

Sustainability & Governance

Chapter 5

The JGC Group believes that in order to continuously enhance corporate value, it is essential not only to steadily achieve results in management strategies but also to strengthen the management capital and foundations that support sustainable growth. This chapter explains our initiatives to address social and environmental issues such as climate change and human rights, our efforts regarding human capital and intellectual capital, and matters such as the corporate governance that supports the sustainable growth of our Group.

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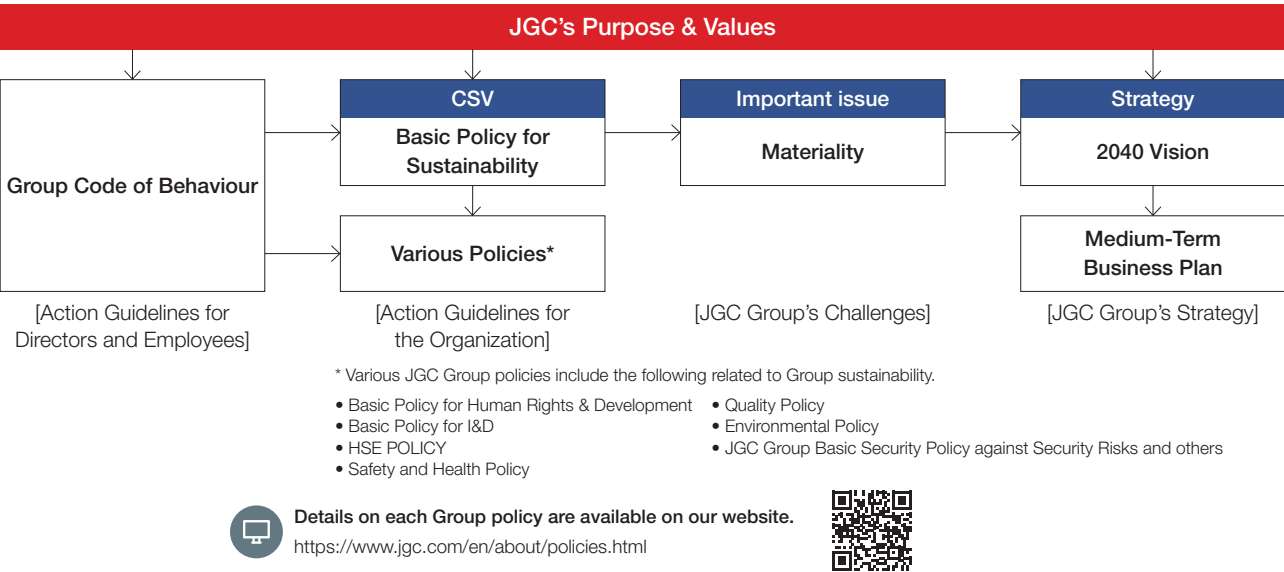
Sustainability Management

Basic stance

The JGC Group has established the Basic Policy for Sustainability to enhance corporate value through sustainability initiatives. This policy is core to each of the Group’s policies, materiality, and strategies, etc., and promotes sustainability within the Group.

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.



Sustainability section of the corporate website

Details on sustainability initiatives are available on our website.
<https://www.jgc.com/en/esg-hsse/>



Sustainability Management

Governance	Group-wide sustainability governance is based on the sustainability promotion system. In addition, specialized committees are established for certain themes and as necessary, responses are made by each operating company. □ Sustainability Promotion System P.54 □ Other Main Committees Related to Sustainability P.54
Risk Management	In addition to being deliberated by the Sustainability Committee, the Group Risk Management Committee also identifies and organizes all risks of our Group, including sustainability-related risks, maintains and builds the risk management system, and proposes and deliberates on improvements. □ Risk Management P.95
Strategy	Our Group is steadily promoting initiatives tailored to the characteristics and realities of each field related to sustainability.
Metrics and targets	Going forward, in line with the review of company-wide strategies, we will work to strengthen the effectiveness of various initiatives, indicators, and targets, based on the review of Materiality and their alignment with management strategies.

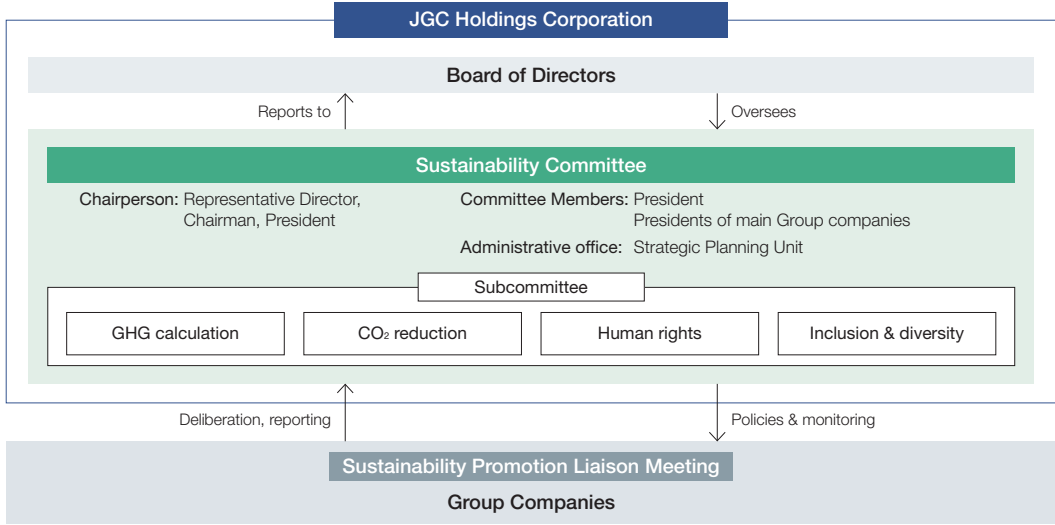
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Sustainability promotion system

The Group has established the Sustainability Committee, chaired by the Representative Director, Chairman, President, which meets three times a year on a regular basis and holds extraordinary meetings as needed. The Committee deliberates on the formulation, promotion, evaluation, and improvement of policies and action plans related to sustainability areas, including climate change. In addition to submitting an annual report to the Board of Directors, the Committee also submits and reports on matters in a timely manner as appropriate.

Furthermore, in order to promote the implementation of the policies and action plans formulated by the committee, sustainability promotion officers are appointed at each Group company by nomination of the respective company presidents, who are also members of the committee. To facilitate communication, coordination, and exchange of opinions among the promotion officers, the Sustainability Promotion Liaison Meeting has been established.

Sustainability promotion system diagram



Main activities of the Sustainability Committee (as of 2025 September)

Fiscal year 2024	10th	Formulation of human rights regulations, I&D action plan, and climate transition plan
	11th	Discussion on promoting the reduction of GHG emissions, latest trends in GX and sustainability information disclosure, efforts toward obtaining third-party assurance of GHG emissions, and report on CDP2024 responses
	12th	Consideration of promotion of GHG emissions reduction and reduction contribution
Fiscal year 2025	13th (Extraordinary)	Proposal for promoting the reduction of GHG emissions
	14th	Proposals for promotion of GHG emissions reduction, status of human rights due diligence implementation

Other main committees related to sustainability

Committee name	Overview	Chairperson
Group Risk Management Committee*1	Identifies and organizes overall risks for the Group, including risks related to sustainability, maintains and builds the risk management system, and proposes and deliberates on improvements. *1 □ Please refer to Risk Management P.95.	Representative Director Senior Executive Vice President CFO
Technology Commercialization Meeting	Discusses policies, budget proposals, and development status for technology and business development in exploration areas conducted by each Group company, including decarbonization-related businesses, and deliberates on technology and business development projects involving investments and loans above a certain amount. The meeting is held monthly. Of these investment and loan projects, those that meet further monetary criteria, etc., are subject to deliberation by the Group Investment and Loan Committee*2. *2 □ Please refer to P.50 for the review system for strategic investments in the Medium-Term Management Plan "BSP 2025".	Technology Commercialization Officer (TCO)
Group HRM Committee*3	Deliberates on important matters related to human resource management for the four engineering-related companies. The committee is held at the request of the chairperson. *3 □ Human Capital Initiatives: Please refer to P.63 for the HR strategy implementation system linked to management strategy.	Representative Director Chairman, President and CEO
HSSE Committee or Health and Safety Committee*4	In consideration of differences in business content and characteristics, each operating company establishes an HSSE Committee or Safety and Health Committee as the highest body for planning and coordination related to safety, health, security, and environment. The committee is held monthly. *4 □ HSSE Initiatives: Please refer to P.73 for the HSSE promotion framework..	Regulated by each operating company's rules

Climate Change Initiatives

Basicstance

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 material issue. Besides taking climate action through environmentally conscious business activities, the 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

The JGC Group has responded to CDP questionnaire since 2021 as part of international climate change disclosure frameworks (receiving a B rating in fiscal year 2024), and as a TCFD supporter, discloses information in accordance with these guidelines, including in securities reports.



Governance	For governance and risk management related to climate change, please see “Sustainability Management”.	<input type="checkbox"/> Sustainability Management P.53
Risk Management		
Strategy	Based on both the risks and opportunities associated with climate change, and the results of scenario analysis, we are reflecting these outcomes in our management strategies, such as the 2040 Vision.	<input type="checkbox"/> Strategies and Initiatives towards Achieving Societies in Harmony with the Environment P.55
Metrics and targets	In 2021, the JGC Group announced its “2050 Carbon Neutral Declaration” and is monitoring Scope 1, 2, and 3 emissions.	<input type="checkbox"/> JGC Group Carbon Neutrality P.57

Strategies and Initiatives towards Achieving Societies in Harmony with Environment

Based on data from the International Energy Agency (IEA)’s “World Energy Outlook 2020,” our Group conducted an analysis targeting 2040, using multiple scenarios including the Stated Policies Scenario (STEPS) and the Sustainable Development Scenario (SDS), through which we have evaluated climate change-related risks and opportunities, and we will reflect these in our strategy.

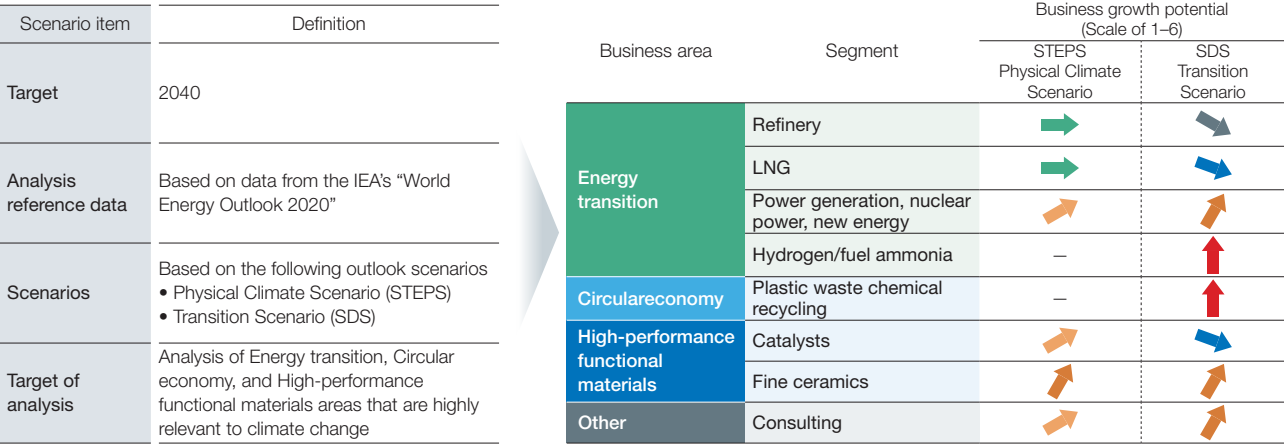
Main risks

New regulatory risks	The introduction of global carbon pricing may lead to higher equipment and fuel costs, which could affect business costs in the future. In addition, the introduction of carbon taxes and the strengthening of national carbon emission targets are recognized as risks that could reduce order opportunities due to decreased demand for plants in the oil & gas sector.
Technology risks	Lower gasoline demand from the spread of EVs 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	It is anticipated that legal obligations for information disclosure related to climate change measures will expand, increasing the burden of reporting and other requirements. Furthermore, in the event of non-compliance, there are risks such as penalties and the invalidation of permits and licenses related to construction.
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, which could increase project costs and affect clients’ investment decisions. 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	By applying CCS (CO ₂ capture and storage) technologies, which have proven track records both domestically and internationally, as well as CCUS (CO ₂ capture, utilization, and storage) technologies being jointly developed with other companies, to the oil & gas sector, it is expected that plant demand in this field will be stimulated and contract opportunities will increase.
	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.
	In fields such as hydrogen, ammonia, and small modular reactors (SMRs), which do not emit CO ₂ , our Group has been advancing various initiatives toward a decarbonized society, including technological development, and an increase in contract opportunities can be expected in the future.
	Greater worldwide demand for a circular economy can be expected to drive demand for technologies under development by the JGC Group, which include chemical recycling of plastic waste, recycling of fiber waste, and SAF.

Scenario Analysis



Based on a recognition of the above risks, opportunities, and scenario analysis, our long-term management vision “2040 Vision” positions the following focus areas within energy transition, circular economy, and high-performance functional materials as business domains that contribute to the realization of “societies in harmony with environment.”

		Key areas	JGC Group strengths
Energy transition	Low-carbon/ decarbonized oil & gas	<ul style="list-style-type: none">Blue hydrogen/fuel ammoniaCCSEnergy conservation technologyCarbon credits	<ul style="list-style-type: none">Knowledge and track record in large-scale oil and gas projectsDesign and construction track record of CCS facilitiesTrack record in maintenance business
	Clean energy	<ul style="list-style-type: none">Blue hydrogen/fuel ammoniaSmall modular reactors (SMR)Offshore wind power generation	<ul style="list-style-type: none">Process engineeringKnowledge in renewable energy and nuclear power fieldsDesign and installation know-how of offshore structures
Circulareconomy		<ul style="list-style-type: none">Sustainable aviation fuel (SAF)Chemical recycling (plastic waste and fiber waste)	<ul style="list-style-type: none">Process engineeringNetwork with clients and partners
High-performance functional materials		<ul style="list-style-type: none">Catalysts for carbon chemical recyclingEnergy storage and new energy materialsHigh thermal conductivity silicon nitride substrates for EV power semiconductors	<ul style="list-style-type: none">Catalyst development and business foundationNanoparticle adjustment and control technologyDevelopment and manufacturing of fine ceramics

Progress of major initiatives (FY2024)

Energy transition

Low-carbon/ decarbonized oil & gas

With the global increase in energy demand, balancing economic efficiency and reducing environmental impact is becoming an even more important social issue, and natural gas/LNG plays a vital role. Our Group is also working to decarbonize LNG plants through the introduction of CCS/CCUS and electrification technologies.

[United Arab Emirates] Received order for large-scale low-carbon LNG plant construction project (June 2024)

This project planned by ADNOC (Abu Dhabi National Oil Company) will adopt “E-Drive” using electric motors powered by clean electricity, instead of conventional gas turbines, to drive compressors that compress the natural gas feedstock, making it a low-carbon LNG plant with maximum consideration to reducing CO₂ emissions during plant operation.

Related releases <https://www.jgc.com/en/news/2024/20240613.html>

[Indonesia] Awarded project for design, procurement, construction, and installation of onshore facilities for the Tangguh EGR/CCUS project (November 2024)

In the existing Tangguh LNG plants, this EGR* project collects CO₂ emitted during natural gas production and reinjects/stores it in the gas field, thereby reducing CO₂ emissions and improving production efficiency and output of natural gas in the EGR/CCUS project. * EGR: Abbreviation for “Enhanced Gas Recovery”.

Related releases <https://www.jgc.com/en/news/2024/20241125.html>

Clean energy

We integrate process engineering technologies and project management expertise to meet decarbonization needs.

[Malaysia] Awarded basic design services for green hydrogen/MCH production plants (April 2024)

In FY2024, we were awarded and worked on basic design services for two plants in Malaysia promoted by ENEOS Corporation and others: one for green hydrogen production using renewable energy-derived electricity, and one for converting hydrogen into MCH for easier transport and storage.

Related releases <https://www.jgc.com/en/news/2024/20240402.html>

Climate Change Initiatives

Circulareconomy

To realize a circular economy, we are leveraging process engineering expertise cultivated in the petroleum refining and petro-chemical fields to create new businesses in collaboration with partners.

Large domestic SAF (Sustainable Aviation Fuel) production plant completed

The first large domestic SAF production plant of SAFFAIRE SKY ENERGY LLC, in which our company holds a 48% equity stake, has been completed. Supply of SAF produced at this plant to airlines began in April 2025. It is expected that, after the start of SAF production, the total greenhouse gas reduction contribution of this project will be **73,687 t-CO₂ /year**^{*1} (estimated value).

Related releases <https://www.jgc.com/en/esg-hsse/environment/green-bond/>


^{*1} Estimated using the life cycle CO₂ emission intensity published by ICAO (International Civil Aviation Organization) regarding certification for compliance with the sustainability standards of CORSIA (Carbon Offsetting and Reduction Scheme for International Aviation).

Demonstration experiment of the clothing collection service “Suloop” conducted in Yokohama City

As part of a circular economy, our company is working on the implementation of textile recycling, promoting both resource collection and the development of recycling technologies. In the textile recycling business, stable resource collection is the most important social issue. In the used clothing collection business “Suloop,” in addition to installing collection boxes, we are verifying a monetization model through marketing using an app, attracting customers and increasing sales for host companies, and expanding transactions with resource recycling businesses. In the demonstration experiment in Yokohama City for fiscal year 2024 (July 25, 2024–March 31, 2025), the amount of used clothing collected was approximately 26t, and the maximum CO₂ reduction was **148 t-CO₂**^{*2}.

^{*2} The CO₂ reduction was calculated by comparing the life cycle assessment (LCA) of scenario (1), where used clothing is incinerated as regular waste, and scenario (2), where used clothing is collected and recycled through Suloop (CO₂ reduction = difference between scenario (1) and scenario (2)). This calculation method is based on our company's unique estimation method, taking into account local survey results of collected clothing. (Supervised by the University of Tokyo, Regional Circulating and Ecological Sphere Systems Laboratory, and Waseda University, Amasawa Laboratory)

Related releases <https://www.jgc.com/en/esg-hsse/environment/green-bond/>



Clothing collection box

High-performance functional materials

In addition to manufacturing components related to renewable energy, we are also focusing on catalyst development for carbon-neutral fuels and expanding production of high thermal conductivity silicon nitride substrates for power semiconductors used in electric vehicles (EVs).

Construction of a new factory for increased production of high thermal conductivity silicon nitride substrates for power semiconductors

Our Group company, Japan Fine Ceramics, develops, produces, and sells insulated, high thermal conductivity silicon nitride substrates for power semiconductors that control the power of various devices necessary for energy savings in electric vehicles. To increase production of this product, we are utilizing green bond financing to construct a new factory, which was completed in July 2025. The new factory is scheduled to start operations in the second half of 2025, and after operations begin, **360,000 t-CO₂ /year**^{*3} (estimated value) of greenhouse gas reduction contribution is expected.

Related releases <https://www.jgc.com/en/esg-hsse/environment/green-bond/>

^{*3} Estimated CO₂ reduction effect based on improvements in energy efficiency of electric vehicles equipped with power semiconductors incorporating the produced high thermal conductivity silicon nitride substrates.

Construction underway for an R&D center for biomanufacturing with gas fermentation at Port Island, Kobe

Kaneka Corporation, Bacchus Bio Innovation Co., Ltd. (hereinafter “Bacchus”), Shimadzu Corporation, and our company are working on the development of polymer synthesis technology using microorganisms with CO₂ as a raw material. Utilizing our expertise in safe gas handling technology and process scale-up, we are working with Bacchus to build Integrated Biofoundry®, that covers everything from microbial breeding to process development. In 2024, construction of the first research building began on Port Island, Kobe, with completion targeted for winter 2025.

Related releases <https://www.jgc.com/en/esg-hsse/environment/green-bond/>




Image of completed Bio Process Research Institute research building

JGC Group Carbon Neutrality

In 2021, our Group announced the “2050 Carbon Neutral Declaration” and has been advancing initiatives to reduce GHG emissions, aiming to achieve sustainable corporate value enhancement through transformation toward planetary health.

Targets

Scope1+2
2050: Net-zero CO₂ emissions
2030: 30% reduction in CO₂ emissions intensity per base unit of net sales

Scope3
Collaborate with stakeholders to reduce

Net-zero initiatives

For Scope 1 and 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
provideenergy transition solutions to stakeholders

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GHG emissions results

For the GHG emissions results of fiscal year 2024, as part of efforts to improve reliability, (1) JGC Holdings Corporation and JGC Corporation added emission sources subject to measurement, and (2) JGC Corporation and JGC Japan Corporation reviewed the scope of GHG emissions aggregation based on the “management approach” stipulated in Section 6 (16) of the Sustainability Disclosure Standard No. 2 “Climate-related Disclosure Standard” developed by the Sustainability Standards Board of Japan (SSBJ). As a result, emissions from subcontractors, which had previously been included, were excluded from this measurement and will be measured as Scope 3, among other revisions to the calculation method. As a result, the actual Scope 1+2 emissions for fiscal year 2024 were 115,202 t-CO₂ compared to 133,695 t-CO₂ in fiscal year 2023 (disclosed value). However, when compared under the same conditions as this year, the main reason for the increase was that large-scale construction projects at JGC Corporation were at their peak. For the estimated values under the same conditions as this year for fiscal year 2020 (base year) and fiscal year 2023, the estimates include extrapolations due to data limitations for past years.

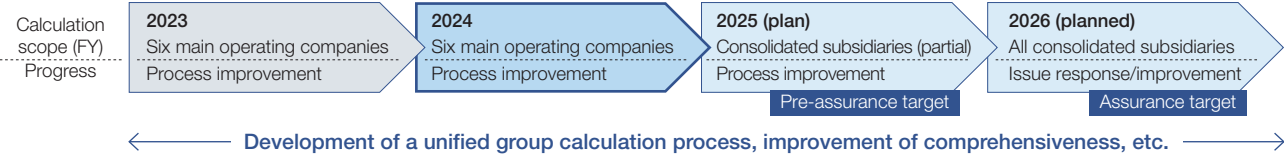
Additionally, all emission results are disclosed only as reference totals of emissions independently calculated by each company, including our company, JGC Corporate Solutions Co., Ltd., JGC Corporation, JGC Japan Corporation, JGC Catalysts and Chemicals Ltd., Japan Fine Ceramics Co., Ltd., and Japan NUS Co., Ltd., for the purpose of identifying emission sources and amounts and considering reduction measures. We will continue efforts to improve the reliability of these figures.

Fiscal year	2020 (Base year)		2023		2024
	Reported number	Estimated number	Reported number	Estimated number	
Scope1+2 (t-CO ₂)	132,546	(112,459)	133,695	(106,920)	115,202
In Scope 1	84,325	(70,562)	83,729	(63,982)	73,443
In Scope 2	48,221	(41,896)	49,966	(42,938)	41,759
Emissions intensity per base unit (t-CO ₂ /net sales billion yen)	30.55	(25.92)	16.06	(12.84)	13.43
Year-on-year comparison of emissions intensity per base unit	—	—	-47%	(-50%)	(-48%)
Scope3 (t-CO ₂)	Not reported	—	1,497,309	(1,524,195)	1,569,339

- The estimated values under the same conditions as fiscal year 2024 and the results of comparing unit-based emissions based on these estimates are shown in parentheses in the table above.
- Scope 3 does not include emissions of Category 11 (use of sold products) and categories deemed irrelevant.
- For details on the assumptions and breakdowns used in calculating these emissions, please refer to our Group's response to CDP 2025 (Module 7: Environmental Performance – Climate Change section), an international framework for climate change-related information disclosure.

Efforts to improve the reliability of GHG emissions data

Improving the reliability of GHG emissions data is recognized as one of the important social issues in our Group's response to climate change. We are currently working to establish a unified calculation process and enhance comprehensiveness across the Group, aiming to obtain third-party assurance.



CHRO Message

Promoting HR Strategies
Linked to Supporting
Management Strategy,
External Environment,
and Employees

Takuya Hanada

Executive Vice President and CHRO

In 1982, Hanada joined JGC Corporation and was engaged in overseas projects and business development in the Oil & Gas sector. After the transition to a holding company in 2019, he was appointed as Senior Executive Officer and CDO of JGC Holdings Corporation. In 2021, Hanada was appointed to President of JGC Engineering Solutions Center. In 2022, he was appointed Senior Managing Executive Officer of JGC Holdings Corporation, CHRO and CDO. He has been serving in his current position since April 2023.



Approach to Human Resource Strategy

Under the philosophy that “people are our greatest asset,” and with the purpose of “Enhancing planetary health,” the JGC Group will enhance corporate value toward realizing a sustainable society. In achieving these goals, HR strategy plays a key role. It is essential that three axes, namely, management strategy, external environment, and employees, always remain linked. We are confident that with these connections functioning organically, our Group’s human capital is truly valuable and contributes to the sustainable growth of the Company.

Linkage with management strategy

First, in regard to linkage with management strategy, since my appointment as CHRO in 2023 I have frequently engaged in dialogue with the CEO and other senior management members. In this era of rapid change, a sense of speed is essential to achieve desired results. However, because we are conscious of collaboration with various parties, there are times when decision-making speed is compromised. For this reason, we regularly hold HRO meetings composed of the management of each Group company and by doing so

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implement HR measures with increased speed. By ensuring close communication as a member of management and through HRO, we have established a system for rapid approval of HR measures at HRO meetings. We will continue to strengthen this decision-making forum going forward.

Linkage with the external environment

Even in today’s rapidly changing business environment, certain trends to an extent can be predicted. First, the decline in the working population in Japan is expected to have a significant impact on future recruitment conditions. We are entering an era where workers proactively choose their workplaces, and companies are required to provide more attractive working environments. In addition, with the increase in dual-income households, for overseas assignments consideration to families is becoming a more important issue than ever before.

Furthermore, awareness of the global environment is not diminishing but rather accelerating, and carbon-neutral related businesses are expected to continue progressing at a steady pace. In response to changes in the external

environment, I recognize that the key to sustainable growth is to formulate and implement medium- to long-term HR strategies for predictable events, and to establish a system for flexible and rapid response to unpredictable events.

Linkage with employees

Of the three linkages, the most important is “linkage with employees.” HR strategy does not exist for the HR department alone but for the growth and happiness of each and every employee. Therefore, it must be a “strategy that employees themselves can articulate.” I am confident that if mutual trust is built between company and employee, employees will proactively respond to company initiatives, individual motivation will increase and, as a result, the entire organization will achieve better outcomes. In the matter of employee feedback, we emphasize constructive dialogue through the JGC Council (□ P.72) and reflecting it in our HR system. At the core of our HR strategy should be a relationship of trust between company and employee, and I always keep this belief in mind when planning and implementing HR measures.

Human Resources Grand Design 2030

As the key concept of our group’s HR strategy, we formulated the “Human Resource Grand Design 2030” in 2023 and are continuously promoting initiatives (□ P.62). The Grand Design serves as a compass for the ideal of human resources and organization that our Group aims for, clearly demonstrating the Group’s direction regardless of changes in the times. Going forward, we are considering incorporating specific Key Performance Indicators (KPIs) into the Grand Design.

In the transformation toward realizing our Group’s long-term management vision, the “2040 Vision,” many mid-career hires have joined the Group as our colleagues. Meanwhile, challenges have also become apparent, such as the need to strengthen our internal communication, lack of understanding of work procedures, and difficulty understanding internal regulations. To address these issues, we have implemented onboarding measures for mid-career hires (□ P.64) for the purpose of improving work efficiency and facilitating internal communications, and we are already beginning to see the results. In addition, the “Purpose Journey Training” launched in 2021 has been taken by 90% of eligible employees, and it has been steadily expanding employee understanding of our Group’s purpose. These initiatives provide opportunities for each employee to gain a renewed understanding of their own roles and value, and to deepen their connection with the organization.

Multi-skilled human resources

In the four EPC-related companies, over 80% of employees are technical personnel. We take pride in our Group’s technological capabilities, which we believe are essential areas of expertise for addressing the conflicting challenges of stable energy supply and decarbonization. In addition, administrative employees support the organization’s management as professional management personnel.

Along with these measures, with the advance of digitalization in the four EPC-related companies, design work and routine company operations have been streamlined, and results are gradually beginning to appear. As DX and AI are utilized more frequently, it is increasingly important for technical personnel to acquire multiple skills. Examples include plant engineers who can oversee all engineering such as civil, architecture, and piping; next-generation process engineers who, with a background in chemical engineering, are also well-versed in carbon neutral technologies such as biofields, CCS/CCUS, hydrogen, and ammonia; and mechanical engineers who can integrally manage a wide variety of equipment, from tens of millions of items that include rotating machinery, static equipment, and system machinery. We are promoting development measures aimed at multi-skilling such personnel, and one example is the “Baysix System” (□ P.65) introduced in 2021, in addition to the conventional development rotation system.

Field training

The four EPC-related companies also value traditional development systems that have been adopted for many years. An example is field training for young employees, which has been in place for over 15 years. This system is aimed at employees within three years of joining as new graduates, dispatching them for about six months to construction sites both inside and outside Japan, providing valuable experience in project execution and business operations while representing the JGC Group in uncharted territories. By experiencing the scale and speed of construction sites from a young age, employees deepen their understanding of practical work and gain many points of contact with stakeholders. Furthermore, communal living at construction sites greatly contributes to building vertical, horizontal, and diagonal networks that transcend departmental boundaries. This field training is an important pillar in our Group’s human resource development which we will continue to strengthen going forward.



Visualization of personal attributes

Behind individual achievement are ability, knowledge, and personal attributes. Ability can be easily recognized, and knowledge can also be visualized relatively easily. On the other hand, personal attributes—also called soft skills or personality—are formed by innate character and early life environment, making them difficult to grasp. However, they are critically important for drawing out an individual’s latent potential. I believe that visualizing personal attributes brings noticeable benefits to human resource development and optimal placement. Based on the hypothesis that curiosity, insight, courage, objectivity and openness are the five main parameters, we have been formulating assessments since 2024. Through this, we aim to accurately grasp each employee’s latent abilities and realize the full potential of all employees through optimal placement and development.

Work in Life

The initiatives introduced so far have mainly been from a corporate perspective, but here I would like to share a way of thinking from the perspective of employees working in our Group. In general, the term “work-life balance” is used but, in our Group, based on the idea that “fulfillment at work leads directly to fulfillment in life and enriches one’s own life,” we use the expression “Work in Life.” While life is a much larger framework compared to work, the reality is that our Group’s employees spend much of their lives working. That is why we strive to create an environment where each employee can feel growth and happiness through their work. (□□ P.69)

In Closing

Investment in human capital does not directly correspond to short-term management indicators. However, to maximize return on investment, it is essential to solidify the fundamentals of HR strategies such as employee well-being, compliance, and I&D (Inclusion & Diversity). Based on the mentioned “Human Resource Grand Design 2030,” our Group formulates medium- to long-term HR strategies and, through steady implementation, ensures linkage with the three axes of management strategy, external environment, and employees. For the most part, I have introduced our HR strategies in the Total Engineering Business. In the Functional Materials

Manufacturing Business, which has different business characteristics, each company operates under its own HR system. However, under the long-term management vision, we aim for its further expansion as a core business, and JGC Holdings Corporation has established a system to support each company engaged in this business, as needed. As the CHRO, I will continue to enhance the value of human capital and in doing so contribute to increasing corporate value. I take this responsibility seriously and will devote myself fully to these efforts.

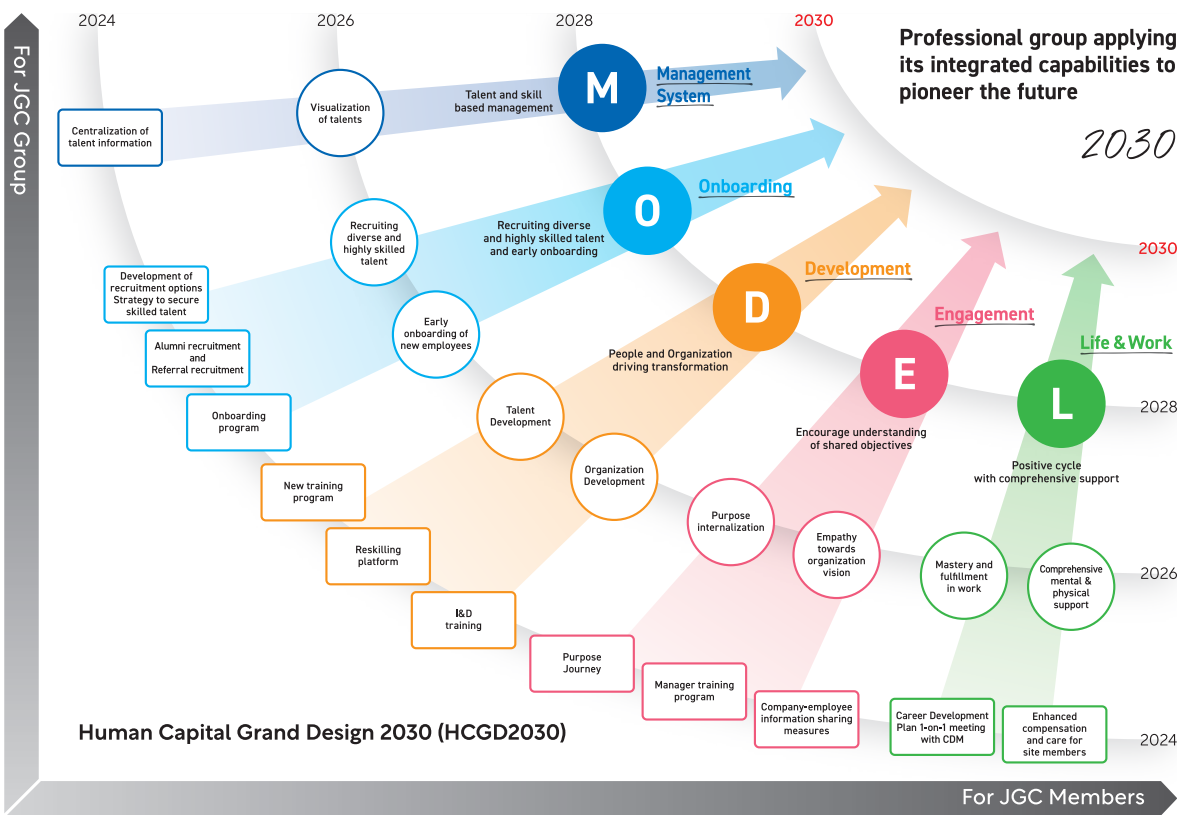
Human Capital Initiatives

Basicstance Human resources are the JGC Group’s greatest asset and the most important foundation for management. Our Group is promoting a human resource strategy to develop a diverse portfolio essential for realizing the three transformations—business domains, business models, and organization—set forth in our long-term management vision, the “2040 Vision.” We aim to establish the portfolio by 2030.

Human Resources Grand Design

In order to materialize the “2040 Vision,” our Group formulated the “Human Resource Grand Design 2030” in 2023 as the highest-level concept of HR strategy and is continuously promoting initiatives. Transformation requires not only the improvement of individual abilities, but also being a professional group that takes on reformation of projects and operation, and new fields, and sees them through to the end while respecting each other. To realize this vision, we have systematized the necessary measures to strengthen both individuals and organizations and build a foundation for sustainable growth. By taking the initials of the major items of each measure, we have given the “Human Resource Grand Design” the name “MODEL.” At present, the main target of this initiative is the four EPC-related companies responsible for the Total Engineering Business. For the Functional Materials Manufacturing Business, since the business content differs, each company continues to operate under its own HR system and framework.

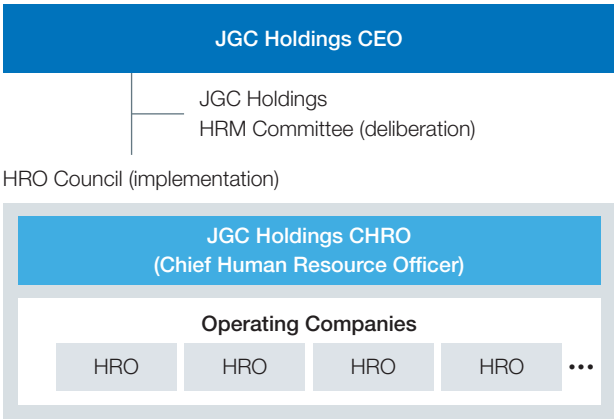
M	Management System	Establish a talent management system to maximize the use of human resources and project execution resources.
O	Onboarding	Establish mechanisms to acquire the necessary human resources in both quality and quantity, and ensure that they can quickly familiarize themselves with the Company and become effective contributors.
D	Development	In addition to proactive training, establish human resource development and workplace environments that foster autonomous growth rather than just passive participation.
E	Engagement	Connect the Company’s purpose—its “being”—with each individual’s purpose to enhance mutual trust and attachment between the Company and individuals, and ensure that everyone understands the organizational goals—the “doing”—to foster proactive challenges.
L	Life & Work	With the mindset that work is a part of life, and that by enriching work one can also enrich one’s own life, we aim to create a positive spiral that further enhances work satisfaction.



System for implementing human resource strategy linked to management strategy

To ensure the effective linkage between management strategy and HR strategy, our Group appointed a CHRO in 2022 and established the regularly held HRO Council, composed of executives from each JGC Group company, under the HRM Committee, which serves as a deliberative body for HR matters. By having the CHRO and HROs*1 work closely together as members of the management team, we have established a system that enables swift decision-making on HR measures at the HRO Council. The measures decided in this way are vigorously implemented mainly by department management, such as department heads and CDMs*2, in addition to each company's HR department, thereby promoting HR strategy throughout the organization.

*1 Executive Officers or higher, up to President class, are appointed as HROs for each company.
*2 Career Development Manager. At JGC Corporation, in addition to General Managers, each department also has in place positions responsible for human resource development.

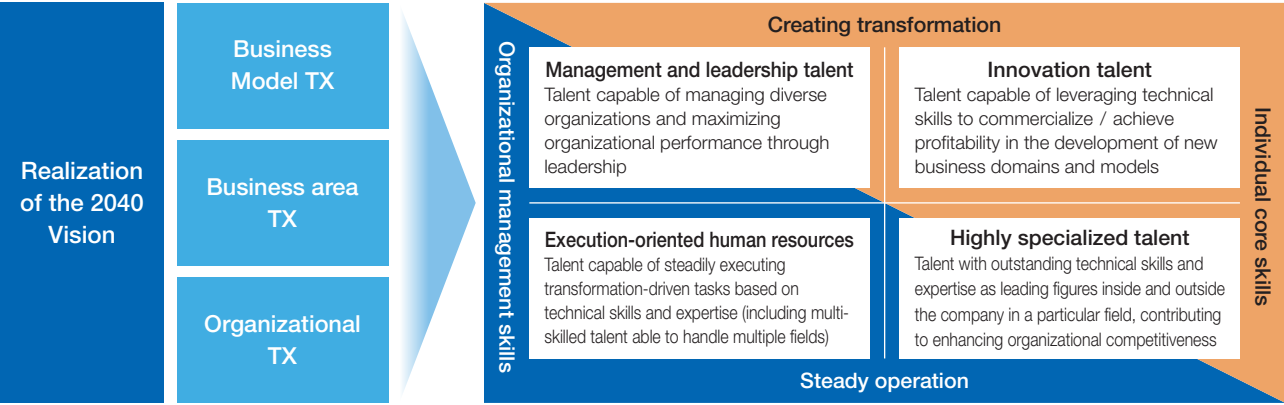


M Management System

We are developing and operating a talent management system to understand our Group's human resources and achieve optimal placement and development.

Visualization of human resource portfolio and required talent

At the four EPC-related companies, we believe that three transformations (TX)—in business domains, business models, and organizations—are necessary to realize the vision set forth in the “2040 Vision.” To drive these transformations, we have identified the human resources needed for the future and classified them into four types. By regularly monitoring this and comparing it with the current portfolio, we use it as a foundation for investigating and implementing measures to close the gap in terms of quantity and quality.



□□ 2040 Vision, Our Long-Term Management Vision P.41

O Onboarding

The four EPC-related companies believe that hiring and developing diverse talent is essential for deepening existing businesses and expanding into new fields. Therefore, we focus not only on recruitment but also on subsequent onboarding, supporting talent so they can make an early impact.

List of initiatives

Adoption	New graduate recruitment, mid-career recruitment, alumni recruitment, referral recruitment, etc.
Onboarding	Training for mid-career hires, information infrastructure development, 1-on-1 meetings, networking programs, etc.

Click here for details on each initiative
<https://www.jgc.com/en/esg-hsse/social/human-capital/recruiting/>



Mid-career recruitment

In addition to strengthening recruitment of human resources necessary to increase project execution capacity, we are proactively pursuing mid-career recruitment of specialists in new business areas requiring unknown technical capabilities and expertise, as well as in the DX and IT fields, which are expected to become even more important in the future, with an eye toward the “2040 Vision.” To increase the number of hires, we have also begun full-scale implementation of new recruitment methods such as referral recruitment (employee referrals) and direct recruiting, and have achieved stable results.

Networking Program

Communication across departments is an essential element for smoothly carrying out our Group's Total Engineering Business. Against this backdrop, the four EPC-related companies launched the networking program “NetsHub” in fiscal year 2023 for employees within three years of mid-career hire or within six years of new graduate hire, as an opportunity to build vertical, horizontal, and diagonal connections.

To date, a total of 1,400 people have participated in this program, deepening exchanges through in-house developed card games and social gatherings under the theme of “self-disclosure beyond one's resume.” In fiscal year 2024, we also added content reflecting on our company's history, providing opportunities to reaffirm our high level of execution capability.

As a result, understanding of the company and organization has deepened, leading to increased attachment and engagement of each employee with the company. Going forward, we will continue to provide opportunities for networking and community building from various perspectives, aiming to facilitate daily project operations and create new collaborations by strengthening these internal connections.

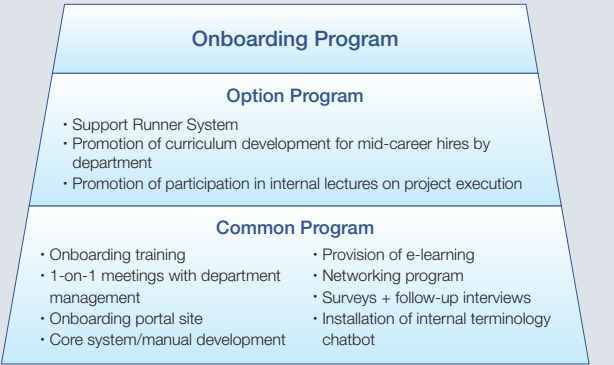
TOPICS

Onboarding program for mid-career hires

At the four EPC-related companies, we are implementing various onboarding measures to ensure that mid-career hires can fully demonstrate the diverse experiences and expertise they have cultivated and make an early impact.

Upon joining, we provide training to deepen understanding of the company's philosophy, history, HR systems, and work processes, supporting smooth adaptation to work at the four EPC-related companies. In addition, we have established a portal site for mid-career hires to easily access necessary information.

Furthermore, we have introduced a system in which a suitable person from the department to which the mid-career hire is assigned is appointed as a “Support Runner” to assist with daily work-related consultations and building internal networks. In addition, the HR Department regularly conducts surveys and follow-up interviews as needed to understand the adaptation status after joining and provide ongoing support. Through these measures, we are promoting the creation of an environment where mid-career hires can quickly adapt to the workplace and thrive over the long term.



Building a network with alumni

The four EPC-related companies value connections with former employees (alumni). At the alumni event held annually on the anniversary of our company's founding, we provide a place for alumni and current employees to interact under the theme “Make JGC your alma mater.” In the online community, we share news, event information, dialogues with alumni, and interviews with rejoined employees, and currently, the community has over 250 participants.

By providing opportunities for ongoing connection with alumni in this way, we are creating opportunities for alumni re-employment and co-creation/collaboration.



Number of alumni hired in the past four years (fiscal year)

2021	0
2022	8
2023	7
2024	4

D Development

Based on the belief that strengthening human resources is key to realizing the “2040 Vision,” the four EPC-related companies are implementing a variety of initiatives from both individual and organizational perspectives to foster talent development.

List of initiatives


Individual	Various initiatives for OJT, Off-JT, and self-development
Organization	Network-building initiatives, I&D (promotion of women’s participation, promotion of employment for people with disabilities, promotion of cross-cultural understanding), organizational diagnostic surveys, and more

Human resource development aimed at advancing and diversifying skills


The four EPC-related companies have established development environments through OJT, Off-JT, and self-development. Among these, we place particular emphasis on the OJT system for young employees, which fosters growth through work experience, and we promote multi-skilling and advanced skill development through on-site assignments, rotation systems, career development plans, and mentorship programs. In addition, we offer a variety of programs for department management and leaders, who play a crucial role in talent development, and are working to foster a culture of organizational growth. Furthermore, we support the growth of each employee through training programs tailored to different levels and talent types, as well as self-development systems.

Overall picture of training for advancing and diversifying skills

OJT	Off-JT			Self-development
Career Development Plan (CDP)	Level-specific	Selected employees	Company-wide training	JEEP (in-house technical courses)
Rotation system for advancing and diversifying skills	Management-level training	External management course dispatch	IT	JGC Techno College (Internal and external lecturers)
Baysix system (for engineering backgrounds)	Leadership	Cross-industrial exchange program	Compliance	e-Learning platform JGC University
Rotation system (for management backgrounds)	English and communication skills	Loan transfer, Corporate Volunteering Program	I&D (Inclusion & Diversity)	External coursesubsidy system
On-site dispatch program	Technical expertise	Domestic and international company dispatch	etc.	Qualification acquisition assistance system
Mentorship program				



Click here for details on each initiative
<https://www.jgc.com/en/esg-hsse/social/human-capital/development/>



Initiatives for diversifying the skills of human resources

In addition to traditional on-site dispatch program and rotation systems, the four EPC-related companies have introduced the “Baysix System,” which enables new employees to acquire foundational skills over their first six years. Young technical employees are systematically trained from the time they join the company, in coordination with the CDP, to grow into the talent we aim for. We are also promoting multi-skilling through in-house technical courses such as “JEEP,” which covers basic engineering knowledge, and our own role-playing training programs.

Strengthening highly specialized talent

The four EPC-related companies have identified fields essential for enhancing competitiveness and corporate value, and appoint individuals with advanced technical expertise to the position of “Expert.” Experts leverage their specialized knowledge to contribute to projects and the creation of new technologies, while also playing a key role in developing talent in their respective fields and contributing to the continuous improvement of our technical capabilities. As of July 2025, 87 experts have been appointed in 97 fields. In fiscal year 2024, we began introducing our Experts on our company website to raise awareness of their presence.

* Within our Group, Experts are classified into three levels (Leading Expert, Chief Expert, and Expert), and only Chief Experts and above are featured on the website.



Click here for details on JGC Group Experts
<https://www.jgc.com/en/business/expert/>



Department Manager Upgrade Program

Department managers hold a key position that interfaces with management and they are required to operate their departments from a management perspective. To this end, since fiscal year 2023, we have implemented the “Department Manager Upgrade Program” as part of management training for the four EPC-related companies, aiming to deepen understanding of the role of department managers as members of management and to foster a higher perspective.

This program aims to help department managers acquire the styles and skills necessary to drive the organization as a bridge between management and the front lines. It includes defining the role of department managers within our Group, and encourages participants to reflect on self-understanding, self-transformation, and organizational transformation. In fiscal year 2024, all department managers from the four EPC-related companies participated, and in addition to skill enhancement, the program also served as a platform for building horizontal connections among managers.

In fiscal year 2025, to encourage department managers to recognize the importance of their positions and fulfill their responsibilities, we introduced an employee stock compensation system for department managers starting in April. Furthermore, we plan to conduct the “Department Manager Upgrade Program” multiple times in line with the challenges faced by the Group and each company, and will continue to work toward achieving the above objectives.

JGC Techno College: Supporting the self-directed learning of employees

In addition to systematic educational programs, the four EPC-related companies value a culture in which employees voluntarily learn from each other and the company supports their growth. JGC Techno College (JTC), one of the talent development systems supporting self-development, is a distinctive system of the four EPC-related companies that features a bottom-up approach, with employees taking initiative and learning from one another.

It offers a wide range of advanced content, not only in technology and specialized knowledge, but also in areas that are difficult to acquire through daily work, employee work experiences, and even general education. The aim is to enhance the comprehensive technical skills necessary for job performance, as well as related knowledge essential for business professionals.

The operation of the system is based on voluntary and autonomous learning by employees themselves, and the principle is to provide opportunities to those who are motivated to learn, with the company supporting this through budget allocation and other means. Among these, JTC Seminars are study and research groups that are voluntarily proposed and organized in the form of a “Chairperson Declaration.” To date, a wide variety of seminars have been held, ranging from specialized fields such as offshore project execution to Chinese language courses, agricultural development, and themes focused on enhancing human skills. Recently, a company-wide seminar (JGC CREATORS) aimed at learning, spreading, and practicing generative AI has been launched, and is actively operating as a community of over 350 members.

JGC Techno College (JTC)

“JTC Courses”
Learn from instructors inside and outside the company

“JTC Seminars”
Employees voluntarily plan and launch study and research groups




Promotion of Inclusion & Diversity (I&D)

Our Group places great importance on employee well-being and is committed to creating an environment where employees can experience growth and happiness through their work. We believe that by creating an environment and culture where each individual can work energetically and positively, we can promote business improvement, increase productivity, and foster innovation, which in turn leads to improved employee performance and ultimately enhances corporate value.

Based on this philosophy, our Group has established and is promoting the I&D Basic Policy. In fiscal year 2024, we held lectures with external guests on I&D and organized opinion exchange and networking events with other companies. We will continue to promote the basic policy and plan to implement further initiatives such as training and workshops.



Please refer to our website for details on the I&D basic policy.
<https://www.jgc.com/en/about/policies.html>



Promotion of women’s careers

The four EPC-related companies set a goal to double the number of female managers by 2025 compared to 2020 (from 30 to 60), and achieved this goal in July 2025. We will continue to create an environment where female employees can demonstrate leadership, provide career support, and offer further opportunities for skill development and growth.

	FY2023	FY2024	July 2025
Number of female managers (Persons)	48	53	63
Ratio of female managers (%)	3.4%	3.8%	4.5%

* Refers to four EPC-related companies. In addition, our company sets targets in accordance with the definition of "manager/supervisor" under the Labor Standards Act (Act No. 49 of 1947), so the figures listed differ from the definition of "managerial position" under the Act on Promotion of Women's Participation and Advancement in the Workplace (Act No. 46 of 2015).

TOPICS

Networking program for female employees implemented

The four EPC-related companies are implementing "NetsHub" with the aim of building vertical, horizontal, and diagonal connections. In fiscal year 2024, we held our first-ever networking program for female career-track employees, "Nets Hub For W."

Although the number of female employees in our Group is on the rise, their overall proportion remains low, making it difficult for women to connect with each other, and there have been requests for opportunities to interact.

In response to these needs, we held this event, and participants gave positive feedback such as, "It was a valuable opportunity to expand my network by meeting many people for the first time," and "I was able to hear valuable stories about balancing childcare and work at our company." This initiative not only provided a place for interaction but also influenced the career development of female employees. We will continue to provide such opportunities and further expand the target audience and content to support the formation of diverse networks.



□□ Networking Program P.64

Promoting recruitment of people with disabilities

To further promote and stabilize employment of people with disabilities, JGC Parallel Technologies (JPT) was established in January 2021. JPT is committed to "realizing a society where everyone can work equally" and contributes to the JGC Group's IT/DX promotion with a focus on "Disability × IT." By establishing flexible work styles such as full remote and full flex, we have created employment opportunities for diverse IT talent from across Japan. As of June 2025, we have 45 employees, 42 of whom are IT engineers with physical, mental, or developmental disabilities, supporting IT/DX operations within the Group.

For other I&D initiatives, such as developing future female talent, click here
<https://www.jgc.com/en/esg-hsse/social/human-capital/development/>



E Engagement

A broad range of measures are being implemented to increase engagement so that our Group's human resources can maximize their abilities toward achieving the 2040 Vision. These include developing systems that make work feel rewarding and creating a comfortable workplace environment.

List of initiatives

Making purpose personally relevant	Purpose Journey Training
Toward an attractive company and a cohesive organization	Organizational Diagnosis Survey, Department Manager Upgrade Program, PEOPLE DAY

Chapter 1	Chapter 2	Chapter 3	Chapter 4	Chapter 5	Chapter 6	Chapter 7
Introduction	Management Message	What Drives JGC	Growth Strategy	Sustainability & Governance	Business Overview	Data & Other Information

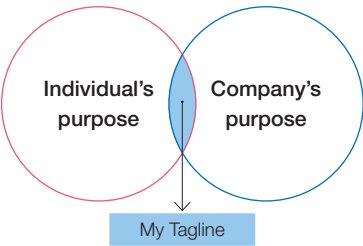
Making Purpose Personally Relevant (Purpose Journey Training)

In addition to instilling our Group's purpose, "Enhancing planetary health," we implement Purpose Journey training with the aim of having employees renew their own sense of purpose and articulate the common ground between the company and each individual.

Initiatives include a program for exploring the employee's own sense of perspective, 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 the background of the Company's purpose, and find areas in common between the Company and their own individual purposes, to create their My Tagline in around 15 words.

As of the end of July 2025, training will have been provided to 90% of eligible employees, and we plan to continue offering it to new eligible employees, such as mid-career hires.

In post-training surveys, the average level of agreement with our Group's purpose increased from 2.58 points before training to 4.13 points (out of 5).



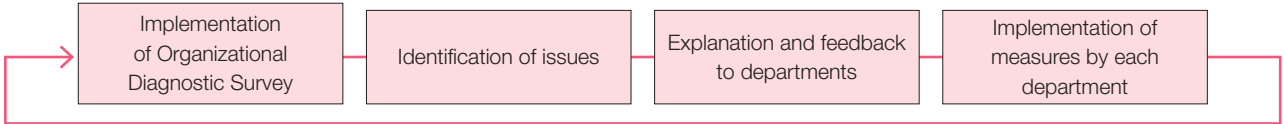
Organizational Diagnostic Survey

The four EPC-related companies introduced the "Organizational Diagnosis Survey" in December 2023 to regularly assess the status of employees and organizations and link the results to organizational strength enhancement initiatives in each department. The survey is conducted twice a year for all employees of the four EPC-related companies.

This survey uses a format that asks about both "expectations for the company" and "satisfaction," visualizing both the level of expectations and satisfaction among employees. Items with high levels of both expectation and satisfaction are regarded as strengths of our Group. However, items with high expectations but low satisfaction are looked into as possible issues, and initiatives for improvement are implemented. The survey results are shared with all department heads, covering both strengths and issues. In addition, a dedicated "Organizational Development Support Partner" has been established within the HR Department to provide support from identifying to solving department-specific issues from an organizational development perspective.

In the fourth survey conducted in June 2025, 85% of eligible employees responded, revealing that "industry influence," "attractive talent," "fair evaluation of subordinates," and "the spirit of respect" are common strengths of our Group. On the other hand, since issues differ by department, each department is taking specific measures according to their respective issues, with feedback and support from the Organizational Development Support Partner.

Through compiling survey results and dialogue with departments, information on the state of the organization is consolidated in the HR Department. Going forward, in addition to solving issues, the HR department will strengthen its support by sharing good practices from departments that are ahead in their initiatives. Going forward, the HR Department, department heads, and CDM will work together to promote initiatives for the sustainable growth of the organization.



Retention

The four EPC-related companies are working to promote employee retention based on the Human Resource Grand Design, by strengthening onboarding, improving engagement, and providing growth environments tailored to employees.

Fiscal year	Turnover rate
2022	4.2%
2023	3.6%
2024	3.8%

* Based on a denominator of approximately 3,000 employees at the four EPC-related companies. Only employees under 65 years old who are retiring for personal reasons
(Reference): According to the Ministry of Health, Labour and Welfare's Employment Trend Survey, the turnover rate for general workers in the construction industry is about 10% annually.

TOPICS

Holding of PEOPLE DAY

In our Group, to raise awareness and understanding of HR strategy among employees and to deepen connections between management, employees, and organizations, the HR Department, with support from the CHRO and HRO, holds “PEOPLE DAY.” For department managers and above, in-person participation is in principle mandatory for this company-wide event. In fiscal year 2025, the theme was “Connecting,” positioning the day as one to link “people to people” and “people to organizations.”

On the day, about 220 people, mainly top management, executives, and department managers, gathered at the venue in the morning session, and about 550 people, including employees from the Functional Materials Manufacturing Business company, participated online. The Representative Director, Chairman, President of JGC Holdings Corporation gave a talk on “What truly makes an open organization,” and management from JGC Corporation spoke about the characteristics of teams that deliver results. In the CHRO’s explanation of the HR strategy, initiatives to visualize human resource value were introduced under the belief that “Human resources are the greatest asset of the JGC Group, and it is important to enhance the value of each individual.” In addition, Ms. Aya Komaki, President of Sanrio Entertainment Co., Ltd., was invited as an external guest to give a lecture on the theme of “Building Trust.” At the annual HR Award, top management and HRO recognized good practices that contributed to organizational strength, encouraging further initiatives.

In the afternoon session, connections within our Group were strengthened through a variety of programs, including management dialogues, panel discussions by domestic and international project managers, and exchanges with employees of JGC India, which serves as a design hub for JGC Corporation.

We plan to continue holding this event and to establish it as a part of Group culture that values people, organizations, and connections.



L Life & Work

We consider a fulfilling life & work (sense of growth, physical and mental fulfillment) essential for employees to continue working with vitality, and have introduced various systems and mechanisms to enhance employee well-being, including health and family support.

List of initiatives

WinLIFE (initiatives for expatriates), family care system, compensation improvements including base pay and introduction of stock compensation for department managers, family events, Career Development Plan (CDP), 1-on-1 career meetings, autonomous growth support training, and more

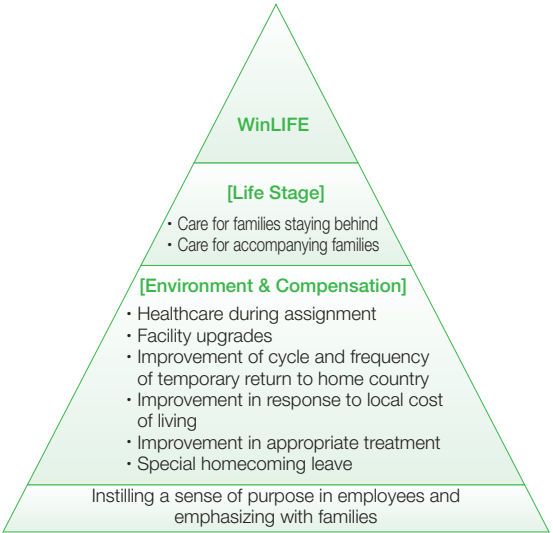
Initiatives for assigned employees

For the four EPC-related companies whose core business is the Total Engineering Business and which have many employees assigned to construction sites or offices inside and outside Japan, enhancing the attractiveness of assignments and providing support for assigned employees and their families are essential. Therefore, based on the idea that “fulfilling work leads to a fulfilling life,” we have introduced “WinLIFE (Work in Life).” For example, in overseas assignments, employees can take a six-day consecutive temporary leave every 56 days, and for domestic assignments, we provide a special homecoming leave once a month and cover round-trip transportation expenses twice a month, creating an environment where employees can easily spend time with their families even while assigned.

Initiatives for employees and their families

For employees to work with vitality, support not only for the employees but also for their families is essential, and the four EPC-related companies implement numerous initiatives and events for families. In fiscal year 2024, we held “Family Day,” where children visit the company, as well as classical concert and theater events for employees and their families.

Other Life & Work initiatives are here
<https://www.jgc.com/en/esg-hsse/social/human-capital/life-and-work/>



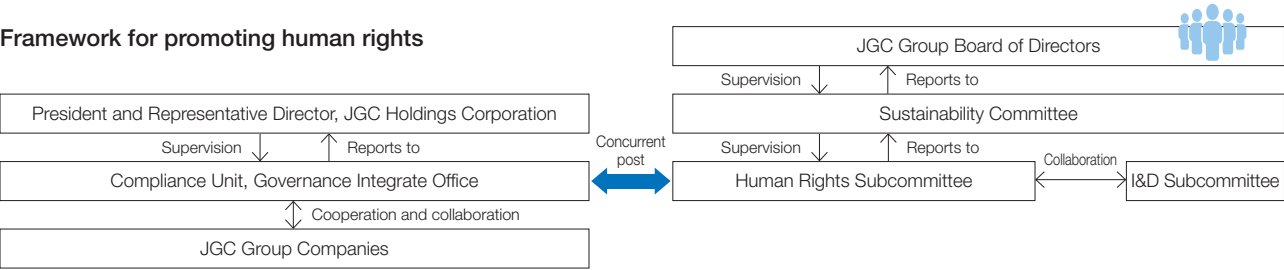
Respect for Human Rights

Basic stance

Recognizing that having 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 Labour Organization (ILO). Through the “JGC Group Code of Business Conduct” and “JGC Group Basic Policy on Human Rights,” we require Challenge for human rights not only from Group company executives and employees, but also from stakeholders in the supply chain.

Within our Group, under the Sustainability Committee chaired by our President and Representative Director, we have established a Human Rights Subcommittee to promote human rights and development. In September 2024, our Board of Directors newly established the “JGC Group Human Rights Regulations,” and under the supervision of our President and Representative Director, the Governance Integrate Office Compliance Unit took the lead in clearly defining the organizational structure to promote human rights and development throughout our Group. The Compliance Unit also serves as the secretariat for the Human Rights Subcommittee, and the this Subcommittee is made up of members from across the Group. We continue to collaborate with the Sustainability Committee and the Human Rights Subcommittee to advance Group-wide initiatives for respect for human rights.

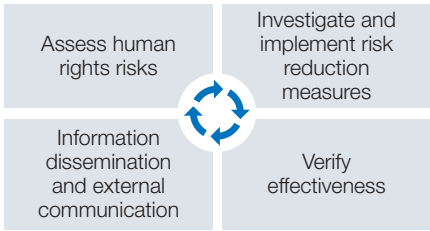
Framework for promoting human rights



Promotion of Human Rights Due Diligence

Our company follows international standards such as the United Nations “Guiding Principles on Business and Human Rights” and the Japanese government’s “Guidelines for Respecting Human Rights in Responsible Supply Chains,” and has been working to establish a human rights due diligence framework based on our Group’s Basic Policy for Human Rights & Development and our Group’s Human Rights Regulations. In our main business, EPC projects, we are working to continuously implement a series of human rights due diligence processes, by identifying and assessing human rights risks, considering and implementing risk mitigation measures, verifying effectiveness, and disclosing information.

Steps of human rights due diligence



Fiscal year 2024 initiatives

Assess human rights risks

- Total Engineering Business**
- (Completion of human rights risk map in fiscal year 2023)
- Functional Materials Manufacturing Business**
- Started creating a human rights risk map to enable the launch of human rights due diligence initiatives

Investigate and implement risk reduction measures


- Total Engineering Business**
- Investigation and implementation of human rights risk mitigation measures for domestic and overseas EPC businesses
 - Addition of human rights clauses to both overseas and domestic procurement contracts
 - Expansion of e-learning training on our Group’s Code of Business Conduct to domestic and overseas Group companies
 - At overseas project sites deemed to have high human rights risks, we identified and assessed forced labor (foreign and migrant labor) and occupational health and safety as human rights issues, and conducted actual surveys at project sites *Implemented in May 2025.
 - Hearing at construction sites ~Middle East region~ P.71
 - In the compliance pre-screening conducted for business partners, we sent questionnaires to those judged to have high human rights risks to confirm their status of human rights and development and understanding of their own supply chain, and conducted screening.
 - Initiation of investigation and preparation for human rights due diligence surveys at domestic construction sites
- Functional Materials Manufacturing Business**
- Expansion of our Group’s Code of Business Conduct e-learning to each company in the Functional Materials Manufacturing Business


Future plans

- Total Engineering Business**
- In fiscal year 2025, we sent questionnaires and conducted on-site surveys for partner companies and vendors in ongoing projects in the Middle East, and will continue to evaluate the results obtained from these surveys. Based on the experience of these on-site surveys, we are reviewing the on-site survey process for overseas projects to enable more effective surveys and responses, and are considering how to apply these improvements in future projects.
 - We have started creating a code of conduct for the supply chain, and upon completion, will require compliance with the code of conduct as a contractual requirement for our supply chain.
- Functional Materials Manufacturing Business**
- By referring to practical reference materials based on guidelines set by the Japanese government, we are collaborating with relevant Group companies to complete a human rights risk map that considers the business forms of each company, and are advancing the human rights due diligence process.

Hearing at construction sites ~Middle East region~

Within our Group, in order to promote human rights due diligence, we have identified overseas EPC business as an area with high risk of human rights violations in the supply chain, based on a human rights risk map created with input from external experts, and are taking focused measures to address these risks. In particular, construction sites in the Middle East have been selected as priority investigation targets due to international concerns regarding the employment and working conditions of multinational workers in the region.

**Study risk reduction measures based on the human rights risk map**
<https://www.jgc.com/en/esg-hsse/social/human-rights/>



In May 2025, in collaboration with the HSSE Team, we visited construction sites in the Middle East where projects are underway and conducted human rights due diligence.

Survey method Prior to the visit, we sent questionnaires regarding human rights to partner companies and major vendors, and collected information on labor contracts, wages, hygiene conditions of accommodations, grievance mechanisms, and other related matters. On site, we conducted a survey of the working environment and engaged in dialogue with workers to identify issues related to working conditions and human rights.

Survey results At this site, we confirmed that corrective actions are being considered and implemented in cooperation with relevant teams. As a result of the survey, we found that, thanks to the efforts of our stakeholders and the tradition of HSSE within our company, this site demonstrated good teamwork with sufficient communication between managers and workers. While there are issues arising from the labor law systems of the countries where projects are executed, and it remains necessary to pay attention to the impact on workers, we confirmed that no serious human rights risks have occurred.




Going forward, we will continue to prevent and improve negative impacts on human rights in the working environment through ongoing dialogue with stakeholders, including construction site workers.

TOPICS

Initiatives of Building Responsibly



Worker welfare is drawing attention in the construction and oil & gas industries, which involve high-risk work. JGC Corporation participates as a board member in Building Responsibly (BR), which aims to protect and enhance worker welfare, dignity and respect in the industry. Since 2025, our participating member has served as Vice Chair of the BR Steering Committee. BR promotes respect for worker welfare by developing policies and guidelines as international standards for the industry. Members of our Compliance Unit participated in the Bi-Annual Meeting held in Paris, France in November 2024, where they exchanged views on worker welfare initiatives with industry peers and BR stakeholders. JGC Corporation will continue to participate in BR and work to contribute to the improvement of worker welfare across the industry.



TOPICS

Raising human rights awareness through internal events

Our Group holds an annual event themed on “people” called “PEOPLE DAY” (☐ Human Capital Initiatives Holding of PEOPLE DAY P.69), and in 2025, the Compliance Unit also participated in the booth session. This year’s theme, “Connecting,” was addressed through a brief lecture and role play on assertive communication. In the role play, we presented both poor and good examples of scenarios such as “making a request” and “declining,” demonstrating how changing perspectives and phrasing can alter how messages are received and perceived, and help avoid harassment that denies the personhood of others. We all have the right to self-expression, and must respect the same right of others. Building a better workplace environment requires remembering the philosophy of respecting others, and we are advancing initiatives for respecting human rights through raising internal awareness.

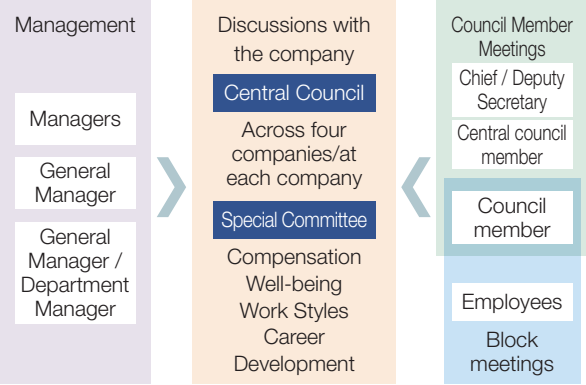


Initiatives for Employee Human Rights—JGC Council

The JGC Group recognizes that the development of each company and the improvement of employees’ lives are closely linked, and believes it is necessary to deepen mutual trust and cooperation by having all executives and employees discuss and consult on issues together. Based on this idea, the former JGC Japan Corporation established the JGC Council instead of a labor union.

Even after transitioning to a holding company structure, the four engineering-related companies have fostered a culture of close cooperation between council members—selected from all employees including managers—and company management at the JGC Council, where they discuss and consult on management, systems, procedures, and employee life issues.

The JGC Council consists of the Central Council, a forum for direct dialogue between management and employees, and four Specialized Committees (Compensation, Well-being, Work Styles, Career Development), where each committee engages in deep discussions on their respective issues while maintaining continuity.



Central Council

Each engineering-related company’s unique issues are thoroughly discussed at their respective Central Councils. Additionally, with the transition to a holding company structure in 2019, personnel systems and major regulations and procedures have been standardized to maintain talent exchange among the four companies, and the Cross-Company Central Council is held as a forum for discussing common issues.



Main discussion themes

- The need to maintain a gentle and warm communication attitude to further strengthen mutual trust and unity between management and employees
- Results and challenges of the pure holding company structure
- Measures to improve company performance (integration of overseas subsidiaries, project order decisions, etc.)
- Expansion of non-EPC business, investment policy for new businesses, resource allocation
- Diversification of management members and other ideal forms, etc.

Special Committee


The Specialized Committees were previously composed of three committees: “Compensation,” “Operations,” and “Welfare,” but in response to changing times and diverse employee needs, they were reorganized in 2024 into four committees: “Compensation,” “Well-being,” “Work Styles,” and “Career Development.” We are continuously working to build a system that enables deeper discussion of timely themes in each field.

Committee name	Main discussion topics
Compensation Committee	Matters related to compensation such as salary, bonuses, retirement allowances, and pensions <ul style="list-style-type: none">• Division of responsibilities : Salary system, personnel system, regular raises, base increases, bonuses, retirement allowances, pensions, etc. Main topics discussed in FY2024 <ul style="list-style-type: none">• Formulating proposals for initiatives to achieve even greater consensus in base increase and bonus discussions• Improving communication methods for performance evaluation operations and feedback
Well-being Committee	Development of a vibrant working environment and matters related to travel expenses <ul style="list-style-type: none">• Responsibilities : Travel expenses, housing policies, family care, health, welfare, office environment, etc. Main topics discussed in FY2024 <ul style="list-style-type: none">• Attractive housing policies suited to the times (Dormitories for singles, housing subsidies) - Formulation of recommendations• Discussions on promoting active roles for fathers and mothers, and creating a comfortable office environment
Work Style Committee	Matters related to ease of working and time management <ul style="list-style-type: none">• Responsibilities : Working hours, overtime work, leave, improving work efficiency and productivity, work styles, etc. Main topics discussed in FY2024 <ul style="list-style-type: none">• Conclusion of overtime work agreements and monitoring of overtime and leave records• Promotion of highly transparent understanding of working conditions regardless of office or on-site assignments
Career Development Committee	Matters related to employee learning and growth <ul style="list-style-type: none">• Responsibilities : Talent profiles, evaluation systems, CDP, qualifications, self-development, cross-boundary learning, in-house training, etc. Main topics discussed in FY2024 <ul style="list-style-type: none">• Recommendations for expanding the company-wide talent and skill map “Career Directory”• Support system for mid-career hires, visualization of training, survey on side-job awareness, etc.

HSSE Initiatives

Basic stance

At the JGC Group, we regard Health, Safety, Security, and Environment (HSSE) as corporate values that must always be pursued. We have established a group-wide basic Vision for HSSE: **“Everyone works in good health and safety, and returns home to their families safely.”** We are committed to improving HSSE performance throughout the Group, not only within our own Group but also for all people working at domestic and overseas offices and construction sites, including partner companies.

 Please also refer to our website for information on our Group's HSSE initiatives.
<https://www.jgc.com/en/esg-hsse/hsse/>

HSSE Promotion System

In our Group, taking into account the differences in the content and characteristics of each business, we have established Safety and Health Committees (or HSSE Committees) for each major operating company. These committees identify and evaluate important HSSE topics, implement appropriate measures, and promote initiatives to reduce risks.

Total Engineering Business

Both JGC Corporation and JGC Japan Corporation hold monthly HSSE Committee meetings, where they discuss preventive and responsive measures based on potential hazards and past cases of responding to accidents, as well as share good practices. In addition, at construction sites which mobilize large numbers of workers for construction activities, we work with partner companies to establish site-specific committees, and work together to improve occupational health and safety performance. In the event of a serious accident, not only the relevant construction site but also each company's HSSE Committee and occupational health and safety management departments respond promptly. We have a system in place to provide emergency support to relevant departments as necessary.

Functional Materials Manufacturing Business

At JGC Catalysts and Chemicals Ltd., the main business sites—Kitakyushu and Niigata—hold monthly Safety and Health Committee meetings, where they formulate annual plans for occupational health and safety, monitor the occurrence of occupational accidents, and have industrial physicians conduct workplace patrol reports. In addition, from the perspective of raising employee awareness of safety and health, the company implements its own safety and health conventions and “pointing and calling” campaigns, among other initiatives.

At Japan Fine Ceramics Co., Ltd., the major policy is to aim for “zero occupational accidents.” The company has a management system in which the Safety and Health Committee, held monthly at the headquarters, receives reports from each business division on safety performance and patrol status at factory sites.

HSSE Initiatives in the Total Engineering Business

In the Total Engineering Business, numerous stakeholders and partner companies, work together to respond to different environments and risks at each site, making HSSE initiatives particularly important. This page introduces HSSE initiatives related to the Total Engineering Business.

Health	We focus on occupational health and safety for all stakeholders involved in domestic and overseas construction projects, including partner companies. We are committed to thorough occupational health and safety management so that all stakeholders can work safely and comfortably and return home to their families every day.	<input type="checkbox"/> Health & Safety: Initiatives related to occupational health and safety P.74–75
Safety		
Security	In countries and regions where we conduct local construction work, we thoroughly implement measures to ensure the safety of our overseas staff against country-based risks such as unstable political situations, wars, revolutions, civil unrest, terrorism, sudden changes in economic policies or conditions, and economic sanctions.	<input type="checkbox"/> Risk Management P.95
Environment	To carry out projects in compliance with environmental regulations in each country, we have established an environmental management system in accordance with ISO14001 and are engaged in environmental conservation through continuous improvement activities based on the PDCA cycle.	<input type="checkbox"/> Environment: Environmental Management Initiatives P.75

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Health & Safety Occupational health and safety initiatives

At domestic and overseas construction sites, we appropriately manage and monitor occupational health and safety through management systems to prevent the occurrence and recurrence of serious accidents and lost-time injuries. In addition, to improve the performance of occupational health and safety, we are promoting initiatives from two perspectives: fostering a safety culture within the organization, including raising safety awareness, and enhancing safety knowledge and skills.

» Basic approach to safety and health management

Multiple partner companies are involved at domestic and overseas construction sites, and workers from different industries may work simultaneously in close proximity. Therefore, we believe it is necessary to have a system to reliably manage occupational health and safety throughout the project, and we focus on the following three points in our safety and health management efforts.

Key points in occupational health and safety management

Visualization of status	All accidents, including general injuries and near misses, are reported to the headquarters and continuously monitored. This makes it easier to grasp the safety status at the site.
HSSE Audits and Improvement Activities	Audits are conducted for each partner company on a project-by-project basis, and at the corporate level, audits are also carried out for each project. For the latter, in particular, after reporting and deliberation at the HSSE Committee, necessary corrective actions are reliably implemented, thereby driving the PDCA cycle.
Response to serious accidents and organizational improvement	In the event of a serious accident, root cause analysis is conducted to identify organizational issues. The results are shared within the HSSE Committee and other relevant bodies, and disseminated company-wide as “Lessons Learned” to prevent recurrence and drive improvements.

» Enhancement of safety, health, and technical knowledge

Among safety and health management initiatives, improving knowledge and technical skills is a crucial element in construction site operations. It is essential for all supervisors and workers to uniformly acquire the knowledge and skills necessary for safety management to ensure site safety.

Training incorporating the latest technologies

We implement comprehensive educational programs to enhance safety and health knowledge and skills for all construction personnel. In recent years, we have introduced VR (virtual reality) technology to classroom-based training, increasing immersion and enabling learning experiences that remain memorable as real-life experiences.

Furthermore, with the advent of AI technology, we now offer educational content that flexibly recreates situations closer to actual work, helping to develop on-site response capabilities.



Training scenes at overseas construction sites

» Fostering a culture of health and safety

In safety and health management, it is not only technical initiatives but also the cultivation of a “safety culture” rooted in the workplace that is extremely important. Unlike visible measures such as manuals and training, safety culture deeply influences the mindset of everyone working on site and is closely linked to motivation for work. Therefore, we are also working on initiatives to help people understand the importance of following Safety and Health rules in the workplace. The most important factor in fostering this culture is leadership by management.

Promotion of the Respect & Care Program (JGC Corporation)

At JGC Corporation, our overseas EPC operating company, all employees have completed education in the “Respect & Care Program,” and it is being rolled out to staff in each project and Group company, with a focus on management. This program plans and implements various initiatives in which JGC Corporation and management of each EPC project participate, so that the importance of each project stakeholder and the necessity of respecting those around them are recognized at construction sites. This leads to the establishment and continuous improvement of a safety culture.

Furthermore, this program is aligned with the “10 Principles of Workers Welfare” of the international organization “Building Responsibly (BR),” in which JGC Corporation participates as a board member, and is an important initiative aimed at improving workplace environments at construction sites.

☐ Respect for Human Rights Initiatives of Building Responsibly P.71

Strengthening leadership through HSSE conferences

Strengthening leadership in the cultivation of safety culture is a key objective for our entire Group, and is also addressed as a fundamental theme of our Group-wide HSSE conference “Safety Day” program, held annually.



Providing opportunities for workers to speak up actively



Safety pledge by all members, led by management

» Safety performance in construction projects by JGC Corporation and JGC Japan Corporation

The HSSE Committees of JGC Corporation and JGC Japan Corporation set and monitor multiple KPIs and targets for occupational health and safety performance, including internationally comparable lost time incident rate (LTIR) and total recordable incident rate (TRIR), at domestic and overseas construction sites, striving for thorough and continuous improvement in occupational health and safety management.

	FY2023	FY2024
Total project working hours (thousand hours)	43,061	69,782
Number of fatal accidents (cases)	2	1
Lost time incident rate (LTIR)*1	0.023	0.034
Total recordable incident rate (TRIR)*2	0.43	0.23

(Note) For international comparison purposes, the aggregation period for this data is the total from January to December each year.

*1 Lost time incident rate (LTIR) and *2 total recordable incident rate (TRIR) are indicators established by the U.S. Occupational Safety and Health Administration (OSHA) to measure the occurrence of occupational accidents, as follows.

Lost time incident rate = number of lost time incidents × 200,000 hours ÷ total project working hours
Total recordable incident rate = (number of fatal incidents + number of work restriction cases + number of specialized treatment cases) × 200,000 hours ÷ total project working hours

JGC Corporation (overseas EPC)

Top management of each EPC project leads HSSE activities, and even with an increase in total construction work hours compared to 2023, both LTIR and TRIR improved, achieving their respective targets. Based on these results, the HSSE Committee of JGC Corporation is raising the bar for target values in 2025 and working on further improvement activities, including digitalization.

JGC Japan Corporation (domestic EPC & maintenance)

Although LTIR and TRIR targets were achieved through accident and disaster prevention measures at new plant construction sites, in domestic maintenance work, there were accidents involving multiple injuries, including fatalities among partner company workers. Because maintenance work is performed within the existing plants of our clients, client understanding and cooperation are essential. Therefore, comprehensive recurrence prevention measures for these incidents are being discussed with both clients and partner companies.

As a result of continuously promoting various initiatives based on basic HSSE guidelines, safety performance, including LTIR at domestic and overseas construction sites, remains excellent compared to industry averages. □□ Financial and Non-Financial Highlights P.109

Environment Environmental Management Initiatives

JGC Holdings Corporation, JGC Corporation, and JGC Japan Corporation have adopted the ISO 14001 Standard for their environmental management system. Based on this standard, we thoroughly manage the environment at domestic and overseas projects and offices.

Company-level management

Each Group company formulates an annual environmental management plan, clearly stating specific environmental targets within it. Furthermore, to continuously monitor the achievement of targets, monthly KPIs are set and monitoring is conducted, including initiatives at each EPC project. This enables effective operation of the PDCA cycle and leads to continuous improvement in environmental management.

Management of EPC projects

Each project conducts a risk assessment at the start to identify environmental aspects and impacts. In particular, for overseas projects, we use a method called “ENVID (Environmental Risks Identification)” to identify and evaluate environmental risks. Based on the results of these risk assessments, we set environmental targets for each project and clarify the policies and specific initiatives for environmental management.

» Specific initiatives

Waste and pollution management

At construction sites both in Japan and overseas, waste treatment is positioned as a key environmental response item, and we actively implement measures in accordance with local regulations based on the fundamental concept of “3R (Reduce, Reuse, Recycle)” with sorting as the basis. We also take measures against soil and environmental pollution, such as establishing emergency response plans and managing chemicals, striving for environmental conservation at the site level.

Waste sorting at overseas construction sites



Reduction of GHG emissions

At construction sites inside and outside Japan, based on the policies of the Sustainability Committee of JGC Holdings Corporation (□□ Sustainability Management P.53), and in collaboration with the CO₂ Reduction Subcommittee established under the Committee, we are working to reduce greenhouse gas (GHG) emissions in site operations, such as by utilizing renewable energy. We are also sequentially considering systematization to visualize GHG emissions, aiming to build a structure that enables quantitative understanding of the effectiveness of each measure.

Others

Environmental management initiatives extend beyond reduction of waste and GHG emissions to a wide range of areas, including biodiversity protection and countermeasures against noise. These activities are carried out according to the characteristics of each EPC project as part of sustainable business operations.

Quality Management System

Basic stance

The Quality Management System is an essential element for achieving EPC execution of plants in the Total Engineering Business and safe operation and stable production at manufacturing plants in the Functional Materials Manufacturing Business. Under the ISO 9001-certified quality management system in place at the Group, quality policies established by each company form the basis for quality objectives set at various organizational levels. By clarifying organizational issues and implementing the PDCA cycle—formulating (Plan), executing (Do), evaluating (Check), and improving (Action) action plans to achieve quality objectives—we continuously strive to improve organizational performance. Each company of the 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

Each Group company establishes and regularly holds meetings such as quality assurance committees.

In these committees, we monitor the Quality Management System activities of each company to ensure that the quality of products and services provided always meets client satisfaction. We also promote various improvement activities, including investigating the root causes of quality issues and formulating effective measures to prevent recurrence, while evaluating the results and practicing continuous improvement.

In maintaining this framework for quality assurance, quality management activities are reviewed annually by the top management of each company.



EXAMPLE

Initiatives for quality improvement at JGC Corporation

Within our Group, each operating company works on a Quality Management System tailored to its business characteristics. In this report, we introduce the initiatives of JGC Corporation, which handles overseas EPC business and has the largest sales scale in the Group, as a representative example.

» Control by the central function of the Quality Management System

The Quality Assurance Committee at JGC Corporation headquarters plays a central role as the core function of the Quality Management System.

We formulate policies and specific plans led by the president and top management, and disseminate them to subordinate organizations, thereby translating them into quality management actions in each business area. This enables us to build a system for operating a unified PDCA cycle across the entire company.

Integration of overseas Group companies

Since the end of fiscal year 2023, JGC Corporation has introduced a unified management system structure, managing and operating overseas Group companies engaged in business activities including EPC businesses under the central function of headquarters with a single management system.

» Response to quality issues and deployment of corrective actions

For quality issues that arise in EPC projects, we conduct root cause analysis, similar to occupational accidents, and formulate corrective actions. In doing so, we clearly identify organizational issues and deploy uniform corrective actions across all organizations, including Group companies, by utilizing the unified management system.

Furthermore, through educational activities and other efforts, we aim to realize a learning organization by implementing initiatives to prevent recurrence.

» Activities to raise quality awareness

As a company-wide initiative at JGC Corporation, we conduct “TQI (Think Quality Initiative)” activities to enhance individual leadership awareness for quality and promote continuous improvement as members of the organization. As part of these activities, we hold an annual company-wide internal event, “Quality Day,” including overseas subsidiaries under JGC Corporation, providing all employees with an opportunity to think about quality and fostering quality awareness.

For raising quality awareness among partner companies, we strive to improve overall awareness, including workers, by sharing a “Respect and Care” culture that starts with safety and health.



Scenes from “Quality Day”

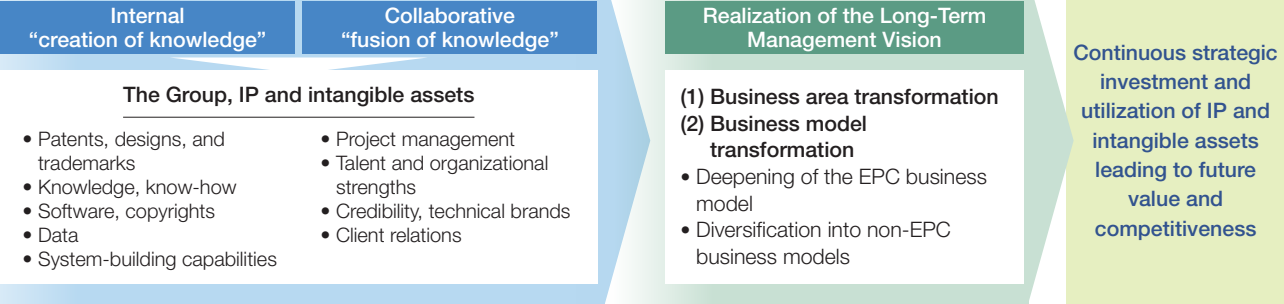
Intellectual Capital Initiatives

Basic stance

Intellectual capital is emphasized by the JGC Group as a management resource for sustained growth, and the Group is actively engaged in creating, protecting, and applying intellectual property (IP) and intangible assets, and in associated risk management.

A broad range of these IP and intangible assets built up through internal “creation of knowledge” and collaborative “fusion of knowledge” are used in a variety of ways while ensuring compliance with intellectual property laws and regulations, respecting the rights of third parties, and minimizing our own risks.

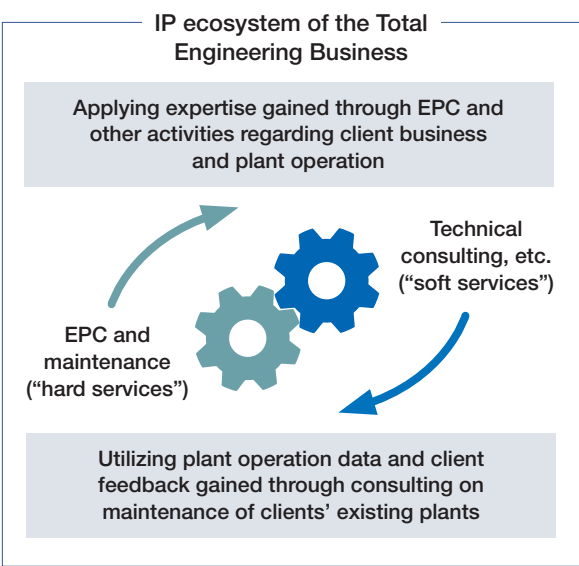
To realize the three transformations in our Group’s long-term management vision, the “2040 Vision”—especially the “Business Area Transformation” and “Business Model Transformation”—we will continue to strategically invest in and utilize IP and intangible assets that contribute to future value and enhanced competitiveness.



Building the IP Ecosystem and Business Expansion

Our Group positions IP and intangible assets as strategic assets that connect technology and society. Especially in our core business, the Total Engineering business, we accumulate and manage expertise and know-how as IP and intangible assets, and flexibly share and utilize them within the Group, making IP strategy a key pillar.

The four EPC-related companies conduct business throughout the entire plant lifecycle (planning, design, procurement, construction, operation, maintenance), identifying expertise and know-how gained at each stage and from client feedback, standardizing and formalizing our Group’s technologies, and utilizing them cyclically. This IP ecosystem contributes to further strengthening our Group’s competitive advantage and expanding our core business. Going forward, we will promote the construction of the IP ecosystem, not only in existing businesses but also in new businesses such as chemical recycling and clean energy fields. In the Functional Materials Manufacturing Business, which develops and manufactures products such as catalysts, fine chemicals, and fine ceramics, each company is striving to create new value through in-house development and partnerships.



Specific examples of IP utilization in technical services

PLANT PLUS™
Consulting services proposing diagnosis and improvement of existing plants



INTEGNANCE®
Maintenance services that detect failure signs using sensor data and operation history, and propose optimal maintenance schedules



Deepening the EPC business model and IP initiatives

Accumulation of technical knowledge on the modular construction method* and its application to other fields

The four EPC-related companies have established advanced module design and construction technologies by leveraging their extensive project experience. This technology offers various advantages, such as streamlining construction work compared to conventional stick-build construction methods. Furthermore, this module technology can be applied not only to the oil & gas sector but also to plant construction in diverse fields such as hydrogen, ammonia, renewable energy, and nuclear power, contributing to technological innovation toward realizing a decarbonized society.

Supporting the foundation of such technological capabilities are the IP and intangible assets related to proprietary design and construction technologies and process improvements held by the four EPC-related companies. By systematically managing and utilizing these assets, we aim to advance technology and strengthen competitiveness. The accumulated IP and intangible assets not only promote knowledge sharing among in-house engineers but also serve as a foundation for smooth collaboration with external partners.

* The modular construction method is a technique in which modules (assemblies of steel frames, piping, equipment, etc.) are manufactured at a location different from the construction site (module yard), then transported and installed on-site.

Advantages of the modular construction method compared to conventional stick-build construction method

- Reduction of risks arising from external environments (weather conditions, securing workers, on-site security, etc.)
- Streamlining of construction work
- Standardization of plant quality
- Shortening of construction period and others



About our Group’s module technology
Click here for details
<https://www.jgc.com/en/business/tech-innovation/modular-construction-methods/>



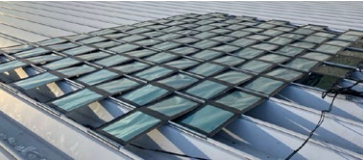
Diversification into non-EPC business models and IP initiatives

Collaboration to expand business domains in the renewable energy sector

As part of our efforts to expand business domains and diversify business models, our Group is working on technological innovation in the renewable energy sector. As part of this, JGC Japan Corporation, a domestic EPC business company, is focusing on Perovskite solar cell technology aimed at realizing Dokodemo hatsudensho™ (translated as “Power Plant Anywhere”) concept, which enables power generation in any location, in response to the challenge of “decreasing available flat land” for solar power generation in Japan. Through open innovation with startups invested in via our Group’s CVC fund, we are accelerating technology development and social implementation in this initiative.

We are also actively securing IP rights for innovations such as installation methods for solar cells in previously difficult locations and solar cell module structures suited to those environments. Based on the acquired IP rights, we are envisioning the establishment of new business models such as licensing, aiming to widely disseminate the technology throughout society.

In promoting these innovations, the business and IP departments collaborate, conducting analyses using IP landscape in addition to conventional protection and utilization of IP and intangible assets, to facilitate strategic decision-making. For example, by sharing analysis results between both departments and reflecting the latest market and client information, we are able to conduct more advanced and effective analyses. Through such collaboration, we are working on innovation activities driven by both the business and IP departments.



Thin, lightweight, and highly flexible Perovskite solar cells. With our Group’s developed installation technology, installation is possible even on uneven factory roofs.

Message from the General Manager of the IP Department

The JGC Group possesses a wide range of IP and intangible assets, including IP rights such as patents, proposal capabilities that create new value by integrating diverse technologies and know-how, and human and organizational strengths that foster collaboration and co-creation across organizational boundaries. To maximize the use of these assets, the IP Department aims to establish an “IP Governance System” that supports the formulation of the Growth Strategy through the demonstration of IP intelligence functions via analysis, hypothesis formulation, and verification of our company and business environment, as well as dialogue with executive management. We also promote the transformation of our IP portfolio to create new businesses and group synergies, contributing to the enhancement of corporate value.








koko Seshimo
General Manager, Intellectual Property Department
JGC Corporate Solutions Co., Ltd.

Details regarding the construction of our IP portfolio are available on our website.
https://www.jgc.com/en/business/tech-innovation/intellectual_assets/

Stakeholder Engagement

Basic stance

The JGC Group recognizes that dialogue and collaboration with various stakeholders are essential for the sustainable growth of our business and the enhancement of corporate value, and we actively engage in such initiatives. As we expand our business globally, we are working to build mutual trust with stakeholders and create an environment where our Group’s management policies and businesses are well understood, through the activities described below.

Stakeholders	Main activities and dialogues
 Shareholders and investors	<ul style="list-style-type: none">Enhancement of the Integrated ReportMeetings with institutional investors inside and outside JapanHolding business briefings for investorsFeedback to management <div>IR/SR Activities P.80</div>
 Clients	<ul style="list-style-type: none">HR training programs for resource-rich country personnel
 Employees	<ul style="list-style-type: none">Communication through the JGC CouncilSite visits by managementHolding of Family dayPublication of the Group newsletters <div>Initiatives related to employee human rights — JGC Council P.72</div> <div>Human Capital Initiatives P.62</div>
 Local communities and next generation of human resources	<ul style="list-style-type: none">Company visits from public junior high and high school students in Kanagawa PrefectureChemistry workshops for elementary school studentsEducational programs for elementary school students in Basra, Iraq
 Vendors	<ul style="list-style-type: none">Technical support activities for local suppliers

TOPICS

HR training programs in resource-rich countries

JGC Corporation has implemented various training programs for engineers and students majoring in chemical engineering and related fields from resource-rich countries over the past several decades to strengthen relationships with these countries. Many past participants have later contributed to domestic resource development and industrial growth after returning to their own countries, and also expanded the Group’s business in resource-rich countries.

TOPICS

Initiatives for Basra elementary students

At overseas construction sites, the JGC Group believes that collaboration with the local community is essential for the smooth execution of projects. The Group is currently conducting a construction project in Basra, Iraq. Academic decline in post-war 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. Against this backdrop, since 2022, we have been providing programming education, science experiment classes, and digital math education using tablets, with the aim of making long-term contributions such as providing educational opportunities for children and creating employment opportunities for young people. By fiscal year 2024, approximately 17,000 people had participated in programming education, about 10,000 in science experiment classes, and about 13,000 in digital math education.



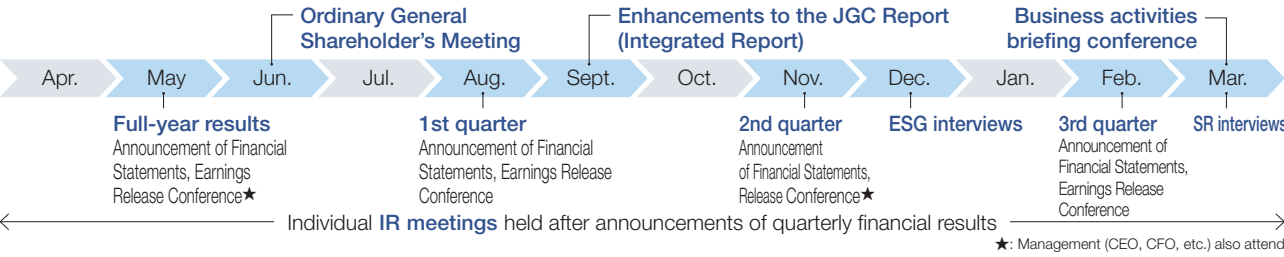
Scene of program

IR/SR Activities

Basic stance

To contribute to sustainable growth and the enhancement of corporate value over the medium to long term, the JGC Holdings engage in constructive dialogue with shareholders and investors, mainly through the CFO, IR Department, and General Affairs Department. Questions and opinions received from participants are provided as feedback to the Board of Directors, management, and relevant internal departments.

Status of IR/SR activities



IR/SR activity results

Activity	Main contacts	Number of events
Results briefing	Representative Director, Chairman, President and CEO, Representative Director, President and COO*1, Director, Senior Executive Vice President, and CFO, Executive Officer, Head of Finance Unit, Corporate Communications Group Manager	4
Meetings and phone interviews with domestic and overseas institutional investors (IR meetings)	Executive Officer, General Manager of Finance Unit, Corporate Communications Group Manager	172*2
Individual meetings with SR institutional investors (SR meetings)	Director, Senior Executive Vice President, and CFO, Executive Officer General Counsel, General Manager of General Affairs Unit, Corporate Communications Group Manager	14
ESG-related dialogue achievements (ESG interviews)	General Manager of General Affairs Unit, Corporate Communications Group Manager, Sustainability Promotion Group Manager, Acting Head of Human Resources	9

*1 Former Representative Director, President, and COO, Tadashi Ishizuka, resigned as of March 31, 2025
*2 Sell-side analysts: 24 cases, institutional investors: 148 cases

Ordinary General Shareholders’ Meetings

	FY2023	FY2024	FY2025
Date held	June 29 (Thu)	June 27 (Thu)	June 27 (Fri)
Shareholders attending	48	65	54
Ratio of voting rights exercised	84.65%	78.21%	82.06%

Business activities briefing conference

To deepen understanding of our group’s new businesses, we held a tour for sell-side analysts of the newly established SAF production plant at Cosmo Oil Co., Ltd. Sakai Refinery, as part of our participation in the domestic SAF manufacturing business.

BSP 2025 Medium-Term Business Plan Establishment of future growth engines P.49



Shareholders and Investors

We strive for constructive dialogue with our shareholders and investors. Furthermore, requests and suggestions obtained through dialogue are appropriately provided as feedback to the Board of Directors, management, and relevant internal departments, and are utilized to improve management and business strategies, various initiatives, and IR/SR activities including information disclosure.

Category	Main concerns of shareholders and investors	Related content and page numbers in this report
Performance	<ul style="list-style-type: none">Rebuilding our framework for executing EPC projectsImpact on individual projects due to changes in the external environmentDifficulty in investment decisions due to decreased predictability of performance, etc.	<ul style="list-style-type: none">Policies and initiatives to strengthen EPC execution capabilitiesPromotion of Growth Strategy centered on the medium-term management plan “BSP 2025”Discussions and responses at the Board of Directors regarding two consecutive periods of poor performance
Medium-Term Business Plan	<ul style="list-style-type: none">Issues with order competitiveness and profit assurance systemsInterest in progress in non-EPC business fields and requests for enhanced information disclosure, etc.	<ul style="list-style-type: none">Message from the Chairman and CEO P.7Medium-Term Business Plan (BSP 2025) P.43Messages from Outside Directors P.83Corporate Governance P.86
Capital policy & governance	<ul style="list-style-type: none">Status of discussions on capital policy in light of the gap between ROE and capital costDiscussions at the Board of Directors and Nomination Committee regarding the new management structure, etc.	<ul style="list-style-type: none">Our company’s approach and initiatives regarding capital policy and corporate governanceMessage from the Chairman and CEO P.7Message from the CFO P.15Corporate Governance P.86
Sustainability	<ul style="list-style-type: none">Status of efforts to address climate changeCurrent evaluation and issues regarding various human resources strategiesImplement risk reduction measures, etc.	<ul style="list-style-type: none">Enhancement of various sustainability initiatives and information disclosureSustainability & Governance P.53–98

List of Executives

(As of July 1, 2025)

Corporate Governance



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Directors

<p>a Masayuki Sato Representative Director, Chairman, and President Chief Executive Officer (CEO)</p> <p>April 1979 Joined the Company August 2007 Company Executive Officer and Acting General Manager, Finance and Accounting Division July 2010 Company Director, Chief Financial Officer, and Senior General Manager, Finance and Accounting Division July 2011 Company Managing Director, Chief Financial Officer, and Senior General Manager, Corporate Administrative & Financial Affairs Division June 2012 Company Executive Vice President, Director, Chief Financial Officer, and Senior General Manager, Corporate Administrative & Financial Affairs Division April 2013 Company Executive Vice President, Director, Chief Financial Officer, Senior General Manager, Corporate Administrative & Financial Affairs Division, and Senior General Manager, Security Management Office June 2014 Company President and Chairman June 2017 Company President, Chairman, and Chief Executive Officer April 2025 Company President, Chairman, and President Chief Executive Officer (current)</p>	<p>b Kiyotaka Terajima Representative Director and Senior Executive Vice President Chief Financial Officer (CFO)</p> <p>April 1981 Joined the Company August 2007 Legal & Compliance Office, General Manager, Compliance Office July 2011 Company General Manager, Corporate Administration Department, Corporate Administrative & Financial Affairs Division July 2014 Company Executive Officer, Acting General Manager, Corporate Administrative & Financial Affairs Division June 2016 Company Director, Executive Officer, Acting General Manager, Corporate Administrative & Financial Affairs Division September 2016 Company Director, Executive Officer, Senior General Manager, Corporate Administrative & Financial Affairs Division June 2017 Company Director, Managing Executive Officer General Manager, Corporate Management Division April 2018 Company Director, Senior Managing Executive Officer Chief Financial Officer and General Manager, Corporate Management Division April 2019 Company Director, Senior Managing Executive Officer Chief Financial Officer and General Manager, Corporate Management Division and Head of Legal & Compliance Office October 2019 Company Director, Senior Managing Executive Officer Chief Financial Officer and General Manager, Group Management Promotion Department April 2020 Company Director, Senior Executive Vice President Chief Financial Officer April 2023 President, Representative Director, JGC Corporate Solutions Co., Ltd. (current) April 2025 President, Senior Executive Vice President, Executive Officer Chief Financial Officer (current)</p>	<p>c Masaki Ishikawa Directors</p> <p>April 1985 Joined Ministry of International Trade and Industry (now Ministry of Economy, Trade and Industry) October 2012 Director-General, Trade Control Department, Trade and Economic Cooperation Bureau July 2013 Deputy Director-General, Commerce and Information Policy Bureau July 2015 Deputy Director-General, Acquisition, Technology and Logistics Agency, Ministry of Defense July 2017 Director-General, Trade and Economic Cooperation Bureau November 2019 Mitsui Sumitomo Insurance Co., Ltd. Advisor April 2021 Company Executive Officer April 2022 Company Senior Executive Officer June 2024 Company Director, Senior Executive Officer (current position)</p>	<p>d Shoji Yamada Directors</p> <p>April 1983 Joined the Company April 2018 Company Executive Officer, JGC Japan Corporation Establishment Preparation Office Manager and Acting General Manager, Domestic Infrastructure Project Division, Infrastructure Business Headquarters July 2018 Company Executive Officer, JGC Japan Corporation Establishment Preparation Office Manager, Acting General Manager, Domestic Infrastructure Project Division, Infrastructure Business Headquarters, and Acting General Manager, Business Development & Marketing Division April 2019 Company Executive Officer, JGC Japan Corporation Establishment Preparation Office Manager and Acting General Manager, Domestic Infrastructure Project Division October 2019 JGC Japan Corporation President June 2021 Representative Director Executive Officer June 2024 Company Director (current position) JGC Corporation President Senior Executive Vice President JGC Corporation President April 2025 Representative Director Executive Officer (current position)</p>
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<p>e Masayuki Matsushima Outside Director</p> <p>April 1968 Joined Bank of Japan June 1998 Director at Bank of Japan (responsible for international relations) June 2002 Senior Advisor, Boston Consulting Group February 2005 Senior Executive Advisor, Credit Suisse Securities (Japan) Limited June 2008 Chairman, Credit Suisse Securities (Japan) Limited May 2011 Senior Advisor, Boston Consulting Group June 2011 Outside Director, Mitsui Fudosan Co., Ltd. Mitsui O.S.K. Lines, Ltd. Outside Director September 2014 Senior Advisor, Integral Corporation (current position) June 2016 Company Outside Director (current position) July 2017 Member of Management Council, Grant Thornton Taiyo LLC (current position)</p>	<p>f Noriko Yao Outside Director</p> <p>March 1995 Graduated from the Legal Training and Research Institute April 1995 Registered as an attorney (Fukuoka Bar Association) September 2001 Joined Paul, Hastings, Janofsky & Walker LLP October 2002 Registered as an attorney (Daini Tokyo Bar Association) Admitted as an attorney New York State Bar Association qualification Joined TMI Associates July 2007 Partner, TMI Associates (current position) January 2008 Outside Auditor, Japan Overseas Infrastructure Investment Corporation for Transport & Urban Development October 2014 Outside Director, MEIKO NETWORK JAPAN CO., LTD. November 2015 Outside Director, SATO HOLDINGS CORPORATION (currently SATO CORPORATION) June 2016 Outside Auditor (current position) June 2019 ASAHI Net, Inc. Outside Director (current position) June 2021 Company Outside Director (current position), and Outside Director, Iino Kaikan Kaisha, Ltd. 2023 June Outside Director, ARATA CORPORATION (current position)</p>	<p>g Shinjiro Mishima Outside Director</p> <p>April 1973 Joined NKK Corporation July 1996 General Manager, Shipbuilding Design Department, Tsu Shipyard & Machinery Works October 2002 General Manager, Corporate Planning Department, Universal Shipbuilding Corporation July 2006 Executive Officer, General Manager of Tsu Plant, Universal Shipbuilding Corporation July 2008 Representative Director, Universal Shipbuilding Corporation January 2013 President Representative Director, Japan Marine United Corporation April 2018 Special Advisor, Japan Marine United Corporation June 2019 President, Japan Institute of Shipping and Oceanography April 2022 Representative Director, Planning and Design Center for Greener Ships (current position) June 2024 Company Outside Director (current position)</p>	<p>h Miku Hirano Outside Director</p> <p>October 2011 Director, mixi Inc. October 2012 CEO, Spicy Cinnamon Pte. Ltd. October 2016 President Representative Director, Co-CEO, Cinnamon Co., Ltd. June 2024 Company Outside Director (current position) November 2024 President Representative Director, CEO, Cinnamon Co., Ltd. (current position)</p>
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Audit and Supervisory Board Member

<p>Kazuyoshi Muto Audit and Supervisory Board Member</p>	<p>Akira Ninomiya Audit and Supervisory Board Member</p>	<p>Norio Takamatsu Outside Audit & Supervisory Board Member</p>	<p>Kazuya Oki Outside Audit & Supervisory Board Member</p>	<p>Norio Funayama Outside Audit & Supervisory Board Member</p>
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Executive Officer

<p>Kiyotaka Terajima Senior Executive Vice President Chief Financial Officer (CFO)</p>	<p>Masaki Ishikawa Senior Executive Officer</p>	<p>Keiji Tanigawa Executive Officer Chief Digital Officer (CDO)</p>
<p>Tsutomu Akabane Senior Executive Vice President Chief Project Officer (CPO)</p>	<p>Hiroyuki Morishima Senior Executive Officer Chief Manufacturing Officer (CMO)</p>	<p>Satoshi Kurata Executive Officer General Counsel</p>
<p>Takuya Hanada Executive Vice President Chief Human Resource Officer (CHRO)</p>	<p>Takeshi Kawasaki Executive Officer</p>	<p>Shinya Miyake Executive Officer</p>
<p>Masahiro Aika Executive Vice President Technology Commercialization Officer (TCO)</p>	<p>Yoshihiro Mizuguchi Executive Officer Chief Technology Officer (CTO)</p>	<p>Shinichi Taguchi Executive Officer</p>
	<p>Akihito Sawaki Executive Officer Chief Information Officer (CIO)</p>	<p>Tomohide Muraoka Executive Officer Technology Officer (TO)</p>

Messages from Outside Directors



Masayuki Matsushima
Outside Director

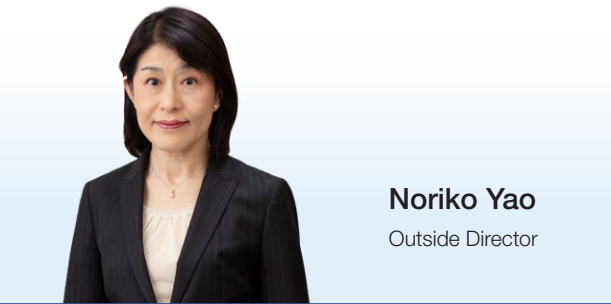
Lessons from the LNG Canada Project

This large-scale project began operations at the end of June 2025, however there were various unforeseen events, such as revisions to the original schedule. It is necessary to thoroughly examine the factors and use them as lessons for future overseas projects. The following organizes the key points into three areas.

The first is responding to risks that exceed initial expectations or are unforeseen. Since the construction period is long, it is unrealistic to ignore such risks due to environmental changes, etc. For additional costs, the final allocation of the burden is settled through negotiations among stakeholders. To facilitate these negotiations quickly and advantageously, it is essential to maintain the trust and credibility our Group has built with clients over many years, as well as to further strengthen our human networks.

The second is continuous creativity and ingenuity to enhance the profitability of large-scale projects. It is necessary to systematize the process from design to construction and further improve work efficiency. In addition, to contribute to improving the overall ROE of our Group, I believe that, especially now when long-term interest rates are lower than capital costs, we should utilize external financing.

The third is, during initial contract negotiations, to analyze risk factors and, when incorporating them into contracts, to work closely with the legal section to ensure contracts have shock-absorbing capacity. Additionally, it is desirable to further utilize AI so that the project management team can manage progress more quickly and accurately than ever before.



Noriko Yao
Outside Director

Ability to respond to changes without being bound by existing assumptions

In fiscal year 2024, losses occurred in multiple projects, resulting in a tough outcome of two consecutive years of deficits, and as an Outside Director, I take this fact very seriously. In particular, I recognize that the way risks are shared and managed in the EPC business is a critical issue at the core of management. With the rise of geopolitical risks, soaring prices, and accelerating technological innovation, the business environment surrounding our company is changing rapidly and in a complex way. As the ability to respond to change without falling behind the times is required, I feel the importance of further enhancing the effectiveness of the Board of Directors.

In this context, in fiscal year 2024, we welcomed two new Outside Directors with different expertise, which has invigorated discussions from multifaceted perspectives. Furthermore, through deepening business understanding via site visits by Outside Directors and planned deliberations on important agenda items to be addressed by the Board of Directors, we are contributing to improving the quality and effectiveness of discussions as a Board of Directors.

Fiscal year 2025 is the final year of the medium-term business plan “BSP 2025,” and discussions toward formulating the next medium-term business plan will be in full swing, calmly reflecting on progress and issues to date. For the Board of Directors of the holding company, I feel that it is essential to have strategic discussions that combine responses to short-term issues with a perspective on medium- to long-term growth, as well as an overview of Group-wide management and attention to potential structural issues.

With regard to governance that supports growth, it is essential to break free from conventional thinking and establish and operate a comprehensive framework and system of responsibility for the Group, which has reached a higher stage—in other words, to build and operate an internal control system. The level of governance, legal affairs, and compliance, as well as awareness of these areas, must also continuously evolve in line with changes in the times and society.

By organically combining the management capital accumulated within the Group, I hope to maximize the value that only the Group can deliver. Drawing on my expertise as a lawyer and providing an external perspective, I wish to work together with the company to enhance corporate value and contribute to its growth.

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Introduction	Management Message	What Drives JGC	Growth Strategy	Sustainability & Governance	Business Overview	Data & Other Information



Shinjiro Mishima
Outside Director

Visit to project site of LNG Canada large-scale EPC project

In September 2024, I had the opportunity to visit the LNG Canada Project as an Outside Director. I was truly moved to witness this grand project, which liquefies natural gas transported via a 670 km pipeline and ships as much as 14 million tons of LNG annually.

This is indeed a massive project that unearths vast energy resources lying dormant on Earth, utilizes the JGC Group’s technological capabilities to make them viable, and delivers them to Japan and countries in Southeast Asia.

It was easy to understand that every day was filled with tension, given the staggering number of components, project teams deployed simultaneously in 10 locations worldwide, numerous modules weighing up to 8,700 tons, ensuring the safety of maritime transport, installation and integration, numerous plant operation tests, securing a workforce of up to 4,000 people, and daily schedule management.

I believe that it was precisely because risks were anticipated in advance and countermeasures were devised based on experience and technical expertise that the schedule could be maintained, despite the challenges.

I felt that this is the true strength of the Group and a praiseworthy accomplishment.

The difficulty in securing workers toward the end, which led to schedule delays, was a country risk that exceeded expectations at the time.

Having completed such a large-scale overseas project spanning about seven years and expanded our capabilities, it is now essential to organize the various unforeseen risks and turn them into strengths for the Group.

On June 30, 2025, we received the news that the first shipment of LNG had been safely dispatched from Train 1, and I couldn’t help but applaud.



Miku Hirano
Outside Director

Resilient strength

The business environment our Group faces is becoming increasingly severe, and the fact that we have posted losses for two consecutive terms must be taken seriously. The inability to secure profits in several projects stems from heightened global risks and the fact that our conventional methods can no longer cope with the rapidly changing market. As an Outside Director, I am acutely aware of these challenges.

Going forward, in order to realize more profitable projects, it is essential to visualize and resolve potential risks from the proposal stage. To that end, by leveraging technologies such as AI and linking them with the ongoing quarterly project reviews, I believe we can utilize our strengths—such as human resources and technology—in order to improve project quality and profitability.

In my first year as an Outside Director, I had many opportunities to engage directly with numerous mid-level employees. I was deeply impressed with the employees’ pride in their technology, their sense of responsibility to the organization, and above all, the positive and cheerful atmosphere. The fact that the Group was ranked number one in the “Most Open Company Rankings” is, I believe, a testament to the daily accumulation of dialogue and trust at the workplace. I have come to firmly believe that the organization’s flexibility and integrity form a resilient foundation that can adapt to any change.

Our Group company, Brownreverse Inc., provides a digital twin SaaS that enables easy VR management of equipment and piping at factories and plants. Although it was established only recently, it has already shown strong growth in ARR (Annual Recurring Revenue), and is already delivering tangible results as both a “business model transformation” outlined in our long-term management vision and a “future growth engine” in our medium-term business plan. One of its major appeals is that, by supporting maintenance operations, which follow EPC business, it can provide stable long-term revenue.

Although I am in an external position, I am determined to play a part in driving transformation.

Message from Retiring Outside Director

Former Outside Director Endo resigned at the conclusion of our Annual General Meeting of Shareholders held in June 2025. However, since the reporting period of this Integrated Report covers April 2024 to March 2025, which overlaps with his tenure as Outside Director, we have included his message here.



Shigeru Endo
Former Outside Director

Genuine talent, with gratitude and hope

As of June 2025, I have completed my term as Outside Director. I would like to express my heartfelt gratitude for the warm support I received from all stakeholders, such as our shareholders, during my tenure.

The JGC Group has recently faced a tough situation, posting net losses for two consecutive terms. Although this was a very disappointing result, company-wide efforts are underway to return to profitability in fiscal year 2025. Measures such as reinforcing our core competencies, addressing risks, and enhancing our earning power are all crucial keys that will determine the future of the JGC Group.

It is precisely because of these circumstances that I hope we will delve deeply into fundamental questions such as “Why do we exist?” and “What kind of enterprise do we want to be?” I also hope that discussions focused on the essence of these questions will deepen further as we formulate the next medium-term business plan.

I am also very interested and hopeful about the new value that will be created when the Group's advanced professionalism is combined with rapidly evolving DX and generative AI technologies. There will likely be situations where the company's way of being is put to the test. It will not be an easy path, however that is precisely why I believe unique innovations will emerge from the Group.

What I strongly felt during my tenure is that the Group is home to many people with warmth and humanity, as well as those with a sincere desire to contribute to society. I envision a future where genuine talent continues to emerge, bringing fresh energy to the organization.

I sincerely wish the JGC Group continued success and further growth.

Corporate Governance

Basic stance

The JGC Group positions corporate governance as the foundation of corporate management for achieving sustainable growth, and is working to strengthen it as one of the Group's material issues.

Regarding the Board of Directors, which is the central body of corporate governance, we are making improvements through continuous review of its composition, functions, and roles, as well as annual evaluations of its effectiveness.

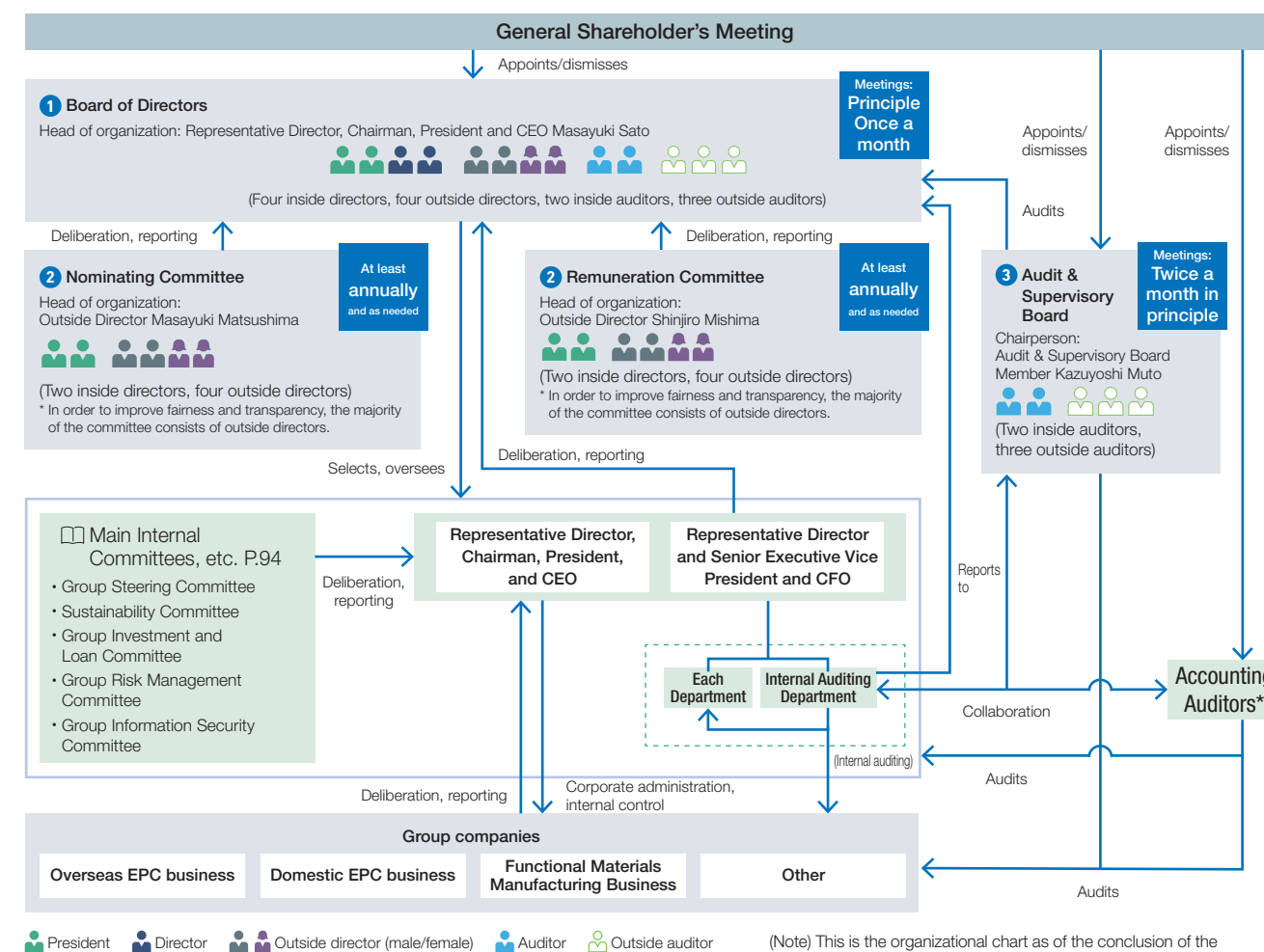
Furthermore, based on our purpose and values, each officer and employee strive to enhance corporate value and achieve sustainable growth while sharing a high sense of ethics, which includes compliance that is essential for proper functioning of corporate governance, and acting with integrity.

Overview of corporate governance

Corporate governance system

JGC Holdings maintains a Board of Directors and an Audit & 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 Group management policies and strategies to respond flexibly and rapidly to market characteristics and seek further business expansion. This is intended to maximize corporate value and ensure optimal allocation of management resources for the Group as a whole while enhancing transparency of corporate management and strengthening overall Group governance. Committees have been established to deliberate key Group matters, and an executive officer system has been introduced to ensure efficient managerial decision-making and execution.



* CPAs Atsushi Nagata, Ootoko Sekiguchi, and Takashi Inoue of KPMG AZSA LLC performed accounting audit services. Audit support staff consisted of 10 CPAs and 18 other individuals.

Corporate Governance

Continued from previous page “Corporate governance structure”

Body	Purpose
1 Board of Directors	<ul style="list-style-type: none">Resolves key matters of business executionOversees directors’ execution actionsDeliberates 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">Discussion or resolution based on reports of key auditing mattersPresents opinions to directors or the Board of Directors as necessary, based on the results above

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

- 1
- The Internal Auditing Department monitors, evaluates, and improves the effectiveness of the internal control systems of the company and its group, and conducts separate audits as necessary
- 2
- The Rules of Management Authority regulate the duties and authority of each role, and clarify the system of responsibilities in corporate management and business execution
- 3
- 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 stipulated in the revised Corporate Governance Code of June 11, 2021, and disclose all 14 basic principles, principles, and supplementary principles required by the Tokyo Stock Exchange. We are steadily advancing various initiatives to further deepen our Message from the Chairman and CEO.



Details on the corporate governance report are available on our website. (in Japanese only)
https://www.jgc.com/jp/ir/assets/pdf/CG_20250627.pdf



Board of Directors

Board functions

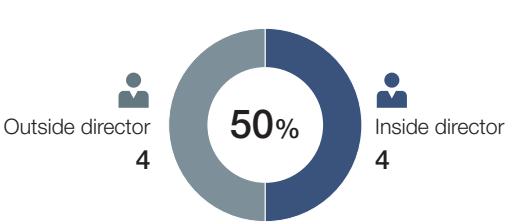
The Board of Directors is responsible for decision-making on medium- to long-term Group strategies and issues, and it provides oversight regarding business execution of Group companies. Board composition is intended to enable effective and efficient execution of these functions.

Basic policy on Board composition and diversity

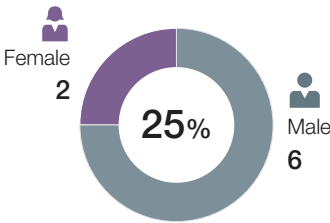
From the standpoint of further enhancing discussions on medium- to long-term Group strategies and issues of strengthening oversight regarding business execution of Group companies, the Board consists of the following members.

- 1
- Mainly composed of directors with extensive knowledge of business markets and directors with advanced knowledge and expertise in EPC business operations, which is the Group’s core business.
- 2
- To incorporate external perspectives into management, independent Outside Directors are appointed with the expectation that they will provide objective advice to the Board of Directors and fulfill oversight functions from an independent standpoint. 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 gender.

Ratio of outside directors



Ratio of female directors



Skills Matrix of Directors (Four inside, four outside)

Name and position at JGC	Term as director (years)	Attendance at Board meetings in fiscal year 2024	Segment					
			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, President, and CEO	15	17/17 times (100%)	●		●		●	
Kiyotaka Terajima Representative Director and Senior Executive Vice President and CFO	9	17/17 times (100%)	●				●	●
Masaki Ishikawa*1 Director and Senior Executive Officer	1	12/12 times (100%)	●		●			●
Shoji Yamada Directors	4	16/17 times (94%)	●	●	●			
Masayuki Matsushima Outside Director	9	17/17 times (100%)	●		●		●	
Noriko Yao Outside Director	4	17/17 times (100%)			●	●		●
Shinjiro Mishima*1 Outside Director	1	12/12 times (100%)	●	●	●			
Miku Hirano*1 Outside Director	1	12/12 times (100%)	●	●	●			

*1 As the appointment took effect on June 27, 2024, the attendance at Board of Directors meetings held after June 27, 2024 is listed.

Skills Matrix of Auditors (Two inside, three outside)

Name and position at JGC	Term as auditor (years)	Attendance at Board meetings in fiscal year 2024	Segment					
			Corporate management	Technology, project management, and IT	Global business	HR, human resource development, and labor relations	Finance and accounting	Legal and risk management
Kazuyoshi Muto Audit and Supervisory Board Member	4	17/17 times (100%)		●	●		●	
Akira Ninomiya*2 Audit and Supervisory Board Member	1	12/12 times (100%)	●		●		●	
Norio Takamatsu Outside Audit & Supervisory Board Member	9	17/17 times (100%)	●	●			●	
Kazuya Oki Outside Audit & Supervisory Board Member	2	16/17 times (94%)			●		●	●
Norio Funayama*2 Outside Audit & Supervisory Board Member	1	12/12 times (100%)	●		●		●	

*2 As the appointment took effect on June 27, 2024, the attendance at Board of Directors meetings held after June 27, 2024 is listed.

(Note 1) This pertains to officers as of after the Annual General Meeting of Shareholders held on June 27, 2025.

(Note 2) The above list indicates the areas where each individual can best demonstrate their expertise based on their experience, and does not represent all the knowledge and experience possessed by each director and auditor. In addition, ESG-related fields are positioned as an expected role required of all directors and auditors, and are therefore not listed as a separate item in the above table.

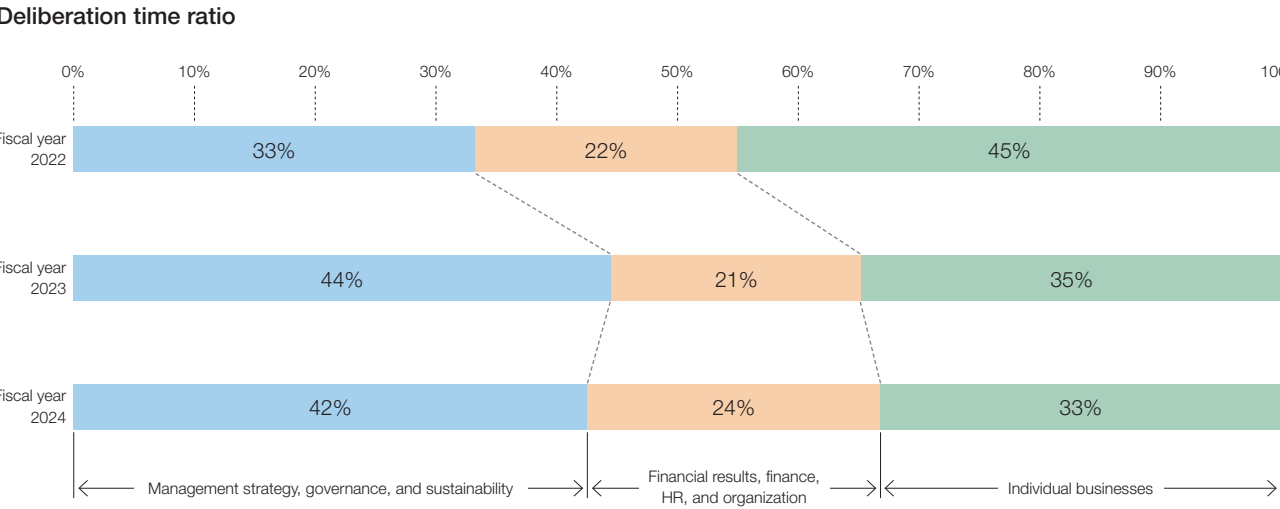
Selection Rationale for Each Skills Matrix

Skill	Selection rationale
Corporate management	To achieve the Group’s purpose of “Enhancing planetary health,” as well as the long-term management vision “2040 Vision” and the medium-term business plan “BSP2025,” it is necessary to have directors with management experience who can formulate clear strategies for sustainable growth and enhancement of corporate value, even in a rapidly changing business environment.
Technology, project management, and IT	For the growth strategy and its management and supervision to achieve the Group’s sustainable growth and enhancement of corporate value, in addition to possessing advanced knowledge and expertise in our main businesses, it is necessary to have directors with extensive knowledge and experience in the five business areas of “GTL plant,” “Environmental catalysts,” “Circular economy,” “Pharmaceutical facilities,” and “Industrial & urban infrastructure,” which are essential for addressing new social issues under the Group’s purpose of “Enhancing planetary health.”
Global business	Implementing growth strategies and managing and supervising progress toward sustainable growth of the Group 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	The 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.

Main agenda and deliberation items of the Board of Directors

Theme	Main agenda and deliberation items		
Management strategy, governance, and sustainability	<ul style="list-style-type: none">“BSP 2025” Monitoring reportFuture operational policy of overseas EPC operating subsidiariesReport on key measures for growth of the Functional Materials Manufacturing BusinessReview of cross-shareholdingsFY2023 evaluation of effectiveness of Board of DirectorsDialogue with institutional investorsCompliance-relatedOverview of medium-term information strategy 24-26Sustainability Committee reportIntroduction of activities and latest trends of the Economic Security and Geopolitical Risk Review Task ForceInformation security etc.		
Financial results, finance, HR, and organization	<ul style="list-style-type: none">Matters related to business performanceExecutive compensation-relatedOrganizational revisions	<ul style="list-style-type: none">Financial results-relatedFinancial results-relatedRecruitment plan, etc.	<ul style="list-style-type: none">Capital cost and capital policyExecutive appointments
Individual businesses	<ul style="list-style-type: none">Project ordersAlliance projectsTechnology development investment, etc.		

Proportion of deliberation time spent on each item at Board of Directors meetings



Policies and Procedures for Senior Management Appointment and Dismissal

Appointment process	<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</p> <p>(2) Senior management, and inside directors: Qualities such as experience, performance, and management capabilities, as defined in succession planning</p> <p>(3) Outside directors: Qualities such as independence and expertise</p> <p>2 After comprehensive deliberation by the Nominating Committee, decisions are made by the Board of Directors. In addition, regarding the appointment of senior management and nomination of director candidates, it is recognized that these individuals may become successors to the CEO, and sufficient discussion and selection are conducted through the above process.</p>
Dismissal process	<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</p> <p>(2) Violation of laws or articles of incorporation</p> <p>(3) Loss of the qualities and capabilities initially required for appointment</p>

Succession Plan

The succession plan is a crucial matter for the sustainable enhancement of corporate value. Based on discussions in the Nominating Committee and the Board of Directors, we have started implementing the succession plan as follows.

Purpose

- To realize “BSP 2025” and the “2040 Vision,” and to continuously enhance corporate value beyond that, we recognize that it is essential to appoint top management best suited to the business environment and management strategies of the time.
- The succession plan aims to clarify the knowledge, experience, abilities, and qualities required of top management based on the business environment and management strategies, and to support the development and selection of the next top management, enabling continuous appointment of such leaders.

Stance on leadership criteria

- In setting the criteria for talent, in fiscal year 2019, interviews with top management were conducted through a third-party organization, starting from a medium- to long-term management vision, and the future profile of required management talent was defined.
- For each extracted talent requirement, criteria are classified into “Must requirements that should be acquired at the stage of selection for each candidate group” and “Want requirements that are desirable to be acquired at the stage of selection for each candidate group (three levels),” and the required degree is set for each candidate group.

Stance on succession planning

- The basic concept of our succession plan is to define the requirements for top management personnel, select multiple candidates for the next and future generations, provide opportunities to fulfill any lacking requirements and gain experience, and foster top management candidates over the medium to long term by monitoring their development annually. We have begun operating under this approach.
- Based on the above concept, we are implementing various measures to further strengthen and expand the development program for future candidate groups, such as sending candidates to external education and training programs, holding regular lectures by inviting external instructors, and providing opportunities for ongoing discussions.

Director Compensation

Policy on determining director compensation amounts or calculation methods

Basic policy, General Shareholders’ Meeting resolutions

- With the basic policy of securing the management personnel necessary to enhance global competitiveness and increase corporate value over the medium to long term, the resolution at the 113th Annual General Shareholders’ Meeting held on June 26, 2009, set the maximum annual compensation at up to ¥690 million for directors and up to ¥88 million for auditors.
- The policy for determining the amount, calculation method, and composition ratio of individual directors’ compensation is limited to the scope resolved at the above General Shareholders’ Meeting. In advance, the Remuneration Committee, which consists of a majority of Outside Directors and is chaired by an Outside Director, deliberates on these matters, and the Board of Directors makes decisions based on the committee’s report.

Process for determining compensation

- To ensure sufficient fairness, transparency, and consistency with this decision policy, the Remuneration Committee comprehensively deliberates on the evaluation and remuneration amount for each director, and the Representative Director, Chairman and President makes the final decision based on the results of these deliberations.
- The Representative Director, Chairman and President of the Board of Directors, as the Company’s Chief Executive Officer, is the person most familiar with each director’s duties, responsibilities, performance, and the degree to which such performance contributes to enhancing corporate value. The President is delegated this authority by the Board of Directors, and such authority is limited to the range of compensation set by resolution of the General Shareholders’ Meeting.
- The Board of Directors determines that the final decisions are consistent with this policy, and in making this determination, receives reports on the summary and results of deliberations by the Remuneration Committee, as well as the final decisions made by the Representative Director, Chairman and President of the Board of Directors.

Compensation mix and details

- Compensation for directors, excluding Outside Directors, consists of monetary compensation and stock compensation. Monetary compensation comprises fixed compensation and bonuses, while stock compensation consists of non-performance-linked stock compensation and performance-linked stock compensation.
- The compensation mix is designed so that the proportion of variable compensation, which includes bonuses and stock compensation, increases with higher performance and rank.

Stock compensation

- To ensure that management shares the benefits and risks of stock price fluctuations with shareholders and to further enhance incentives for stock price appreciation and medium- to long-term corporate value growth, the following two types of stock compensation have been introduced.
- A malus and clawback clause has been introduced, under which, if a corporate scandal such as a violation of laws is identified, the Company may, based on deliberation by the Remuneration Committee and resolution of the Board of Directors, seize all or part of the stock compensation or request its return after the lifting of transfer restrictions.

Performance Share Unit (PSU)

- Compensation for results was introduced at the 127th Ordinary General Shareholders' Meeting held on June 29, 2023
- As fiscal year 2024 saw a loss attributable to owners of the parent, no common stock was allocated to Company Directors.

• **Outline of PSU**
Performance evaluation period: 1 year (from April 1 to March 31 of the following year)
Performance evaluation index: Operating profit and profit attributable to owners of parent
Maximum monetary compensation (upper limit): 160 million yen per year (160,000,000 yen)
[Total number of PSUs (upper limit): 236,000 shares per year
Restricted stock period: Set to 3 years up to 30 years

Restricted Stock (RS)

As compensation for responsibilities, restricted stock is allocated every August. In fiscal year 2024, on August 6, 13,041 shares (equivalent to ¥16 million), corresponding to about 10% of base compensation, were allocated to four directors.

• **Outline of RS:**
Maximum monetary compensation (upper limit): 25 million yen per year
[Total number of RSs (upper limit): 19,800 shares per year
Restricted stock period: Set to 3 years up to 30 years

* In addition to our directors, executive officers and officers of Group companies are also eligible for stock compensation.

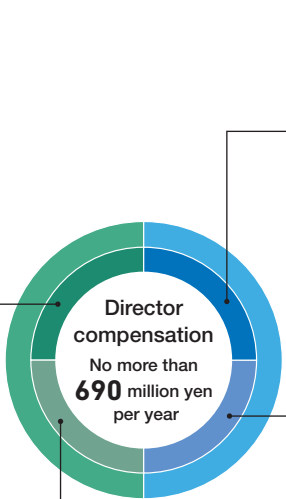
Monetary compensation

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 allowance for President or Director, both paid monthly.
- Outside Director and Audit & Supervisory Board Member compensation is limited to fixed compensation, to enable management oversight from a position independent of business execution.

Bonus

- Designed to strongly encourage the achievement of annual performance figures and to steadily promote the enhancement of corporate value over the medium and long term
- Individual bonuses are determined by the Remuneration Committee based on a base amount calculated by position using the numerical targets of "operating profit" and "profit attributable to owners of parent" set in the medium-term management plan, and reflecting individual evaluations that take into account the responsibilities to be fulfilled for realizing the long-term management vision and medium-term management plan
- The evaluation weight of performance indicators is set to place greater emphasis on profit attributable to owners of parent, from the perspective of fulfilling accountability to shareholders, and this tendency increases for higher positions
- If profit attributable to owners of parent is negative, no bonus will be paid



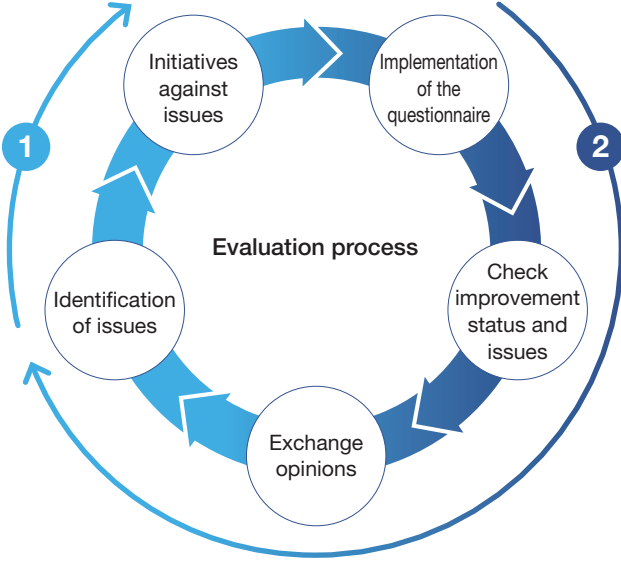
Total amount of compensation, etc. by officer category, total amount by type of compensation, etc., and number of officers eligible

Category	Total value of compensation, etc.	Breakdown of compensation, etc.							
		Fixed compensation		Performance-based compensation (monetary)		Restricted stock		Performance share unit	
		Number of eligible executives	Total amount provided	Number of eligible executives	Total amount provided	Number of eligible executives	Total amount provided	Number of eligible executives	Total amount provided
Directors: 5 (excluding outside directors)	213 million yen	5	197 million yen	—	—	4	16 million yen	—	—
Auditors: 3 (excluding outside auditors)	41 million yen	3	41 million yen	—	—	—	—	—	—
Nine outside officers (five outside directors and four Outside Audit & Supervisory Board members)	93 million yen	9	93 million yen	—	—	—	—	—	—

(Notes) 1. As of the end of fiscal year 2024, there were 10 directors (including five Outside Directors) and five auditors (including three outside auditors).
2. The performance-based compensation (monetary) and performance share unit above did not achieve the performance evaluation indicators, and so were not granted.
3. Since our Company has no executives with total remuneration of ¥100 million or more, individual compensation is not disclosed.

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 year 2024, the state of initiatives based on the Board evaluation results of the previous year (fiscal year 2023), and future response policy based on these evaluation results.



Overview of the questionnaire

Target	Directors and auditors
Response Method	Five-point scale selection and free-form responses (Total 38 of questions)
Main evaluation items	Board of Directors composition, management, discussion, oversight functions, dialogue with shareholders, own initiatives, operation of the Nominating Committee and Remuneration Committee, etc.

Evaluation results

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

1	Issues identified during FY2023	<ol style="list-style-type: none">1 Further deepening discussions in the Board of Directors on the Group's medium- to long-term growth and enhancement of corporate value2 Deepening discussions and strengthening monitoring of business execution by the Board of Directors
	Main initiatives FY2024	<ul style="list-style-type: none">• To facilitate planned discussions on medium- to long-term growth and enhancement of corporate value, an annual agenda schedule for the Board of Directors was formulated• Revised submission material format to expand descriptions of the significance and risk analysis of initiatives based on the medium- to long-term management plan• On-site visit to the LNG Canada Project by Outside Directors □□ On-site visit to the LNG Canada Project by Outside Directors P.93
2	Results of analysis and evaluation for the FY2024	<ul style="list-style-type: none">• Confirmed that our Board of Directors is currently functioning appropriately and effectively• It was confirmed that, as FY2025 is the final year of the current medium-term management plan and discussions on the next plan will be in full swing, and considering the role the Board of Directors should play in terms of overall group management and medium- to long-term perspectives, efforts to address the issues set for FY2024 will be continued• In addition, recognizing the importance of free and constructive discussions at the Board of Directors based on effective Board operations, it was confirmed that further improvements to Board operations, including pre-briefings and study sessions, will be considered
	Key issues to be addressed as priorities in FY2025	<ol style="list-style-type: none">1 [Continued from fiscal year 2024] Further deepening discussions in the Board of Directors on the Group's medium- to long-term growth and enhancement of corporate value: As measures for this, the following opinions were put forward.<ul style="list-style-type: none">• In discussions on formulating the next medium-term management plan, sufficient time will be secured by utilizing not only the Board of Directors but also informal settings such as study sessions, and after reviewing the current plan, discussions on the business portfolio from the perspective of enhancing the corporate value of the entire Group will be conducted2 [Continued from fiscal year 2024] Deepening discussions and strengthening monitoring of business execution by the Board of Directors: As measures for this, the following opinions were put forward.<ul style="list-style-type: none">• Enhance explanations regarding the positioning of businesses within overall Group management and their potential impact on the Group as a whole, and conduct discussions and monitoring based on these explanations• Continue to consider the content and methods of reports from the Nominating and Remuneration Committees to the Board of Directors3 Further consideration of improvements in operations of the Board of Directors: As measures for this, the following opinions were put forward.<ul style="list-style-type: none">• Re-examine the selection of agenda items and methods for pre-briefings from the perspective of efficient operations

* For initiatives to improve the effectiveness of the Board of Directors over the past three years, please refer to JGC Report 2024 P.84.



TOPICS

On-site Visit to the LNG Canada Project by Outside Directors

JGC Holdings Corporation continuously provides opportunities and information enabling the company’s directors and auditors to acquire the knowledge necessary to effectively fulfill their roles.

In fiscal year 2024, our outside directors conducted an on-site visit to the LNG Canada Project in Kitimat, British Columbia, Canada. The project is being executed by JGC Corporation and its joint venture partner, U.S. contractor, Fluor Corporation. The visit provided a deeper understanding of the engineering practices that make up the JGC Group’s core business.

During the visit, they observed the Project’s large modules manufactured and installed using innovative module fabrication and installation methods, as well as one of the world’s second-largest LNG storage tanks. They also engaged in dialogue with employees working on site.

Through this experience, the directors furthered their understanding of the important contributions being made by the Group in ensuring stable energy supply and advancing energy transition, as well as the risks associated with complex and large-scale projects.



Policy-held Shares

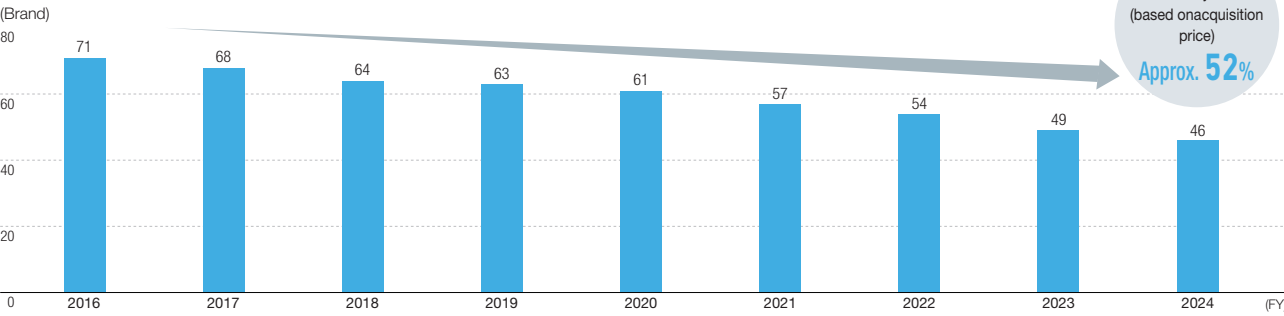
1. Purpose

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, total share holder return (TSR) 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.

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 the sustained growth of the company involved, and thus, higher Group corporate value over the medium to long term.

History of Sales and Reductions in Cross-Shareholdings since the Introduction of the Corporate Governance Code



Details on the review process of each holding objective are available on our website.
<https://www.jgc.com/en/esg-hsse/governance/corporate-governance/#anc08>



Main Internal Committees, etc.

Name	Members*	Overview
Group Steering Committee In principle, once a month	Chairman (Representative Director, Chairman and President of the Board) and members (including auditors attending on a rotating basis): Total 30 members	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
Sustainability Committee In principle, three times	Chairman (Representative Director, Chairman and President of the Board) and committee members: 7 members	Formulates Group policies and action plans related to sustainability; deliberation to evaluate and promote action supporting sustainability □ Sustainability Management P.53
Group Investment and Loan Committee In principle, once a month	Chairman (Representative Director, Chairman and President of the Board), Vice Chairman, and committee members: Total 10 members	Deliberates on holding company and Group investment and lending projects □ Progress of Growth Strategy Investments P.50
Group Risk Management Committee In principle, twice a year	Chairman (Representative Director and Senior Executive Vice President), Vice Chairman, and committee members: Total 13 members	Understands and organizes all risks of the Group, and regularly reports and deliberates on the construction, maintenance, and improvement of the Group-wide risk management system □ Risk Management P.95–96
Group Information Security Committee In principle, twice a year	Chairman (Representative Director and Senior Executive Vice President), Vice Chairman, and committee members: Total 14 members	Understands the status of information security measures across the Group as a whole, and plans and discusses cross-organizational adjustments and enhanced responses among Group companies □ Risk Management P.95–96

* For details of committee members in each committee, please refer to the Securities Report for the fiscal year ended March 2025, "Section 4.4 (1) Corporate Governance (2) Overview of Corporate Governance System."

Securities Report (in Japanese only)
https://www.jgc.com/jp/ir/ir-library/assets/pdf/fy24_yukashoken.pdf



Name	Overview
Economic Security and Geopolitical Risk Review Task Force	Collecting and analyzing information on risks related to changes in the macroeconomic environment and social and international conditions across the Group, and sharing with stakeholders, etc.

TOPICS

Economic Security and Geopolitical Risk Review Task Force Initiatives

Amidst unstable international conditions, the importance of responding to economic security and geopolitical risks within our Group has increased, and in fiscal year 2023, we established an Economic Security and Geopolitical Risk Task Force. Through this task force, we conduct cross-Group research and analysis of various trends and impacts, and focus on risk management.

Main themes

Economic security	Destabilization of regional conditions	Sanctions	Information Security	Critical technology management	Human rights issues
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Main discussion topics

- Measures for regions affected by political instability
- Promotion of cybersecurity measures
- Appropriate human rights due diligence
- Strengthening of sensitive information management systems
- Measures to mitigate the impact of expanded sanctions

Activities

- Information gathering and sharing:** The Task Force collect information related to economic security and geopolitical risks in conducting the EPC business, Functional Materials Manufacturing Business, consulting, business investment, etc., and regularly share it among members. Officers and employees of Group companies also participate in this task force, and by appropriately sharing information, we are promoting initiatives across the entire Group.
- Risk assessment and reporting to management:** The Task Force conduct risk assessments and report to management and relevant departments regarding business in specific countries, business with specific business partners, execution of major large-scale projects, etc.
- Internal awareness activities:** The Task Force conduct internal awareness activities to deepen understanding of economic security and geopolitical risks.

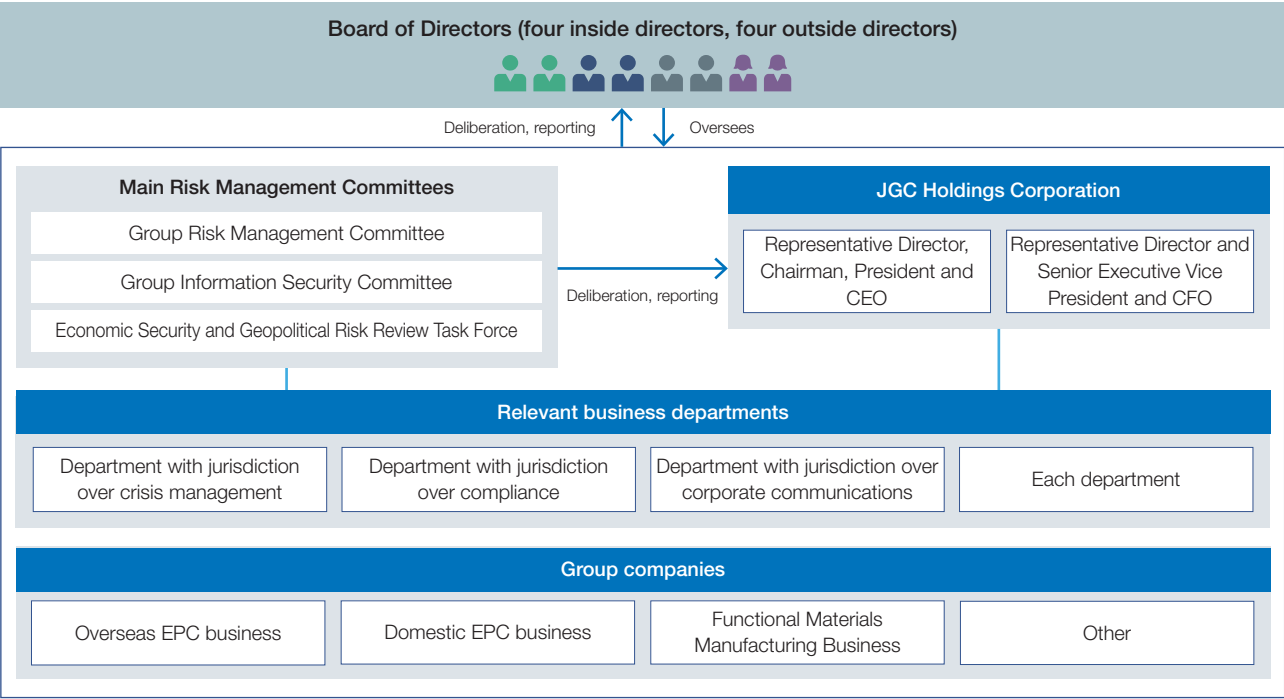
Risk Management

Basic stance

Recognizing that appropriate risk management reduces losses and contributes to profits for the JGC 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. Additionally, we have established the Group Information Security Committee for information security, and the Economic Security and Geopolitical Risk Review Task Force for economic security and geopolitical risks, and are focusing on Group-wide risk management in these areas. Also, 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 receivedWorsening financial conditions, insufficient project execution capabilities, and defaulting in the portion of operations covered by joint venture consortium partners during the execution of projects in the Total Engineering Business	<ul style="list-style-type: none">Specific risk analysis and management by operating companies, and monitoring of project progress and profitabilityIn addition to the above, as a holding company we will implement the following:<ul style="list-style-type: none">① Discuss at Board of Directors meetings the aforementioned risks from the estimation and bidding stages for projects that could impact the overall management of the Group.② Review contract negotiation policies prepared by each operating company based on a contract terms policy that consolidates past project experiences for projects that could affect the overall management of the Group.③ Conduct partner due diligence to investigate the financial condition and project execution capabilities of partner companies in advance, and take appropriate measures.
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 insuranceCollecting, analyzing, and sharing information on country risk for the Group as a whole by the Group Risk Management Committee and Economic Security and Geopolitical Risk Review Task Force.Setting reasonable contract conditions with regards to force majeure clauses and regulatory changesStrengthening crisis management functions by the Crisis Management Department

Primary risk area	Nature of typical risks	Countermeasures
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 trainingGathering information on riskTaking necessary measures in response to official requests, confirming safety in accordance with national conditions and regulationsSetting reasonable contract conditions with regards to force majeure clauses and regulatory changesRequesting 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 procurementIssuing 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 marketsAdopting modular construction techniques to minimize on-site constructionWorking with companies that have extensive track records in local constructionMeasures such as setting appropriate contract conditions in response to rising labor costs
Risk of substantial increases in material and equipment costs, and fuel costs	<ul style="list-style-type: none">Increased procurement and transport costs for material and equipment in the Total Engineering BusinessSubstantial 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 accuracyPlacing orders for materials and equipment early onDiversifying suppliersTransfers to product pricesMeasures such as setting appropriate contract terms in response to soaring costs of equipment, raw materials, and transportation
Investment risk	<ul style="list-style-type: none">Loss from unforeseen circumstances in the investment environmentInability 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 of Directors or committeesStrengthening monitoring of existing 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 rulesUnder the Group-wide Compliance Committee, compliance officers appointed at key Group companies design and implement measures tailored to each company's specific circumstancesSpecial emphasis is placed on establishing rules and providing guidance and oversight regarding bribery prevention measuresRegarding export/import trade regulations, under the Export-Related Laws Compliance Committee, we continuously monitor the latest laws and regulations in each country and review internal rules
Information security risk	<ul style="list-style-type: none">Leaks and loss of information due to power outages, disasters, information system failures, loss/theft, external attacks, or computer virus infections	<ul style="list-style-type: none">The Group Information Security Committee identifies Group-wide information security responses, and formulates and deliberates on strengthened measures.Security measures such as preventing unauthorized access by establishing information security policies, adopting antivirus measures, and using encryption technologiesEducation, training, and drills for executive officers and employees on information security and personal information protection
Risk associated with quality	<ul style="list-style-type: none">Poor quality of procured goods, recall of delivered products due to defects, liability for damages	<ul style="list-style-type: none">Promoting Quality Management System activities by establishing organizations responsible for quality assuranceEnrollment in product liability insurance (PL 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 fluctuations in energy prices leading to global economic downturns	<ul style="list-style-type: none">Collecting, analyzing, and sharing information on risks related to changes in the macroeconomic environment and social and international conditions for the Group as a whole by the Group Risk Management Committee and Economic Security and Geopolitical Risk Review Task Force.Diversifying our business portfolio by shifting to a Group management structureDeveloping technologies to reduce environmental impactBuilding 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 sitesImpact on business activities from lower fossil fuel-related investment by clients, or from similar changes to client business itselfChanges 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, resource circulation, and renewable energy projectsTransforming business areas, business models, and the Group's internal organization in line with the 2040 Vision, our long-term management vision
Risk associated with intellectual property	<ul style="list-style-type: none">Potential inadvertent infringement of third-party intellectual property rights in countries where it is difficult to understand the intellectual property system or the status of third-party rights	<ul style="list-style-type: none">Monitoring third-party intellectual property rights, and identifying, analyzing, and addressing intellectual property risks under intellectual property governance systemImplementing appropriate measures to challenge third-party intellectual property rights, and preventing patent disputes, etc.Conducting internal education regarding intellectual property, and promoting awareness by disseminating information

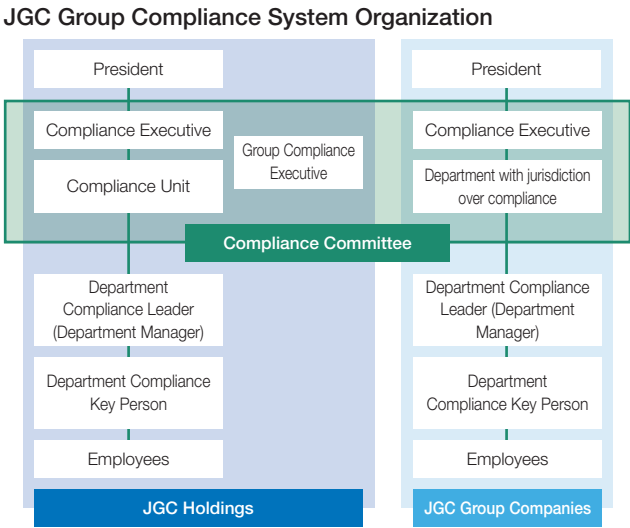
Compliance

Basic stance

At the JGC Group, under our corporate philosophy “JGC’s Purpose and Values,” we have established “Challenge” and “Integrity” as part of the values to be shared by all employees, positioning compliance as the cornerstone of management. For our Group to achieve sustainable business development as a member of the international community, it is essential to comply with domestic and international laws and to conduct business fairly and equitably in accordance with corporate ethics. Based on this recognition, we have established the “JGC Group Code of Business Conduct” to define important matters to be observed when putting our corporate philosophy into practice, and we require all employees to comply with it.

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. Each major Group company assigns a compliance officer who, together with the compliance department under their direction, evaluates company-specific risks and formulates and implements measures tailored to each company’s circumstances. In addition, to facilitate information sharing and collaboration on compliance activities among Group companies, we have established a Compliance Committee, aiming to realize cross-group initiatives. The Compliance Unit at JGC Holdings is responsible for comprehensive measures, coordination, and other functions for the entire Group.

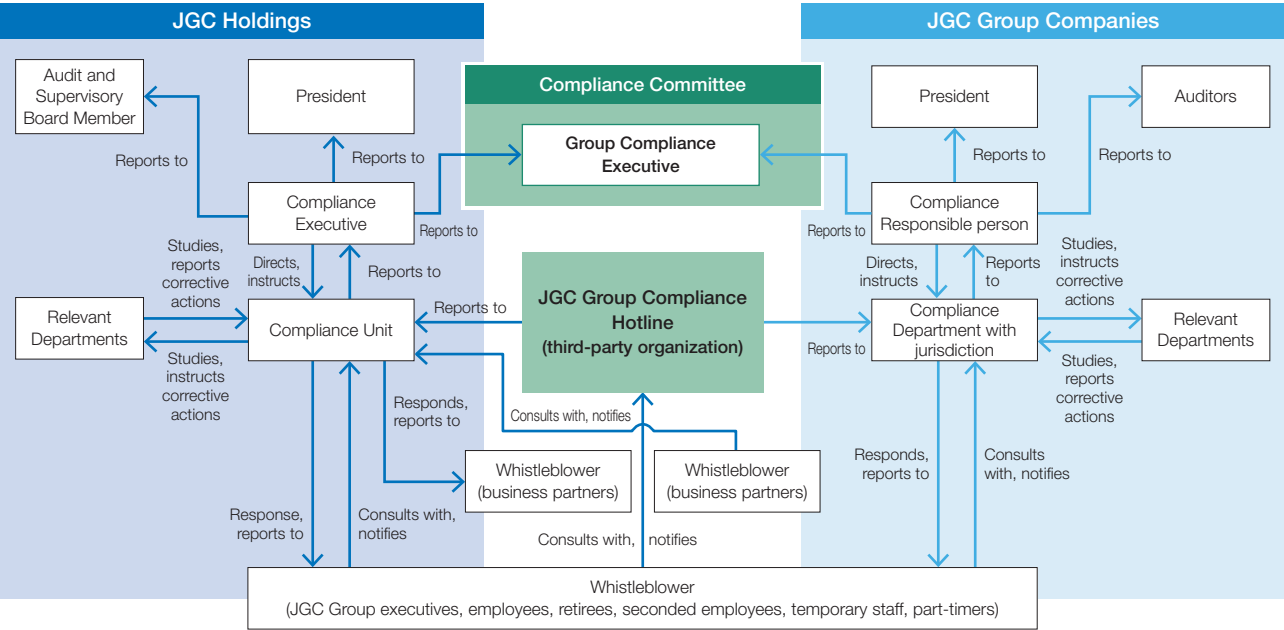


Compliance Hotline

To promptly identify and prevent compliance risks, our Group has established both internal and external contact points, including the external JGC Group Compliance Hotline, allowing individuals to choose where to seek advice or report concerns. We also accept anonymous consultations and reports, thereby creating an environment where it is easy to consult or report on violations of laws, our Group Code of Conduct, or human rights issues. We have also established a system to accept reports from business partners and other stakeholders involved in our business activities via our website.

ESG Data Trends over Time P.113

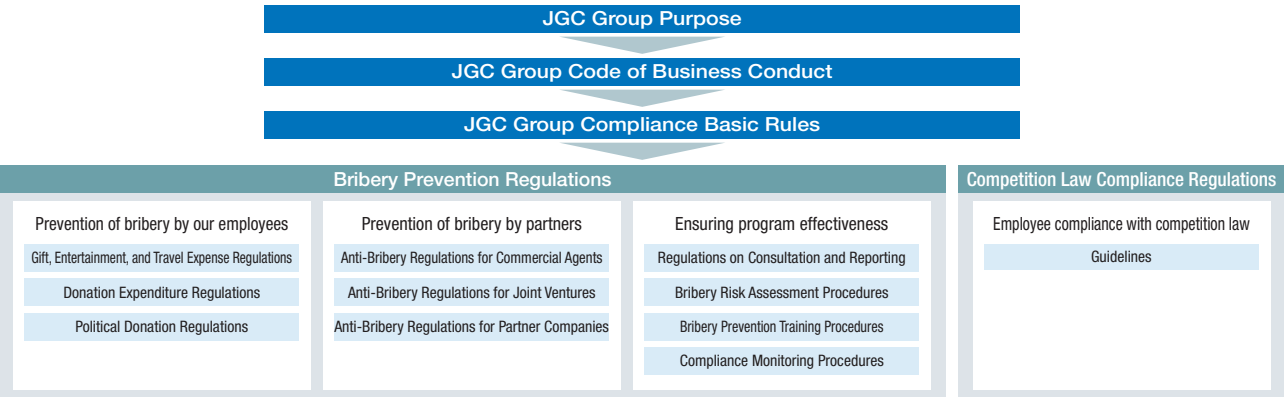
JGC Group Consulting and Reporting Hotline Organization



Measures to prevent fraud

Each company in our Group conducts its business activities based on high ethical standards. In conducting these business activities, our fundamental policy is not only to comply with anti-bribery laws in each country, but also to engage only with trustworthy business partners.

Based on this fundamental policy, we conduct prior screening of our Group’s business partners to prevent illegal transactions or those that could result in sanctions. Depending on the results of these screenings, we implement risk-based measures, such as stipulating strict anti-bribery clauses and other appropriate provisions in contracts with business partners.



Furthermore, under the Group’s purpose and Code of Conduct, we have established anti-bribery regulations as shown in the table above and implemented anti-bribery programs. We also require advance applications and monitor gifts, entertainment, donations, and political contributions to detect transactions that could lead to corruption or reputational risk. In addition, to ensure compliance with domestic and international competition laws, we continuously review internal regulations and guidelines as appropriate and promote awareness through training, aiming to raise employee awareness and prevent bid-rigging, cartels, and similar activities.

Sanctions Response Initiatives

Our Group positions international legal compliance as the foundation of our corporate activities and recognizes complying with regulations related to economic sanctions and export controls as an important responsibility. When starting a transaction, our internal expert committee conducts reviews based on relevant laws regarding the target country/region and business partners, and appropriately determines whether the transaction can proceed.

Initiatives for business partners

By clearly stating compliance clauses in contracts and conducting due diligence as necessary, we are building a more reliable compliance system by requiring adherence to relevant laws and regulations.

Internal initiatives

We conduct training for executives and employees and continue educational and awareness activities that incorporate the latest international regulatory trends and case studies. Additionally, we are working to strengthen our information-gathering and response capabilities through collaboration with external expert organizations.

Going forward, to accurately respond to the rapidly changing international regulatory environment, we will strive to maintain and strengthen a flexible and robust compliance system through measures such as enhancing our internal information-sharing framework.

Compliance training

In our Group, to raise awareness of compliance, we conduct e-learning on our Group Code of Conduct as well as training programs by level and by theme. In addition to expanding the scope of e-learning to domestic and overseas Group companies from fiscal year 2024, hierarchical training targets employees of domestic Group companies, and in addition to new employee training, four types of training are provided according to employee position. These training programs not only teach knowledge of compliance, but also incorporate many case studies to encourage each employee to consider compliance as a personal matter.

In addition, we have created message videos from the management of each Group company (Tone at the Top), in which top management themselves emphasize the importance of compliance to employees, thereby promoting the awareness of compliance among all executives and employees of our Group.

Number of training sessions held, number of participants	
	Fiscal year 2024
Number of implementations (times)	59
Number of participants	4,821

ESG Data Trends over Time P.113