

Reinforcing Management Resources for Continuous Growth

Continuous gains in corporate value depend not only on steady results from management strategies but also on reinforcing management resources that support sustainable growth. Here, we describe JGC Group roles for society and the environment, including climate change and human rights initiatives. This chapter also introduces human and intellectual capital initiatives, our corporate governance system, stakeholder engagement, and others.

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Reinforcing Management Resources for Continuous Growth

Sustainability Management

Basic stance

Sustainability initiatives consistent with the JGC Group's "Basic Policy for Sustainability" are pursued which also support continuous growth of corporate value.

Basic Policy for Sustainability

The JGC Group will endeavor centered on its "Enhancing planetary health" as its Purpose, to sustainably increase its corporate value through creation of social values.

To realize the above, it will actively pursue sustainability in the areas of environment, society, governance, quality, safety, and health.

The JGC Group released its "Approach and Initiatives for Sustainability" in the securities report for the fiscal 2022. The report positions the following sustainability items as key factors to consider based on the Basic Policy for Sustainability, and includes details outlining each initiative.

Key Sustainability Item	Details of Main Initiatives	Relevant Page
Addressing climate change	Take climate action through business activities/Promote disclosure in accordance with TCFD, etc.	P.41 Climate Change Initiatives
Human capital initiatives	Create a human resources portfolio, and increase employee engagement and promote inclusion and diversity toward achieving the portfolio, etc.	P.45 Human Capital Initiatives
Human rights compliance	Develop a human rights due diligence process, etc.	P.61 Respect for Human Rights in Supply Chains
Quality management initiatives	Promote a quality management system at each group company, etc.	P.64 Quality Management System
Occupational health and safety	Promote an occupational health and safety management system at each group company, etc.	P.63 Occupational Health and Society
Information security initiatives	Develop an information security system promotion structure, etc.	P.75 Risk Management
Compliance initiatives	Promote a group compliance system/Establish and implement an internal whistleblowing system, etc.	P.77 Compliance

Expanded disclosure on sustainability issues

The JGC Group emphasizes dialogue not only with investors, shareholders, clients, and employees but also local communities and other stakeholders. Broad access to information on our sustainability efforts is provided through expanded disclosure on the sustainability section of our corporate website. By recognizing stakeholder expectations and concerns for the Group, we can incorporate measures to address these issues in our business activities and pursue activities supporting sustainability, and we will be considering further steps to improve information disclosure in the future.

Sustainability section of the corporate website

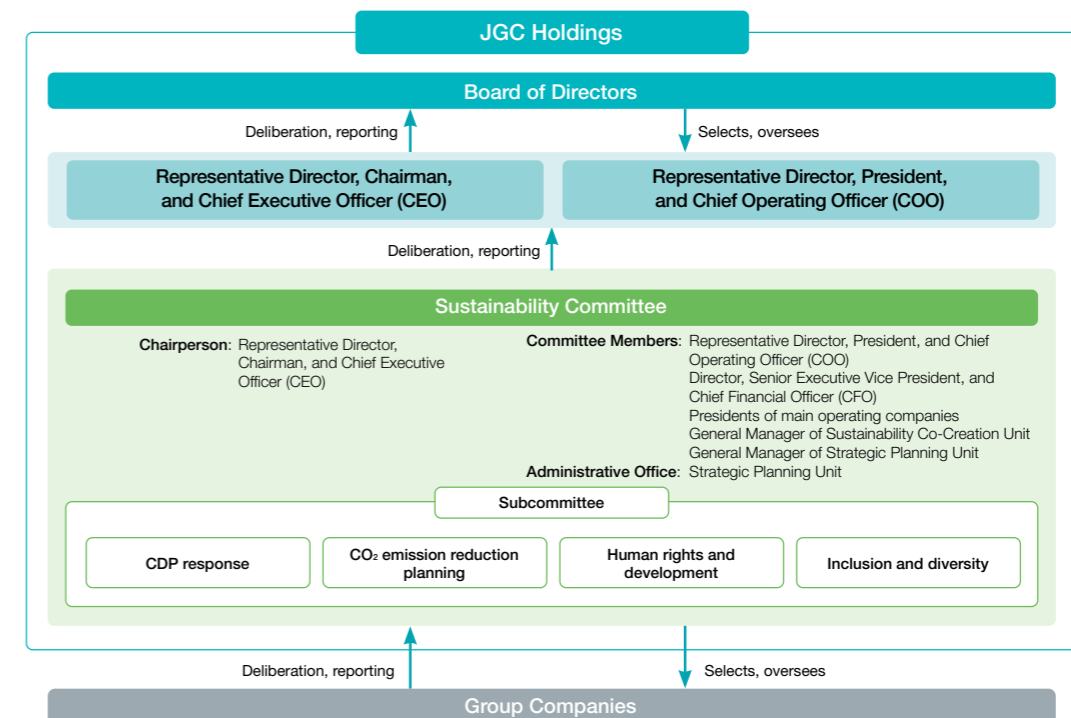
Further details on sustainability initiatives are available on the JGC Group website.
<https://www.jgc.com/en/esg-hsse/>



Sustainability promotion system

The Sustainability Committee formulates policies and action plans relevant to sustainability and manages and reports on progress in activities in which the Group operating companies collaborate. With increasing demand related to sustainability in recent years, from fiscal 2023 the committee changed the number of meetings held from once a year to three times and now comprises the COO and CFO as members, to ensure more sustainability-related business activities and even greater disclosure of information.

The results of the Sustainability Committee's activities conducted throughout the year are also reported to the Board of Directors once a year.



Details of main Sustainability Committee activities

FY2021	1st meeting: Three subcommittees formed: CDP response system development, CO ₂ emission reduction planning, and human rights and development
FY2022	2nd meeting: Basic policy for human rights and development approved, Inclusion & Diversity Subcommittee formed 3rd meeting: CO ₂ emission reduction plan and CDP response reported 4th meeting: Details on Basic Policy for Inclusion & Diversity 5th meeting: Deliberation related to forming Basic Policy for Inclusion & Diversity → Adopted as company regulations after being approved by the Board of Directors P.53 Human Capital Initiatives: Promotion of inclusion and diversity
FY2023	6th meeting: CDP response reported, details about formulating action plan proposals for reducing total CO ₂ emissions

In addition to the topics shown above, the Sustainability Committee discusses the latest trends related to sustainability, JGC Group's response and other information reported each time by the Strategic Planning Unit that operates as the Executive Office, in order to respond as quickly as possible to the needs of society.

Message from the Sustainability Committee Administrative Office



Aiko Horikawa
 Sustainability Management Group Manager
 Planning Office
 Strategic Planning Unit, Strategy
 JGC Holdings

I have been part of the Sustainability Committee since it was established in December 2021, and am in charge of operations as the administrative office. There are currently four subcommittees in action, starting from our response to climate change and now has been expanded to cover topics, such as our response to human rights and inclusion and diversity. There are vibrant discussions in the committee by being shared activities report of each subcommittee and topics related to the latest in sustainability. I think some of our key accomplishments during fiscal 2022 include efforts toward creating a system for addressing CO₂ emissions and reduction plans as a group, as well as formulating the Basic Policy for Human Rights & Development and the Basic Policy for Inclusion & Diversity as the Group's basic policies.

Going forward, the way corporations approach sustainability will need to include initiatives covering an even broader scope, with even more detailed and accurate disclosures. We will continue responding to higher priority items while monitoring global trends, with the view to helping to achieve sustainability for the JGC Group and society as a whole.

Reinforcing Management Resources for Continuous Growth


Climate Change Initiatives

Basic stance

As we work toward a sustainable society, addressing climate change has become a global challenge. The JGC Group has identified "societies in harmony with environment" as a materiality. Besides taking climate action through environmentally conscious business activities, the JGC Group studies and formulates business strategies accounting for scenario analysis in recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

Climate change related disclosure

In participating in international frameworks for climate change disclosure, the JGC Group has responded to CDP surveys since 2021 (when the Group received a B rating in fiscal 2022) and has followed TCFD disclosure guidelines as a supporter, including securities reports.

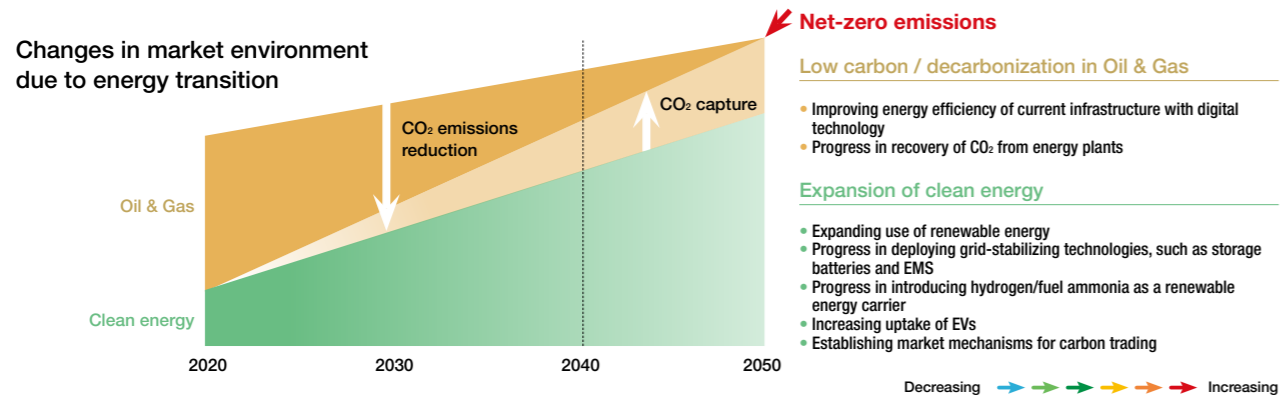


Governance

The JGC Group responds to climate change issues under the leadership of the representative director and CEO, who is responsible for ensuring that environmental issues are addressed in Group business strategies and targets. One facet of this is assessing and managing climate-related risks and opportunities. Accordingly, the long-term management vision and medium-term business plan announced in May 2021 were established through Board discussions based in part on results of climate change scenario analysis and an assessment of these risks and opportunities. Monitoring of climate change issues is conducted by the Sustainability Committee, which formulates policies and action plans related to sustainability, including the Group response to climate change, and deliberates to evaluate and promote relevant action.

Strategy

The JGC Group recognizes risks and opportunities related to climate change, which are reflected in strategies.



Scenario Analysis

Scenario Item	Definition
Target	2040
Analysis reference data	Based on data from the International Energy Agency (IEA)'s <i>World Energy Outlook 2020</i>
Scenarios	Based on the following outlook scenarios • Stated Policies Scenario (STEPS) • Sustainable Development Scenario (SDS)
Target of analysis	Analysis of energy transition, circular economy, and high-performance functional materials areas that are highly relevant to climate change

Business Area	Segment	Business Growth Potential (Scale of 1-6)	
		STEPS Stated Policies Scenario (STEPS)	SDS Sustainable Development Scenario (SDS)
Energy transition	Refinery	→	→
	LNG	→	→
	Power generation, nuclear power, new energy	→	→
	Hydrogen/fuel ammonia	→	→
Circular economy	Plastic waste chemical recycling	→	→
High-performance functional materials	Catalysts	→	→
	Fine ceramics	→	→
Other	Consulting	→	→

Recognition of climate-related risks and opportunities

Main risks

New regulatory risks	Introduction of global carbon pricing may lead to higher equipment and fuel costs, which may affect business costs in the future. We also recognize that introduction of carbon taxes and stricter emission targets in various countries poses a risk of fewer contract opportunities, from a decline in oil & gas projects.
Technology risks	Lower gasoline demand from the spread of electric and fuel cell vehicles poses a risk of fewer contract opportunities for plants in the oil & gas industry. A similar risk is posed by the spread of decarbonized materials and a shift to renewable energy driven by the spread of high-performance storage batteries.
Regulatory risks	Firms bidding on plant construction projects are likely to face stricter information disclosure requirements regarding their climate change measures. This poses a risk of lost opportunities or unsuccessful bids, which may affect the corporate reputation.
Market risks	Lower plant demand in the oil & gas industry may result in fewer contract opportunities. An aversion in financial and capital markets to business related to fossil fuels also poses a risk that projects may not be approved.
Reputation risks	Failure to maintain or build on our reputation as an enterprise with the technical expertise to contribute to climate change solutions such as carbon reduction, renewable energy, and hydrogen applications may adversely affect the JGC Group in various ways, such as contract opportunities, financing, or securing human resources.
Acute physical risks	More frequent extreme weather events such as heavy rain, storms, typhoons, and flooding attributed to climate change may physically damage materials, equipment, and JGC Group facilities, adversely affect employees, and delay procurement.
Chronic physical risks	Higher average temperatures may make longer construction periods more common, due to lower labor productivity at construction sites in temperate and tropical regions. Another concern is increased costs for countermeasures and accident compensation, due to higher occupational safety risks. There is also a risk of higher shipping costs from a lack of ports if sea levels rise in coastal areas.

Main opportunities

Products and services	<p>The JGC Group has an extensive record in renewable energy plants such as solar and biomass power plants, which, as the international community shifts toward decarbonization, may increase contract opportunities. The JGC Group has also taken steps to expand orders by establishing an organization dedicated to the promising segment of offshore wind power generation.</p> <p>Oil & gas sector applications of CCS, for which the JGC Group has completed multiple projects in Japan and overseas, and CCUS, for which joint development is underway, are expected to expand contract opportunities.</p> <p>The JGC Group is engaged in technological development and other initiatives in hydrogen, ammonia, and SMRs applications aimed at a decarbonized society. More contract opportunities here can be expected in the future.</p> <p>Greater worldwide demand for a circular economy can be expected to drive demand for technologies under development by JGC Group, which include chemical recycling of plastic waste, recycling of fiber waste, and SAF.</p>
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Business areas contributing to achieving societies in harmony with environment (2040 Vision)

Based on analysis of the above scenarios and the risks and opportunities, Energy Transition, Circular Economy and High-Performance Functional Materials are positioned as business areas for building the JGC Group's purpose. Additionally, the introduction of policies in the SDS on matters such as expanded renewable energy use and carbon pricing that supports reduced greenhouse gas (GHG) emissions are viewed by the JGC Group as an opportunity to expand into related business areas by leveraging Group core competencies.

	Key Areas	JGC Group Strengths
Energy transition	Low-carbon / decarbonized oil & gas	<ul style="list-style-type: none"> Blue hydrogen/fuel ammonia CCS Energy conservation technology Carbon credit
	Clean energy	<ul style="list-style-type: none"> Green hydrogen/fuel ammonia Small modular reactors (SMRs) Offshore wind power generation
Circular economy	<ul style="list-style-type: none"> Sustainable aviation fuel (SAF) Chemical recycling (plastic and fiber waste) 	<ul style="list-style-type: none"> Process engineering Network with customers and partners
High-performance functional materials	<ul style="list-style-type: none"> Carbon and chemical recycling catalysts Energy storage and new energy materials High thermal conductivity silicon nitride substrates for EV power semiconductors 	<ul style="list-style-type: none"> Catalyst development and business foundation Nanoparticle preparation and control technology Fine ceramics development and manufacturing

Initiatives related to business areas indicated with icons are shown on the next page.

Reinforcing Management Resources for Continuous Growth

Climate Change Initiatives

● Key initiatives and results to date

Hydrogen/Fuel Ammonia Sector

Energy Transition Segment

In addition to providing support for customers planning to shift from fossil fuels, as an EPC contractor we are facilitating the deployment of hydrogen/fuel ammonia through technical development together with our partners.

<Key initiatives>

- Launched a green chemical production plant demonstration project for green ammonia etc. with Asahi Kasei Corporation in Fukushima Prefecture (selected as NEDO project)
- Concluded an alliance agreement with Toyo Engineering Corporation for EPC projects for fuel ammonia plants
- Secured contract for construction work of a ground facility for blue hydrogen and ammonia production pilot project facility in Niigata Prefecture
- Facilitated research and development for ammonia isolation and hydrogen production technology with KUBOTA Corporation and TAIYO NIPPON SANSO CORPORATION (selected as NEDO project)
- Awarded contract for hydrogen production plants in Australia, etc.



Ammonia synthesis pilot project facility (Fukushima)

Sustainable Aviation Fuel (SAF) Sector

Circular Economy Segment

From our expertise as both a business operator and an EPC contractor, we are contributing to decarbonization of the airline industry through our SAF deployment projects.

<Key initiatives>

- Established merger company SAFFAIRE SKY ENERGY LLC with Cosmo Oil Co. Ltd. and REVO International Inc. for development and demonstration of SAF production technology based on used cooking oil, and development of supply chains
- Concluded an alliance agreement with Toyo Engineering Corporation for domestic SAF production plants



Chemical Recycling Sector

Circular Economy Segment

As a business operator, we are pushing forward with plastic and fiber waste recycling with our partners with the view to build a recycling-oriented society.

<Key initiatives>

- Partnered with Iwatani Corporation and Toyota Tsusho Corporation for a hydrogen production model using a waste plastic gasification facility
- Established RePEaT Co., Ltd. with Teijin Limited and ITOCHU Corporation for the chemical recycling of polyester products



High-Performance Functional Materials Sector

High-Performance Functional Materials Segment

We are increasing production capacity to meet the growing needs of customers toward achieving carbon neutrality.

<Key initiatives>

- Japan Fine Ceramics Co., Ltd. led capital investments for increasing production, etc. for high thermal conductivity silicon nitride substrates for EV power semiconductors
- JGC Catalysts and Chemicals Ltd. led capital investments, etc. to meet the growing demand for catalysts for carbon-neutral fuel, and catalysts and adsorbents, etc. for chemical recycling

▶ Risk Management

The JGC Group strives to mitigate and prevent various specific expected risks including climate change by coordinating efforts with the Sustainability Committee, in line with the framework of the Risk Management Committee and other bodies.

P.75 Risk Management

▶ Metrics and Targets

Commitment to Carbon Neutrality by 2050

While the core domain of the JGC Group has long been Oil & Gas, we announced our "Commitment to Carbon Neutrality by 2050" in 2020 as a sign of our dedication to enhancing corporate value in a sustainable manner through transformation toward achieving planetary health.

Target

Scope 1+2

2050: Net-zero CO₂ emissions
2030: 30% reduction in CO₂ emissions intensity per base unit of net sales

Scope 3

Reduction as determined in consultation with stakeholders

Net-zero Initiatives

For Scope 1+2 reductions, adopt low-carbon / decarbonized practices, such as **energy conservation in our business activities, or using renewable energy**

Leverage technologies cultivated by the JGC Group to provide energy transition solutions to stakeholders

From fiscal 2020, we have been calculating and disclosing Scope 1+2 and Scope 3 for our six main group companies*. While net sales for fiscal 2022 increased significantly over the base year, the amount of Scope 1+2 emissions was kept at only a slight increase, resulting in a 28% reduction in emissions intensity per base unit of net sales (compared to fiscal 2020).

CO ₂ Equivalent Emissions Data	FY2020 (Base Year)	FY2021	FY2022
Scope 1+2 (t-CO ₂)	132,546	133,537	134,004
Scope 1	84,325	87,856	82,943
Scope 2	48,221	45,717	51,061
Consolidated net sales (¥ billion)	433.9	428.4	606.8
Emissions intensity per base unit of net sales (t-CO ₂ /¥0.1 billion)	30.55	31.18	22.08
Comparison with base year	-	2%	-28%
Scope 3 (t-CO ₂)	Not disclosed	702,873	975,775

* Six main group companies: JGC Holdings Corporation, JGC Corporation, JGC Japan Corporation, JGC Catalysts and Chemicals Ltd., Japan Fine Ceramics Co., Ltd., and Japan NUS Co., Ltd.
(Note) Refer to our CDP Climate Change Questionnaire 2023 for the breakdown in Scope 1+2 and Scope 3 and reasons for reductions.

https://www.jgc.com/en/esg-hsse/environment/climate-change/pdf/climate_change2023_e.pdf



● Key initiatives for reducing CO₂ emissions

The JGC Group is coordinating efforts between relevant departments under the framework of sustainability promotion to study ways to reduce our CO₂ emissions including the use of carbon credits, etc., and enhancing information disclosure.

Promotion of studies for reducing CO₂ emissions toward achieving carbon neutrality by 2050

In fiscal 2022, we studied measures for reducing the JGC Group's CO₂ emissions with the view to achieving net-zero CO₂ emissions by 2050. During fiscal 2023, we are planning to first identify specific action plans aimed at reducing Scope 1+2 emissions, formulate a roadmap toward implementation, and gradually put them into action.

Active participation in climate change-related initiatives

In addition to compliant disclosures as a company endorsing TCFD, the JGC Group joined the TCFD consortium from January 2023 and has been taking part in various events, such as roundtable discussions with investors. We are working on enhancing our response to climate change and disclosure of information by facilitating the exchange of information with other companies and investors.

Since May 2023, the JGC Group has also been participating in the "GX League" led by the Ministry of Economy, Trade and Industry. The Company plays an active role in discussions as part of working groups within the GX League on the state of the carbon credit market and frameworks to suitably assess contributions made by Japanese companies to address climate change.



Reinforcing Management Resources for Continuous Growth

Human Capital Initiatives

Message from the CHRO

Promoting human resource strategy tied with management strategy

Takuya Hanada

Chief Human Resource Officer (CHRO)
JGC Holdings



The JGC Group formulated the long-term management vision "2040 Vision" in fiscal 2021, defining our purpose as "Enhancing planetary health" by expanding the five business areas and diversifying business models in order to achieve sustainable growth. As an engineering company, human capital, that is, human resources, is our most vital asset—engineering companies can even be viewed as companies that cultivate the personnel who actually construct plants. We created "Human Resources Grand Design 2030" as the new overall human resource strategy with the view to achieving the 2040 Vision.

In addition to the ongoing training of human resources for project execution underpinning EPC operations in the oil and gas sector, the new human resource strategy aims to develop a new portfolio comprising four types of human resources deemed essential for achieving the 2040 Vision: human resources for specialist roles (experts), business and management, and innovative roles. The objective is to become an organization where human resources are able to continue bringing about their own transformation, as well as the organization able to continue bringing about its own transformation.

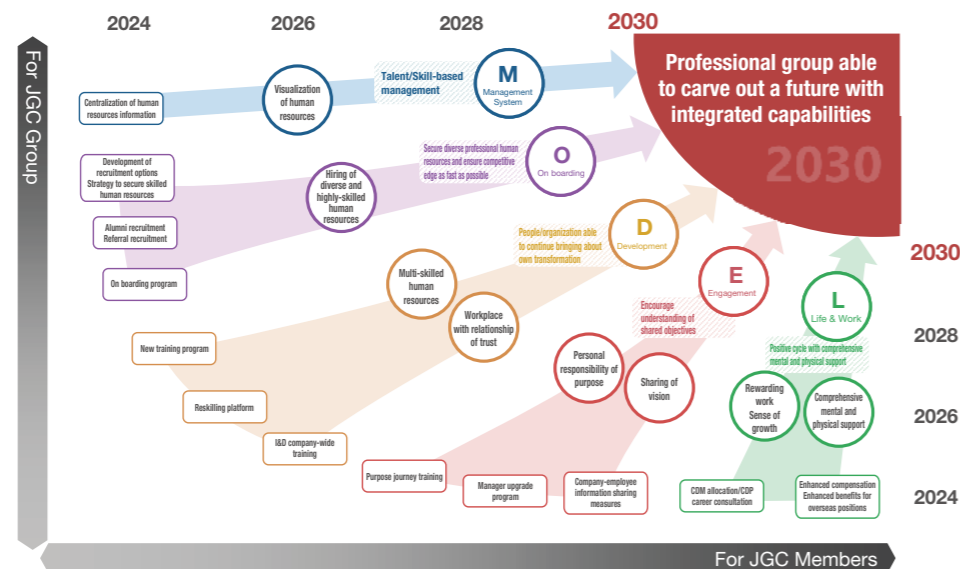
The plan for the new human resource strategy is to first visualize the quantitative deficiencies between the current human resources portfolio and that required for the future, and develop a talent management system with the aim of harnessing human resources in an efficient manner by

utilizing digital technology, hiring of the four human resources portfolios in a strategic manner, and training for advancing and diversifying their skills.

Maintaining a high level of motivation is vital for ensuring our Group's human resources are able to apply themselves to the best of their abilities, and we are making an active effort to implement measures so employees gain a sense that a "fulfilling work leads directly to a fulfilling life, and makes their own lifestyles more affluent."

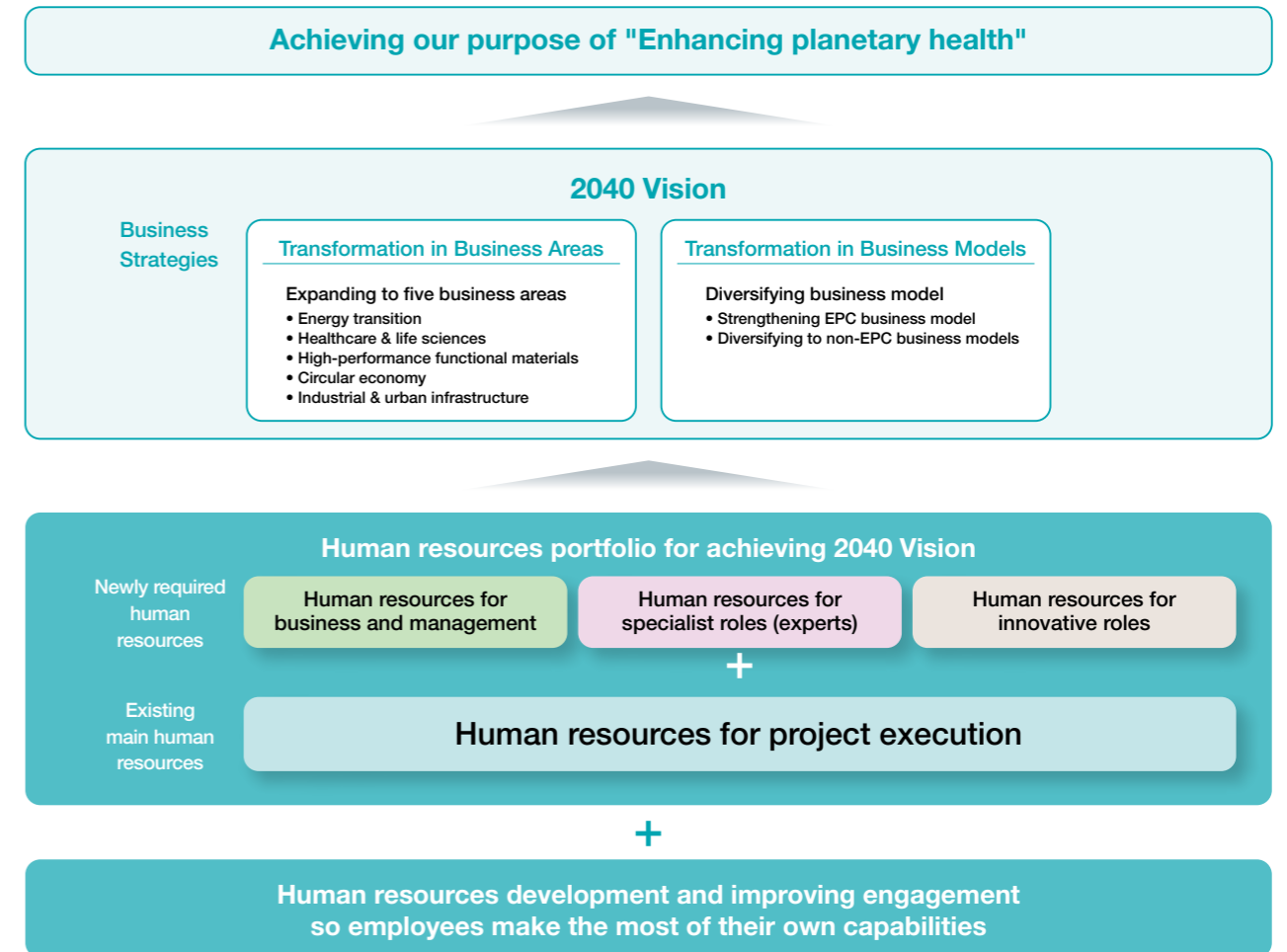
In fiscal 2022, we embarked on a new personnel system built on the policy of "Pay for VALUE", which shifts away from the seniority-based aspects of the past and instead focuses on the roles and accomplishments as well as the value of work and responsibilities. From fiscal 2023, we made significant improvements to compensation that applies to the holding company and two operating companies in Japan. We are also concentrating efforts toward measures aimed at increasing engagement with employees so they can apply company management policies to their own work duties, and enhancing inclusion and diversity such that diverse human resources can actively apply themselves. A broad range of measures are also being put in place to create a more comfortable and rewarding workplace environment.

Going forward, we will continue to play an active role implementing human resource strategy that is tied with management strategy.



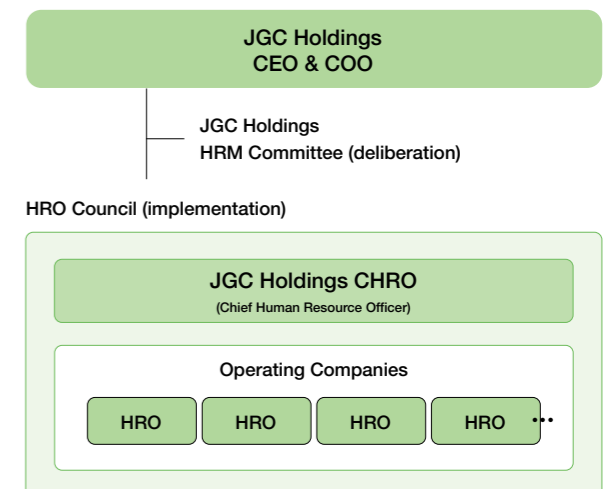
Personnel strategy basic stance

Human resources are the JGC Group's greatest asset throughout all businesses, such as the Total Engineering Business and Functional Materials Manufacturing Business, and are the most important foundation for management. We are pressing ahead with completing a new human resource strategy by 2030, with the aim of developing the diverse human resources portfolio deemed essential for executing the business strategies of expanding business areas and diversifying business models set forth in 2040 Vision.



Human resource strategy execution system

In 2022, we appointed a Chief Human Resource Officer (CHRO) to head the HRO Council as the implementing body under the HRM Committee (deliberative body for human resources matters), with the aim of properly establishing human resource strategy tied with management strategy. This system ensures the CHRO coordinates efforts with the JGC Holdings Corporation CEO and COO for proposing human resource strategy tied with management strategy, and in line with these, HROs of each company move ahead with their own human resource strategy tied with their company's business strategies, which are then discussed by the HRO Council.



Human Capital Initiatives

Overall human resource strategy

Our human resource strategy aims to develop the human resources portfolio required for achieving the 2040 Vision based on three core elements—monitoring and reviewing human resources portfolio; strategically recruiting and training those human resources; and engagement.



Human resources recruiting and training

The JGC Group considers recruiting and training of human resources extremely important, not only for transforming existing operations, but also for expanding business into new areas. In hiring and training human resources, efforts are being made to secure advanced and diverse human resources in line with the four core strategies: strategic recruiting; training for advancing and diversifying skills; training for human resources succession; and promoting retention.

1. Recruiting

A tactical approach is taken for diverse recruiting that includes new graduate recruitment, mid-career recruitment and alumni recruitment, to secure the human resources deemed essential for achieving the 2040 Vision.

New graduate recruitment

In addition to traditional methods of recruitment, a new recruiting segment for "TR (transformation)" has been formed as a proactive way of securing human resources with diverse areas of expertise (biotechnology, medical engineering, nuclear energy, etc.) or capable of creating new businesses. A DX segment has also been created to secure human resources capable of bringing about digital transformation, with the view to assigning capable personnel to departments related to DX and IT.

Students amongst the pool of new graduates are better educated about their careers earlier on every year, and the number of students brought on board for internships during school holidays are also increasing. We are fine-tuning ideas like creating new courses accepting students involved in the DX and TR outlined above, as we actively hire new graduates as human resources who will be taking the reins of the JGC Group in the future.

Mid-career recruitment

In addition to greater recruitment of human resources aimed at increasing project execution capacity, we proactively engage in mid-career recruitment of human resources who are experts in new business areas that underpinned by as-of-yet unknown technical competence and knowledge or the DX and IT sector that is expected to be more important in the future.

We have raised the target number of mid-career recruits by 30% or more over the previous fiscal year at the three companies of JGC Holdings Corporation, JGC Corporation and JGC Japan Corporation's Total Engineering Business. We are increasing these numbers by adopting new methods of recruitment, such as referrals (human resources introduced by existing employees) and direct recruiting, and these efforts have produced positive results.

Alumni recruitment (leveraging networks)

We actively rehire those who at one point left or retired from our group company. In fiscal 2022 these efforts were honored by the third consecutive Encouragement Award from the Japan Alumni Award, which promotes renewed ties between organizations and their former employees and recognizes outstanding efforts to this end. In fiscal 2023, we received the Excellence Award in the Design of Will Category.

The Alumni Community is run by volunteers, and there are currently more than 150 alumni registered. Alumni also held Echo-Day for the past five years in a row on October 25, the anniversary of the company's founding.

We also opened a human resources registration system named "JGC members," catering to people outside the JGC Group who are seeking information about the company. This initiative regularly disseminates information and organizes activities for people outside the company who share the same attitude toward the JGC Group's purpose.



Monitoring and reviews of human resources portfolio

1. Visualization and clarification of required human resources

Developing the human resources portfolio required in the future involves visualizing and clarifying the quantitative deficiencies in the current human resources portfolio—mainly comprised of human resources for project execution—and the three human resources portfolios required in the future, and strategically hiring and training human resources in an efficient manner to cover areas that are lacking in each portfolio.



2. Creation of optimal human resources allocation system (talent management)

We are considering the introduction of a system that allows monitoring and reviewing of deficiencies relative to the envisioned portfolio, by harnessing the leading digital technology used throughout HR to visualize and clarify human resources, and creating a framework that facilitates optimal personnel allocation planning for diverse business areas and business models.



Echo-Day held on October 25, 2023

Alumni recruitments in last four years

Fiscal 2022	8
Fiscal 2021	0
Fiscal 2020	3
Fiscal 2019	1

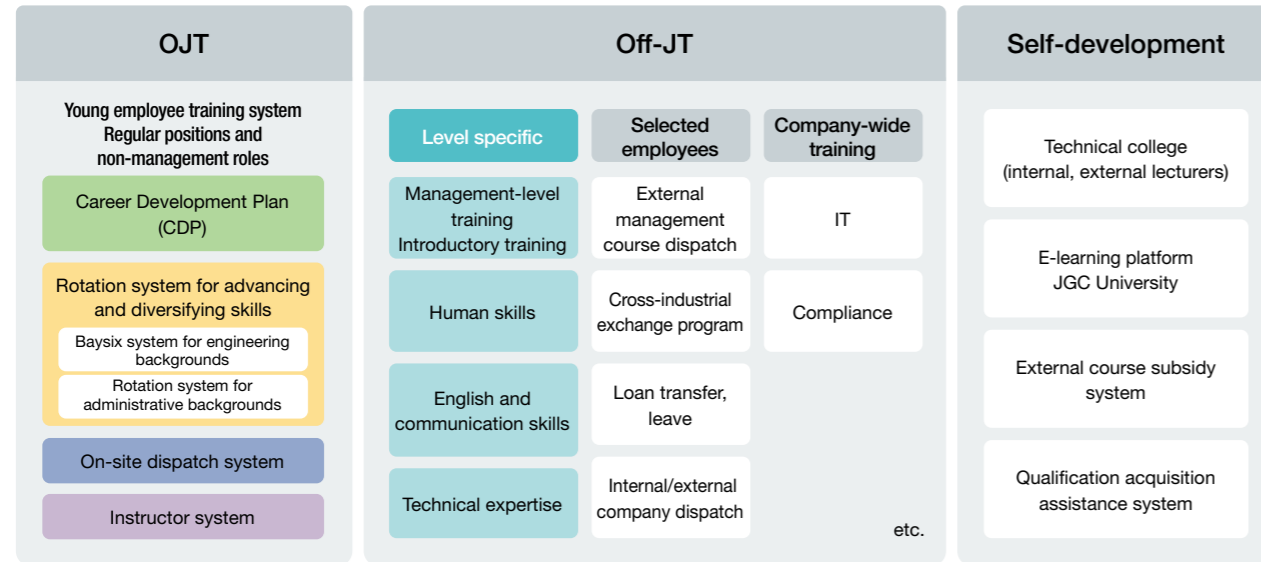
Reinforcing Management Resources for Continuous Growth

Human Capital Initiatives

2. Training for advancing and diversifying skills

The JGC Group provides strategic training to give human resources a competitive edge as soon as possible after they are recruited. In order to build up a diverse human resources portfolio capable of achieving the 2040 Vision, the JGC Group provides young employees with a strategic OJT program and various Off-JT training like level-based training, and programs that foster self-development. We are focusing in particular on OJT programs for young employees that facilitate development while engaged in work duties.

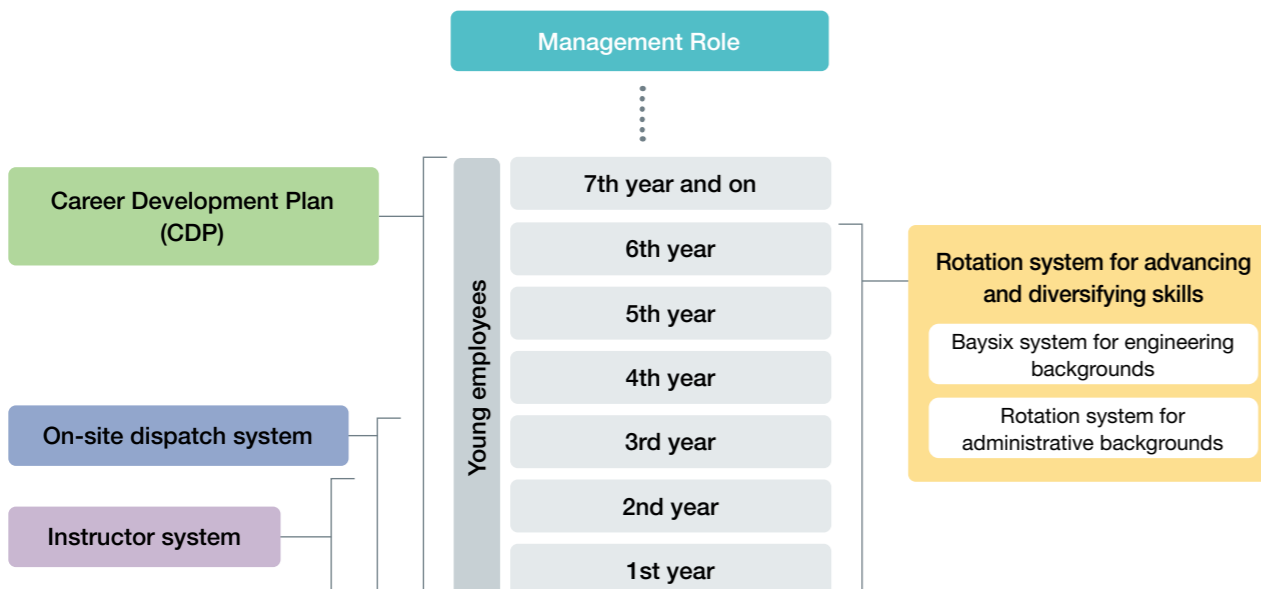
Overall image of training for advancing and diversifying skills



Total annual training (FY2022): 50,871 hours
 Training per person (FY2022): 17 hours

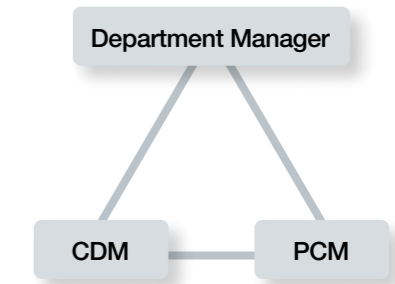
OJT (young employee training system)

In addition to creating career development plans aimed at giving young employees in regular positions and non-management roles a competitive edge as fast as possible, we are working on building the foundation for the diverse human resources portfolio that will be required in the future by providing strategic training for young employees through OJT at work, including training programs for both humanities and engineering backgrounds, or the on-site dispatch system.



Three-party department organization (OJT)

The JGC Group provides a workplace environment where department managers can focus on creating transformation and vision for their departments, and leading their strategies. This is bolstered by Project Coordination Managers (PCM) who lead members assigned to each project, and Career Development Managers (CDM) who are responsible for human resources development. In particular, CDMs organize various types of meetings with whom applies to the Baysix system, CDP, on-site dispatch system and other programs.



Career Development Plan (CDP)

[Purpose & Overview] Employees describe their current situation and the image they are aiming to achieve, and outline their deficiencies in skills, experience, mindset, and other factors required for performing work, to encourage self-awareness and individual career development. Fostering communications with 1-on-1 career discussions between superiors (development coach) and subordinates while creating a CDP provides growth opportunities in line with what the subordinates are seeking, and cultivates their awareness.

Rotation system for advancing and diversifying skills

[Purpose & Overview] To develop a diverse human resources portfolio, this consistent program of recruitment, allocation and training linked to CDP allows young employees to build up their career in an independent manner. This system provides the foundation for developing the skills for understanding diverse perspectives, same level of knowledge and experience as outside experts, and a broad outlook and profound insight.

[Procedure] Rotation in line with courses after three to four years corresponding to factors, such as evaluations during recruitment selection, individual preferences, and state of company allocation. Purpose Journey training is provided before and after rotation, with the aim of defining My Tagline for a management role.

On-site dispatch system

[Purpose & Overview] All new graduate recruit are stationed up to half a year at project sites overseas or in Japan, or at operating companies within three years of entering the company, to build up extensive experience.

Instructor system

[Purpose & Overview] Gives young employees a competitive edge for those two years after entering the company as new graduates.

Reinforcing Management Resources for Continuous Growth

Human Capital Initiatives

3. Promoting retention

Key items are defined and implemented with the aim of boosting the retention rate of skilled human resources over a long-term span.

Key items

- Align with Company philosophy and strategies
- Improve training system and sense of growth
- Improve satisfaction with work details
- Improve compensation and treatment

	Turnover rate
October 2021 to September 2022	4.8%
October 2022 to September 2023	3.8%

* Based on a denominator of approximately 3,000 employees at the four companies: JGC Holdings Corporation, JGC Corporate Solutions, JGC Corporation, and JGC Japan Corporation
* Only employees under 65 years old retiring for personal reasons

Networking program

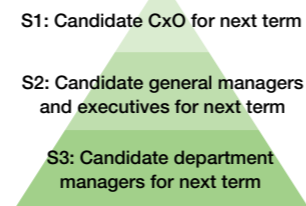
A system suited to mid-career recruits within their third year, or new graduate recruits within their sixth year of entering the company, this new networking program introduced from fiscal 2023 allows them to perform their duties while creating their own vertical, horizontal and diagonal connections.

Panel discussions and other types of dialogue enable participants to learn more about the culture of the JGC Group, while regularly holding various sessions and social gatherings to encourage retention of human resources by not only facilitating vertical connections between superiors and subordinates, and horizontal connections between colleagues or contemporaries who entered the company at the same time, but also building relationships with diagonal connections.

4. Training for human resources succession

A candidate selection and training program is provided to identify three levels of succession of human resources, and creating evaluation axes and methods.

Level	Applicable to	Management/Coordinating Body
S1	Presidents of operating companies	JGC Holdings Nominating Committee
S2	General manager class	Group-wide operation and management
S3	Department manager class	Operating company operation and management



For details on S1, see P. 69 Corporate Governance: Succession plan

Enhancing human resources engagement

To enable human resources of the JGC Group to make the most of their own capabilities toward achieving the 2040 Vision, a broad range of measures are implemented for increasing motivation by making purpose personally relevant, developing rewarding systems, promoting inclusion and diversity, and creating a comfortable workplace environment.



1. Making purpose personally relevant

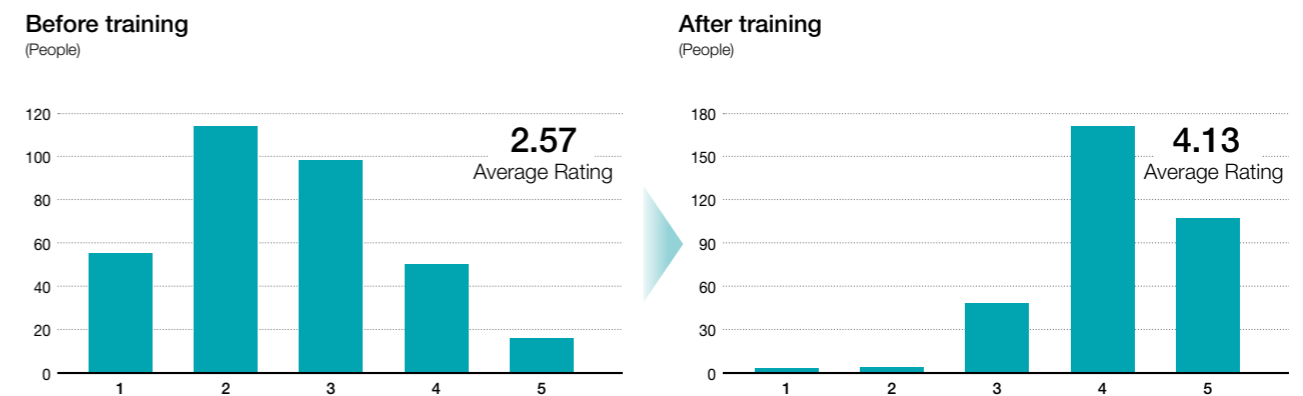
In addition to instilling the JGC Group's purpose, "Enhancing planetary health," we provide "Purpose Journey training" with the aim of having employees renew their own sense of purpose and pointing out items in common with the company and each individual.

Initiatives include a program for exploring the employee's own sense of perspectives, an aptitude test for analyzing oneself from objective and quantitative metrics, and a program for identifying personal qualities and strengths from individual lifeline charts. Participants discuss with each other about the background of the company's purpose, and find areas in common between the company's purpose and their own individual purpose, to create their My Tagline in around 15 words.

A survey conducted after training indicated that the level of satisfaction regarding our Group's purpose grew from 2.57 points before training to 4.13 afterwards—ample evidence of positive results.



JGC Group's level of satisfaction with Purpose



2. Developing rewarding systems

1 Introducing a new personnel system

We believe that this unwavering dynamism and an ambitious corporate culture cannot be attained unless each of our members take on and persist in challenges. In fiscal 2022, we updated the personnel system that eliminates the seniority-based aspects and instead emphasizes the significance of duties, such as job responsibility. Based on the core concept of Pay for VALUE, the value or results brought about by each individual is reflected in bonuses and salary. We also provide allowances corresponding to the value of performed duties.

2 Promoting initiatives for external assignments (cross-border)

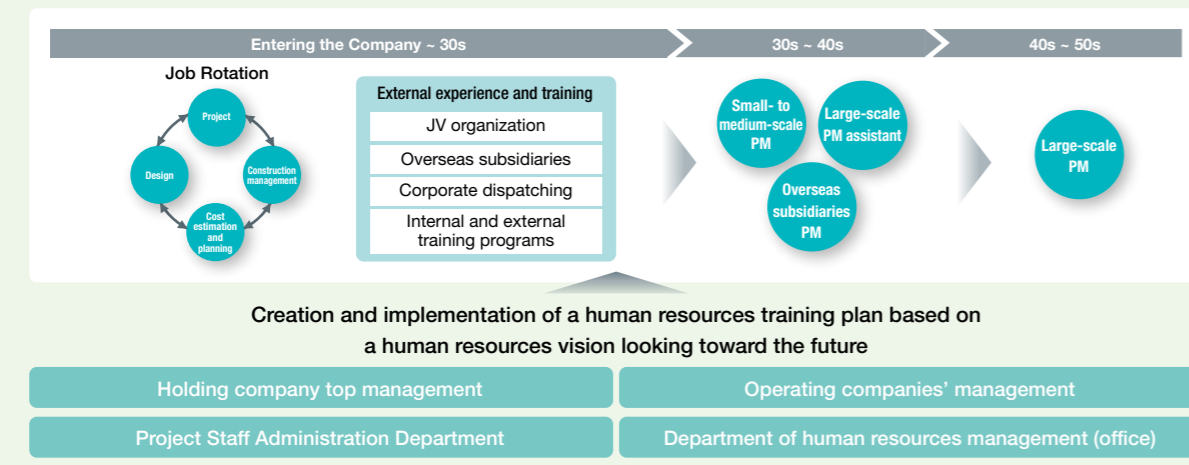
We have developed a corporate dispatching and seconding system to locations in Japan and overseas to create a more rewarding working experience, and more than 130 employees are playing active roles in companies within and outside of the Group at this point.

TOPICS

Training of human resources for project execution

We recognize the importance of providing training for human resources for project execution for EPC projects in the Total Engineering Business, particularly project managers (PM) who serve as project supervisors, and others who head various functions. Continuous training of applicable candidates is monitored to provide extensive professional experience over the medium to long term.

Project manager career path



Reinforcing Management Resources for Continuous Growth

Human Capital Initiatives

3 JGC Family Day

We have held the JGC Family Day since fiscal 2009 for employees and their children (elementary school students in Grades 4 through 6) with the aim of fostering understanding of work. In fiscal 2023, a total of 41 children took part in the program, including those from overseas.



3. Promoting inclusion and diversity

Basic Policy for Inclusion & Diversity

Recognizing that diversity and fairness are essential for everyone to thrive and work together effectively, the JGC Group has established the Basic Policy for Inclusion and Diversity comprising the following principles, and it is committed to promoting this policy throughout all its entities and activities worldwide:

- Treat one another with respect and value their opinions and experiences including their differences in nationality, race, age, disability, gender, religion.
- Provide fair opportunities for career development and skill development to all employees around the world.
- Cultivate a positive work environment with systems that empower all employees to maximize their potential and vitality.
- Promote the JGC culture of open communication, innovation, collaboration and teamwork by fostering an atmosphere of continuous personal and professional development, where diverse perspectives and experiences are shared with each other.

1 Promotion of women's careers

A. Actively promoting highly skilled women

The JGC Group is seeking to double the number (30) of women in management positions compared to 2020 levels by 2025, and the entire group is actively pursuing the promotion of highly skilled women in management roles.

P.85 ESG Data Highlights

Number and ratio of women in managerial positions*

	Fiscal 2020	Fiscal 2021	Fiscal 2022
Number of total managers	1,221	1,256	1,267
Number of female managers	30	35	39
Ratio of female managers (%)	2.5	2.8	3.1

* Applies to employees of JGC Holdings, JGC, and JGC Japan

B. Family Care

The family care system in place helps members balance work with family affairs, childcare, and nursing care via sick/injured childcare leave, support for those raising children that includes up to two days off per month for childcare leave, and leave or shorter working hours for childcare. The number of men taking parental leave has also been increasing year by year. For men and women alike, the system supports career development mindful of life events.

P.85 ESG Data Highlights



Available reduction in working hours until children reach the age of three: 1-3 hours
Available reduction when children are between three years old and sixth-grade age: 1-2 hours

"Kurumin" certification

The JGC Group companies received "Kurumin" certification as a "company that supports childrearing."



C. Participation in the "Rikochalle program" to cultivate potential female employees

We are also involved in nurturing future female Group leaders through participation in the "Riko Challenge (Rikochalle)", an initiative of the Gender Equality Bureau of the Cabinet Office, to support female students interested in science or engineering careers.

2 Promoting recruitment of people with disabilities

To advance and stabilize recruitment of people with disabilities, Group company JGC Parallel Technologies Corporation was established in January 2021. Focusing on IT operational support, JGC Parallel Technologies has a personnel system in place for the convenience of those with disabilities. With 23 employees (of which 22 are persons with disabilities) as of June 1, 2023, the Group-wide rate of employment of people with disabilities is 2.46%, which is at a level that exceeds the statutory employment rate (2.3%).



Parallel × Technologies

3 Senior engagement and retention

The EPC business relies on proven engineering expertise, and we have long recognized the valuable experience of older engineers who have been actively recruited. JGC took the initiative to raise the retirement age to 65 in 2015, enabling senior employees to pass on expertise while bearing project responsibility and continuing to be compensated accordingly.

Reinforcing Management Resources for Continuous Growth

Human Capital Initiatives

4. Creation of a comfortable workplace environment

1 Initiatives for those posted overseas

A comprehensive range of initiatives are available for employees posted overseas, with the view of boosting the appeal and compensation of business trips and positions stationed overseas in the Total Engineering Business.

Purpose

- 1 Provide more extensive experience, including positions overseas, to facilitate employee career formation
- 2 Improve the working environment and compensation for overseas positions, giving employees a more rewarding experience and sense of pride
- 3 Provide comprehensive lifestyle support for family members to suit each employee's life stage

Specific Initiatives

Shorter cycles for overseas postings

Postings overseas exceeding 2 years are determined based on the employee's intentions to suit their life stages, such as marriage, childbirth, childcare or nursing.

Enhanced home leave

The length of home leave available for single employees or those posted alone to construction sites overseas has been changed from 12 weeks overseas and 2 weeks home, to 10 weeks overseas and 2 weeks home. After 2024, we plan to further reduce the vacation cycle, aiming to achieve a well-balanced and flexible leave system that harmonizes with different life stages.

Home Leave Cycle	Fiscal 2020 and On	July 2023 and On	Planned for July 2024 and On
Weeks on duty	12	10	8
Weeks on leaves	2	2	2

Care for family members at home

We have partnered with full-service housekeeping companies providing house cleaning, babysitting, nursing and other services to assist family members in Japan with their childcare or nursing needs, or to reduce the burden on those posted overseas.

2 Extensive paid leave and other leave systems

A. Welcome Back system

Welcome Back system is available for employees who retired due to their spouse's relocation to new jobs or positions overseas (regardless of whether or not they are our company employees), on the assumption that they will return to work within 3 years. In the past, such employees had to retire and rejoin the company, but the system has been changed from fiscal 2022 where employees can select a new form of "leave." The system has been amended to provide additional flexibility where it has become the norm for both partners to be working.

Feedback on the Welcome Back system



Eriko Ishii
Project Controls Department
JGC Corporation

My spouse was assigned to a position in Vietnam and we made the decision to move the five members of our family together. My supervisor recommended making use of this system, so I submitted an application and left Japan. The fact that I had kept in touch with my supervisor and colleagues while I was living in Vietnam, and that the system gave me the opportunity to rejoin the same division as before helped to alleviate the psychological stress associated with gaps in my employment after leaving the company. After returning to the company, I was assigned as a member of a project controls department for a project in Malaysia. I feel that being given the opportunity to utilize this system and experience living overseas with my family has helped to broaden my perspective toward work at this company that has a high rate of people stationed overseas.

B. Childcare leave for male employees

With a growing number of people taking childcare leave and more households where both partners are working, we are creating a workplace environment and supportive systems that allow male employees take childcare leave.

P.85 ESG Data Highlights

	Rate of Utilization	Participants	Taken
Childcare leave (men)	69%	93	64

* As of the end of fiscal 2022

C. Encouraging employees to take paid leave

In addition to regular days off every month, measures are in place to encourage employees to take an extra day off for a three-day weekend, to cater to more flexible work styles. In a standard month (based on 30 days) made up of four weeks, employees would work for 22 days and have eight days off. This system encouraging employees to take paid leave is called "921", as taking an extra day of leave results in nine days off and 21 days of work. We are taking steps to make sure employees are aware of this system, particularly in June and December when there are no public holidays available.



Internal poster for 921 system

3 Facilitating work styles and workplace environments

A. Telecommuting system

To maintain high productivity while respecting the work-life balance of each member, flexible work styles have been adopted with relaxed restrictions on where and when work is done. Our basic approach is a hybrid style combining commuting and telecommuting for greater convenience.

B. Shared offices

Shared offices at the Yokohama Head Office offer a variety of areas for different purposes, including private booths, open spaces for discussions, and smart cubicles for online meetings. This has inspired more flexible ways of working and stimulated internal interaction, leading to new ideas and value.



Shared office (Yokohama Head Office)

C. Promoting employees health

In addition to workplace vaccinations and other preventive measures during the pandemic, the JGC Group maintains several health programs, including regular stress assessment and the JGC exercise program, to facilitate the maintenance and improvement of employees' physical and mental health.



JGC exercise program

Human Resources Embodying Group Personnel Strategy



Naohiro Yasuda

Mechanical engineering major
Joined JGC in 2008

Assigned to a department focused on overseas business after joining the company, has since been involved in estimating, FEED and EPC as a project engineer on oil and gas projects. Worked on-site in Saudi Arabia and the U.S., and is currently the engineering manager of a construction project for the world's largest scale ethylene production plant based in the U.S.

Q1 Tell us about your feelings about project management.

A1 I feel that project management actually involves the management of "people" rather than "things" or "money." At the end of the day, it is "people" who manage the "things" and "money." EPC projects cannot be accomplished by one person alone—in many cases, they are achieved by hundreds or thousands of people. The key to success is ensuring that each and every person involved in the project is able to exert their maximum capabilities and achieve their given task in line with a common goal. Project management is about creating the environment that enables this to happen. And naturally, unexpected events accompany any type of project. When faced with such situations, it is the role of project management to quickly identify the present conditions and indicate the direction the project should take in order to prevent or minimize damage, and make decisions balancing the three factors of quality, schedule and cost in a timely manner.

Q2 Tell us about some of your experiences that led to your own personal growth?

A2 When I was working on a construction project for an ethylene production plant in North America in 2017, Hurricane Harvey struck the site and also caused severe damage around the southern regions of the U.S. This disaster hit right before construction was due to be completed, and while all our group employees considered for a while returning home, we were all committed to seeing the project through to completion and decided to stay at the site. Instead, we worked with our clients and joint venture partners to restore the damage, which ensured the plant was completed as quickly as possible. Despite such an unprecedented situation where no one knew the best approach to take, we identified what needed to be done and the steps required, and coordinated our efforts with the authorities and partners. This was a valuable learning experience for me, and it made me realize the need of finding the optimum solution to any challenge I face.

Q3 What is the ideal character for a project manager?

A3 A project manager capable of continually showing the way to everyone involved in their project. As I mentioned earlier, projects are only successful when a diverse range of personnel are able to work to the best of their potential and capabilities. Yet there is always more than one way of approaching things. The important thing that leaders should keep in mind to ensure that their project is a success is to stick to a common goal, but not limit themselves to a single way of doing things. Keeping options open to suit the characteristics of each individual allows each person to come up with creative ideas and a more rewarding approach while guiding them toward a common goal—this is the type of leader that I am also striving to become.

Q4 What goals lie ahead?

A4 First up is completing the projects I am currently in charge of as planned, and creating an atmosphere where all the clients, subsidiaries and members working on the project—myself included—can look back and feel happy that there were involved in the project. I feel that project management skills refer to the ability to leverage those skills no matter the scale or field of the project. I want to further hone the project management skills I have developed to get closer to the ideal image of a leader and making any type of project I am working a successful one, even beyond those in the oil and gas industry. I also want to think about the best way to pass on my own experiences to help train the next generation of personnel as dependable project engineers.



Motokata Kai

Mechanical sciences and engineering major
Joined JGC in 2005

Assigned to the Heating Department after joining the company. Engaged in projects in Japan and overseas. Stationed at JGC Philippines, Inc. and Qatar natural gas processing facilities before being transferred to the Technical Development Department. Involved in ammonia technical development and demonstration projects. Subsequently moved to the Sustainability Co-Creation Department in 2020 to supervise the hydrogen/fuel ammonia business.

Q1 What type of work are you currently involved in?

A1 I am currently working on the "Large-scale Alkaline Water Electrolysis System Development and Green Chemical Plant Demonstration" and "Research and development of large-scale external thermal ammonia decomposition hydrogen production technology" projects funded by the New Energy and Industrial Technology Development Organization (NEDO). I am also involved in studying investments in venture capital funds that invest in hydrogen-related venture businesses with the aim of unearthing technologies and businesses. In addition to this, I am a member of Sustainable Solutions established under the overseas operating company JGC Corporation where I assist with securing orders for EPC projects in the hydrogen/fuel ammonia sector, and I am also involved in establishing business development organizations with the view to entering the hydrogen/fuel ammonia business.

Q2 Those roles differ to the traditional fields and business models that the JGC Group has been engaged in—what aspects do you find challenging?

A2 The JGC Group is currently aiming to secure EPC contracts in the hydrogen/fuel ammonia sector, while also taking part in projects geared toward orders as a business operator contributing capital. I am engaged in discussions about how to deliver new value from the perspective of a business operator and EPC contractor. Blue ammonia projects are currently mainstream in the hydrogen/fuel ammonia sector, but this is expected to transition to green ammonia in the future. The Group is involved in a green ammonia demonstration project in Namie Town in Fukushima Prefecture. I think we will be able to provide a broad range of value regarding green ammonia, including our know-how as a business operator, systems under development and EPC, so I want to focus on building up the know-how and knowledge for commercializing green ammonia with the view to expanding the sector.

Q3 What type of human resources do you expect to expand into new fields and models in the future?

A3 An extension of the work I am currently involved in is business operations in the hydrogen/fuel ammonia sector and the licensing business marketing our technology. We have internal departments covering the business operations and finance aspects, so I think it would be ideal with more human resources well-versed in business development and financing.

We also have a dedicated team for the licensing business, but members actually engaged in executing projects also work on EPC businesses. The required background is the same for both these fields, but they have a different business position. The licensing business is particularly sensitive to the latest technologies, and calls for the generation of patents and improvements. In addition to the execution skills developed with EPC projects, I am training human resources who have the qualities of leaders, backed with the drive to take on new challenges, such as developing and commercializing new technologies through this work.

Q4 What goals lie ahead?

A4 My ultimate objective is to take the projects I am working on through to commercialization and establish a firm foothold. One of the reasons I transferred to the Technical Development Department was because I was keen on taking up the challenge of creating businesses with a sense of differentiation based on technology. As an engineering company, I feel that the licensing business marketing our technology will be the key to building on our current business operations and generating value. I hope to train human resources capable of leading this sector through the combination of technical development and business development.

Reinforcing Management Resources for Continuous Growth

IP / Intangible Asset Initiatives

Basic stance

Intellectual property and intangible assets are emphasized by the JGC Group as a management resource for sustainable growth, and we are actively engaged in creating, protecting, and applying these assets and in associated risk management.

A broad range of these assets built up through internal "creation of knowledge" and collaborative "fusion of knowledge" are used to expand existing business, develop technology licensing, enter non-EPC areas, and transform business through digital technology while ensuring compliance, respecting others' rights, and minimizing our own risks.



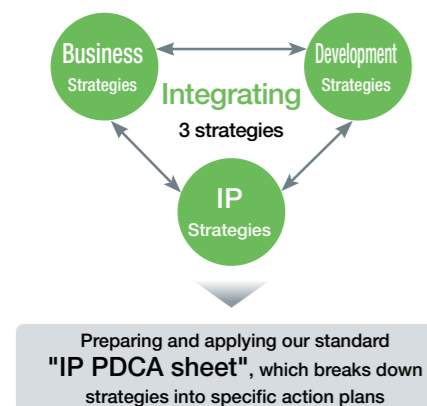
Example of forms of usage of intellectual property and intangible assets



Implementing IP strategies linked to business and development strategies

Growth of current business and creation of new business is promoted by formulating IP strategies linked to our business and development strategies. The Group then repeats PDCA cycles for IP that integrate all three strategies.

Planning IP strategies



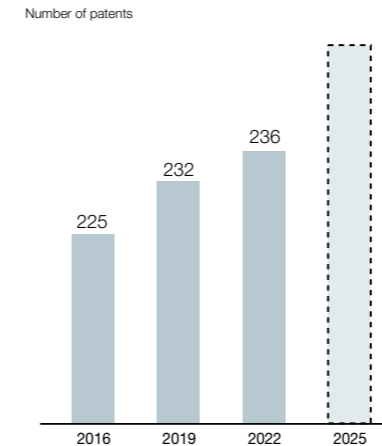
Implementing a PDCA cycle for IP



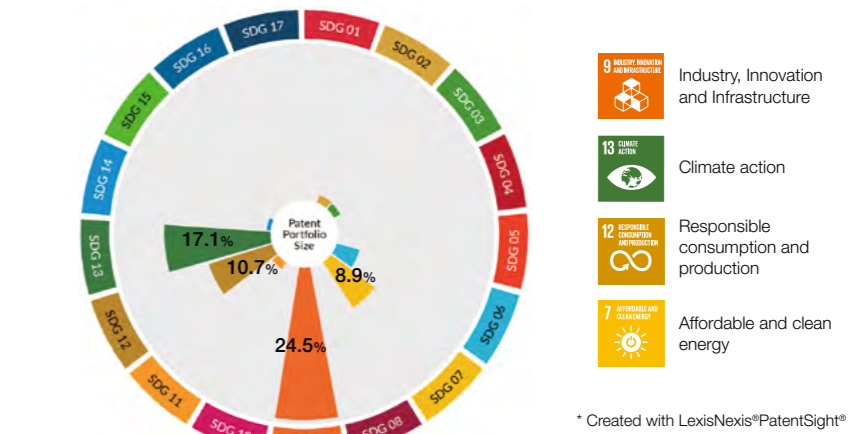
IP activities and sustainability

The JGC Group is engaged in business activities and research and development activities aimed at achieving our purpose of "Enhancing planetary health." The ratio of intellectual property created through these activities that have led to patents related to SDGs is increasing by the year.

Changes in active patents related to addressing JGC Group materiality and SDGs



Ratio of patents related to SDGs of active patents owned by JGC Group

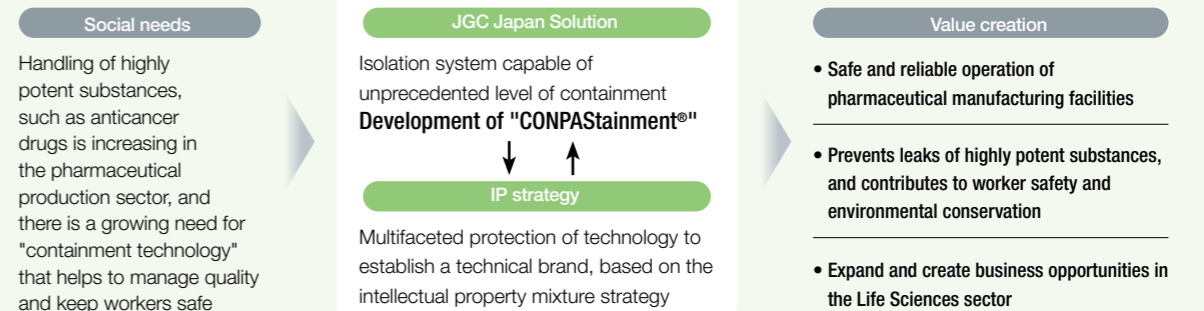
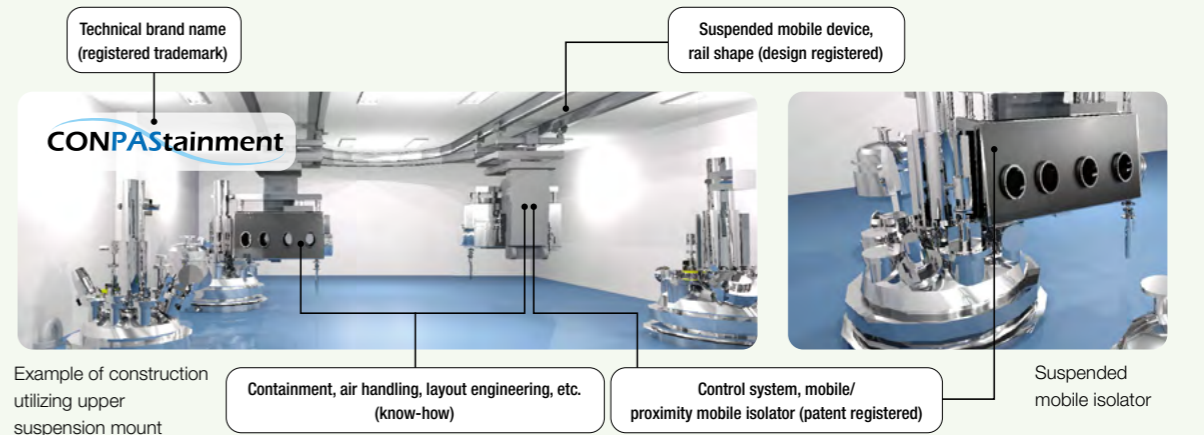


TOPICS

Protection of IP (IP mixture)

One of the JGC Group's IP strategies is the "IP mixture" that protects our technologies and services in numerous ways through rights and know-how such as patents, designs, and trademarks. Protection via IP rights and management of technical information, such as knowledge and know-how helps establish our brand of technical expertise and create differentiated technologies, which leads to securing project orders.

Example of value creation for pharmaceutical production in the Life Sciences sector



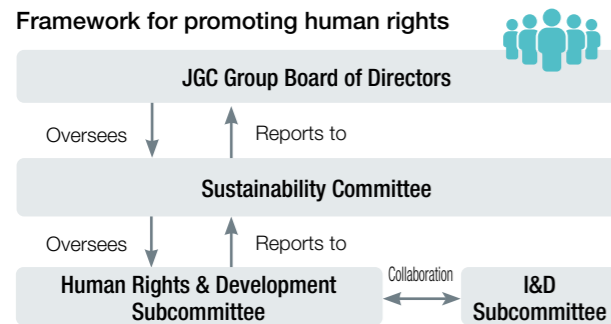
Reinforcing Management Resources for Continuous Growth

Respect for Human Rights in Supply Chains

Basic stance

Recognizing that a respect for the human rights of all people affected by our business is a fundamental principle of our business, the JGC Group abides by internationally recognized human rights principles, such as the International Bill of Human Rights and the ILO Declaration on Fundamental Principles and Rights at Work of the International Labor Organization (ILO). In addition to the Group executives and employees, we ask all stakeholders throughout our supply chains to respect human rights, in line with the "JGC Group Code of Business Conduct" and our "Basic Policy for Human Rights & Development."

Framework for promoting human rights



Under the Sustainability Committee chaired by the chairman and CEO of JGC Holdings, the JGC Group has established the Human Rights & Development Subcommittee as part of our human rights framework.

To promote a unified, group-wide approach to human rights, the subcommittee consists of senior executives of main Group companies and works with the I&D* Subcommittee led by a human resources department. This ensures that respect for human rights is part of our corporate culture.

* I&D: Inclusion & Diversity

"Basic Policy for Human Rights & Development" on the JGC Group website
<https://www.jgc.com/en/about/policies.html>



Human rights due diligence

Create human rights risk map and identify issues (create based on the UN Guiding Principles Reporting Framework)

In fiscal 2022, we conducted desktop studies for EPC Business in Japan and abroad to shed light on all stakeholders throughout the supply chain, so as to identify human rights issues that present risks to the JGC Group's businesses. Each detected issue was categorized on the basis of severity and likelihood of occurrence, to create a human rights risk map. Response policies and plans are developed in accordance with the "Guidelines on Respect for Human Rights in Responsible Supply Chains" released by the

Japanese government, with initiatives slated to be rolled out from fiscal 2024 to address the detected issues in order of severity and likelihood of occurrence.

Ahead of implementing the above plan, we have started screening by sending questionnaires to suppliers of our overseas businesses that use certain construction materials deemed to have extremely high human rights risks, in order to verify their attitudes toward human rights and their supply chains.

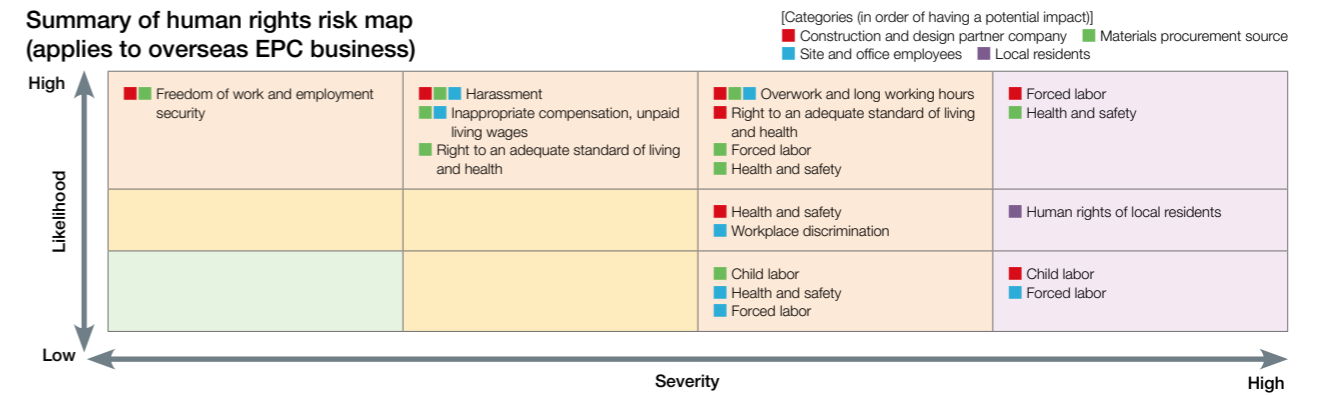
	~ Fiscal 2022	Fiscal 2023	Fiscal 2024 ~
Assess human rights risks	Progress bar	Progress bar	Progress bar
Study risk reduction measures	Progress bar	Progress bar	Progress bar
Implement risk reduction measures	Progress bar	Progress bar	Progress bar
Verify effectiveness	Progress bar	Progress bar	Progress bar
Disclose information, communicate externally	Progress bar	Progress bar	Progress bar

Future issues to be addressed and direction

Specific initiatives for risk reduction measures will be implemented going forward, based on the created human rights due diligence process and proposed measures. Furthermore,

the human rights due diligence process currently being implemented for the EPC Business will be applied to functional materials manufacturing companies from fiscal 2024.

Summary of human rights risk map (applies to overseas EPC business)



Raising awareness of human rights through internal training

We held "business and human rights training" for executives and employees in fiscal 2022 with the aim of increasing understanding of the social responsibility required of companies to ensure that each and every employee respects human rights. While we also recognized the importance of management expressing their own attitudes toward human rights during discussions between external human rights experts and management during training. This higher level of awareness toward human rights within the company increases the effectiveness of human rights due diligence to be conducted in the future.



Comment from Lawyer Akiko Sato, who participated in business and human rights training



Lawyer Akiko Sato
 United Nations Development Programme
 Liaison Officer
 (Business and Human Rights project)

Establishing the Human Rights & Development Subcommittee within the JGC Group Sustainability Committee, creating policies on human rights, holding associated training and running human rights due diligence to identify and respond to specific human rights risks is in line with the United Nation's guiding principles. From the stance of business and human rights, existing internal initiatives need to be revised from the perspective of human rights, and the impact that business has on the human rights of the company as well as all stakeholders throughout the value chain, including overseas, needs to be identified based on a human rights policy that reflects the level of commitment of the management team. To achieve this, an internal culture needs to be nurtured based on the common language of human rights, with medium- to long-term action plans developed and revised regularly, and above all else, engaging in dialogue with those affected. I hope to see enhancements made to the current initiatives, while also addressing global issues such as social structural problems like minorities, climate change, biodiversity, and conflicts from the perspective of human rights, and make further improvements to the system by incorporating corrective actions and remedial measures.

Building Responsibly (BR) initiatives

Worker Welfare is drawing increased attention in the oil and gas industry that involves hazardous work. JGC Corporation joined Building Responsibly (BR), an organization committed to protecting construction workers' rights and respecting

their welfare, and promotes respect of human rights for workers in the industry by establishing international standards and guidelines as a board member.

TOPICS

Presenting the importance of addressing human rights at construction sites, at an APEC conference

A member of the JGC Corporation Construction Department participated in APEC's Human Resource Development Working Group held in the U.S. in May 2023, and gave a presentation about IIF activities* in place at our current LNG Canada Project, and took part in the discussion session. The presentation covered on-site IIF activities, and was praised highly by BR. IIF activities at construction sites are a way of creating a working culture of ensuring care for construction workers, and help to improve Worker Welfare.



* IIF activities: Incident & Injury Free. This is a method of creating a culture of safety on worksites, developed by safety consultant JMJ to ensure that everyone is able to return home without any injuries.

Reinforcing Management Resources for Continuous Growth

Occupational Health and Society

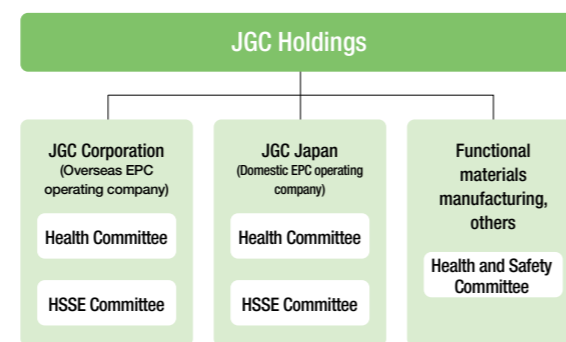
Basic stance

The JGC Group positions Health, Safety, Security and the Environment (HSSE) performance as a corporate value that is to be continuously pursued. To this end, we created our fundamental principle "to create safe, secure and healthy workplaces in which all staff can carry out their functions with confidence" that not only applies to the JGC Group but also to all workers at offices or construction sites in Japan and overseas, including partner companies, as we work to implement HSSE initiatives throughout the Group.

▶ HSSE management framework

EPC operating companies and functional materials manufacturing companies have developed their own health and safety policies based on the above fundamental principle, and established a Health and Safety Committee or HSSE Committee to develop a health and safety management system, which deliberates on and addresses key topics related to HSSE. The Health and Safety Committee or HSSE Committee of each group company conducts activities aimed at reducing risks related to health and safety. In the event of a major disaster, the Occupational Health and Safety Management Department of each group company address the incident quickly and urgently contacts our relevant departments—we have a system in place that provides support if necessary.

Framework for managing occupational health and safety



▶ Increasing performance of occupational health and safety

The JGC Group increases the performance of occupational health and safety from two angles—raising awareness of health and safety, and enhancing knowledge and expertise on health and safety. Raising awareness of health and safety involves boosting awareness at all offices and construction sites in Japan and overseas by holding various events, such as the HSSE Competition organized by the President of JGC Holdings Corporation. Enhancing knowledge and expertise on health and safety involves providing education on health and safety environments to new recruits and employees assigned to sites for the first time, as well as HSSE audits at construction sites in Japan and overseas.



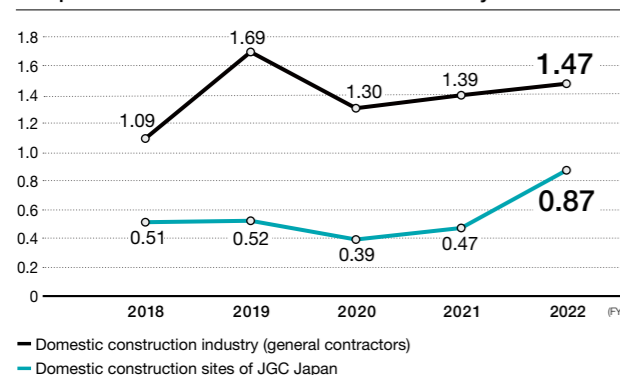
HSSE Conference in 2022

▶ High worksite safety performance

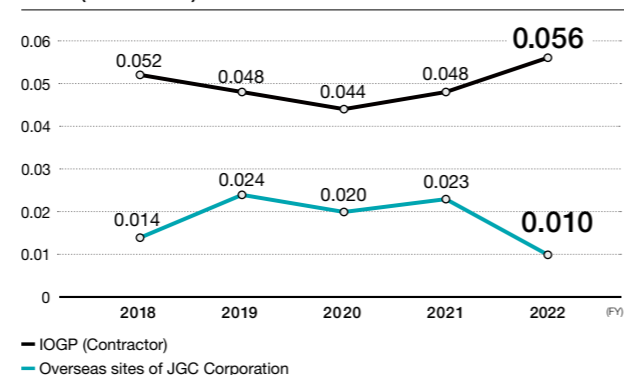
The Group's high safety record at construction sites in Japan and overseas attests to our constant commitment to safety as a core value shared by all members. Sites in Japan maintain a lost-time incident rate*1 below the industry average for general construction, and overseas sites have outperformed the annual lost time injury rate LTIR*2 of construction companies outside Japan as reported by the International Association of Oil and Gas Producers (IOGP)*3.

*1 LTIR: indicating the frequency of lost time injuries, is a safety benchmark in Japan representing the number of injuries due to workplace accidents per million actual working hours.
 *2 LTIR: Lost Time Injury Rate is an Occupational Safety and Health Administration (OSHA) of the U.S. metric for calculating the number of injuries that result in time away from work, and indicates the frequency of lost time injuries per 200,000 hours.
 *3 IOGP: The International Association of Oil & Gas Producers compiles safety records of construction companies in the oil and gas industry

Injury frequency at construction sites of JGC Japan compared to the domestic construction industry



LTIR of overseas sites of JGC Corporation compared to IOGP (Contractor)



Reinforcing Management Resources for Continuous Growth

Quality Management System

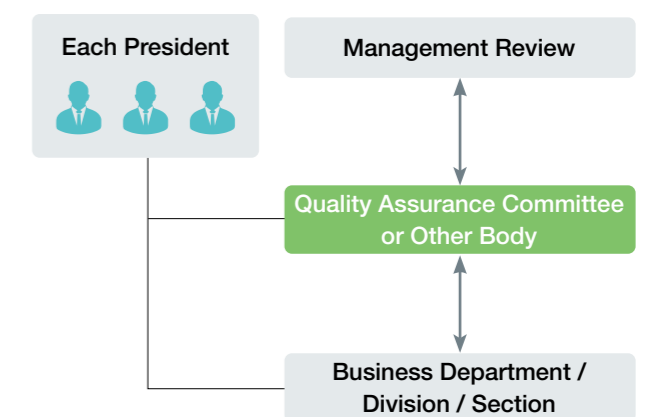
Basic stance

Quality management is essential for safe operation and stable production at plants and other facilities. Under the ISO 9001-certified quality management system in place at the JGC Group, quality policies established by each company form the basis for quality targets set at various organizational levels. After organizational issues are identified, quality targets and action plans are formulated, implemented, evaluated, and improved in PDCA cycles for continuous improvement of organizational performance. Each company of the JGC Group ensures quality through systems and human resources that bring together valuable knowledge and skills built up over many years.

▶ Framework for quality management at Group companies

Quality assurance committees or similar bodies are established at each Group company, and meet regularly. The committees implement continuous improvements to ensure that quality of the products and services provided remains satisfactory, which includes investigating the root causes of any quality issues and preventing recurrence. The committees also evaluate these measures, as ongoing improvements are made. In maintaining this framework for quality assurance, quality management activities are reviewed annually by the president of each company.

Quality management framework at each company



Lessons Learned—Leveraging valuable knowledge built up over the years

The JGC Group continually adopts ideas and initiatives for leveraging the knowledge and experience gained from past successes or failures (LL: Lessons Learned) to new projects.

The overseas EPC operating company JGC Corporation has developed the Corporate Lessons Learned (CLL) framework based on the lessons garnered from past projects, and provides it company-wide as a means of preventing severe quality problems. All employees are given the opportunity to learn more using CLL, and the CLL courses in particular have been taken by a total of more than 11,000 employees including overseas group companies—all employees are united in our commitment to raising awareness of prevent quality problems from occurring. TQI (Think Quality Initiative) activities that forge a culture where everyone works to increase quality, are part of initiatives aimed at increasing quality performance, and include an annual Quality Day where employees have the opportunity to get together to openly discuss ideas that can help improve quality beyond existing frameworks.

The domestic EPC operating company JGC Japan Corporation holds a general operational meeting attended by executive level personnel, which includes a session called LL Discussion that covers past examples and ways to prevent problems with defects in the future. LL Communication shares details of defects to all employees across the organization, as part of ongoing efforts to raise awareness of quality.



Panel discussions at Quality Day

Reinforcing Management Resources for Continuous Growth

Corporate Governance

Basic stance

The JGC Group remains aware that, sound governance is the foundation of management for sustained growth. We are therefore strengthening our corporate governance, which we view as a material issue.

Our central mechanism for corporate governance is the Board of Directors. Its governance structures, functions, and roles are continuously reviewed, with Board effectiveness analyzed and assessed each year as we seek progress through steady improvement.

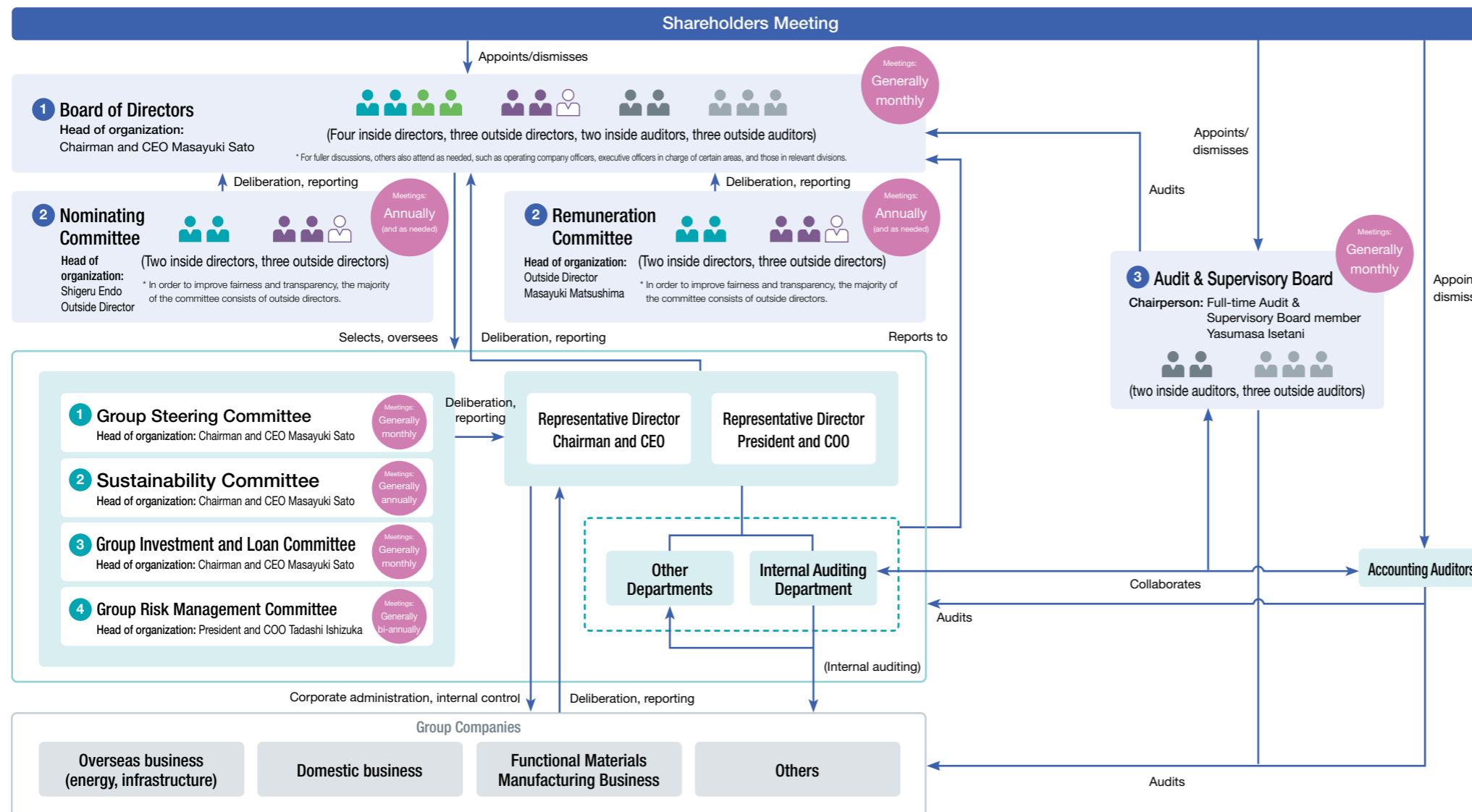
In regulatory compliance and other matters essential to appropriate corporate governance as well, our purpose and values call on each employee and officer to maintain high ethical standards in everything they do, so that the Group as a whole works to enhance medium- to long-term corporate value and achieve sustainable growth.

Outline of the corporate governance system

JGC Holdings maintains a board of directors and an audit and supervisory board. The JGC Group has adopted a holding company structure under which operating companies pursue the Group's core business.

Separating management from execution provides greater clarity on roles and responsibilities of the holding company and operating companies. The holding company's role is to formulate management policies and oversee the operating companies from a medium- to long-term Group perspective. Operating companies apply the Group management policies and strategies to respond

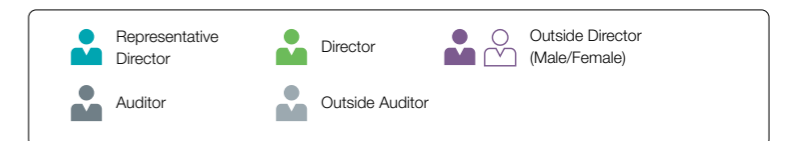
Corporate governance system



Body	Purpose
1 Board of Directors	<ul style="list-style-type: none"> Resolves key matters of business execution Oversees directors' executive actions Deliberates on medium- to long-term strategies and issues
2 Nominating and Remuneration Committees	<ul style="list-style-type: none"> Deliberates on appointment and dismissal of officers, remuneration, etc.
3 Audit & Supervisory Board	<ul style="list-style-type: none"> Discusses or resolves issues based on reports of key auditing matters Presents opinions based on the results above to directors or the Board of Directors as necessary

Body	Purpose	Members
1 Group Steering Committee	Reports on and discusses the direction that the Group should take as well as steering matters such as management / business strategies for the Group as a whole and each operating company	Chairman and CEO Masayuki Sato Auditors (rotating)
2 Sustainability Committee	Formulates Group policies and action plans related to sustainability; deliberation to evaluate and promote action supporting sustainability	Chairman and CEO Masayuki Sato
3 Group Investment and Loan Committee	Deliberates on holding company and Group investment and lending projects	Standing members: Seven directors, executive officers, and auditors of the holding company and the Group companies Non-standing members: Three executive officers of the holding company may attend, depending on the agenda
4 Group Risk Management Committee	Understands and organizes risks posed to the Group as a whole, develops and maintains a group-wide risk management system, and proposes and deliberates on improvements	President and COO Tadashi Ishizuka

* CPAs Takemitsu Nemoto, Atsushi Nagata, and Takashi Inoue of KPMG AZSA LLC audit JGC accounts. Auditing support is provided by nine other CPAs and 16 assistants



Improvement Status of Internal Control System

JGC Holdings' Board of Directors determines the basic principles of the internal control system and revises them as necessary.

Improvement status

- The Internal Auditing Department monitors, evaluates, and improves the effectiveness of the internal control systems of JGC Holdings and the JGC Group and conducts separate audits as necessary
- Rules of Management Authority regulate the duties and authority of each role, and clarify the system of responsibilities in corporate management and business execution
- Management rules for Group companies have been formulated and implemented to ensure efficient and appropriate operations across the Group

Response to the Corporate Governance Code

We implement all principles laid out in the Corporate Governance Code and provide disclosure according to all 14 general principles, and supplementary principles required by the Tokyo Stock Exchange as stipulated in the revised Corporate Governance Code of June 11, 2021, and are making steady efforts to further solidify our corporate governance.

A Corporate governance report is available on the JGC Group website. (Only in Japanese)

<https://www.jgc.com/jp/ir/ir-library/corporate-governance.html>



Reinforcing Management Resources for Continuous Growth

Corporate Governance

▶ Board of Directors

● Board functions

The Board of Directors is responsible for decision-making on medium- to long-term Group strategies and issues, and it provides oversight regarding business execution of the Group companies. Board composition is intended to enable effective and efficient execution of these functions.

● Basic policy on Board composition and diversity

From the standpoint of further enhancing discussions on medium- to long-term Group strategies and issues and of strengthening oversight regarding business execution of the Group companies, the Board consists of the following members.

- 1 Consists mainly of directors with broad experience in business markets and directors with a high level of knowledge and expertise in EPC operations, which is the primary Group business
- 2 Independent outside directors are appointed in order to incorporate outside perspectives in management, with the expectation that these directors will provide objective advice to the Board and fulfill oversight functions from an independent viewpoint

As a matter of policy respecting the importance of diverse perspectives, members are appointed not solely based on professional experience and expertise but also on competence, regardless of nationality, race, or sex.

Skills Matrix of Directors (Four inside, three outside)


Name and position at JGC	Term as director (in years)	Outside director attendance at Board meetings in fiscal 2022	Field						
			Corporate management	Technology, project management, and IT	Global business	HR, human resource development, and labor relations	Finance and accounting	Legal and risk management	
Masayuki Sato Representative Director, Chairman, and Chief Executive Officer (CEO)	13	-	●		●			●	
Tadashi Ishizuka Representative Director, President, and Chief Operating Officer (COO)	6	-	●	●	●				
Kiyotaka Terajima Director, Senior Executive Vice President, and Chief Financial Officer (CFO)	7	-	●					●	●
Shoji Yamada Director	2	-	●	●	●				
Shigeru Endo Outside director	10	16/16 (100%)			●	●			●
Masayuki Matsushima Outside director	7	15/16 (94%)	●		●			●	
Noriko Yao Outside director	2	16/16 (100%)			●	●			●

Skills Matrix of Auditors (Two inside, three outside)


Name and position at JGC	Term as auditor (in years)	Outside auditor attendance at Board meetings in fiscal 2022	Field						
			Corporate management	Technology, project management, and IT	Global business	HR, human resource development, and labor relations	Finance and accounting	Legal and risk management	
Yasumasa Isetani Auditors	5	-		●	●			●	
Kazuyoshi Muto Auditors	2	-		●	●			●	
Koichi Ohno Outside Audit & Supervisory Board Member	9	15/16 (94%)				●		●	●
Norio Takamatsu Outside Audit & Supervisory Board Member	7	15/16 (94%)	●	●				●	
Kazuya Oki Outside Audit & Supervisory Board Member	0	-			●			●	●

Note: Selection rationale for each skills matrix is shown on P. 68. The above list is not exhaustive or prescriptive, which indicates disciplines where directors and auditors can further demonstrate their expertise, not all disciplines in which each director and auditor excels.


▶ Directors




Masayuki Sato
Chairman and Representative Director
Chief Executive Officer (CEO)




Tadashi Ishizuka
Representative Director, President
Chief Operating Officer (COO)




Kiyotaka Terajima
Director




Shoji Yamada
Director



Shigeru Endo
Outside Director



Masayuki Matsushima
Outside Director



Noriko Yao
Outside Director

▶ Audit & Supervisory Board Members

Yasumasa Isetani
Audit & Supervisory Board Member

Kazuyoshi Muto
Audit & Supervisory Board Member

Koichi Ohno
Outside Audit & Supervisory Board Member

Norio Takamatsu
Outside Audit & Supervisory Board Member

Kazuya Oki
Outside Audit & Supervisory Board Member

▶ Executive Officers

Kiyotaka Terajima
Senior Executive Vice President
Chief Financial Officer (CFO)

Takuya Hanada
Executive Vice President
Chief Human Resource Officer (CHRO)

Masahiro Aika
Senior Executive Officer
Technology Commercialization Officer (TCO)

Masaki Ishikawa
Senior Executive Officer

Takeshi Kawasaki
Executive Officer

Toshiyuki Karasawa
Executive Officer

Yoshihiro Mizuguchi
Executive Officer
Chief Technology Officer (CTO)

Akihito Sawaki
Executive Officer
Chief Information Officer (CIO)

Keiji Tanigawa
Executive Officer
Chief Digital Officer (CDO)

Satoshi Kurata
Executive Officer
General Counsel

Hiroyuki Morishima
Executive Officer
Chief Manufacturing Officer (CMO)

Shinya Miyake
Executive Officer

Selection Rationale for Each Skills Matrix

Skill	Selection Rationale
Corporate management	To achieve the goals of BSP 2025 and 2040 Vision in line with the Group purpose of "Enhancing planetary health," the Group requires directors experienced in establishing clear strategies for sustainable growth and higher corporate value even in a turbulent business environment.
Technology, project management, and IT	The Group requires directors with a high level of knowledge and expertise in our main businesses in order to pursue, manage, and oversee growth strategies for sustainable growth and greater corporate value. Directors must also be highly knowledgeable and experienced in the five business areas of Energy transition, High-performance functional materials, Circular economy, Healthcare & life science, and Industrial & urban infrastructure that will be essential in social issues we must begin to address to fulfill our purpose of "Enhancing planetary health."
Global business	Implementing growth strategies and managing and supervising progress toward sustainable Group growth and higher corporate value calls for directors with experience in overseas business management and extensive knowledge of and familiarity with everyday life, culture, business environments, and so on outside of Japan.
HR, human resource development, and labor relations	JGC Group employees are required to possess advanced technical capabilities and expertise, an appreciation of different cultures and diversity in order to work with others of many nationalities, and a mental attitude that helps us make the most of our organizational strengths. To this end, personnel management must be established that ensures peak employee performance, and the Group requires directors with solid knowledge and experience in human resources management or development, including promotion of diversity.
Finance and accounting	Beyond ensuring accurate financial reporting, the directors required by the Group must have reliable knowledge and experience in finance and accounting, as needed to build a strong financial foundation and to formulate financial strategies both for growth investments (including M&As) aimed at sustainable gains in corporate value and for higher shareholder return.
Legal and risk management	A suitable governance system is fundamental to sustainable growth in corporate value. Moreover, to continue enhancing Board oversight effectiveness, the Group requires directors with solid knowledge and experience in corporate governance, risk management, and compliance.

Corporate Governance

► Policies and procedures for senior management appointment and dismissal

<p>Appointment process</p>	<p>Appointment of senior management and nomination of candidates for directors</p> <p>① Deliberations of the Nominating Committee, which consists of a majority of outside directors and is chaired by an outside director, are focused on the following items.</p> <p>(1) Qualities such as character and views (2) Senior management and inside directors: Qualities such as experience, performance, and management capabilities, as defined in succession planning (3) Outside directors: Qualities such as independence and expertise</p> <p>② After comprehensive deliberation by the Nominating Committee, a decision is made by the Board.</p> <p>Appointment of senior management and nomination of director candidates follows this process and involves ample discussion before decisions are made, with the understanding that these individuals may one day be candidates to succeed the CEO.</p>
<p>Dismissal process</p>	<p>Dismissal of senior management</p> <p>In the event of any of the following, the Board decides on dismissal after deliberation by the Nominating Committee.</p> <p>(1) Wrongdoing, impropriety, or breach of faith (2) Violation of laws or articles of incorporation (3) Loss of the qualities and capabilities initially required for appointment</p>

► Succession plan

The following succession plan in place informed by discussions of the Nominating Committee and Board is beginning to be initiated, reflecting the Group's recognition of the importance of succession planning in sustainable growth of corporate value.

● Purpose

- Toward attainment of BSP 2025 and the 2040 Vision, and for lasting enhancement of corporate value beyond this, we recognize the necessity of appointing optimal directors and executive officers for the current business environment and management strategies.
- Based on the business environment and management strategies, the plan clarifies the knowledge, experience, abilities, and personal qualities sought in top management, guiding development and selection of the Group's next leaders and enabling continuous appointment of these leaders whenever needed.

● Stance on leadership criteria

- In fiscal 2019, leadership criteria were determined through talks with current top management facilitated by a third-party organization, and future needs in leaders are defined from a medium- to long-term management vision.
- These criteria are classified on minimum essential attributes and ideal attributes (three-level scale), and candidates are assigned to groups with specific level requirements.
- The requirements of leaders were redefined in fiscal 2022 to suit changes in the business environment, and human resources criteria was revised.

● Stance on succession planning

- The basic stance taken on succession planning involves defining leadership criteria, selecting several individuals for near- and far-term candidate groups, providing opportunities to develop required attributes and gain experience, and monitoring progress each year as candidates are groomed over the medium to long term.
- In line with the above approach, educational programs for near- and far-term candidate groups are enhanced and built upon by sending candidates to external educational and training programs or inviting external lecturers as part of ongoing lectures.

Message from Outside Director

Assembling a potent management structure to sustainably enhance corporate value



Shigeru Endo
 Outside Director

[Reason for appointment]

Mr. Shigeru Endo does not have direct experience in corporate management, but he has served as the ambassador extraordinary and plenipotentiary to Saudi Arabia and Tunisia and possesses extensive experience and knowledge of the Group's principal business market. Appointment as outside director reflects the Group's determination that this experience and knowledge will be applied in appropriately performing the duties of providing accurate advice and opinions on management and business and fulfilling a supervisory role from an independent standpoint, which will contribute to sustainable enhancement of corporate value.



Please refer to the JGC Group website for brief biography.

<https://www.jgc.com/en/about/directors.html>



In April 2022, the former Appointment and Remuneration Advisory Committee was split into two separate committees—the Nominating Committee and the Remuneration Committee—with each chaired by an independent outside director, of which I was appointed to chair the Nominating Committee. The committee currently comprises two inside and three outside directors as members. In order to prevail through these uncertain times where major changes are constantly afoot, determining how to assemble a potent management structure capable of sustainably increasing corporate value will be the key to the future of the Company—the Nominating Committee is also taking this to heart through its activities.

The primary responsibility of the Nominating Committee is to ensure objectivity, fairness and transparency when selecting members that make up the management structure. We are requested by the Board of Directors to deliberate on the selection and dismissal of senior management such as directors and other executive officers, before providing our reply. Over the past year and a half, we have been holding serious discussions on the personal qualities required of directors, executive officers and other members of top management,

as well as deliberating succession development planning and other matters.

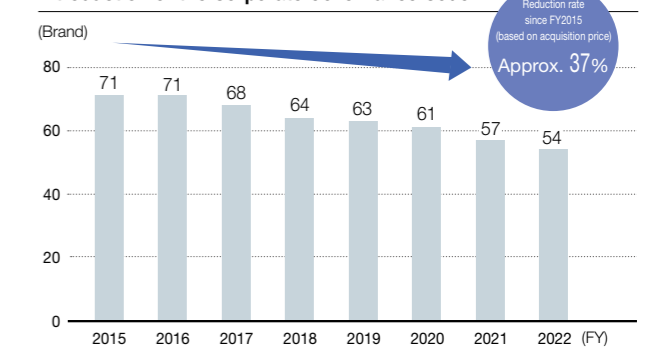
We consider the fundamental essence of diversity as ensuring that each and every individual, from regular employees to the management team, is able to perform to the maximum extent of their capabilities, but we also see the significant potential of women in the workplace. Nurturing human resources is by no means an easy task. Yet it is impossible to foster true leaders without putting in the required effort. More than simply possessing knowledge of the manufacturing industry or the unique engineering aspects underpinning the JGC Group's operations, people suitable for top management positions need to be of a character fusing the perfect blend of decision-making capacity and drive, the ability to bring change and the power of imagination, and integrity and grit. The ideal image of a leader will no doubt change along with the circumstances of the day. The top management also needs to be supported by capable human resources. The office in charge of human resources plays a crucial role in formulating, implementing and assessing succession development planning with a long-term perspective, but I hope to see the Nominating Committee also becoming involved in this process.

► Cross-shareholdings

1. Purpose

The Group refrains from cross-shareholdings except in cases where maintaining and strengthening relationships with clients and business partners will contribute to higher medium- to long-term corporate value for the Group. Each year, the Board of Directors reviews the significance of maintaining each cross-shareholding, and both qualitative and quantitative aspects are reviewed. Quantitatively, TSR (total shareholder return) and ROE are checked for each company, as well as whether business advantages are commensurate with the cost of equity. Sale of shares deemed to have lost their significance is investigated accounting for the market environment and changes in stock prices.

History of sales and reductions in cross-shareholdings since the introduction of the Corporate Governance Code



2. Basis for exercising voting rights

In exercising voting rights for cross-shareholdings, advantages and disadvantages are weighed based on whether the decision will contribute to sustainable growth of the company involved, and thus, higher Group corporate value over the medium to long term.



Details on the review process of each holding objective are available on the JGC Group website.

<https://www.jgc.com/en/esg-hsse/governance/corporate-governance/>



Corporate Governance

▶ Director compensation

Policy on determining director compensation amounts or calculation methods

● Basic policy, general shareholders' meeting resolutions

- Under a basic policy to secure the management personnel needed for greater global competitiveness and higher medium- to long-term corporate value, a resolution made at the 113th general shareholders' meeting on June 26, 2009, set maximum annual director compensation at ¥690 million, with maximum auditor compensation at ¥88 million.
- As for the policy on determining the amount, calculation, and breakdown of compensation for individual directors, compensation shall not exceed the range resolved at the general shareholders' meeting, and details are discussed in advance by the Remuneration Committee (which consists of a majority of outside directors and is chaired by an outside director), whose report is considered by the Board to reach a decision.

● Process for determining compensation

- To ensure fairness, transparency, and consistency with this decision policy, decisions by the chairman and CEO reflect the results of comprehensive deliberation by the Remuneration Committee on evaluation of individual directors and the amount of remuneration.
- The compensation for individual directors within the range set at the general shareholders' meeting is at the discretion of the chairman of the Board, who as the Company's CEO is most familiar with the duties and responsibilities of each director, their performance, and the extent to which this performance contributes to higher corporate value.
- The Board has determined that final decisions have been consistent with this policy, and in making this determination, the Board has been informed of a summary and results of Remuneration Committee deliberations, as well as final decisions by the chairman and CEO.

● Compensation mix and details

- Inside directors, excluding outside directors, receive compensation comprising monetary compensation and stock compensation, where monetary compensation comprises fixed compensation and bonuses, and stock compensation comprises restricted stock and performance share units.
- The compensation mix is designed to provide a higher proportion of variable compensation (bonus and stock compensation) for higher performance and rank.

(Note) The introduction of performance share units was approved and passed at the shareholders' meeting held on June 29, 2023, so the above includes details of the discussed matter.

■ Stock compensation

- Introduced the following two types of stock compensation so that directors share the benefits and risks of stock price fluctuations with shareholders and conduct business accordingly, and to further incentivize a higher stock price and greater medium- to long-term corporate value.
- A malus and clawback clause has been introduced, where in the event that a corporate scandal such as violation of laws is identified, the Company can seize some or all the stock compensation or request the return after the stock restriction is removed, based on deliberation by the Remuneration Committee and approval by the Board of Directors.

Performance Share Unit (PSU)

- Compensation linked to results was introduced at the 127th ordinary general shareholders' meeting held on June 29, 2023.
- According to the degree of performance achievement for the fiscal 2023, common stock with a restricted period is planned to be allocated in August of the same year.
- **Outline of PSU**
- **Scope:** Directors and executive officers of the holding company and directors of Group companies
- **Performance evaluation period:** 1 year (from April 1 to March 31 of the following year)
- **Performance evaluation period:** Operating profit and profit attributable to owners of parent
- **Maximum monetary compensation:** ¥650 million per year
- **Total shares of PSU (maximum):** 959,000 shares per year (approximately 0.40% of total issued shares)
- **Restricted stock period:** Set to 3 years up to 30 years

Restricted Stock (RS)

- As compensation for responsibilities, restricted stock compensation is allocated in August, and on August 9, 2022, some 8,333 shares corresponding to 10% of base compensation (equivalent to ¥13 million) were allocated to three directors in fiscal 2022.
- **Outline of RS**
- **Scope:** Directors and executive officers of the holding company and directors of Group companies
- **Maximum monetary compensation:** ¥190 million per year
- **Total shares of RS (maximum):** 149,300 shares per year (approximately 0.06% of total issued shares)
- **Restricted stock period:** Set to 3 years up to 30 years

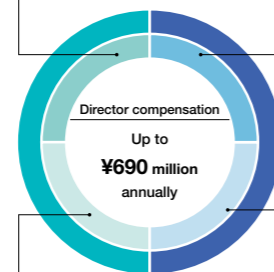
■ Monetary compensation

Fixed compensation

- Determined according to each director's position and the value of their duties, accounting for the capabilities required and the weight and impact of those duties.
- Consists of base compensation and an allotment for directors or representative directors, both paid monthly.
- Outside director compensation is limited to fixed compensation, to enable management oversight from a position independent of business execution.

Bonus

- Designed as a key incentive to meet performance figures each fiscal year and steadily improve corporate value over the medium and long term.
- Individual bonuses are determined by the Remuneration Committee from a base amount (calculated for each position and indexed to operating income and net income attributable to owners of the parent, which are targets in the medium term business plan) and individual evaluation (accounting for responsibilities to fulfill in order to attain the long-term management vision and medium-term business plan).
- As a performance indicator, net income attributable to owners of the parent is weighted, in view of the responsibility to shareholders for results. It is weighted higher for those in higher positions.
- Bonuses do not apply when there is a net loss attributable to owners of the parent.



Breakdown of executive compensation

Category	Total value of compensation, etc.	Breakdown of compensation, etc.					
		Fixed compensation		Performance-based compensation		Restricted stock compensation	
		Number of eligible executives	Total amount provided	Number of eligible executives	Total amount provided	Number of eligible executives	Total amount provided
Five directors (excluding outside directors)	¥278 million	5	¥172 million	3	¥92 million	3	¥13 million
Two Audit & Supervisory Board members (excluding outside Audit & Supervisory Board members)	¥36 million	2	¥36 million	-	-	-	-
Seven outside executives (four outside directors and three outside Audit & Supervisory Board members)	¥69 million	7	¥69 million	-	-	-	-

Note 1: As of the end of fiscal 2022, there were eight directors (including four outside directors) and five auditors (including three outside auditors).
 Note 2: The performance-based compensation above is the amount recorded as expenses as allowances for the fiscal year ending March 31, 2022.

Breakdown of executive compensation

Name	Total value of compensation	Category	Breakdown of compensation, etc.		
			Fixed compensation	Performance-based compensation	Restricted stock compensation
Masayuki Sato	¥105 million	Directors	¥61 million	¥38 million	¥5 million

Note 1: Only those whose total amount of consolidated remuneration, etc. is ¥100 million or more are listed.
 Note 2: The performance based compensation above includes the amount recognized as an allocation to reserves during the consolidated fiscal year for the provision.

Message from Outside Director

Securing human resources to lead the future is the top priority



Masayuki Matsushima

Outside director

[Reason for appointment]

Mr. Masayuki Matsushima has extensive experience and knowledge in finance and corporate management, having served as executive director of the Bank of Japan and in other significant positions. Appointment as outside director reflects the Group's determination that this experience and knowledge will be applied in appropriately performing the duties of providing accurate advice and opinions on management and business and fulfilling a supervisory role from an independent standpoint, which will contribute to sustainable enhancement of corporate value.

Please refer to the JGC Group website for brief biography.

<https://www.jgc.com/en/about/directors.html>



Securing human resources capable of leading the future is the top priority to ensure sustainable growth in corporate value for the JGC Group. To achieve this, I feel that transparency of the compensation system for employees and executives as well as incentive-based compensation focusing on performance will be essential. To ensure that this is achieved in an objective manner, the process for determining the calculation method for compensation and the policy defining the compensation mix first involves deliberation by the Remuneration Committee that comprises a majority of outside executives (and chaired by an outside executive), and then approval by the Board of Directors.

I would like to take this opportunity to expand on two points in particular regarding the overall compensation system of the JGC Group I have seen during fiscal

2023. The first is that the JGC Group has enhanced company-wide well-being with efforts, such as raising the average salary to counter the 5% increase in prices. The second is that stock compensation linked to company performance has been introduced for director compensation (to begin from fiscal 2024). The introduction of this type of director compensation with a medium- to long-term view forms an incentive for attaining continuous growth in corporate value, which in turn leads to benefits for all employees of the JGC Group in what creates a positive cycle.

Going forward, we will continue creating a rewarding workplace environment with compensation to match each individual's capabilities and achievements, while maintaining an eye on DEI (Diversity, Equity and Inclusion).

Corporate Governance

▶ Board effectiveness evaluation

Board effectiveness is analyzed and evaluated annually, efforts toward improvement are reviewed, and issues linked to further gains in effectiveness are discussed by the Board in pursuit of continuous improvement. Presented below is a summary of the process for evaluating Board effectiveness in fiscal 2022, the state of initiatives based on the Board evaluation results of the previous year (fiscal 2021), and future response policy based on these evaluation results.

● Evaluation process

- 1 Hold questionnaires and interviews**

Hold questionnaires for directors and auditors, and conduct interviews for directors
Main questions: Board composition, management, discussion, oversight functions, dialogue with shareholders, own involvement, and management of Nominating and Remuneration committees
- 2 Check improvement conditions and issues**

 - Check improvement conditions from previous fiscal year and new issues raised this fiscal year, and analyze to further enhance effectiveness
 - Hold third-party evaluation by external consultant
- 3 Exchange opinions**

Exchange views at the Board of Directors based on the results

● Evaluation results

Survey and interview analysis and evaluation have indicated that the Board is functioning appropriately and effectively in its current state. Details of the evaluation results are as follows.

- Initiatives based on previous year (fiscal 2021) Board evaluation results**
- Conduct effective monitoring and review of the medium-term business plan as a holding company Board of Directors
 - Discussion of Group-wide portfolios from the standpoints of sustainable profitability and cost of capital
- Future actions based on these evaluation results**
- (1) Initiatives for more in-depth discussion at the Board of Directors in order to promote growth in corporate value
 - Set discussion topic and create a suitable environment to ensure vibrant and thought-provoking discussions
 - Ensure deliberation time for following up with the medium-term business plan and discussing growth of the Group and improving corporate value
 - Information provided appropriately in a timely manner from the executive side is ongoing or increasing
 - Examine Board of Directors executive office functionality to ensure the above initiatives are implemented
 - (2) Begin examining the following to enhance monitoring of business execution in response to expanding business portfolios.
 - Organize the roles, functionality and approaches of the Board of Directors undergoing increased monitoring at the Company
 - Organize the conditions required for the Board of Directors undergoing increased monitoring

● Main efforts to date for improving Board effectiveness

	FY2020	FY2021	FY2022
Main Board and committee efforts	<ul style="list-style-type: none"> • Revised Board rules and internal decision-making rules to make agenda item criteria more fitting for the holding company structure • Held multiple Board meetings to discuss the establishment of the 2040 Vision and BSP 2025 	<ul style="list-style-type: none"> • Basic policy on sustainability enacted, Sustainability Committee established, and committee rules formulated by the Board • Improved the framework for monitoring and review of measures in the medium term business plan • Revised Board rules and internal approval procedures in accordance with clarification of investment and loan categories and revision and improvement of review and approval procedures 	<ul style="list-style-type: none"> • Creation of Basic Policy for Human Rights & Development and Basic Policy for Inclusion & Diversity, and reporting on Sustainability Committee activities, such as GHG reduction solutions at the Board of Directors • Discussions on sustainable growth and increasing long-term corporate value, including diversification of business portfolios, based on quantitative and qualitative monitoring of level of achievement of numerical targets defined in BSP 2025 and estimated capital cost value of each business
Director training*	<ul style="list-style-type: none"> • External seminars (workshops on "ambidextrous" management led by a business school professor) 	<ul style="list-style-type: none"> • Internal workshops on EPC risk and financial risk management 	<ul style="list-style-type: none"> • Internal workshops on new initiatives toward a recycling-oriented society such as SAF production business and biomanufacturing, estimation process for the EPC business, and budgeting and cost review processes when executing projects

* Policy on director training: JGC Holdings bears cost for provides opportunities and information for directors and auditors to acquire the knowledge and competence to fulfill their roles and responsibilities.

Message from Outside Director

Improving effectiveness of Board of Directors



Noriko Yao
Outside director

[Reason for appointment]
Ms. Noriko Yao does not have direct experience in corporate management, but she possesses professional knowledge and keen insight as an attorney at law with extensive international experience. Appointment as outside director reflects the Group's determination that this experience and knowledge will be applied in appropriately performing the duties of providing accurate advice and opinions on management and business and fulfilling a supervisory role from an independent standpoint, which will contribute to sustainable enhancement of corporate value.

Please refer to the JGC Group website for brief biography.
<https://www.jgc.com/en/about/directors.html>



A proper understanding and sharing of the facts and background information must be considered the prerequisites for extensive deliberation at the Board of Directors. In addition to preliminary briefings for outside directors, the JGC Holdings also holds workshops covering topics put forward by outside directors. These provide the opportunity for outside directors and executives to hold lively Q&A sessions, exchange views and acquire essential information, which helps to increase the level of understanding of the underlying facts.

Outside directors also regularly coordinate information and exchange views with members of the Audit & Supervisory Board, and they also provide recommendations to the management team on how to run the Board of Directors to ensure an even higher level of effectiveness, leading to a host of initiatives geared to make improvements.

Board of Directors meetings held with these factors in mind involve recommendations and discussions from a diverse range of perspectives, based on the special expertise and experience of each individual executive officer. I hope to see the Board of Directors implement a range of suggested improvements and ideas related

to the running of the meeting and discussions, to infuse even more energy into deliberations held by the Board of Directors.

Fiscal 2023 marks the mid-point of the medium-term business plan "Building a Sustainable Planetary Infrastructure 2025" (BSP 2025). The Board of Directors also held constructive discussions on the awareness of the current business environments based on external environmental factors, progress of key strategies, and studied issues and priority actions, and conducted monitoring and review of BSP 2025 that was raised as a key issue in the fiscal 2021 Board of Directors' effectiveness evaluation. Enhancing monitoring was identified as a key issue in the Board of Directors' effectiveness evaluation for fiscal 2022. Studying in detail the most effective format and method of governance for the execution of operations is essential for the JGC Group to create an even better system, with an eye to the current situation and the future of the JGC Group.

As an outside director, I remain committed to ensuring the Board of Directors functions more effectively on behalf of shareholders, with the view to increasing long-term corporate value and sustainable growth of the JGC Group.

Reinforcing Management Resources for Continuous Growth

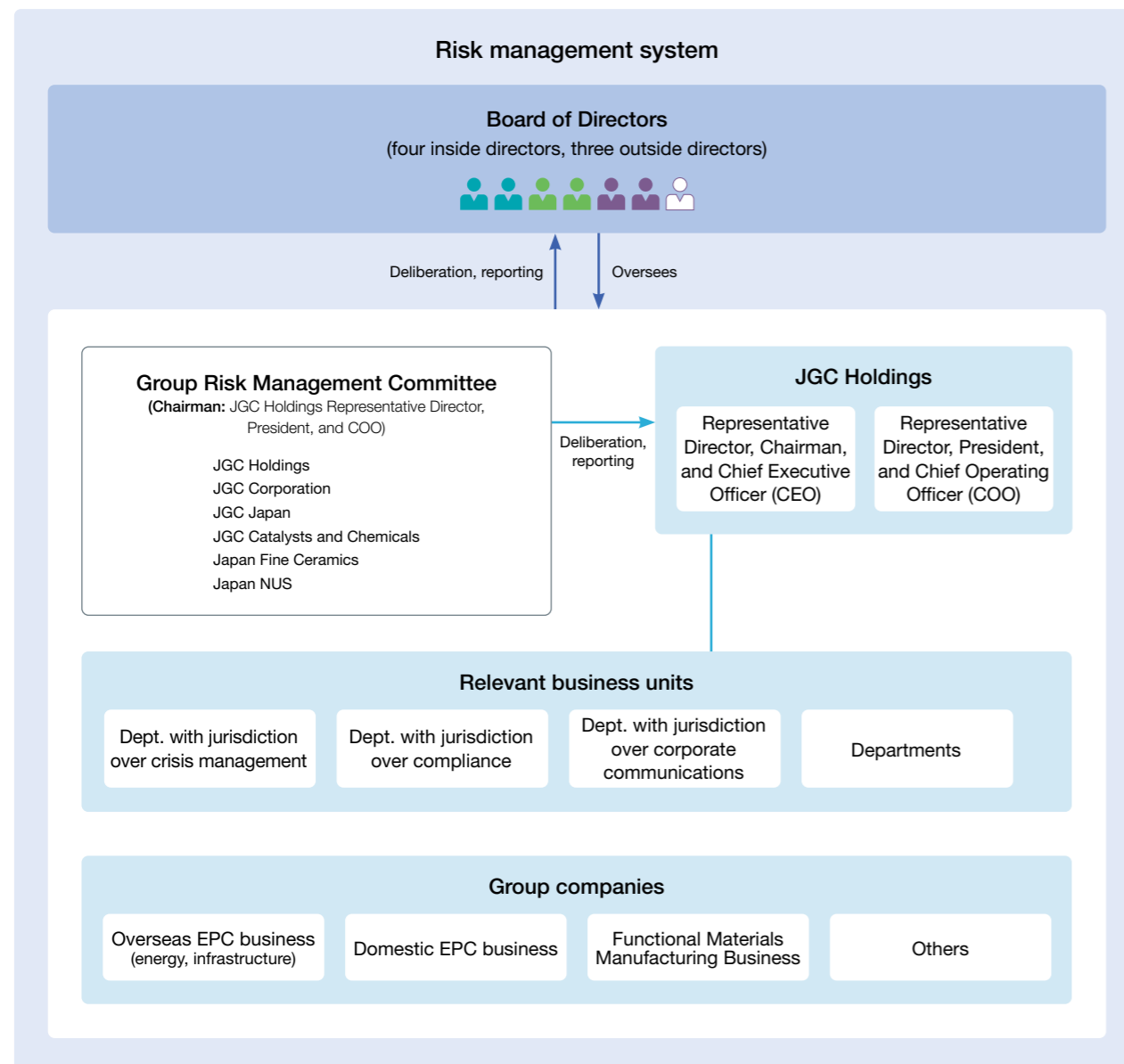
Risk Management

Basic stance

Recognizing that appropriate risk management reduces losses and contributes to profits for the Group, we strive to reduce and prevent risks routinely by understanding and organizing risks posed to the Group as a whole and by building, maintaining, and refining our risk management system. If risks do materialize, we respond rapidly and appropriately to minimize the impact and associated loss.

Risk management system

Based on the Group Risk Management Committee rules, the JGC Group has established and uses a comprehensive risk management system for a systematic understanding of the risks posed to the Group as a whole. We are committed to further reducing these risks. Management of business risks of the Group is mainly carried out by each operating company, with significant individual risks reported to the holding company Board and discussed as necessary.



Primary Group risks and responses

Primary Risk Area	Nature of Typical Risks	Countermeasures
Risk associated with receiving and executing projects	<ul style="list-style-type: none"> Change of plans, cancellation, suspension, or postponement of projects in the Total Engineering Business after orders are received Worsening financial conditions, insufficient project execution capabilities, and defaulting in the portion of operations covered by joint venture consortium partners as comprehensive engineering projects are executed 	<ul style="list-style-type: none"> Specific risk analysis by the holding company and operating companies, monitoring of project progress and profitability Deliberation of the above risks at the Board of Directors as necessary
Country risk	<ul style="list-style-type: none"> Impact on business activities from political instability, war, revolution, domestic conflict, terrorism, sudden changes in economic policies or conditions, or economic sanctions 	<ul style="list-style-type: none"> Use of trade insurance Gathering information on country risk Setting reasonable contract conditions with clients, addressing force majeure clauses and regulatory changes Strengthening crisis management functions by the Crisis Management Dept.
Risk associated with natural disasters, epidemics, etc.	<ul style="list-style-type: none"> Impact on business activities from natural disasters of unforeseen magnitude such as earthquakes, torrential rain, or typhoons, or from global pandemics such as new strains of influenza 	<ul style="list-style-type: none"> Establishing disaster response procedures, introducing systems to confirm safety, and implementing disaster training Gathering information on risk Taking necessary measures in response to official requests, confirming safety in accordance with national conditions and regulations Setting reasonable contract conditions with clients, addressing force majeure clauses and regulatory changes Requesting and discussing with clients any necessary rescheduling or rebudgeting
Foreign exchange volatility risk	<ul style="list-style-type: none"> Impact on sales and profit / loss from sharp fluctuations in foreign exchange rates 	<ul style="list-style-type: none"> Using project contracts denominated in multiple currencies, using overseas procurement Issuing orders denominated in foreign currencies, using forward foreign exchange agreements
Risk of construction worker shortages, substantial wage increases	<ul style="list-style-type: none"> Impact on business activities in the Total Engineering Business from shortages of construction workers or substantial increases in wages 	<ul style="list-style-type: none"> Monitoring and forecasting trends in the construction industry labor force for primary plant markets Adopting modular construction techniques to minimize on-site construction Working with companies that have extensive track records in local construction
Risk of substantial increases in fuel, material and equipment costs	<ul style="list-style-type: none"> Increased procurement and transport costs for material and equipment in the Total Engineering Business Substantial rises in prices of raw materials or fuel in the Functional Materials Manufacturing Business 	<ul style="list-style-type: none"> Monitoring and forecasting price trends, ongoing efforts to improve forecast accuracy Placing orders for materials and equipment early on Diversifying suppliers Transfers to product prices Addressing this risk in contracts
Investment risk	<ul style="list-style-type: none"> Loss from unforeseen circumstances in the investment environment Inability to withdraw from investments at the preferred time or in the preferred manner, due to low liquidity or similar factors 	<ul style="list-style-type: none"> Clarifying the significance and purpose of new investment, and making decisions after deliberation by the Board or committees Careful selection of new investments
Legal and regulatory risk	<ul style="list-style-type: none"> Restrictions under business laws and regulations such as tax or construction laws, various domestic and international environmental laws, import/export trade regulations including those for security purposes, various laws and regulations to prevent corruption such as graft, laws and principles on human rights protection, or business or investment licenses 	<ul style="list-style-type: none"> Developing, implementing, monitoring, and improving compliance programs and Group policies and rules
Information security risk	<ul style="list-style-type: none"> Leaks and loss of information from power outages, disasters, failure, loss, or theft of host computers, servers, or network equipment, external attacks, or virus infections 	<ul style="list-style-type: none"> Security measures such as preventing intrusion by establishing information security policies, adopting antivirus measures, and using encryption Information security education, training and practice for executive officers and employees
Risk associated with quality	<ul style="list-style-type: none"> Poor quality of supplies or items procured, recall of delivered products due to defects, liability for damages 	<ul style="list-style-type: none"> Promoting quality management system activities by establishing organizations with jurisdiction over quality assurance Using product liability insurance
Risk associated with changes in the macroeconomic environment and social and international affairs	<ul style="list-style-type: none"> Impact on business activities from fluctuating energy prices linked to global recessions 	<ul style="list-style-type: none"> Diversifying our business portfolio by shifting to a Group management structure Developing technologies to reduce environmental impact Building value chains in collaboration with other companies that possess advanced technologies
Risk associated with climate change	<ul style="list-style-type: none"> Natural disasters at construction and manufacturing sites Impact on business activities from lower fossil fuel related investment by clients, or from similar changes to client business itself Changes in the business environment such as changes throughout society and industry as the backdrop to climate change issues 	<ul style="list-style-type: none"> Receiving and executing non-fossil fuel, circular economy, and renewable energy projects Transforming business areas, business models, and the Group's internal organization in line with the 2040 Vision, our long-term management vision

Reinforcing Management Resources for Continuous Growth

Compliance

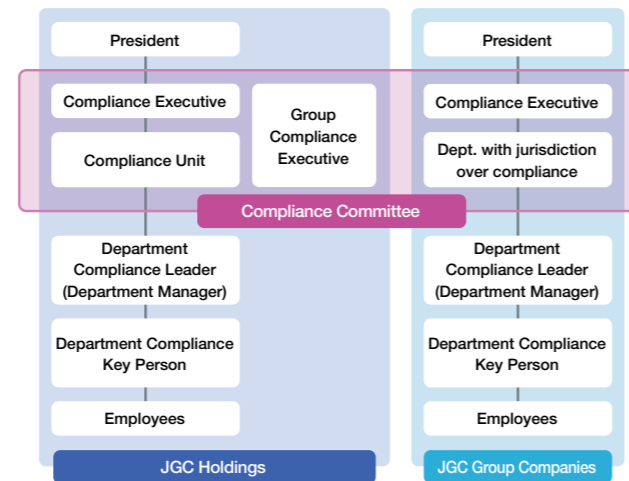
Basic stance

Guided by our sense of purpose and values representing our corporate philosophy, we view compliance as the cornerstone of management, based on two keywords in a list of shared values—respect and integrity. As a member of the international community, the JGC Group believes that compliance with the laws of Japan and overseas, as well as fair and equitable business practices in accordance with corporate ethics, are essential to the pursuit of sustainable business development. Based on this belief, the Group has developed the JGC Group Code of Business Conduct. The code, which must be followed by all employees, contains key points to ensure that the JGC Group's corporate philosophy is implemented in practice.

Group compliance system

The JGC Group has established a Group compliance system to ensure each company carries out its business based on high ethical standards. Compliance executives assigned to each main Group company work with compliance officers under their supervision to evaluate risks faced by the company and implement suitable measures. The JGC Group has also established the Compliance Committee as a forum to share information and collaborate among Group companies. We are aiming to achieve a sense of unity to the entire Group through the Committee. The Compliance Unit at JGC Holdings Corporation is in charge of comprehensive measures, coordination, and other functions.

JGC Group Compliance System Organization

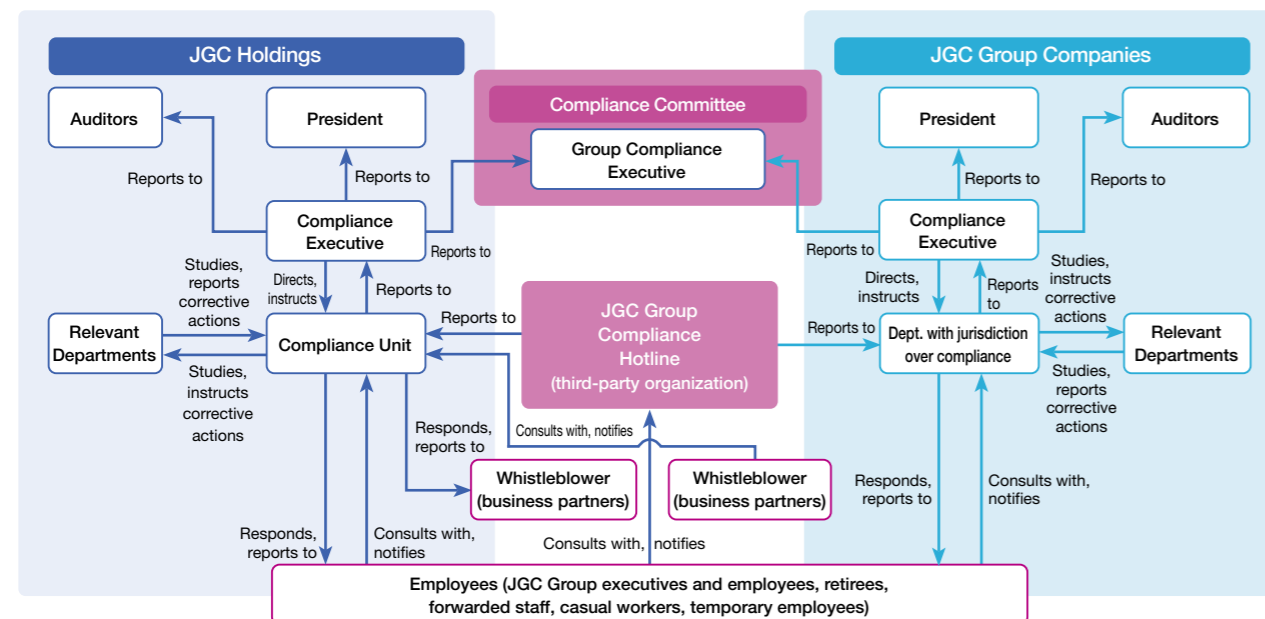


Compliance hotline

For prompt identification and prevention of compliance risks, the JGC Group has made available several ways to seek advice and report suspicions, mainly based on the "JGC Group Compliance Hotline" external contact point to facilitate anonymous consultation and reporting. In addition to accepting reports from employees, we have created a convenient system that also responds to consultations and accepts reports of violations. A system has also been developed that allows suppliers to submit reports via our homepage.

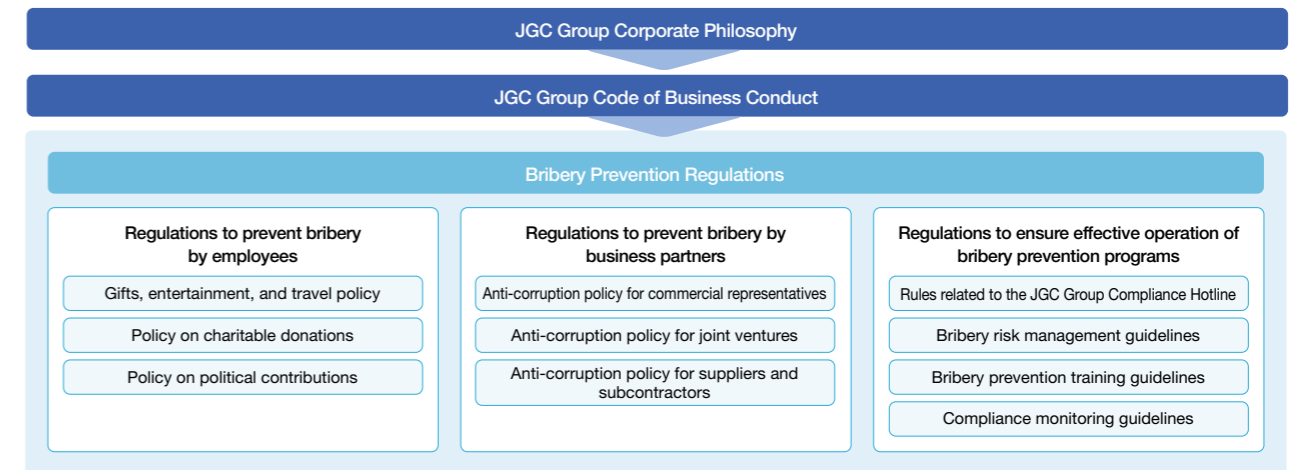
P.85 ESG Data Highlights

JGC Group Consulting and Reporting Hotline Organization



Measures to prevent bribery

The JGC Group follows a basic policy of complying with all anti-bribery rules and regulations, such as provisions in Japan's Unfair Competition Prevention Law prohibiting the bribing of foreign public officials, the US Foreign Corrupt Practices Act (FCPA), and the UK Bribery Act 2010. Group rules on preventing bribery, based on our corporate philosophy and Code of Business Conduct, are summarized in the following table.



Under these anti-corruption programs, business partners intending to do business with the JGC Group are screened to ensure compliance, and the results enable us to implement any necessary risk-based measures, such as stipulating strict anti-corruption clauses in contracts with business partners. Any gifts, entertainment, donations, or contributions must be approved in advance, so that we are aware of transactions that may be linked to corruption.

Compliance is also monitored to ensure implementation of anti-bribery programs at Group companies. Each year, members of the Compliance Unit of JGC Holdings visit several Group companies. Executives and employees are interviewed and records audited to identify issues and make improvements.

Compliance training

Awareness of compliance is enhanced through thematic and level-specific compliance training programs. Four types of level-based courses including beginner training to suit employees' positions are available for employees at group companies in Japan. Beyond compliance basics, the training features case studies and encourages each employee to view matters of compliance as personally relevant.

Some domestic and overseas Group companies also conduct their own training programs for anticipated risks, or covering a range of individual topics.

Courses and participation

	Fiscal 2022
Number of courses	42
Number of participants	5,053

P.85 ESG Data Highlights

Training courses in fiscal 2022

Type of training	Course	Participants
Level-specific	New employee training	New employees of domestic Group companies
	Compliance Training A	Newly appointed assistant managers of domestic Group companies
	Compliance Training B	Section managers of domestic Group companies
	Compliance Training C	General managers and managers of domestic Group companies
Thematic	Compliance training for general managers	General managers at JGC Holdings, JGC Corporation, and JGC Japan
	Project compliance training	Members involved in projects
	Anti-harassment training	JGC Japan employees at domestic sites or regional offices
	Risk-specific compliance training (anti-corruption, subcontracting and anti-monopoly laws, and other risks)	Group employees in Japan (applies only to specific departments and positions)
	JGC Group Code of Business Conduct e-Learning	Executive officers and employees at JGC Holdings, JGC Corporation, and JGC Japan

Reinforcing Management Resources for Continuous Growth

Stakeholder Engagement

Basic stance

Attentive communication reflects our belief that engagement with our diverse stakeholders is essential to sustainable growth and higher corporate value. By providing regular feedback from shareholders and investors to management and relevant departments, applying this knowledge in management strategies, and diligently disclosing both financial and non-financial information, we create a forum for an understanding of our management policies.

Shareholders & Investors

Disseminating management information and providing feedback to management

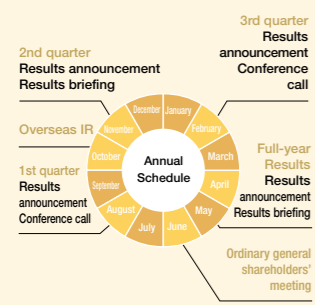
Enhancements to the JGC Report (Integrated Report)

More informative each year, the JGC Report serves a key role in disclosure for long-term investment decisions. The content of the 2022 JGC Report reflects the broad range of preliminary feedback received from shareholders and investors. There is a growing level of interest from the stock market on how the 2040 Vision and BSP 2025 will be achieved, so the report outlines how the JGC Group's strengths have been honed and leveraged as strategies for the Group's expansion and growth since its founding. This expanded coverage of non-financial information, including our response to climate change and human rights in the supply chain, was recognized by domestic equity investment managers of the Government Pension Investment Fund (GPIF) with a Most-Improved Integrated Report award in 2022.



Positive IR activities

IR activities schedule



Main IR activities

Activity	No. of events	No. of companies
Responses to requests for information, phone calls from institutional investors in Japan / overseas	216	114
Results briefing conference calls	2	68
Results briefing by top managements	2	70
ESG-related meetings	11	11
Overseas IR roadshows by top managements*	0	0
Business activities briefing conference	-	-

* Suspended during fiscal 2022 due to the pandemic.

Ordinary General Shareholders' Meetings

	FY2021	FY2022	FY2023
Date held	June 29 (Tue)	June 29 (Wed)	June 29 (Thu)
Shareholders attending	19*	32*	48
Ratio of voting rights exercised	84.21%	87.11%	84.65%

* Fiscal 2021 and 2022, we asked shareholders to avoid attending the meeting at the venue as much as possible, as part of measures to prevent the spread of COVID-19.



Clients | Sharing know-how and training human resources

HR training programs in resource-rich countries

Over the past few decades, the JGC Group has held training programs for engineers and students of chemical engineering and similar disciplines in efforts to strengthen ties with resource-rich countries. Many past participants have later contributed to domestic resource development and industrial growth, and also expanded the JGC Group's business in resource-rich countries.

Employees | Instilling the vision and management policy, frank dialogue

Dialogue with top management, quarterly newsletter, and more

The JGC Group holds executive-employee roundtable discussions so that people speak freely and share in our vision. This is recorded and broadcasting on demand encourages a vibrant corporate culture. Efforts are made to share knowledge of management policies and issues with employees across the Company through a variety of media such as newsletters and Company-wide bulletin boards, part of communication that fosters a sense of belonging among employees.

Next-generation of human resources |

Fostering interest in sciences and global issues

Company visits from public high schools in Yokohama City

The JGC Group hosts company visits by students from public high schools in Yokohama city. Here, talks with employees and students, and VR experiences etc., encourage communication. In fiscal 2022, the program also raised awareness of our efforts toward sustainability, as students learned about JGC sustainable aviation fuel (SAF) initiatives.

Chemistry workshops for elementary students

Each year at its Kitakyushu office, JGC C&C has held workshops with chemistry experiments for local elementary students. This represents a meaningful way to interact with and contribute to the community. JGC C&C will continue to kindle an interest in chemistry through these opportunities, which also encourage people to know about their business activities. We will continue to build positive engagement with the local community.



An experiment at a chemistry workshop

Local communities |

Long-term commitment consistent with the needs of countries constructing plants

Initiatives for Basra elementary students

Academic decline in postwar Iraq has been significant, and educational investment is insufficient, particularly in Basra Province. Unemployment also remains high among young people, with jobs scarce even for university graduates. The JGC Group launched JGC Code Education in March 2022, to teach computational thinking at local elementary schools in Basra with the aim of long-term contributions, such as providing educational experiences for children and creating youth employment opportunities. Nearly 20,000 students will have opportunities to learn programming concepts over the next two years. Additionally, science shows held on June 2022 targeted some 2,600 students at about 20 public elementary schools in Basra Province.



JGC Code Education classroom

Vendors |

Sharing project know-how, collecting local information and enhancing safety and quality standards

Supporting vendors with technical assistance

The JGC Group actively promotes domestic procurement where plants are built, and when sophisticated equipment is ordered, our engineers may go on-site to provide technical assistance tailored to local vendors' expertise and facilities. Viewing these close ties as an asset, we take the initiative in providing technical assistance to vendors.



Training for welders