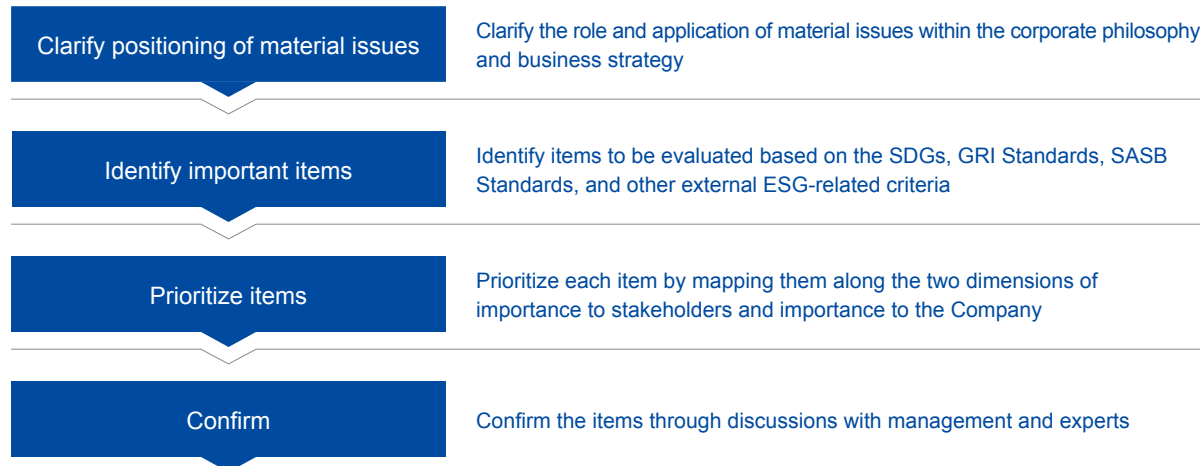
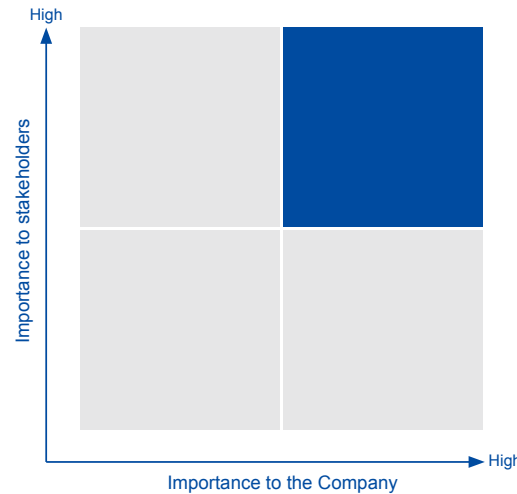


Materiality

In 2023, we identified our materiality (“material issues”)—a set of important sustainability-related challenges that we must address. We will link these material issues to our medium- to long-term business strategies, strengthen our management foundation through both organizational and human resource development, create value unique to the MODEC Group, and contribute to solving global social challenges such as providing a stable and sustainable supply of energy and addressing climate change.

Identification Process

To identify our material issues, we extracted themes to be evaluated from international frameworks such as the UN Sustainable Development Goals (SDGs), the GRI Standards, and the SASB Standards, as well as from other external ESG-related criteria. We then assigned a priority ranking to these items from the perspectives of importance to stakeholders and importance to the Company, drawing on the results of a questionnaire survey and discussions with Group management. Based on these ranked items, we identified our material issues. The material issues were confirmed through discussions with business partners and external experts, and approved by the Management Board and the Board of Directors.



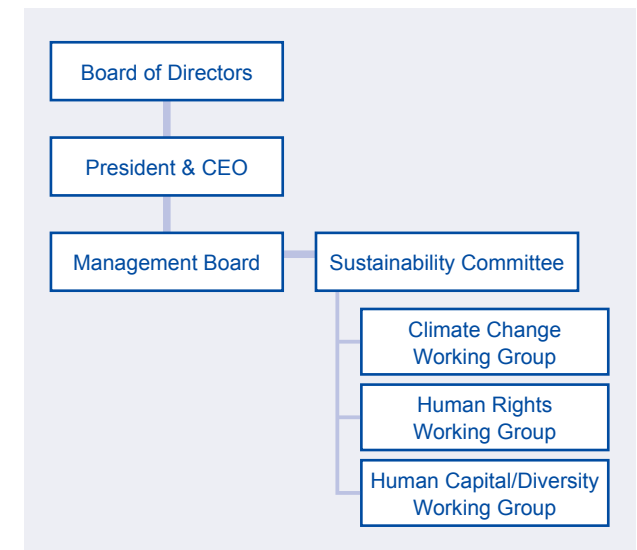
Sustainability Promotion Framework

To develop and promote activities related to sustainability issues—and to manage and assess these efforts—the MODEC Group established the Sustainability Committee under the Management Board. The Sustainability Committee is chaired by the executive vice president, and members include the presidents/CEOs of major subsidiaries.

The committee met six times in FY2024 and established working groups for each of the three important themes: “climate change,” “human rights,” and “human capital/diversity,” to discuss the formulation of a roadmap and an action plan.

The basic policy on sustainability, which is an important management issue, and key items were deliberated by the Sustainability Committee and then reported to the Management Board and the Board of Directors.

Sustainability Promotion Framework



Materiality

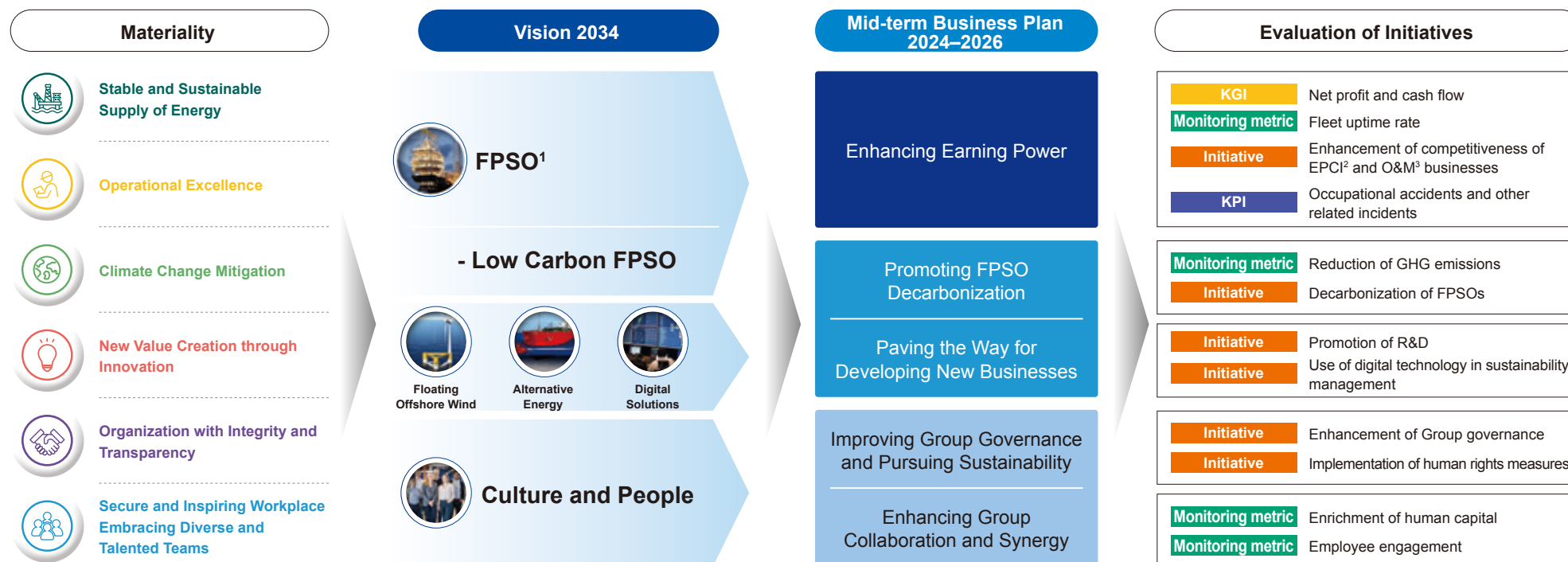
Materiality at MODEC

We have identified six material issues as important sustainability-related challenges. These material issues are categorized according to their characteristics as either “solutions for social issues,” “value creation” or “reinforcement of business foundation.”

Based on these material issues, in 2024 we renewed our Vision, Mission and Core Values as part of efforts to establish our long-term vision (Vision 2034), and formulated Mid-term Business Plan 2024–2026. In alignment with Mid-term Business Plan 2024–2026, we set targets and conduct evaluations for material issue-related initiatives from the following perspectives.

We evaluate our sustainability-related activities using the following four methods.

KGI	Key goal indicator
KPI	Key performance indicator
Monitoring metric	A metric used to monitor progress, even though a target has not yet been set
Initiative	An initiative that is difficult to quantify but will continue to be promoted



1. Floating Production, Storage and Offloading system (FPSO)

2. Engineering, Procurement, Construction and Installation (EPCI)

3. Operations and Maintenance (O&M): A service in which MODEC Group employees, among others, stationed on FPSOs/FSOs installed offshore carry out oil and gas production operations, as well as perform maintenance, inspections and management



Stable and Sustainable Supply of Energy

For over 50 years, MODEC has played a pivotal role in ensuring the stable supply of energy to meet global demand. As the world accelerates its transition toward a decarbonized society, we remain committed to delivering reliable and sustainable energy solutions by optimizing operations, enhancing asset integrity and maximizing lifecycle value.

| The Background Behind MODEC's Initiatives

Importance of a Sustainable Supply of Energy

As global efforts toward decarbonization continue to accelerate, growing geopolitical risks and increasing societal uncertainty and complexity have amplified the need for a stable and reliable energy supply, including oil and gas. Despite the shift toward renewable energy, cost-competitive oil and gas exploration—particularly in deepwater regions—is expected to remain a critical component of the global energy mix for the foreseeable future. By leveraging our extensive experience and advanced technologies, we are committed to collaborating with clients to ensure a stable and sustainable global energy supply.

Furthermore, a stable energy supply not only guarantees consistent delivery to oil-producing nations but also drives the growth and development of related industries, contributing to broader economic stability and progress.

Maximizing Lifecycle Value

At MODEC, our foremost objective is to maximize the value we deliver to stakeholders through the entire lifecycle of an FPSO—from design and construction to operation.

In particular, for EPCI projects, we are enhancing our engineering capabilities and further strengthening our organizational structure to meet the growing demand for large-scale FPSOs in deepwater and ultra-deepwater regions, where major energy companies are actively investing.

| Examples of Our Initiatives

Initiative Enhancement of competitiveness of EPCI and O&M businesses

Contract Awarded for Shell's Gato do Mato FPSO Project off the Coast of Brazil (March 2025)



MODEC signed a purchase and sales agreement and formally received a 20-year O&M contract for an FPSO project for the Gato do Mato field, which is being developed off the coast of Brazil by Shell Brasil Petróleo Ltda ("Shell"). The FPSO will be capable of processing 120,000 barrels of oil per day, and will be moored at a water depth of approximately 2,000 meters. This project is MODEC's 19th FPSO/FSO in Brazil and our second for Shell.

Please see the following website for details.
https://www.modec.com/news/2025/20250325_pr_gdm_psa.html

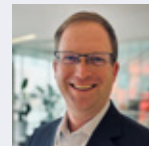
Contract Awarded for ExxonMobil's Guyana Hammerhead FPSO (April 2025)



MODEC has been awarded a contract by ExxonMobil Guyana Limited to develop a FPSO for the Hammerhead Project. The contract is a limited notice to proceed (LNTP) agreement, covering FEED and EPCI phases. The LNTP enables MODEC to commence FPSO design activities, supporting the earliest possible production start in 2029. The FPSO will have a production capacity of 150,000 barrels of oil per day and will be moored at a water depth of approximately 1,025 meters. In addition, we have signed an operations and maintenance enabling agreement (OMEA) for multiple FPSOs in Guyana, and plan to provide long-term O&M services.

Please see the following website for details.
https://www.modec.com/news/2025/20250421_pr_Hammerhead.html

Employee Spotlight



Nicholas Wills
U.S.A.
Business
Development
Director

A Future of Sustainable Energy Built on Innovation

Over the past year, we engaged extensively with the market, key clients and other industry stakeholders to discuss our updated approach to offshore energy and innovation. Additionally, we joined industry organizations and attended events to promote our work and learn about new technologies, expanding our reach to a greater extent than ever before. I am proud that we were able to demonstrate leadership in developing and promoting these value-based initiatives, showcasing our competence and experience.

Examples of this approach paying off are the orders we recently received for the Gato do Mato and Hammerhead FPSO projects. Our project teams found and demonstrated innovative solutions, which led to excellent results for both the client and MODEC.

In 2025 and beyond, I look forward to further strengthening our position in the market and finding new opportunities, especially considering the relevance and importance of the energy transition.



Stable and Sustainable Supply of Energy

FPSO Léopold Sédar Senghor Starts Oil Production for Woodside Energy's Sangomar Project (June 2024)

In June 2024, FPSO Léopold Sédar Senghor, constructed by MODEC, commenced oil production at the Sangomar field off the coast of Senegal. This milestone marks the start of Senegal's first offshore oil field development project. Moored at a water depth of approximately 780 meters, the FPSO is capable of processing 100,000 barrels of crude oil per day, 130 million standard cubic feet of gas per day, 145,000 barrels of water injection per day, and has an oil storage capacity of 1.3 million barrels. We are responsible for the O&M of the FPSO under an initial 10-year service contract, with an option for a further 10-year extension, enabling potential service provision for up to 20 years.

This FPSO is our fifth delivered to West Africa, a region where we have built a strong presence over the past 30 years.

Please see the following website for details.
https://www.modec.com/news/2024/20240612_pr_Sangomar_FO.html



Strengthening Our Global EPCI Business Structure

To further enhance the competitiveness of our EPCI business, we are strengthening our global organizational structure, with Offshore Frontier Solutions Pte. Ltd. (OFS) in Singapore serving as the central hub. As part of this initiative, we have established new bases in Malaysia and India to expand our operational capabilities. OFS Malaysia, our new office in Malaysia, commenced operations in April 2025 and will serve as a strategic hub supporting the execution of EPCI projects. In India, TOYO MODEC OFS India Private Limited (OFS India)—a joint venture between OFS and Toyo Engineering India Private Limited—opened in June 2025. It will be responsible for FEED and detailed engineering of the FPSO topside, as well as provide procurement support services.

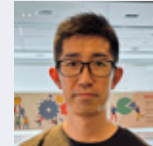
Please see the following website for details.
 MODEC announces the opening of a new office in Malaysia
https://www.modec.com/news/2025/20250416_pr_KL-office.html

MODEC announces the establishment of OFS India
https://www.modec.com/news/2024/20241003_pr_OFS-India.html



Opening ceremony for the new office in Malaysia

Employee Spotlight



Takeshi Ozaki
 Singapore
 Project Manager

Beyond Energy Supply—Impact and Responsibility That Make a Difference in the Field

Since joining MODEC in 2008, I have been involved in numerous FPSO EPCI projects in locations such as Singapore, West Africa, Brazil and China. While the daily work can be demanding, interacting with the wide variety of people involved in each project and hearing their stories from their perspectives has been both meaningful and enjoyable.

One particularly memorable experience was a project for Ghana that I worked on soon after joining the Company. This project, named after the country's historically significant first president, received support not only from the energy industry but also from many people throughout the local community. Feeling the weight of their expectations and the responsibility entrusted to us, I was inspired to approach my work with renewed seriousness and dedication. Witnessing the economic development of the town where I was staying at the time, as well as the growth of my local colleagues, made me realize that our project has a significant impact not only on the stable supply of energy, but also on the local community and all those involved.

In a recent project, I was involved in the operation of the first gas turbine combined cycle (GTCC)* power generation system ever installed on an FPSO. This technology maximizes the use of waste heat of the generator to improve power generation efficiency and significantly reduce CO₂ emissions. Through this project, I have come to feel that our industry is steadily advancing on a sustainable path toward coexistence with the environment. New technologies always bring challenges, and I am sure there will be many more to come. However, I remain committed to my work, always reflecting on the impact our efforts have on many people, and never forgetting my original aspirations.

* A gas turbine combined cycle (GTCC) power generation system is a highly efficient power generation system that, in addition to conventional gas turbine power generation, utilizes the exhaust heat to drive an additional steam turbine for further power generation.

Status of Construction Projects (As of December 2024)

	FPSO Bacalhau	FPSO Errea Wittu	FPSO Raia
Client	Equinor	ExxonMobil	Equinor
Contract type	EPCI + Short term O&M (1 year)	EPCI + O&M (10 years)	EPCI + Short term O&M (1 year)
Field	Bacalhau	Stabroek	BM-C-33
Water depth	2,027 m	1,690 m	2,900 m
Storage capacity	2,000,000 bbls	2,000,000 bbls	2,000,000 bbls
Production capacity	220,000 bopd 500 mmcsfd	250,000 bopd 540 mmcsfd	125,000 bopd 565 mmcsfd



Climate Change Mitigation

MODEC recognizes that, while fulfilling its mission to ensure a stable energy supply, it is essential for companies to address climate change as a prerequisite for the sustainable development of society.

We are committed to contributing to the achievement of global climate goals by minimizing greenhouse gas (GHG) and other emissions across our business activities and supply chain, and by developing clean energy solutions.

Governance Framework for Responding to Climate Change Risks

Our basic policy and key priorities related to climate change are deliberated by the Sustainability Committee, an advisory body to the Management Board, and subsequently reported to the Management Board and the Board of Directors.

To further strengthen our response, we have established the Climate Change Working Group as a subordinate body of the Sustainability Committee. In FY2024, this working group discussed important topics such as internal carbon pricing and disclosure of Scope 3 GHG emissions.

Scenario Analysis


In March 2023, we expressed our support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and conducted a scenario analysis to contribute to the global goal of achieving a low- or zero-carbon society.

For this analysis, we selected two temperature scenarios —4°C and 1.5°C—based on the Shared Socioeconomic Pathway (SSP) scenarios adopted by the Intergovernmental Panel on Climate Change (IPCC).

Risks and Opportunities

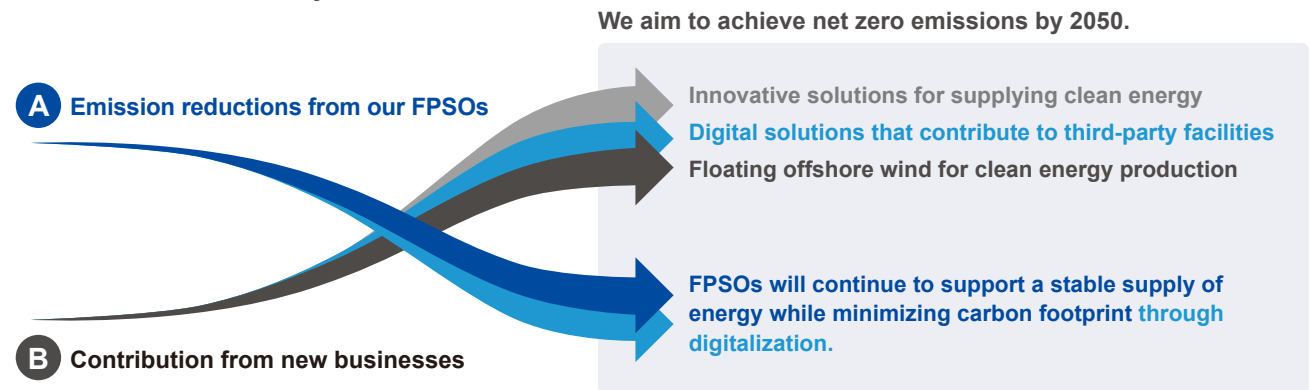
We conducted an initial review and assessment of our business activities based on the TCFD recommendations to identify and recognize potential risks and opportunities.

Please see the following website for details.

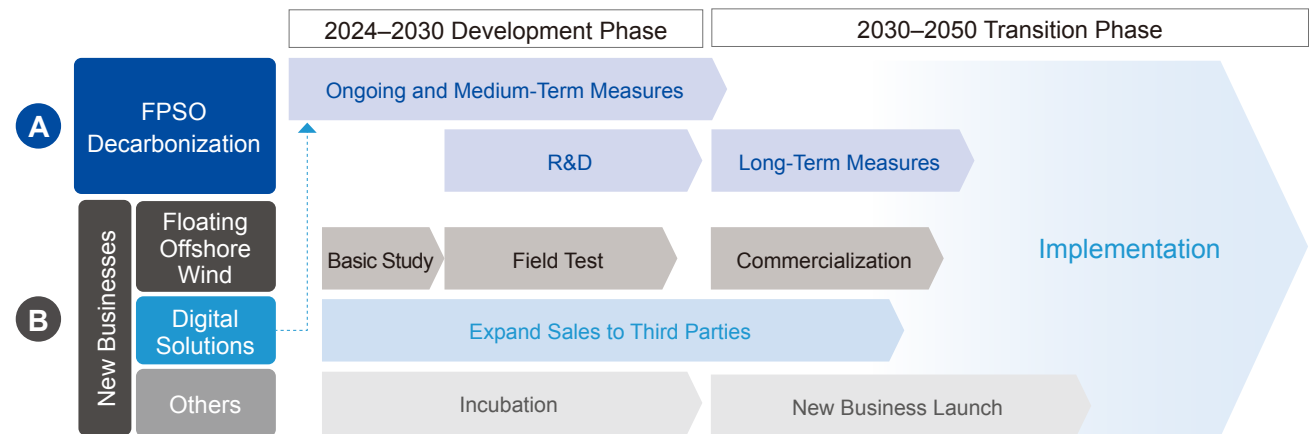
 Disclosure Based on the TCFD Recommendations
<https://www.modec.com/sustainability/tcdf.html>

Targets and Roadmap

Path Toward Net Zero by 2050



Business Strategy



Carbon Emissions from FPSOs

We have set the “carbon intensity of FPSOs”^{*} as one of our strategic KPIs and are working toward a significant reduction of 70%–90%.

^{*} Carbon dioxide equivalent emitted in hydrocarbon production

Example of Our Initiatives

Initiative Decarbonization of FPSOs

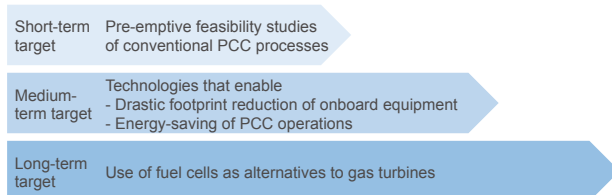
Decarbonization of FPSOs

To reduce GHG emissions from FPSOs, MODEC is developing carbon capture technologies that collect carbon dioxide (CO₂) generated during oil production activities before it is released into the atmosphere offshore.

Reducing post-combustion exhaust can result in a significant reduction in CO₂ emissions. In addition to the pre-combustion carbon capture¹ method that we have already implemented, and post-combustion carbon capture (PCC)² leveraging our expertise in deepwater underground storage, we are pursuing new technological developments to further advance the decarbonization of FPSOs.

CO₂ Separation and Capture Technology

In line with our roadmap for FPSO decarbonization, MODEC is also pursuing the practical application of post-combustion carbon capture technology, guided by short-, medium- and long-term targets. These efforts are designed to ensure readiness for immediate implementation while also driving future breakthroughs.



1. Pre-combustion carbon capture: A method for removing CO₂ from fossil fuels before the combustion of fuel gases. Amine absorption and membrane separation are utilized for this process.
2. Post-combustion carbon capture: A method for separating CO₂ from flue gases of the combustion sources. A common method involves using an amine solution, wherein the CO₂ present in the flue gas is absorbed by the amine solution and subsequently separated.
3. Amine solution-based method: This chemical absorption process cools exhaust gas and absorbs CO₂ into an amine solution. While amine-based solvents are efficient, challenges arise due to the large size of the absorption tower required for high-flow, low-pressure, and low CO₂ concentration fuel gas. This poses installation footprint challenges on floating facilities.

Short-Term Target: Pre-Emptive Feasibility Studies of Conventional PCC Processes

We aim to utilize PCC in upcoming FPSO projects using the amine solution-based method.³ This method has a proven track record, having been successfully applied not only in commercial onshore PCC plants but also on MODEC's FPSOs for processes such as gas sweetening. Collaboration with licensors on basic design and engineering is underway to prepare for deployment.

Medium- to Long-Term Target: Development of Fit-for-Purpose Solutions for FPSOs

We will focus on developing advanced PCC technologies designed for FPSO-specific conditions, addressing challenges such as the footprint of amine absorption towers and optimizing processes for offshore application.

MODEC and Carbon Clean Sign Memorandum of Understanding (MOU) to Accelerate Development and Deployment of Offshore Carbon Capture Technology (June 2025)

MODEC has signed a MOU with Carbon Clean Solutions Ltd. to continue the development of CycloneCC carbon capture technology for early integration into FPSOs. CycloneCC is an innovative carbon capture system that utilizes rotating packed bed (RPB) technology. Compared with conventional systems, it offers a more compact and lower center-of-gravity design, with minimal performance variation due to motion, enabling stable operation even in space-constrained environments such as FPSOs.

We are promoting the development of decarbonization solutions utilizing this technology, with the aim of contributing both to the decarbonization of FPSOs and the creation of next-generation floating solutions



Please see the following website for details.
https://www.modec.com/news/2025/20250605_pr_CarbonClean.html

Employee Spotlight



Yasushi Ueda
Japan
Function Manager

Developing the Future of Energy with Low-Carbon FPSOs

The Low Carbon FPSO Program, which I'm engaged in as the program manager, uniquely combines initiatives for the decarbonization of FPSOs with efforts to develop new concepts that enable a realistic energy transition.

While MODEC is also engaged in floating offshore wind power, we believe that green electricity is not the sole optimal future energy source. Different areas and circumstances require tailored solutions, and humanity needs to pursue the optimal energy value chain globally. To create such a future, MODEC is committed to providing a variety of ocean-based solutions that have real social benefits. Our duty is to contribute to a truly feasible energy transition. The recently developed "Low Carbon Ammonia FPSO" concept is proof of this commitment, as it uniquely converts unused gas from reservoirs into clean fuel.

My heartfelt desire to ensure a bright future for my children and the following generations is the strong driver behind my current work, which I find exciting, filled with insights gained from cutting-edge technologies and involving collaboration across the borders of countries and organizations.

MODEC will continue to harness the technology and passion of our team to develop and deliver floating solutions for the future.

Climate Change Mitigation

MODEC and JGC Complete First GHG Emissions Quantification Project at an FPSO off the Coast of Brazil (May 2024)

As the development of marine resources advances, reducing environmental impact has become a corporate responsibility. MODEC and JGC Corporation have taken the first step toward decarbonization by accurately measuring GHG emissions from an FPSO off the coast of Brazil.

This project focuses particularly on methane, for which emission prevention measures are increasingly important. Recognizing the limitations of conventional estimation methods, we combined a bottom-up approach—using sensors and infrared cameras—with a top-down approach using drones. This enables high-precision measurement of emissions across the entire FPSO. As a result, we were able to identify emission sources and outline effective reduction measures.

This initiative meets the highest standards of the international Oil & Gas Methane Partnership 2.0 (OGMP 2.0 reporting framework) and has the potential to become an industry benchmark. MODEC will accelerate efforts to reduce the carbon intensity of FPSOs, while JGC Corporation will contribute to the decarbonization of the offshore development industry by providing advanced measurement technologies.

Please see the following website for details.
https://www.modec.com/news/2024/20240502_pr_GHG-Emissions.html



Methane measurements on an FPSO

Establishing a New Benchmark for Decarbonized FPSOs with the World's First Environmental Certification (July 2024)

The FPSO currently under construction by MODEC for the Bacalhau field off the coast of Brazil has become the world's first newly built FPSO to receive an approval in principle (AiP) for the Abate Notation covering P+ (enhanced power systems), F (flare systems), Pr (process systems), and S (storage systems) from DNV, the Norwegian classification society, in recognition of its reduced environmental impact.

With an ISO-compliant energy management system, elimination of non-emergency flaring, and highly efficient power generation and heat utilization design, the FPSO is expected to achieve one of the lowest CO₂ emissions per barrel in the industry. This certification marks an important first step in our efforts for decarbonization. Through continued technological innovation at all stages—from FPSO EPCI and supply chain management to final operations—we aim to achieve both a stable energy supply and reduced CO₂ emissions, contributing to the realization of a sustainable society with lower environmental impact.

Please see the following website for details.
https://www.modec.com/news/2024/20240718_pr_bacalhau.html

Reduction of GHG Emissions

Monitoring metric Reduction of GHG emissions

Since FY2019, MODEC has calculated and disclosed GHG emissions from Group companies. In addition, since FY2021, we have calculated and disclosed GHG emissions from leased FPSOs and FSOs—our core business—under Scope 3, Category 13. For details on emissions from other Scope 3 categories, as well as calculation assumptions and breakdowns, please refer to our website.

	(t-CO ₂ e)			
	FY2021	FY2022	FY2023	FY2024 ²
Scope 1	0	0	0	0
Scope 2 (Location based)	1,309	1,503	1,619	1,695
Scope 3 ¹ (Category 13 only)	3,784,892	5,203,364	5,298,344	5,426,458 ³

Employee Spotlight



Promoting Decarbonization Throughout the FPSO Lifecycle

Hannah Chin
Singapore
Senior Engineer

In order to provide broad and lasting emission reduction solutions, our team has studied the lifecycle emissions of FPSOs to identify decarbonization measures.

We have developed a comprehensive GHG evaluation approach, and a series of surveys and investigations have been conducted (leading to the provision of reasonable estimates) for various stages of FPSOs, from EPCI to operation and brownfield, up to the decommissioning phase.

The total lifecycle emissions of a typical FPSO in operation for 20 years is estimated to be approximately eight million metric tons of CO₂ equivalent. Out of this total, emissions from operations and EPCI contribute 80%-90% and 7%-11%, respectively.

In addition to the use of low-carbon technologies and products to reduce emissions during operation, due to the fact that the majority of emissions from EPCI are related to the supply chain, we have started working with vendors and subcontractors to improve logistics management, green power utilization, sustainable raw material application, fabrication process optimization and other areas.

In the future, this will also help us to identify “green” vendors for long-term collaboration as we transition toward a resilient, low carbon economy.

1. The main reasons for the increase in emissions since FY2021 are growth in the number of leased assets and temporary emissions during the commissioning phase after the start of production.
2. GHG emissions for FY2024 are currently being reviewed by a third-party. Figures may be subject to change after the certification process is completed.
3. Using the equity share approach, Category 13 emissions for FY2024 are 1,758,164 t-CO₂e.

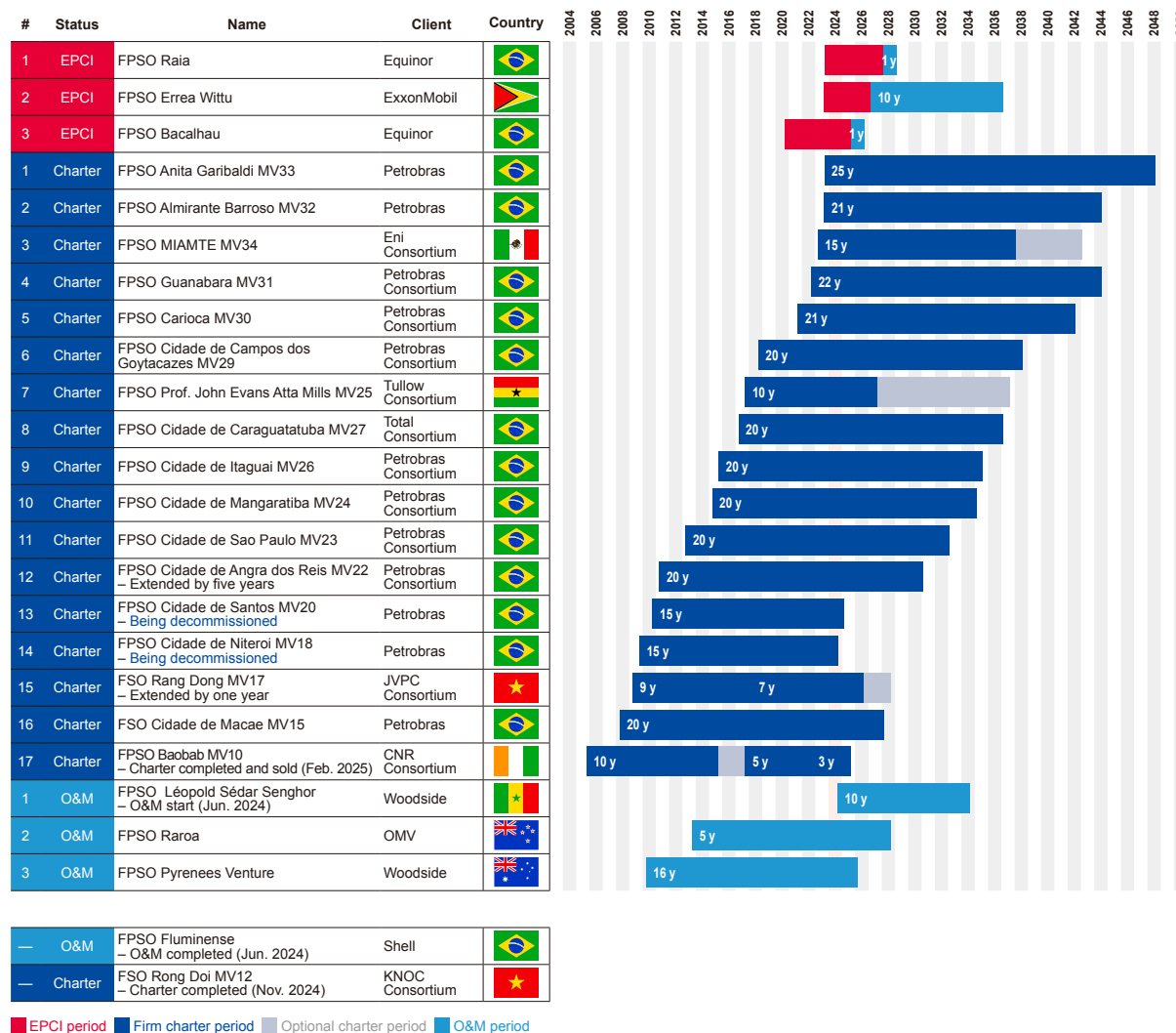
Please see the following website for details.
<https://www.modec.com/sustainability/environment.html>



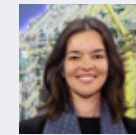
Operational Excellence

As of December 2024, we are constructing three FPSOs and operating 18 FPSO/FSO units. To date, we have completed construction of 52 units and have over 330 years of accumulated operational experience. For energy companies, health and safety are of utmost importance. At MODEC, we have always placed safety as our highest priority. Our commitment to nurturing our people, assets and the environment is a core value that we uphold in all our activities. Our Health, Safety, Security and Environment (HSSE) Commitment sets forth clear guidelines on occupational health & safety, security and environmental protection. We take responsibility for environmental conservation as well as legal compliance, and are dedicated to executing construction projects and operations safely and reliably.

List of EPCI, Charter and O&M Projects (As of December 2024)



Employee Spotlight



Operational Excellence Built on Diversity and Growth

Juliana Aquino
Brazil
Area Manager

As the area manager for operations in Rio de Janeiro, I am currently responsible for five of our units. I have the honor of leading a significant part of MODEC's fleet, which includes approximately 750 people working in operations. My journey with the Company, from intern to my current leadership position, reflects its commitment to developing talent from the ground level, investing in people, and having confidence in each employee's capabilities.

Having dedicated nearly 20 years to MODEC, I've had the privilege of witnessing and contributing to the Company's journey from the very beginning in Brazil. Reflecting on our beginnings with a single FPSO, it's truly inspiring to see how far we've come—evolving into a thriving organization that has consistently overcome challenges to achieve remarkable growth. Over the years, we've not only gained invaluable knowledge and strength in O&M but have also adapted to a rapidly changing industry landscape. The increasing complexity of regulations, new technologies and client requirements has transformed our journey into a marathon of innovation and resilience.

In the first decade of O&M activities in Brazil, managing the maintenance and integrity of aging assets has also started to emerge as a huge challenge, especially given the constraints of limited onboard space. Tackling these obstacles has demanded both personal and corporate perseverance, as well as an unwavering commitment to the Company's goals.

The passion and enthusiasm of its employees are evident in every effort to ensure that, above all, MODEC maintains safety as its utmost priority, while overcoming challenges one by one, during the whole lifecycle of its units. It's this spirit that continues to drive us forward, ensuring we remain at the forefront of the industry.

Uptime Rate of FPSOs in Operation

Monitoring metric Fleet uptime rate*

2020	2021	2022	2023	2024
96.4%	97.9%	98.5%	97.6%	98.7%

* Median uptime rate of FPSOs in operation

Health, Safety, Security and Environment (HSSE)

KPI Occupational accidents and other related incidents

To achieve sustainable development and contribute to society, MODEC places the utmost priority on protecting the health and safety of not only its officers and employees, but also its business partners, local communities and all other stakeholders. We are committed to safeguarding our business, assets and the global environment. By fostering a strong culture of safety, we strive to achieve zero incidents.

Management System

To prevent accidents, losses and environmental pollution—and to minimize any impact should an incident occur—MODEC identifies potential hazards and thoroughly assesses risks, including the likelihood, frequency, and potential severity of harm or damage. Based on the assessments, we have established a wide range of measures and structures within the HSSE Management System to ensure the safety of all our operations and activities, including those involving affiliates, business partners and stakeholders.

HSSE Commitment Statement

The HSSE Commitment Statement is the highest-level document in our HSSE framework, expressing MODEC's strong commitment to health and safety, security and the environment. Based on the HSSE Commitment Statement, the HSSE management system has established the Group HSSE Policy and standards that serve as a common framework for all business units and offices. The above policy and standards incorporate elements from international conventions, global standards, and oil and gas industry requirements. Furthermore, each office and business unit develops and implements specific procedures and compliance measures that address local laws, regional regulations and customer-specific requirements.

The CARE Program and a Culture of Safety

At MODEC, HSSE is not just a matter of compliance or a set of rules. We have established the Cultural Awareness Resides in Everyone (CARE) Program, which applies to all officers and employees. This behavior-based safety improvement initiative, with a focus on human factors, is designed to further promote our unique culture of safety across the organization.

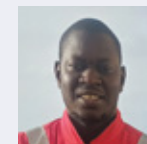
HSSE Data

	2020	2021	2022	2023	2024
Exposure hours (employees and contractors)	47,065,375	57,003,832	64,004,670	43,697,775	53,855,476
Fatalities (employees and contractors)	1	2	0	0	0
Lost time injury frequency rate (employees and contractors)	0.19	0.18	0.11	0.32	0.22
Recordable occupational illness frequency rate (employees only)	0.19	0.00	1.08	0.70	0.30



A table of HSSE statistics is available at:
<https://www.modec.com/sustainability/hsse.html>

Employee Spotlight



Safety and Operation Excellence Based on Transfer of Knowledge

Moustapha Diop
 Senegal
 HSSE Specialist

Every organization, especially those with people who are operating internationally, has the desire to transfer skills and knowledge from their experienced expatriates to help build up the skills and capacity of the local employees working on its behalf. I believe this helps to empower the local workforce in improving the HSSE management culture of their operations. The reasons for doing this are to help to optimize operating costs and to ensure the transfer of knowledge to local personnel.

In Senegal, MODEC is implementing this knowledge transfer process to create the following outcomes:

1. A local workforce that is exposed to the value and benefits of implementing high-level HSSE management as a tool to improve the HSSE performance and productivity of the organization and ultimately Senegal.
2. An environment where multinational companies such as MODEC bring new skills into the country that will benefit local workers.
3. Opportunities for the workers to be engaged in real working conditions at best-in-class operating facilities and with systems where they can experience how to manage HSSE management systems efficiently.
4. A working environment that helps ingrain the principle that "Operational Excellence" is the motto that every individual who wants to grow in oil and gas operations should be able to implement on a daily basis, while demonstrating excellence in safety leadership.



New Value Creation through Innovation

We provide innovative, digitally driven solutions in response to major changes in the energy industry.

Research and Development (R&D)

Initiative Promotion of R&D

In Mid-term Business Plan 2024–2026, we have adopted the theme of “Explore a Sustainable Future with Innovation.” We are promoting innovative R&D activities focused on two key objectives: (1) ensuring a stable supply of energy to society through FPSOs while also reducing greenhouse gas emissions, and (2) serving as a bridge to a future based on alternative energy sources beyond oil and gas.

Examples of Our Initiatives

Obtained an Approval in Principle for a Blue Ammonia FPSO (January 2025)

MODEC has obtained an approval in principle (AiP) from the American Bureau of Shipping (ABS) for a blue ammonia FPSO facility, which is being jointly developed with Toyo Engineering Corporation.

The facility will produce blue ammonia from surplus associated gas—previously unused, reinjected and stored. The project will cover all offshore operations, from production to storage and shipping. To minimize the FPSO's carbon emissions associated with ammonia production, CO₂ generated during the production process, as well as from onboard power generation, will be captured using carbon capture and storage (CCS) technology.

This is the first project based on the concept of “floating production solutions for carbon free alternative energy,” as outlined in Mid-term Business Plan 2024–2026. Through collaboration between the two companies, we will promote the offshore production of blue ammonia—an alternative fuel and hydrogen carrier expected to play a key role in the energy transition.

We will continue to refine and advance this concept while addressing key commercialization challenges identified through the development project, with the aim of providing safe and cost-competitive energy supply solutions.

Please see the following website for details.
https://www.modec.com/news/2025/20250130_pr_AmmoniaFPSO.html

Joint R&D Agreement to Enhance Offshore Platform Inspections Using Advanced Drone Technology (July 2024)

FPSO operations are long-term projects (often exceeding 20 years), making daily maintenance inspections and testing essential. However, inspections conducted by human workers at high altitudes or in confined spaces pose occupational health and safety risks, representing a common challenge across the offshore oil and gas industry. By leveraging the combined expertise and proven track record of MODEC and Terra Drone Corp., we will promote the practical application of drone technology to enhance inspection safety, reduce labor requirements, and improve operational efficiency. This initiative will contribute to the sustainability of offshore platform operations.

Please see the following website for details.
https://www.modec.com/news/2024/20240701_pr_TerraDrone.html

Digital & Analytics

Initiative Use of digital technology in sustainability management

MODEC is committed to delivering the highest levels of operational excellence in offshore oil and gas development projects. A key strategy for achieving this is the digitalization of offshore production facilities.

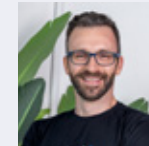
We are also promoting the digitalization of our business and processes using the latest technologies to enhance the speed and quality of FPSO/FSO design and construction, while achieving safer and more efficient operations.

Main Initiatives

- Automation of design drawing quality checks
- Development of real-time monitoring and failure prediction systems for FPSOs in operation
- Promotion of automation of plant control systems in FPSOs

<p>Developed more than 40 AI models to detect early signs of anomalies and failures, helping to prevent facility shutdowns and malfunctions</p>	<p>Manage and analyze over 170 billion rows of data on a cloud-based platform</p>	<p>Operate more than 400 AI models across nine FPSOs currently in operation in Brazil and Africa</p>	<p>Over 10,000 sensors installed on each FPSO</p>
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Employee Spotlight



Optimizing Energy Efficiency and Emissions: Shape Aura, the Intersection Between AI and Sustainability

Felipe Baldissera
Brazil
President & CEO, Shape Digital

In a world where oil and gas production has been identified as critical to sustain global energy security, while climate change and decarbonization remain key challenges, increasing energy efficiency and reducing emissions is paramount for achieving resilient and sustainable energy production in the short, medium and long term.

With that in mind, in 2023 we at Shape Digital, the MODEC spin-off focused on building solutions leveraging AI and industrial experience, developed Shape Aura. From the industry and for the industry, Aura is positioned as software that—using operational data, process simulations and our proprietary AI—provides real-time insights and practical recommendations to offshore teams, with a focus on optimizing energy consumption 24/7.

In addition, Shape Aura has been introduced on the FPSO MV27 in cooperation with TotalEnergies. Since this introduction, energy consumption and emissions have been reduced by approximately 5% simply by utilizing AI and data, without making any additional capital investments. Now, the use of Shape Aura is being expanded to multiple clients and facilities based upon a SaaS* business model.


* SaaS stands for Software as a Service.

New Value Creation through Innovation

| Offshore Wind Power

MODEC is advancing business development initiatives aimed at entering the floating offshore wind market, which is expected to experience significant growth in the future.

In wind power generation, the greater the wind received by the turbine blades, the higher the potential electricity output. Offshore wind farms can generate power more efficiently when turbines are installed farther from the coast, where wind speeds are typically stronger. As floating offshore wind power facilities can be installed in deeper waters unsuitable for bottom-fixed systems, the market for these facilities is expected to expand both in Japan and internationally. With more than 50 years of experience in the construction and operation of floating production systems—such as FPSOs—for offshore oil and gas development projects, MODEC is leveraging its accumulated expertise in floating and mooring technologies. Through the development of floating offshore wind power systems, we aim to contribute to the realization of a global decarbonized society.

 Please see the following website for details.
<https://www.modec.com/business/fow/>



Floating offshore wind power generation facility (Conceptual design)

| Examples of Our Initiatives

Obtained Basic Design Approval for TLP-Type Floating Offshore Wind Turbine (May 2024)

MODEC, in partnership with Toyo Construction Co., Ltd., has obtained an approval in principle (AiP) from NIPPON KAIJI KYOKAI (“ClassNK”) for a floating structure, tether system and tether pile foundation for a TLP-type* floating offshore wind turbine.

The AiP covers the supporting structure, not the wind turbine itself. MODEC is responsible for the floater and mooring components, including mooring lines and connectors.

In 2020, we obtained an AiP for floating offshore wind turbines from the Norwegian classification society DNV. To support future demonstration projects in Japan, we have now also secured an AiP from ClassNK. This initiative aims to proactively address parts of the wind farm certification and classification surveys required during the demonstration phase. In obtaining this AiP, we conducted studies on environmental conditions unique to Japan, such as earthquakes and tsunamis, and received valuable feedback from ClassNK, including expert opinions. This input will be incorporated into the design and development phases of the demonstration project.

MODEC has a world-leading track record in the construction of TLP-type floating offshore oil and gas production facilities. We will leverage our experience and technologies to accelerate the realization of a floating and mooring system capable of supporting large-capacity wind turbines, while also achieving high social acceptance and excellent economic performance.

* Tension Leg Platform (TLP)

 Please see the following press release for details.
https://www.modec.com/news/2024/20240521_pr_FOW_AiP.html

Employee Spotlight



Paving the Way for a Sustainable Future with Next-Generation Mooring Technology

Amir Izadparast
U.S.A.
Deputy Section Lead, Tech

As the manager of new technology development at SOFEC, part of the MODEC family of companies, my role involves driving innovation and product development, with a focus on mooring solutions. Our objective is to tackle emerging challenges, improve existing designs, and continuously advance our technology, enabling us to be leaders in the existing oil and gas market while creating opportunities in the new energy transition market, all aligned with MODEC’s materiality of “new value creation through innovation.”

From innovative tower yoke solutions for shallow water application to transfer systems for e-fuels, from CO₂ injection facilities to FPSO decarbonization, from power barges to charging stations, from offshore floating wind to floating substations, and from digital twin for mooring systems to using AI to optimize our processes, I envision a bright future where our company leads the way in developing cutting-edge mooring solutions.

Each day, we strive to contribute to MODEC’s story of new value creation, ensuring that our actions today pave the way for a brighter, more sustainable future for all of us.



Organization with Integrity and Transparency

Initiative Enhancement of Group governance

Please see **page 44** for details.

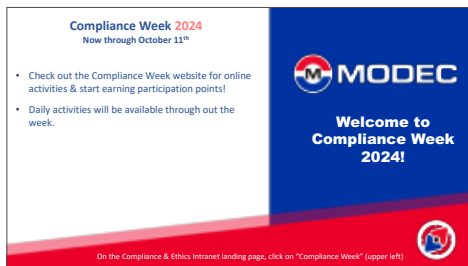
Integrity is an indispensable principle for any company and stands as one of MODEC's Core Values. We place great importance on establishing robust governance and risk management systems that enhance business transparency and increase shareholder value. Furthermore, we are dedicated to upholding rigorous compliance and ethics programs, while continuously striving to adopt best practices.

Group Compliance Framework

We have established the Group Compliance Committee, a body that reports directly to the Board of Directors. The committee is composed of the chief compliance officer (CCO), executive officers, heads of major business units and legal counsel. In addition, members of the Audit and Supervisory Committee participate as observers. The committee meets regularly to monitor compliance with laws, regulations and the Articles of Incorporation, and works to raise compliance awareness throughout the Group. Its efforts include holding training sessions for Group officers and employees and ensuring that compliance-related matters are thoroughly implemented.

Compliance Training

MODEC conducts annual online training on anti-corruption and the Code of Business Conduct and Ethics for all Group officers and employees. In addition, we hold compliance training sessions at locations around the world, tailored to meet local requirements and needs.



Code of Business Conduct and Ethics

We have established the Code of Business Conduct and Ethics as a common standard of behavior for MODEC, its subsidiaries, directors, executive officers, employees and all individuals engaged in the Group's business activities. To ensure that employees of Group companies can read and fully understand the code, it is available in seven languages: Japanese, English, Portuguese, French, Spanish, Chinese and Vietnamese.



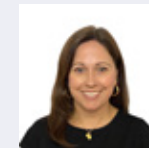
MODEC Ethics Hotline

We have established internal reporting rules to facilitate early detection and resolution of legal or other compliance violations, and set up the MODEC Ethics Hotline (operated by a company that specializes in whistleblower reports) as an internal reporting system for the entire MODEC Group. We are committed to proper operation of the hotline and actively promote its use through training and other awareness-raising initiatives.



Please see the following website for details.
<https://secure.ethicspoint.com/domain/media/en/gui/33696/index.html>

Employee Spotlight



Compliance That Supports Integrity in Business Decisions

Jennifer Bickley
U.S.A.
General Counsel (As of May 31, 2025)

Being in a legal and compliance role within any organization can be challenging. As the general counsel and head of compliance, my role is to provide advice, present management with options and share information about best practices for legal and compliance-related issues. Sometimes, these best practices can complicate business operations—for instance, suggesting enhanced due diligence for a client, pushing back on difficult contract terms or recommending not to choose the cheapest vendor due to compliance concerns.

At SOFEC, there is a culture of choosing the right path, even when it leads to business challenges or project difficulties. It is reassuring to know that I can recommend compliance with best practices or suggest a change in course to meet legal requirements, and these recommendations will be respected. In such situations, I collaborate with the project or management teams to find the best practical solution without violating our company policies or ethical practices.

This commitment to integrity and accountability defines our business conduct. Knowing that the Group's leadership values making the right decisions makes my job easier and more fulfilling!



Secure and Inspiring Workplace Embracing Diverse and Talented Teams

MODEC respects the rights and dignity of all individuals, fosters diverse and talented teams and upholds universal human rights. We are committed to ensuring that every employee can take pride in their work and perform to the best of their ability by safeguarding their rights to health, safety, security and education/training, while promoting the well-being of every individual.

Basic Approach to Human Capital

At MODEC, we believe that our people are the source of our competitive strength. By harnessing the collective capabilities of employees throughout the Group, we strive to realize our vision of “Pioneering a world where the ocean and humanity co-exist in harmony.” In Mid-term Business Plan 2024–2026, we have committed to actively investing in human capital as a foundation for growth and transformation, alongside the decarbonization of FPSOs and the development of new businesses. In FY2024, we also reviewed and updated our policies to further promote human capital management. Our specific initiatives include securing the talent necessary to achieve our business strategies and building a strong management foundation. We are also working to create a diverse and inclusive workplace environment where every individual can maximize their value.

Human Capital Strategy

We aim to strengthen the profitability of our core FPSO business while creating new businesses and building a sustainable business model by strategically allocating management resources. To realize this business strategy, it is essential to secure talented individuals who can address challenges in each business area and to maximize the value of every employee. As part of our human capital strategy to achieve these goals, we are focusing on the following priority themes to attract, develop and empower our talent.



I Development of Human Capital Portfolio

To achieve our business strategy, we have identified three key areas where securing and developing talent is essential:

- i. **Expansion of the FPSO Business**
Focusing on strengthening profitability and promoting decarbonization initiatives in the FPSO business
- ii. **Creation of New Businesses**
Driving the creation of new business opportunities, including floating offshore wind, digital solutions and alternative energy, as well as other potential growth areas.
- iii. **Establishment of a Group Management Foundation**
Enhancing the allocation of management resources, promoting Group-wide collaboration and synergy, and promoting sustainability and global governance

To attract and develop outstanding talent in each of the above areas, we are focusing on the following three initiatives:

- **Ensuring a stable workforce and developing talent to enhance added value**

Monitoring metrics	<ul style="list-style-type: none"> • New hires: 1,218 • Total number of training participants: 5,601 • Average hours of training per employee: 51
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To improve profitability in the FPSO business, it is essential to attract and retain talent with broad experience and knowledge. Given the nature of our business and industry, our human resources must be highly mobile. To secure an even more stable workforce, we are making the MODEC Group an attractive employer both in Japan and globally by enhancing working conditions and providing career opportunities. For talent development, we are expanding Group-wide training

programs and providing career opportunities to a broader range of employees. Through these efforts, we aim to enhance employee skills and experience.

- **Developing talent to support the expansion of new businesses**

To drive the creation of new business, it is essential to nurture individuals who possess expertise in both the FPSO business and new business development. For digital solutions, we are advancing human resource development through targeted training and related programs. To further these efforts, we established the New Business Development Group in January 2025, bringing together in-house talent with relevant experience. This group will collaborate with the FPSO Business Unit to formulate and implement strategies and policies for identifying and commercializing new business opportunities, as well as to develop well-rounded human resources.

- **Strengthening leadership development to build the foundation for Group management**

Monitoring metrics	<ul style="list-style-type: none"> • Leadership/Manager Training • Number of participants: 1,059 • Participation rate: 83%
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To maximize corporate value, we believe it is essential to develop leaders capable of making strategic decisions to drive transformation and defining the ideal state of the MODEC Group, while taking into account the unique business characteristics of each country and region. Within a globally unified framework, we will identify and nurture future executive leaders over the medium to long term, and establish an environment that supports their continued success.



Secure and Inspiring Workplace Embracing Diverse and Talented Teams

II Maintain the Infrastructure for Advancing Business Together as a Group

Monitoring metrics

- Engagement score: 76%
- Turnover rate: 12.9%
- Voluntary resignation rate: 7.7%

While preserving the autonomy of each country and regional office, we believe it is essential to operate our business based on common guidelines across the entire Group in order to establish a management structure that creates Group synergy. To this end, we are further strengthening the promotion of shared values and establishing a framework in which each office and employee can work toward the same goals.

Specific Measures

• Instilling Our Core Values

To foster a culture based on our Core Values, “OCEAN,” we are promoting training programs that help employees embody these values, as well as initiatives to enhance communication skills and improve teamwork. Additionally, to further embed these values throughout the entire Group, we are implementing communication initiatives that convey management’s vision to employees and conducting workshops and related activities at each location.

III Create a Diverse and Inclusive Workplace

Monitoring metrics

- Percentage of female employees: 19.2%
- Percentage of female managers (Non-consolidated): 13.8%¹
- Percentage of female managers (Consolidated): 10.5%²

At MODEC, we believe that new ideas generated from diverse perspectives further strengthen our competitiveness. We aim to attract a broad range of talented individuals, regardless of personal attributes, and to foster a workplace culture where all employees can work with confidence and peace of mind.

1. Including specialists at the managerial level 2. Including offshore crew

I Examples of Our Initiatives

Promoting Women’s Empowerment

To increase the percentage of women in management positions and core personnel involved in business execution in the

future, we are focusing on career development for women and the cultivation of female leaders. As of December 2024, women accounted for 19.2% of all employees, 10.5% of managerial positions, and 16.7% of executive roles (on a consolidated basis). We will continue to implement initiatives to further increase these figures.

Female Leadership Development Program

In FY2024, we launched an initiative called “HERizon” in Singapore, aimed at developing female employees involved in business decision-making. HERizon is designed to empower future female leaders by equipping them with the skills and confidence needed to advance into decision-making roles. The program features discussions with professionals both inside and outside MODEC, as well as in-person training sessions. From FY2025 onward, we plan to further expand individual programs and the mentorship system, creating additional opportunities and an environment that supports future-oriented, medium- to long-term career development.

International Women’s Day Events

Since FY2022, we have commemorated International Women’s Day each year with events open to all Group employees. These initiatives are designed to foster a mindset shift not only among female employees, but also among their male colleagues. The events provide an opportunity to celebrate the achievements and contributions of women at MODEC, while also recognizing the ongoing challenges they face. Through these efforts, we are deepening our commitment to diversity, equity and inclusion (DE&I) and promoting the empowerment of women throughout the MODEC Group.



Employee Spotlight



Fostering Workplaces That Unlock the Potential of Women and Encourage Them to Take on New Challenges

Shawn Hoh
Singapore
Section Lead

The past year and a half have been the most exciting and progressive period I have experienced in my 20 years at MODEC/OFS. When I volunteered for the Women’s Network Committee in 2023, I could not have imagined the impact it has had on me and my female colleagues.

We ambitiously declared at the 2024 MOPS/OFS townhall event in February that the Women’s Network’s vision is to witness gender balance improvement in leadership positions and for MODEC to have a thriving female workforce. As such, our mission is to provide support for female employees to realize their full potential. The Women’s Network set about inspiring female colleagues to be fearless, ambitious and ready to accept challenges. This was achieved through closed-door sharing sessions led by successful women in positions of authority, and informal learning sessions.

While we made incremental but meaningful efforts to change ourselves, our ELT* and People Department made major strides in improving the organization culture. Supervisors received training on talent perception, avoiding unconscious bias and prejudice during interviews and adopting fair and progressive employment practices.

The women’s leadership development program, HERizon, was launched by the People Department with three key focus areas—amplifying strengths, building skills and perspectives, and cultivating inclusive leadership. This program is specially designed to prepare women for future leadership roles. Most importantly, it starts with self-awareness of strengths to build confidence and the acknowledgement that strengths can come in diverse forms.

Now in 2025, I have seen and felt for myself the increasing appreciation of workforce diversity and talent. This has been made possible through the passion and dedication of our Women’s Network members and the steadfast support of the ELT. This is a supportive workplace—one in which you can feel comfortable in saying “yes” to new challenges.

* Executive leadership team



Secure and Inspiring Workplace Embracing Diverse and Talented Teams

Our Fundamental Approach to Human Rights

Initiative Implementation of human rights measures

At MODEC, we believe that respect for human rights is essential in our global business activities, and we are committed to upholding international human rights standards in every country where we operate. To fulfill our responsibilities to stakeholders, we strive to respect and protect the rights of all individuals. Recognizing the importance of human rights considerations in conducting business worldwide, we have established a policy for human rights that explicitly prohibits discrimination based on gender or nationality, as well as child labor and forced labor.



Please see the following website for details.
<https://www.modec.com/sustainability/social.html>

Initiatives for Subcontractors

Since 2022, we have been working in collaboration with clients and consulting firms to conduct human rights assessments of major shipyards and other key subcontractors. When issues are identified, we work with subcontractors to address and remedy them.

Initiatives for Suppliers

We have established a policy for supply chain management to ensure a sustainable supply chain that is both environmentally and socially responsible. We require our suppliers to understand, embrace and comply with our policies on human rights and labor practices. When initiating business relationships, we conduct a prequalification screening of suppliers and require their understanding and compliance with our Code of Business Conduct and Ethics, which includes respect for human rights. Even after business transactions have been completed, we maintain an ongoing review process, including regular human rights risk assessments of all major suppliers.

Implementation of Appropriate Supply Chain

As a company conducting stable and continuous operations worldwide, we recognize that ensuring a sustainable supply chain that considers both environmental and social factors is one of the most critical issues for the continuation of our business. To address human rights, labor issues and environmental considerations, we have established a range of policies. In order to maintain an appropriate supply chain that is mindful of the environment and society, we require our suppliers to understand, support and implement the following items.

1. No forced labor
2. No child labor
3. Safe and healthy working environment
4. Freedom of association and collective bargaining
5. No discrimination
6. No abuse and harassment
7. Labor management
8. Suitable remuneration
9. Anti-corruption measures
10. Environmental consideration

FY2024 Achievements and Future Initiatives

- Established a Human Rights Working Group under the Sustainability Committee, comprising global members from Procurement, HSSE, Compliance and Legal departments.
- Engaged external experts to analyze and evaluate our human rights initiatives in accordance with various international standards.
- Continued to promote the development of internal processes for human rights due diligence within our supply chain, in collaboration with business partners, under the leadership of the Sustainability Committee and the Working Group.

Employee Spotlight



Diverse and Fair Workplaces Built on a Culture of Upholding Human Rights

Shannon Gilby
Australia
Contracts Manager Compliance Lead

As MODEC traverses an exciting future, we must always reflect its core values—our “OCEAN.” The strength of MODEC lies in its diversity and commitment to doing things the right way, inspired by a sense of shared humanity. This explains why MODEC is strengthening its commitment to upholding human rights across its businesses and for those people indirectly involved in business, including vulnerable workers in the supply chain.

I am proud to be a member of the Human Rights Working Group, and our scope is wide. We are evaluating the culture and practices of MODEC workplaces, and improvement is achievable. However, many workers in the supply chain do not share our freedoms and rights. By using MODEC’s substantial influence across our supply chain, we can protect vulnerable workers who are integral to our finished product, but work out of sight.

We know forced labor occurs, as does modern slavery, and can do so close to home. That is why we have undertaken a human rights saliency assessment to identify and target our greatest human rights risks, and are implementing due diligence measures to look for these risks in our supply chain. And this is just the beginning. In this way, MODEC can improve the lives of people we never meet, but who deserve our help. We should all be proud of MODEC living its Core Values “OCEAN.”