive Officers representing the Company's core divisions), makes decisions on business execution. Corporate Officers also sit in on meetings of the Board of Directors.

Historical Changes in the Corporate Governance System

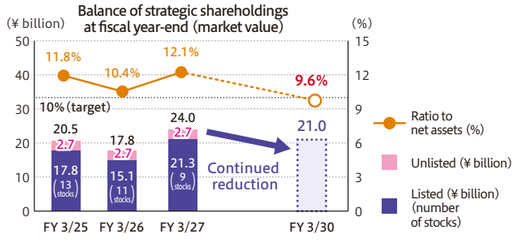
Year	Details
2002	The number of Members of the Board was reduced to seven, and the executive officer system was adopted.
	An Outside Member of the Board was appointed for the first time.
	The Personnel Committee including Outside Members of the Board was established.
	The performance-based executive 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.
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 executive 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 the appointment of one female Member of the Board.
2025	Appointed two female Members of the Board.
2026	The number of Outside Members of the Board was increased to five (a majority of the seven Members of the Board), including the appointment of three female Members of the Board.

Internal Control System

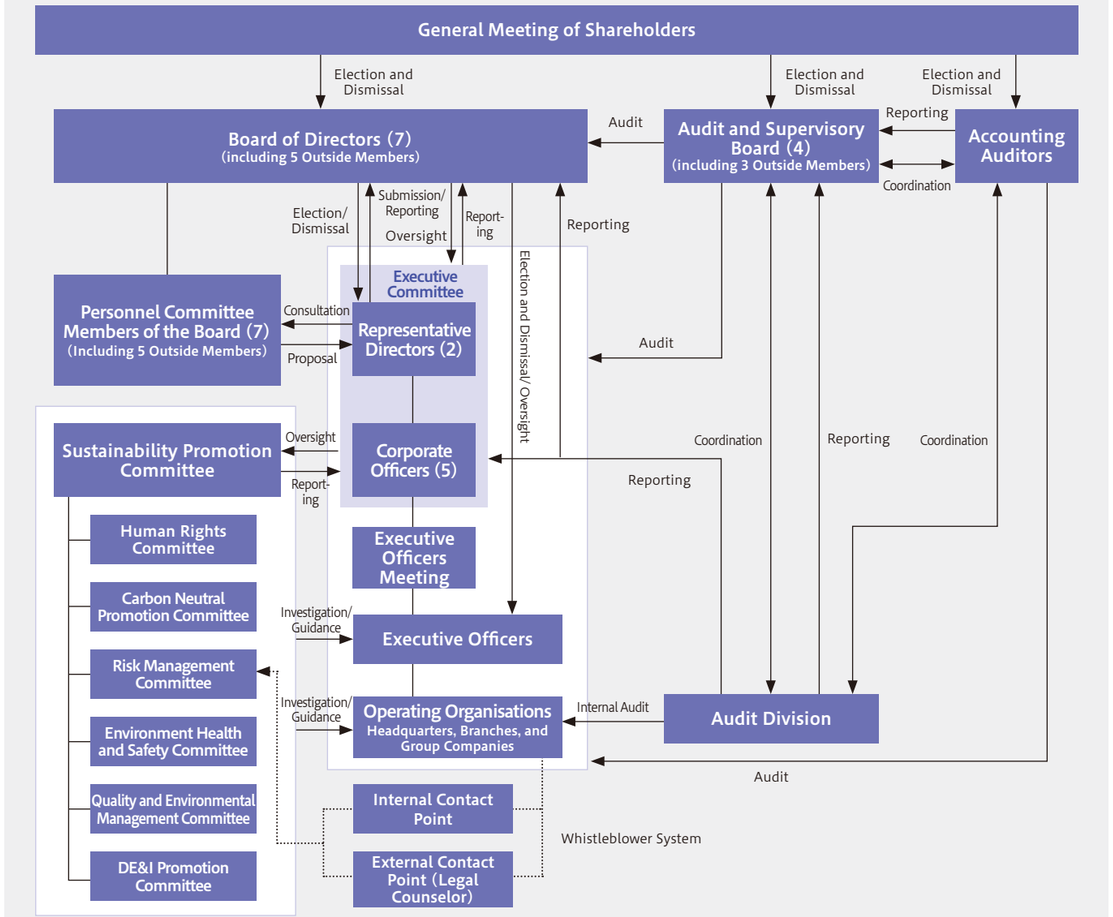
The Board of Directors establishes the basic internal control policy and develops an internal control system to ensure thorough risk management, compliance with laws and regulations, and the sound and efficient operation of business activities. The internal audit department conducts audits of the implementation and operation of the entire internal control system, working to ensure its continuous improvement and verify that operations are conducted appropriately. The results are evaluated by the Board of Directors annually between May and June to confirm that the internal control system is being operated effectively in accordance with the basic internal control policy.

Strategic Shareholdings

We hold strategic shareholdings with the primary intent of long-term ownership, subject to a resolution of the Board of Directors, with the aim of maintaining and strengthening business and cooperative relationships with investee companies. For each stock held, annually between May and June, we evaluate the financial condition, business performance, stock price, dividend status, the transaction status over the past three years, and future plans. The Board of Directors specifically examines the rationale of each holding from the perspective of its objectives, the benefits and risks, and its capital efficiency relative to the cost of capital. On that basis, to reduce holding risk and improve capital efficiency, we are proceeding with gradual reductions after sufficient dialogue with investee companies, aiming to bring strategic shareholdings to less than 10% of net assets by the end of FY 3/29.



Corporate Governance System Diagram



Evaluation of Effectiveness of the Board

Based on the Penta-Ocean Construction Corporate Governance Guidelines, we conduct an evaluation of the effectiveness of the Board of Directors annually in June. The method and results of the effectiveness evaluation are as follows. Each year, we identify key issues through discussions on the effectiveness evaluation and work to further improve the effectiveness of the Board of Directors, strengthen corporate governance, and ensure the proper operation of the internal control system.

Method of Assessing Effectiveness

- A self-assessment questionnaire on the effectiveness of the Board of Directors was administered to all Members of the Board.
- At the Board of Directors meeting held on June 5, 2026, all Members of the Board discussed the questionnaire results and assessed the effectiveness of the Board.

Assessment Results

The Board of Directors concluded that it is functioning appropriately and effectively.
(Key issues for further improving effectiveness)

1) Operation of the Board of Directors
   - Topic selection must be reviewed to secure opportunities and adequate time for deliberation
   - Sufficient time must be allocated to discussing medium- to long-term management strategy, changes in the external and business environment, risk management, human resource development, and the promotion of DX, AI, etc.

2) Building an Effective Risk Management Structure
   - In addition to risk management for business activities through the establishment and operation of an effective internal control system, a structure is needed to systematically evaluate and monitor risks arising from changes in the external and business environment, such as geopolitical risks
   - Establishment and operation of a company-wide, integrated risk management structure that includes Group companies

web Corporate Governance

Corporate Governance

Materiality
Promotion of Effective Governance

Executive Compensation

Revision of the Performance-based Stock Compensation Programme for Members of the Board and Others

At the Board of Directors meeting held on May 8, 2026, we revised the executive compensation programme to link it more closely to Company performance by increasing the proportion of stock compensation in the compensation of Members of the Board and Executive Officers (“Members of the Board, etc.”), thereby contributing to the sustainable enhancement of corporate value as well as to increases in share price. Short-term incentive compensation, which is linked to the Company’s performance in the previous fiscal year, was previously paid entirely in cash. Going forward, an amount equivalent to 50% will be paid in the form of stock, thereby increasing the proportion of performance-based stock compensation (non-monetary). Accordingly, beginning with compensation for FY 3/28, the proportions of fixed compensation (monetary), performance-based compensation (monetary), and performance-based stock compensation (non-monetary) will change from approximately 65%, 25%, and 10% to approximately 55%, 15%, and 30%, respectively. In consideration of their duties, Outside Members of the Board receive only base salary (fixed compensation in cash), which is set for each individual, and are not eligible for performance-based compensation (monetary and non-monetary).

1. Fixed Compensation (Monetary)

The amount of compensation consists of the base salary determined for each Executive Officer’s position, plus additional compensation for Members of the Board that is commensurate with the weight of their responsibilities.

2. Performance-based Compensation (Monetary)

・Individual Performance-based Compensation (Monetary)

Individual performance-based compensation is a variable amount of ±10% of the fixed compensation (monetary), based on an individual evaluation determined using 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 based on items such as company-wide performance (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 compensation = Fixed compensation × Evaluation coefficient based on individual performance evaluation

・Short-term Incentive Compensation (Monetary)

The short-term incentive compensation is calculated by multiplying the base amount determined for each position 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 for the individual performance-based compensation, 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 is 5% or lower 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-based Compensation (Non-Monetary)

For performance-based stock compensation through the Board Benefit Trust (BBT), the points to be granted to Members of the Board, etc. are determined each fiscal year, in the same manner as individual performance-based compensation in 2. above, 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 relative to a standard stock price that is reviewed every three years. Each point is converted into one share of the Company’s common stock upon delivery of the stock-based compensation. As a general rule, Members of the Board, etc. receive benefits in the form of shares of the Company, etc. upon retirement from their respective positions.

Compensation Breakdown for Members of the Board, etc. (from FY 3/28)

Fixed compensation (monetary)	Performance-based compensation (monetary)	Performance-based compensation (non-monetary)
Approx. 55%	Approx. 15%	Approx. 30%

Details of Executive Compensation

Type of compensation	Members of the Board, etc.	Outside Members of the Board	Audit and Supervisory Board Members
Fixed compensation (monetary)	●	●	●
Performance-based compensation (monetary)	●	—	—
Performance-based compensation (non-monetary)	●	—	—

Compensation for Members of the Board and Audit and Supervisory Board Members in FY 3/26

Executive category	Total amount of compensation, etc. (million yen)	Total amount of compensation, etc. by type (million yen)		Number of eligible officers (persons)
		Monetary compensation	Stock compensation	
Members of the Board (excluding Outside Members)	323	298	25	6
Outside Members of the Board	59	59	—	5
Audit and Supervisory Board Members (excluding Outside Members)	27	27	—	2
Outside Audit and Supervisory Board Members	45	45	—	4

* Stock compensation represents, for the fiscal year under review, the amount paid and the amount added to the provision for share awards for directors (and other officers). It is provided upon the retirement of Members of the Board or Executive Officers, and the amount of the benefit varies depending on the reason for retirement and the stock price at the time the benefit is provided.

web Corporate Governance

Risk Management

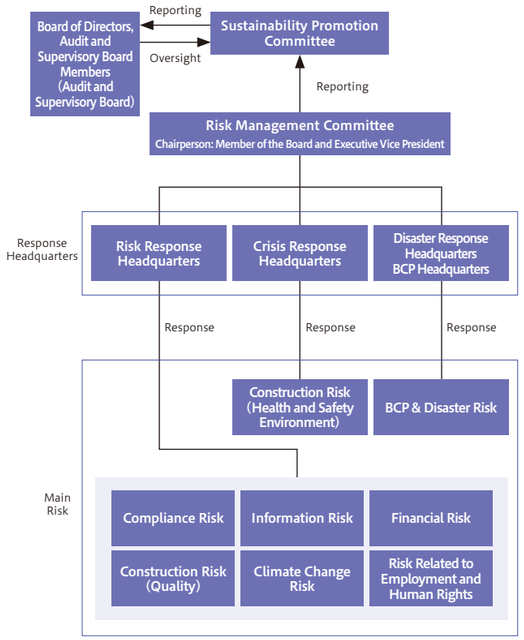
Materiality
Promotion of Effective Governance

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 endeavour to minimise 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 establishment and enhancement of the risk 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. In addition, independently appointed Audit and Supervisory Board Members attend meetings of the Board of Directors and offer opinions as necessary.

By identifying anticipated risks in advance and preparing for them, we are able to respond promptly according to the specific type of risk when it occurs. Additionally, by reviewing actions taken following risk responses, we strive to prevent the occurrence of new risks. Also, we will establish the Risk Response Headquarters in the event of a major risk; the Crisis Response Headquarters if a major occupational accident occurs; the Disaster Response Headquarters if a natural disaster occurs; and the BCP Headquarters if a major incident that threatens the continuity of business activities occurs, and we will respond accordingly. The head of each response headquarters is the President, CEO and Representative Director, a Head of relevant Divisions Group, or a branch head, depending on the risk level. In FY 3/26, no material risks, including serious legal violations, have occurred.



Information Security Management

The Penta-Ocean Construction Group recognises that it is the Company’s social responsibility to respond to the trust of customers and society by appropriately protecting, managing, and effectively utilising all information assets held and used in its business activities. Recognising information security as one of our material business issues, we have established the necessary information management framework, and based on the Information Security Policy, promote the following initiatives and strive for the continuous strengthening of our information security system.

- Identification and assessment of risks to information assets, and implementation of measures and continuous improvement based on the latest security threats, attack cases, etc.
- Appropriate protection and management of personal information, intellectual property, etc., and implementation of preventive measures
- Advancement of the security infrastructure and monitoring system, and organisational, personnel, physical, and technical safety management measures
- Development of the usage environment and rules for new technologies such as generative AI, and prevention of human rights and other rights infringements
- Implementation of regular education and training for all executives and employees, and requests to subcontractors, business partners, etc. for understanding of and cooperation with the policy
- Establishment of a system for prompt reporting, response, and recovery

There were zero major information incidents in FY 3/26.

web Information Security, Personal Information, and Intellectual Properties

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 Initiatives

- Confirmation of the safety of all Group executives and employees (including those working overseas), temporary 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 2025

web Risk Management

Compliance, Anti-corruption

Materiality
Promotion of Effective Governance

All executives and employees of the Penta-Ocean Construction 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 Act and other related laws and regulations, and practise fair and free competition.

Policy and Structure

The 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. 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 behaviour based on high ethical standards and sound judgment in line with social norms and ethics. Furthermore, we formulate key policies such as "Fair Competition and Appropriate Transactions" and "Anti-bribery and Anti-corruption", and strive to disseminate them across organisations, both at home and abroad. The Board of Directors establishes corporate ethics and ensures its strict compliance. There were no significant legal violations in FY 3/26.

Action Guidelines for Proper Bidding

In January 2006, POC resolved at a meeting of the Board of Directors a basic policy on compliance, including compliance with the Antimonopoly Act, and notified all executives and employees, and in July of the same year, published the Declaration of Eradication of Illegal Activities. The Declaration clearly states the Penta-Ocean Construction Group's basic stance against illegal activities: "Not to do, not to allow, and not to overlook". To ensure the implementation of this declaration, the "Action Guidelines for Proper Bidding", together with the Antimonopoly Act Compliance Manual and other materials, were established as guidelines to be observed by all executives and employees of the Penta-Ocean Construction Group, and are revised as necessary. In addition, we provide compliance training to all executives and employees of POC Group every year, and continue to ensure their understanding.

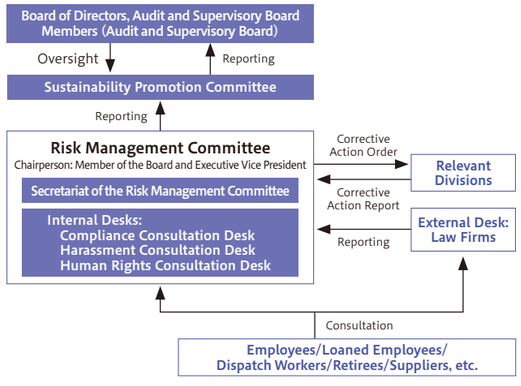
Compliance Training

POC Group provides various compliance training sessions aligned with the Code of Conduct, 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 FY 3/26 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 Act on Ensuring Proper Transactions Involving Specified Entrusted Business Operators, the Act on Elimination and Prevention of Involvement in Bid Rigging and Punishments for Acts by Employees that Harm Fairness of Bidding, etc., as well as the "Action Guidelines for Proper Bidding" established in the wake of 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 labour management, Competition Laws, anti-bribery, harassment prevention, and information asset management, with all executives and employees in each country participating. In addition, we conducted grade-specific training for younger employees to acquire essential legal knowledge such as the Antimonopoly Act and risk management. For managers, we held discussion-based training sessions focused on cases suspected of misconduct or violations of laws and regulations.

Compliance Consultation Desk

To further promote thorough compliance, the Penta-Ocean Construction Group established an outside point of contact 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 to executives and employees of POC Group as well as 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, workplace 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 action 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 organised 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.

web Compliance, Anti-corruption

Communication with Stakeholders

Materiality
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, subcontractors and other business partners, local communities, external organisations, and employees, by disclosing information in a timely and appropriate manner and engaging in proactive dialogue. We will draw on the feedback we receive from our stakeholders to further evolve our management and build trust.

Customers

- Dialogue through sales activities and construction projects…Ongoing
- Periodic inspections after handover……Ongoing
- Customer satisfaction surveys……Ongoing ▶P46
- Penta-Ocean Museum……Ongoing


Penta-Ocean Museum

Shareholders and Other Investors

- General Meeting of Shareholders……Once a year
- Financial results briefings……4 times a year
- One-on-one meetings……Ongoing
  (individual dialogue with domestic and overseas investors)
- Site tours……Ongoing
  (for investors, etc., and for individual shareholders)

FY 3/26 Results

Item		Results
Financial results briefings	Number held (of which attended by the President)	4 (3)
	Number of participants	295
One-on-one meetings	Number of companies (cumulative total)	440
	Number of participants (of which foreign institutional investors)	551 (147)
Number of site tour participants	For institutional investors and analysts	31
	For individual shareholders	54


Financial Results Briefing (May 2026)


Site Tour for Individual Shareholders

Subcontractors / Business Partners

- Questionnaire survey on fair transaction practices……Once a year ▶P53
- Collaboration with the Penta-Ocean Construction Labour Safety Council……Ongoing
- Sustainable Supply Chain (SSC) Policy and Guidelines briefing sessions, monitoring using self-assessment questionnaires (SAQs), and on-site interviews ▶P54

FY 3/26 Results

Item	Domestic	Overseas	Total
Number of SSC briefing sessions held	10	7	17
Number of companies surveyed via SAQ	995	80	1,075
Number of companies responding to SAQ	837	61	898
Number of companies interviewed on-site	12	16	28



Briefing for Subcontractors at General Safety Meeting

Local Communities

- Construction site tours……Ongoing
- Participation in events, volunteer activities……Ongoing
- Support for disaster-affected areas……As needed
- Social contribution activities……Ongoing


Local Cleanup Activities

External Organisations, etc.

- Dialogue with experts……Ongoing
- Collaboration with external organisations, etc……Ongoing


Cooperation in Seagrass Bed Creation Activities in the Port of Tokyo

Employees

- Labour-management council meetings and collective bargaining with the labour union……4 or more times a year
- Internal information sharing, various training programmes, opinion exchange meetings……Ongoing
- Engagement survey, stress check……Once a year ▶P50


Opinion Exchange Meeting for Employees Returning from Childcare Leave

All Stakeholders

- Establishment of compliance, harassment, and human rights consultation desks

web Communication with Stakeholders

Board Members

Members of the Board



Takuzo Shimizu

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



Tomoyuki Yamashita

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



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.



Mina Sekiguchi

Outside Member of the Board
Female

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
Female

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



Misawa Kishinami

Outside Member of the Board
Female

Appointed as an Outside Member of the Board of POC in June 2026
Status of concurrent holding of important positions
Outside Director, Daiwabo Holdings Co., Ltd.
Outside Member of the Board of Directors (Audit and Supervisory Committee Member), NIDEC CORPORATION
External Director, Sanken Electric Co., 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 Full-Time Audit and Supervisory Board Member of POC in June 2024



Naoto Koga

Outside Audit and Supervisory Board Member

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



Maki Kataoka

Outside Audit and Supervisory Board Member
Female

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

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

Skill Matrix

	Name		Corporate Management	Technology/IT	Sales/Business Strategy	Financial Affairs/ Accounting	Legal Affairs/Risk Management	Sustainability/ CSR	Global
			Expertise and Experience of Members of the Board and Audit and Supervisory Board Members						
Members of the Board	Takuzo Shimizu		●	●	●			●	
	Tomoyuki Yamashita		●			●	●	●	●
	Hokuto Nakano	Outside	●		●	●			●
	Mina Sekiguchi	Outside Female	●		●	●		●	●
	Hiroshi Hayashida	Outside	●	●					●
	Akiko Kikuchi	Outside Female	●				●	●	●
	Misawa Kishinami	Outside Female	●			●		●	●
Audit and Supervisory Board Members	Shunji Kitahashi					●	●		
	Nobuaki Yonezawa	Outside	●		●	●			
	Naoto Koga	Outside	●			●			
	Maki Kataoka	Outside Female				●	●	●	●

* Sustainability/CSR: Includes ESG, IR/public relations, DE&I, respect for human rights, global environmental issues, etc.

(Applicable criteria)

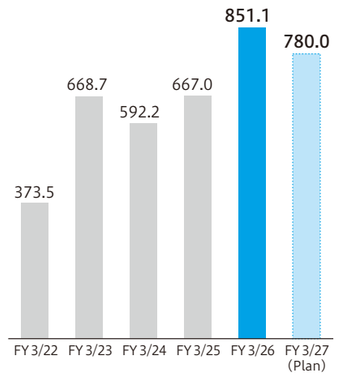
Corporate Management	Those with experience as CEO, member of the board of other companies, or chairperson/director of audit firms, foundations, etc.
Technology/IT	Those with specialised knowledge in construction technology, IT, etc. / those with experience as executive officer or general manager in charge, etc.
Sales/Business Strategy	Those with experience as officer or general manager in charge of sales or business strategy
Financial Affairs/Accounting	Those with specialised knowledge in finance and accounting / those with experience as executive officer or general manager in charge, etc.
Legal Affairs/Risk Management	Those with specialised knowledge in legal affairs and risk management / those with experience as executive officer or general manager in charge
Sustainability/CSR	Those with specialised knowledge in sustainability and CSR / those with experience as executive officer or general manager in charge
Global	Those with specialised knowledge in global business / those with experience as executive officer or general manager in charge / those with overseas work experience

Financial / Non-financial Highlights

* In principle, consolidated. A note is provided whenever the scope of coverage deviates from this description.
* FY 3/27 Plan: Current as of May 8, 2026.

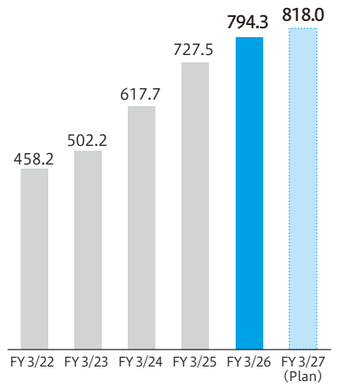
Construction Total Orders Received (Non-consolidated)

(JPY billion)

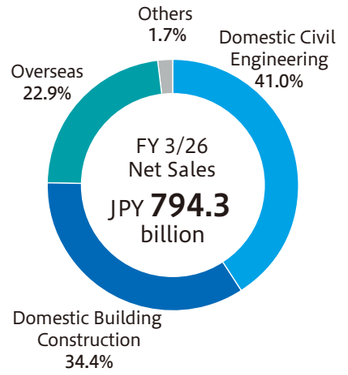


Net Sales

(JPY billion)

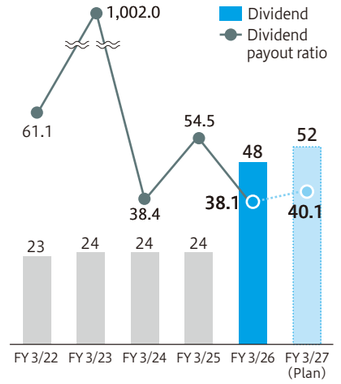


Sales Contribution by Business Unit



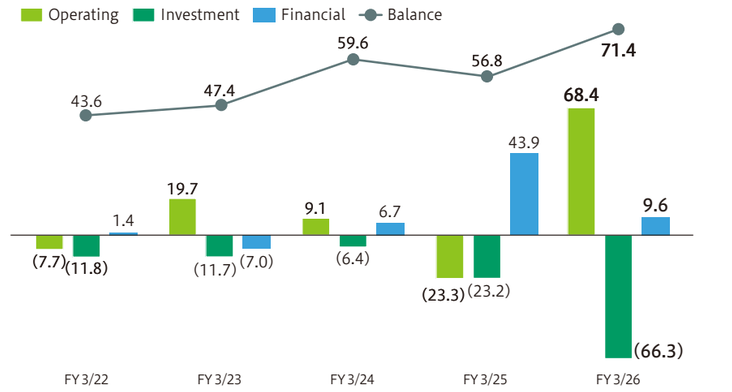
Dividend / Dividend Payout Ratio

(JPY/%)



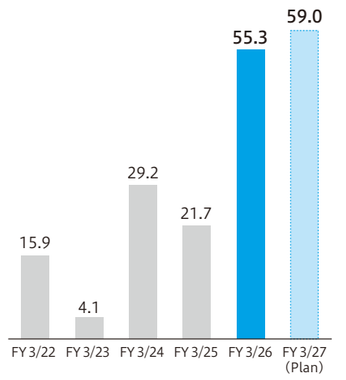
Operating, Investing and Financing Cash Flows / Term-end Balance of Cash and Cash Equivalents

(JPY billion)



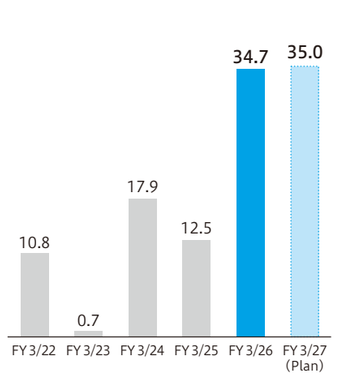
Operating Profit

(JPY billion)



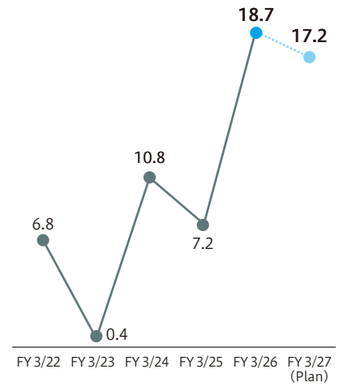
Net Income Attributable to Owners of Parent

(JPY billion)



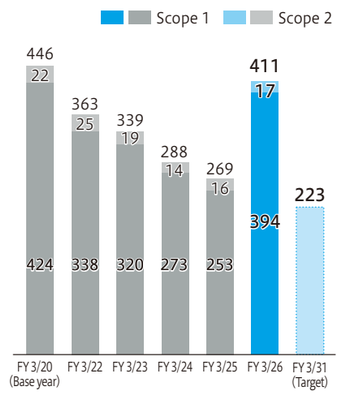
ROE

(%)



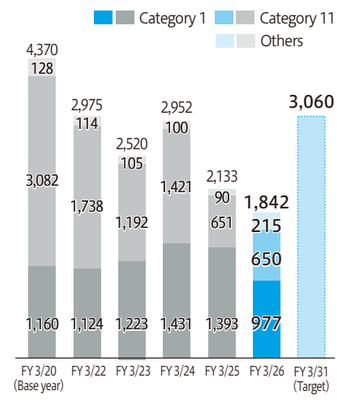
CO_2 Emissions (Scope 1+2)

(kt-CO_2)



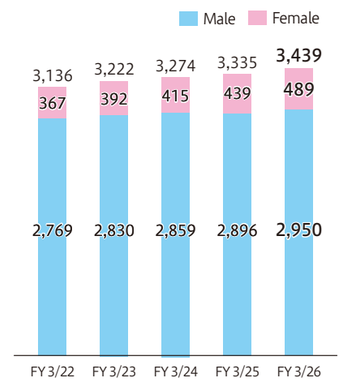
CO_2 Emissions (Scope 3)

(kt-CO_2)



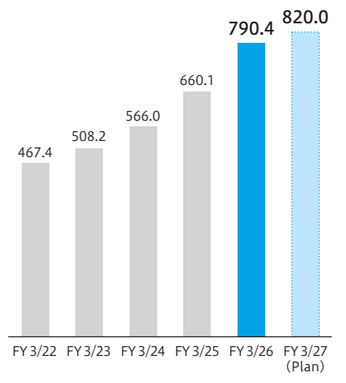
Number of Employees (Non-consolidated) (Domestic)

(People)



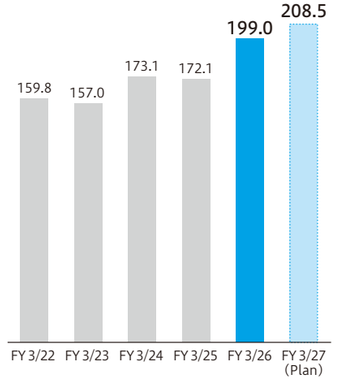
Total Assets

(JPY billion)



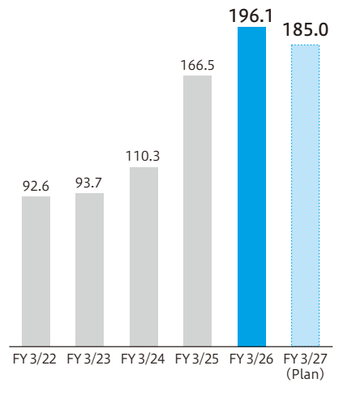
Net Assets

(JPY billion)

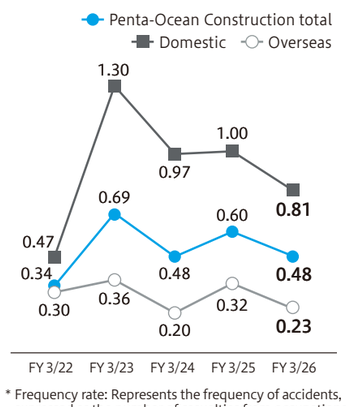


Interest-bearing Debt

(JPY billion)

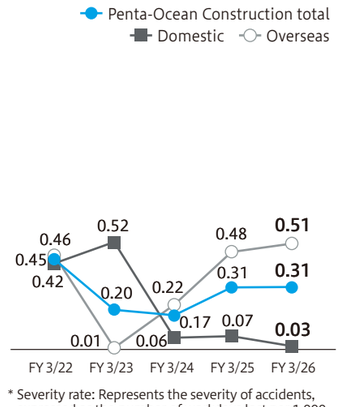


Occupational Accident: Frequency Rate (Non-consolidated) (Total, Domestic / Overseas)



* Frequency rate: Represents the frequency of accidents, expressed as the number of casualties from occupational accidents per one million total actual working hours.

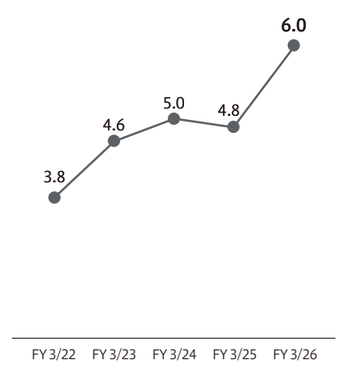
Occupational Accident: Severity Rate (Non-consolidated) (Total, Domestic / Overseas)



* Severity rate: Represents the severity of accidents, expressed as the number of workdays lost per 1,000 total actual working hours.

Ratio of Female Management-level Employees (Non-consolidated) (Domestic + Overseas)

(%)



Materiality (Example of Initiatives and Indicators)

	Goal to aim for	Materiality	Examples of Initiatives	KPI	FY 3/25 result	FY 3/26 result
Environmental	Creation of a Sustainable and Rich Global Environment	**(1) Responding to Climate Change Issues** ・CO_2 Emission Reduction ・Contributing to Carbon Neutrality (Offshore Wind Construction and ZEB, etc.)	・GHG reduction in construction activities Scope 1: Expanding the use of fuel efficiency additives, promoting electrification and ICT utilisation in work vessels and construction machinery Scope 2: ZEB conversion of on-site offices (energy saving, use of renewable energies), introducing solar panels to POC's permanent facilities Scope 3: Introduction of low-carbon materials, promotion of ZEB proposals for construction projects, and development of CO_2 fixation technologies such as blue carbon ・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 3/31, vs. FY 3/20)	269kt-CO_2 (39.7% reduction)	411kt-CO_2 (7.8% reduction)
				・CO_2 emission (Scope 3): 30% reduction (by FY 3/31, vs. FY 3/20)	2,133kt-CO_2 (51.2% reduction)	1,842kt-CO_2 (57.8% reduction)
				・Number of ZEB and other certifications acquired	6	4
				・Energy output from constructed offshore wind farms	0MW	220MW
		(2) Creation of a Rich Environment ・Promoting Nature-Positive Initiatives Conservation of Biodiversity (Creation of Aquatic Environment) Prevention of Environmental Pollution, Effective Use of Water Resources ・Promotion of Resource Recycling (Effective Use of Construction-generated Soil and Industrial Waste)	・Sequestration of CO_2 by blue carbon and Calcia-improved soil in coastal areas Creation and conservation of seaweed beds and tidal flats, use of Calcia-improved soil (dredged soil) ・Promotion of resource recycling Recycling of construction-generated soil and construction sludge, improvement of dredged soil, using Calcia-improved material (made from steelmaking slag) and Watoru mud stabilisation material (made from paper sludge ashes), and food recycling business (composting of food waste)	・Development of blue carbon-related technologies: Confirmation of CO_2 fixation effect (FY 3/26), application to actual projects (FY 3/31)	9 external announcements related to CO_2 fixation technology	6 external announcements related to CO_2 fixation technology
				・Sales from resource recycling businesses	JPY 9,074 million	JPY 10,299 million
				・Construction waste recycling rate: Maintain a rate of 95% or higher	98.5%	95.0%
Social	Sustainable Construction Business Activities	**(3) Construction of High-quality Social Infrastructure and Buildings** ・Ensuring Quality ・Coexistence with Local Communities	・Sustainable construction (safety first, high-quality and resilient infrastructure and buildings, implementing coexistence with the global environment and local communities, respect for human rights, sustainable supply chain) ・Gaining trust of clients through reliable safety and quality backed by technology Demonstrating collective strengths by inter-departmental collaboration and a front-loading approach Sharpening competitive edge by originating third-party alliance at home and abroad	・Evaluation score of projects awarded by the government (Domestic Civil Engineering): Average 80 points or higher	81.0 points	80.4 points
				・Private clients satisfaction survey "Satisfied" or higher*1 (Domestic Civil Engineering / Domestic Building Construction): 95% or higher	Domestic Civil Engineering: 100 / Domestic Building Construction: 91.4(%)	Domestic Civil Engineering: 100 / Domestic Building Construction: 93.2(%)
				・Number of nonconforming product handling cases*1 (Domestic / Overseas)	Domestic: 13 / Overseas: 46	Domestic: 26 / Overseas: 16
		(4) Enhancing Technology Development and Technical Capabilities ・Driving DX through AI ・Promoting GX ・Development of Technologies to Enhance the Resilience of Social Infrastructure	・Target-driven technology development DX: Digital construction (utilising AI and robotics) Improving and advancing productivity in design and construction technologies GX: Offshore wind, ZEB, carbon neutral materials Resilience: Enhancing infrastructure and building resilience, measures to address ageing and deterioration	・R&D expenses	JPY 3,261 million	JPY 3,329 million
				・Number of external publications (papers, press releases)	165	223
				・Number of patents, utility models, etc. held	648	636
	Creation of a Society Where Diverse People Can Thrive	**(5) Promotion of DE&I** ・Securing, Developing, and Empowering Diverse Human Resources ・Creating a Pleasant and Rewarding Workplace ・Enhancement of Well-being ・Supporting Subcontractors in Advancing Work Style Reform	・Securing & developing diverse human resources Acquiring diverse human resources through competitive compensation and workplace environment improvements Maximising "human capital" to create a vibrant organisation ・Enhancement of well-being ～ Advancing "Health and Productivity Management" driven by mental and physical health ・Support for the empowerment of diverse human resources ～ Developing an environment where individuals can maximise their potential regardless of their background or identity ・Achieving of a healthy work-life balance ～ Establishing flexible work styles tailored to life stages ・Development of a rewarding workplace environment ～ Advancing Work Style Reform ・Fostering a culture that respects diversity ～ Transforming mindsets to enhance psychological safety ・Providing support to subcontractors for promoting work style reform and securing future workforce	・Ratio of new female career-track employees (Domestic): 25% or higher	17.10%	18.80%
				・Ratio of female employees in managerial positions (Domestic / Overseas): 15% or higher (by FY 3/36)	4.80%	6.00%
				・Ratio of employees with disabilities (Domestic): 2.7% or higher (by FY 3/26)	2.91%	2.64%
				・Childcare leave acquisition rate (Domestic, male employees) (Ministry of Health, Labour and Welfare standard / POC original standard*2)	112.0% / 100%	101.9% / 100%
				・Work engagement : 55.0 (FY 3/27) (Domestic, deviation value)*3	51.2	51.7
				・Employee engagement (Domestic, deviation value)*4	49.2	50.1
				・Employee engagement (Overseas)*5	80%	82%
				・Number of certified excellent foremen (Domestic)	521	530
	Respect for Individuals and Human Rights	**(6) Respecting Human Rights and Building Sustainable Supply Chain** ・Respecting Human Rights ・Sustainable Supply Chain	・Implementation of human rights due diligence ・Conducting human rights training (Domestic and Overseas) ・Operation of human rights consultation desk and harassment consultation desk (Domestic and Overseas, internal and external) ・Promotion of a sustainable supply chain (SSC) (monitoring and supporting partner companies' initiatives)	・Progress of human rights DD (information sharing and monitoring across POC Group and subcontractors)	Subcontractors and Suppliers: 229 companies (159 Domestic, 70 Overseas)	POC: 10 domestic branches, 7 Overseas, 9 Group companies Subcontractors and suppliers: 1,075 companies (995 Domestic, 80 Overseas)
				・SSC conformity rate of subcontractors (Domestic/Overseas)*6	Domestic: 95.7% / Overseas: 98.7%	Domestic: 97.3% / Overseas: 97.3%
				・Number of cases received at Human Rights Consultation Desk and Harassment Consultation Desk (Domestic / Overseas)*7	Human Rights Domestic: 0 / Overseas: 0 Harassment Domestic: 37 / Overseas: 4	Human Rights Domestic: 0 / Overseas: 0 Harassment Domestic: 30 / Overseas:7
		(7) Ensuring Occupational Health and Safety	・Undertaking activities of occupational accidents prevention in cooperation with subcontractors ・Embedding the POC Standard (safety and quality first) across offices at home and abroad ・Safety considerations for international workers ・Implementing safety and quality control training (one-on-one training for young employees by the Safety and Quality Control Education Office)	・Frequency Rate*8: Total 0.50 or lower, Domestic 0.60 or lower, Overseas 0.40 or lower	Total : 0.60 / Domestic: 1.00 / Overseas: 0.32	Total : 0.48 / Domestic: 0.81 / Overseas: 0.23
				・Severity Rate*9: Total 0.07 or lower, Domestic 0.05 or lower, Overseas 0.09 or lower	Total : 0.31 / Domestic: 0.07 / Overseas: 0.48	Total : 0.31 / Domestic: 0.03 / Overseas: 0.51
				・Number of fatal accidents (Domestic and Overseas): Zero	2 (Domestic: 0 / Overseas: 2)	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	・Creating mechanisms to advance sustainability management (training, morning briefings, awards, etc.) ・Continuous improvement of corporate governance (evaluation of the internal control system and the board effectiveness by the Members of the Board) ・Development of Compliance Consultation Desk (Domestic and Overseas, internal and external) ・Providing compliance training (Domestic and Overseas) ・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 disclosure, IR activities for institutional investors, site tours for individual shareholders, etc.	・Sustainability Morning Briefing implementation rate (Domestic): 100%	—	97.9%
				・Number of serious violations of laws and regulations: Zero	0	0
				・Number of consultations received by Compliance Consultation Desk (Domestic / Overseas)	Domestic: 14 / Overseas: 4	Domestic: 16 / Overseas: 0
				・Number of serious information-related incidents: Zero	0	0
				・IR activities (number of participants in one-on-one meetings)	407	551

*1: Quality Management System (From FY 3 / 25, overseas reporting standards were standardised to match those used domestically)
*2: Percentage of employees who took childcare leave, etc., out of the total number of employees whose leave eligibility period had reached its limit
*3: Vitality and enthusiasm for their work (survey by Advantage Risk Management Co., Ltd.)
*4: Sense of alignment with and commitment to the Company (survey by Advantage Risk Management Co., Ltd.)
*5: Intent to stay over the next year (survey by the Company)
*6: Percentage of assessment items marked as "compliant" in the self-assessment questionnaire (SAQ) responses submitted by subcontractors
*7: Each consultation desk is counted based on the content of the consultation
*8: The frequency of accidents is represented by the number of fatalities and injuries due to industrial accidents per 1 million total working hours
*9: The severity of the accident is represented by the number of lost working days per 1,000 total working hours

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

Consolidated Financial Indicators Trends

Business Results

(Unit: JPY billion)

	FY 3/16	FY 3/17	FY 3/18	FY 3/19		FY 3/20	FY 3/21	FY 3/22	FY 3/23	FY 3/24	FY 3/25	FY 3/26
Domestic Civil Engineering	153.2	187.4	166.8	162.4		192.8	185.7	165.5	310.6	273.6	233.0	**314.7**
Domestic Building Construction	145.1	176.2	200.5	173.9		165.1	178.2	160.1	221.7	250.6	315.9	**331.1**
Overseas	141.8	100.2	300.6	164.1		81.5	141.1	48.0	136.4	68.0	118.1	**205.3**
Construction Total Orders Received (Non-consolidated)	**440.1**	**463.8**	**667.9**	**500.4**		**439.4**	**505.0**	**373.5**	**668.7**	**592.2**	**667.0**	**851.1**
Domestic Civil Engineering	149.4	154.5	182.5	184.9		209.5	197.9	174.2	196.6	266.4	307.3	**325.9**
Domestic Building Construction	165.3	149.8	140.0	182.9		197.0	144.4	153.4	162.4	189.3	254.5	**273.4**
Overseas	162.6	183.1	195.1	164.1		157.6	121.9	120.4	133.2	150.6	151.8	**181.8**
Net Sales	**477.3**	**487.4**	**517.7**	**531.9**		**564.1**	**464.2**	**448.0**	**492.2**	**606.4**	**713.6**	**781.1**
Others	14.3	13.0	9.2	10.1		9.7	6.8	10.2	10.0	11.4	13.9	**13.2**
Net Sales	**491.6**	**500.3**	**526.9**	**541.9**		**573.8**	**471.1**	**458.2**	**502.2**	**617.7**	**727.5**	**794.3**
Domestic Civil Engineering	9.0	9.6	13.7	13.5		20.1	22.5	16.6	17.1	27.8	27.8	**40.2**
Domestic Building Construction	10.5	11.2	8.1	7.7		6.3	4.0	3.6	2.1	4.9	9.0	**16.8**
Overseas	1.7	2.2	4.9	6.7		6.3	2.9	(5.9)	(16.0)	(4.2)	(15.6)	**(3.2)**
Others	(0.6)	1.3	0.9	1.3		0.4	1.1	1.5	1.0	0.6	0.5	**1.5**
Operating Profit	**20.6**	**24.3**	**27.6**	**29.2**		**33.2**	**30.5**	**15.9**	**4.1**	**29.2**	**21.7**	**55.3**
Ordinary Income	**19.4**	**23.7**	**25.7**	**26.6**		**32.5**	**30.5**	**15.7**	**1.4**	**27.2**	**18.8**	**53.2**
Net Income Attributable to Owners of Parent	**7.8**	**15.3**	**17.8**	**18.9**		**23.4**	**21.0**	**10.8**	**0.7**	**17.9**	**12.5**	**34.7**

* Until FY 3/23, completed construction value, sales, and operating income were categorised 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: JPY billion)

	FY 3/16	FY 3/17	FY 3/18	FY 3/19		FY 3/20	FY 3/21	FY 3/22	FY 3/23	FY 3/24	FY 3/25	FY 3/26
Total Assets	378.8	372.3	418.8	383.8		428.9	452.2	467.4	508.2	566.0	660.1	**790.4**
Net Assets	80.7	96.4	112.0	126.6		141.3	158.4	159.8	157.0	173.1	172.1	**199.0**
Equity Ratio	21.3%	25.9%	26.7%	33.0%		32.9%	35.0%	34.1%	30.9%	30.6%	26.1%	**25.1%**
Interest-bearing Debt	74.2	59.7	67.5	59.5		77.5	82.2	92.6	93.7	110.3	166.5	**196.1**
Interest-bearing Debt Ratio	19.6%	16.0%	16.1%	15.5%		18.1%	18.2%	19.8%	18.4%	19.5%	25.2%	**24.8%**
Net Interest-bearing Debt	7.8	(12.7)	1.8	23.3		33.9	22.4	47.7	43.2	50.2	109.2	**124.4**
D/E Ratio (Point)	0.1	△0.1	0.0	0.2		0.2	0.1	0.3	0.3	0.3	0.6	**0.6**
Cash Flows from Operations	55.2	31.3	3.4	(6.6)		4.4	30.7	(7.7)	19.7	9.1	(23.3)	**68.4**
Cash Flows from Investment	(4.7)	(9.1)	(13.1)	(11.2)		(9.1)	(12.8)	(11.8)	(11.7)	(6.4)	(23.2)	**(66.3)**
Cash Flows from Financing Activities	(20.7)	(15.5)	4.1	(12.5)		13.5	(3.1)	1.4	(7.0)	6.7	43.9	**9.6**
Term-end Balance of Cash and Cash Equivalents	65.4	71.8	65.1	35.6		43	59.2	43.6	47.4	59.6	56.8	**71.4**
ROE	9.9%	17.3%	17.1%	15.8%		17.4%	14.0%	6.8%	0.4%	10.8%	7.2%	**18.7%**
Dividend per Share (JPY)	6	12	14	19		24	28	23	24	24	24	**48**
Dividend Payout Ratio	22.0%	22.5%	22.5%	28.7%		29.4%	38.1%	61.1%	1,002.0%	38.4%	54.5%	**38.1%**
R&D Expense (Non-consolidated)	1.7	2	2.1	2.3		2.4	2.3	2.4	2.8	3.1	3.3	**3.3**
Capital Expenditures	6.4	9.2	12.9	10.0		9.7	11.0	8.7	10.1	10.9	49.6	**84.7**
Depreciation and Amortisation	5.3	5.2	6.4	7.3		8.6	6.9	6.0	6.8	7.2	8.3	**9.5**

* Capital expenditure and depreciation exclude intangible assets (whereas intangible assets were previously included in Corporate Report 2025 and earlier)

Company Information

Company Profile

Company Name	PENTA-OCEAN CONSTRUCTION CO., LTD.
Founded	April 1896
CEO	Takuzo Shimizu
Paid-in Capital	JPY 30,449 million
Net Sales	Consolidated: JPY 794,306 million (for FY 3/26)
Employees	Consolidated: 3,991 employees (for FY 3/26)
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, Tokyo 112-8576

Corporate Identity

Penta-Ocean Construction's pentagon logo represents the five oceans of the world.
POC 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 (As of March 31, 2026)

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
Japan Offshore Marine DK Co., Ltd.	Denmark
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. Ltd.	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
Brichwood Co., Ltd.	Hong Kong, China
Penta-Ocean Technology Information Advisory (Shenzhen) Ltd.	China
Equity Affiliate	
Koh Brothers Eco Engineering Ltd.	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

United Nations Global Compact

Penta-Ocean Construction has joined the UNGC in 2022 and supports and implements its 10 principles covering human rights, labour, environment, and anti-corruption.

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

TNFD Taskforce on Nature-related Financial Disclosures

External Evaluation

FTSE JPX Blossom Japan Index

FTSE JPX Blossom Japan Sector Relative Index

CDP Climate A List 2025

CDP Supplier Engagement Leader 2025

女性が活躍しています！

2026 健康経営優良法人 KENKO Investment for Health 大規模法人部門

Offices

Domestic Offices

1. Headquarters
   - Institute of Technology
   - Sapporo Branch
   - 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. Myanmar Branch Office
9. Africa Regional Office



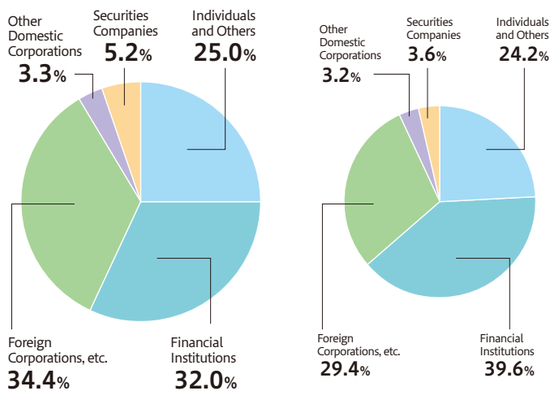
Stock Information (As of March 31, 2026)

Status of Shares

Total Number of Authorized Shares····· 599,135,000 shares
Total Number of Issued Shares·····286,013,910 shares
Number of Shareholders·····72,266

Distribution by Owner (number of shares)

For reference (as of March 31, 2025)



Major Shareholders

Shareholder Name	Number of Shares Held (Thousand shares)	Shareholding Ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	39,357	14.4
Japan Custody Bank, Ltd. (Trust Account)	15,784	5.8
State Street Bank and Trust Company 505223	8,989	3.3
State Street Bank and Trust Company 505001	7,275	2.7
Meiji Yasuda Life Insurance Company	5,990	2.2
Mizuho Bank, Ltd.	5,647	2.1
State Street Bank and Trust Company 505103	5,178	1.9
Sompo Japan Insurance Inc.	4,280	1.6
Penta-Ocean Construction Business Partner Shareholding Association	4,195	1.5
JPMorgan Chase Bank 385781	3,961	1.4

(Note) The shareholding ratio is calculated after deducting treasury shares (12,058,549 shares).