

Contributions to Society

Taikisha is promoting business activities that meet the expectations of stakeholders to widely win the trust of society.

Initiatives for Industrial Health and Safety

Based on the annual company-wide safety policy announced by the President, Taikisha aims to build a more comfortable working environment by placing the utmost priority on safety.



Basic Principles of Industrial Health and Safety

Based on an understanding of the importance of human life as its basic principle, Taikisha thoroughly implements safety-first planning and construction and fulfills its social responsibilities as a company in the construction industry out of respect for the law. Taikisha aims to protect the health and lives of employees and workers and makes efforts to build a more comfortable working environment.

● Figure of the Corporate Health & Safety Policy

株式会社 大気社 全社安全衛生方針

《基本理念》
 大気社は、人命尊重を基本理念とし、順法精神に則り、建設業界における社会的責任を果たすため、『安全第一主義に徹した計画・施工』を実践し、働く人の生命と健康を確保して、快適な職場環境の向上に努め、社会貢献を持って、信頼される持続可能な企業活動のできる経営基盤を確立する。

《2020年度 方針》

- 1 重大・公衆災害の防止
 - ① 「安全第一」に徹した安全衛生計画の策定
 - ② 組織的安全管理活動による重大・公衆災害の未然防止
- 2 快適な作業環境の形成
 - ① 職業性疾病と健康障害の防止と、心と体の健康維持向上
 - ② 高齢者、未成年者、年少者、女性作業員、未熟練工の「適正配置」
- 3 安全衛生管理水準の向上
 - ① 教育体系に基づく社員安全衛生管理能力向上教育の実施・指導
 - ② 協力会社事業主・作業員に対する安全衛生教育の実施・指導強化
 - ③ 特定元方工事における安全衛生統括管理能力の向上
- 4 海外関係会社の安全衛生管理水準の向上
 - ① 労働安全衛生マネジメントシステム運営状況の監査及び指導
 - ② 海外スタッフへ継続的教育の実施、安全に関する情報の提供

2020年 4月 1日
 株式会社 大気社 代表取締役 社長
 加藤 考二

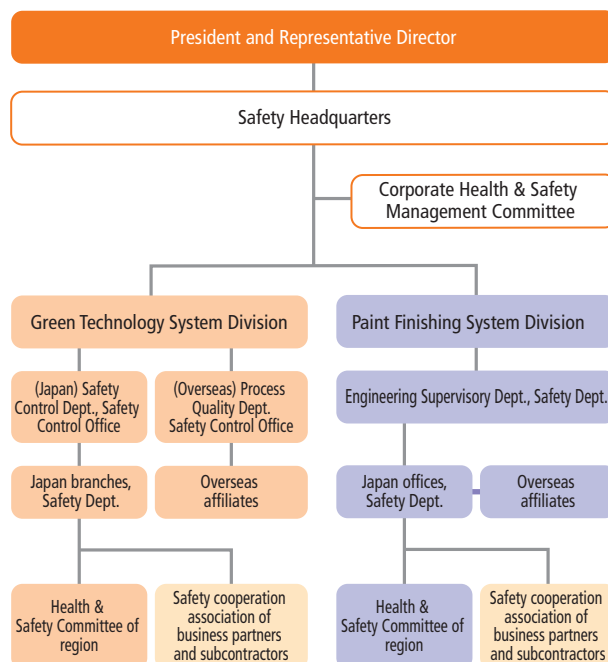
Health and Safety Management System and Activities

Taikisha has established its own Taikisha Occupational Health & Safety Management System with respect for human lives and a law-abiding spirit as its basic principle.

Taikisha has established the Safety Headquarters in its Headquarters and the Safety Control Department in each of its business divisions, and they support safety activities of Branch Offices and Offices while supervising and managing industrial safety of the entire group.



● Diagram of the System for Health & Safety Management

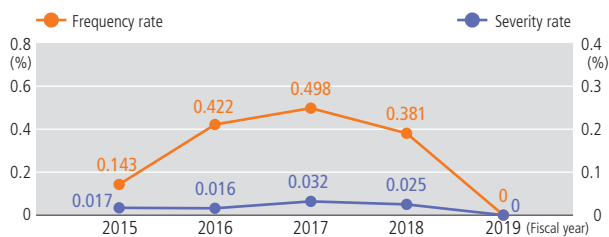


Monitoring of Safety Activity Results

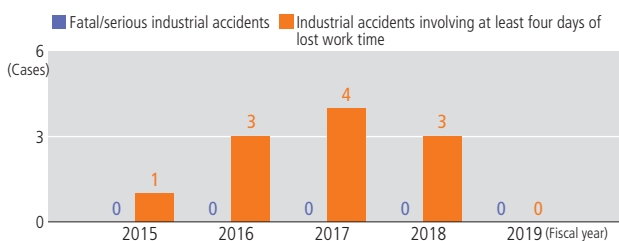
Taikisha measures and monitors the effects of safety activities by using a frequency rate that indicates the frequency of industrial accidents and a severity rate that indicates the severity of accidents as safety indicators. The transition of these indicators is as follows.

Frequency rate: This indicates the frequency of occurrence of industrial accidents, which is calculated based on the number of deaths and injuries due to industrial accidents (accidents involving at least four days of lost work time according to the criteria of the Ministry of Health, Labour and Welfare) per 1,000,000 cumulative hours worked.
Severity rate: This indicates the degree of seriousness of the accident, which is calculated based on the number of work-days lost per 1,000 cumulative hours worked.
Scope: Taikisha's construction sites (employees on a non-consolidated basis and subcontractors)

Frequency and severity rate indicators for the past five years in Japan

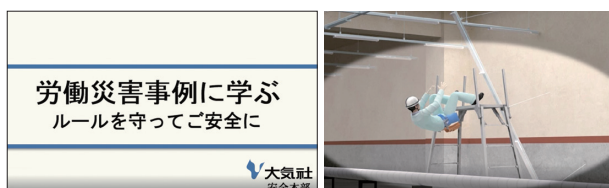


Number of industrial accidents occurred



Efforts for Accident Prevention

In FY2019, Taikisha created a video of past cases of accidents including fall accidents and started making it available for viewing to prevent similar accidents from occurring. Taikisha plans to make this video available also at overseas affiliates in the future.



Efforts for Improvement of Industrial Health & Safety Management in Overseas Affiliates

The Safety Headquarters audits each overseas affiliate once every two years to check whether its offices and workplaces conform to industrial health and safety management activities based on its OHSAS*.

* OHSAS: Abbreviation of Occupational Health and Safety Assessment Series. OHSAS refers to a standard for occupational health and safety management systems. It serves as a standard for building a management system for protecting the physical and mental health of people working in companies; its implementation enables an organization to continually improve its level of occupational health and safety.



Conferences and Safety Training by Inviting Overseas Local Staff

On an annual basis, engineering and safety staff of overseas affiliates are assembled in Japan to be provided with safety education, in an effort to improve their safety management skills.

(Safety education items for staff members of overseas affiliates)

- (1) Safety activity guidance
- (2) Presentation of safety activities of each country
- (3) Group discussion
- (4) Inspection of sites in Japan
- (5) Crisis experience training
- (6) Education on various safety management capabilities
- (7) Opinion exchange meeting, etc.



Voice



DONALD MARIA L. DATARIO
Taikisha Philippines Inc.
General Manager, Safety Dept.

Safety Initiatives at Taikisha Philippines Inc.

At Taikisha Philippines Inc., we conduct risk assessment on an ongoing basis, especially for the prevention of accidents during work in high places (including inside ceilings) as well as electrocution and fire accidents, and make workers mindful of the ban on any unscheduled work at all times.

◆◆◆ Safety targets set by Taikisha Philippines Inc. ◆◆◆

- (1) "Zero" lost work time due to accidents
- (2) Immediately resolve problems on the spot during safety patrols
- (3) Comply with laws and regulations related to industrial health and safety
- (4) Constantly manage industrial health and safety targets and the basics of industrial health and safety
- (5) Manage the health and safety of workers at all times
- (6) Make everyone recognize that practicing safety-first translates into family-first

Initiatives for Quality Improvement

Taikisha is continuously working on quality improvement to gain high reputation and trust.



Basic Policy of the Green Technology System Division

The Green Technology System Division has established the basic principle of quality policy: "We will continuously work on business process management and improvement amid changing social requirements and under the quality management system, aiming to achieve product quality that is free from Muda (wasteful), Mura (inconsistent) and Muri (unreasonable)." In addition, it has set out action guidelines for each business process and is conducting quality improvement activities.

Basic Policy of the Paint Finishing System Division

The Paint Finishing System Division has set out the following three quality policy initiatives based on the basic principle of the quality policy: "We will continue to provide paint systems that meet customers' needs and expectations to gain trust from customers and high reputation from society." In addition, it has created a checklist of the Quality Control (QC) Follow-up Sheet according to the flow of operations in the quality assurance system and is promoting quality control projects.

- ① Provide eco-friendly paint systems.
- ② Strive to improve technology, maintain and improve design quality, and enhance construction quality.
- ③ Increase productivity as a result of the above to reduce costs and meet customers' quality requirements.

Design and Construction Quality Improvement Activities

In the design process, Taikisha constructs a system by applying design policies based on client needs and examines them at the Design Review Meeting and the Examination Meeting, and hands them over to the construction division.

Before the commencement of a construction project, persons responsible at each of the sales, design, safety, quality, purchase and construction divisions work together, and at the Construction Policy Meeting and the Review Meeting, they identify risks regarding defective works and legal violations, the following six important quality control issues and other project-specific risks, and reflect the findings in construction plans.

- ① Prevention of water leakage in important functional rooms
- ② Prevention of cross connection
- ③ Prevention of leakage of oil, chemical solutions, and waste liquid
- ④ Prevention of lack of smoke exhaust air flow
- ⑤ Prevention of frozen coil
- ⑥ Prevention of stoppage of existing production facilities

Before starting construction, on-site managers, department and section managers and the quality department work together with a focus on the following five items.

- ① Review of design drawings
- ② Review of construction work instructions
- ③ Preparation of the rules for creating work drawings
- ④ Review of work drawings
- ⑤ Review of the specifications of delivered equipment

A construction quality inspection at construction sites involves self-inspection by subcontractors at each construction milestone and self-inspection by worksite managers, as well as quality inspection by the Engineering Dept. and Quality Control Dept. prior to construction, during construction and before the completion of construction. The status of correction of defects is checked periodically based on inspection records, and confirmation and follow-up on the status of correction are carried out until the correction is completed.

After the completion of construction, the fulfillment of design conditions is confirmed through trial-run calibration and performance verification, followed by an assessment at a project completion report meeting and the implementation of the PDCA cycle.

In addition, efforts are made to raise the standards of engineering employees through the preparation of quality standardization materials and the enhancement of periodic employee education.



On-site quality patrol

Efforts for Quality Improvement at Overseas Affiliates

In order to improve quality at overseas affiliates, candidates for executives of the affiliates are seconded to Taikisha to undergo education on basic technical capabilities and on-site practice, in pursuit of higher standards of employees of overseas affiliates.

Education policy	<ul style="list-style-type: none"> Develop human resources that are capable of giving guidance to local staff of overseas affiliates Learn methods of and approach to work in Japan and apply them in ways suited to overseas affiliates Learn quality control and performance management and apply them to overseas affiliates for the purpose of training candidates into prospective executives of overseas affiliates
Aim	Acquire skills at a level equivalent to worksite managers who manage projects amounting to around 100 million yen in Japan
Skills to be acquired	Level to pass Japanese-Language Proficiency Test N4 (language level equivalent to junior high school students/high school students) and qualifying exam for first-class plumbing management engineer
Content of education	<ul style="list-style-type: none"> Japanese language education (language, business etiquette, daily living and etiquette) Basic technical education (psychrometric chart, basic skills for pipework and ducts, etc.) Creation of working drawings using CADEWA software, on-site practical education (Experience at two sites in 18 months)
Training period	Two to three years

In FY2019, education started with the acceptance of two employees. In FY2020, Taikisha plans to accept eight employees to spread Japanese-style quality control among its overseas affiliates.



Japanese language education conducted in Japan targeted at candidates for executives of overseas affiliates

Voice



Tetsuya Imai
General Manager of Process Quality Dept.,
Osaka Branch Office,
Green Technology System Division

Creating easy-to-understand materials with the aim of improving technical capabilities, raising awareness of quality and providing on-site support

The Process Quality Dept. at Osaka Branch Office shares the results of quality inspections conducted at a site with members of the site, the Engineering Dept. and the Design Dept., and the Field Support Office established in

2018 checks and verifies materials for technical support operations before distributing them at the site.

In quality inspection, we do not merely communicate the inspection results and findings; we make sure that we can distribute and provide materials that not only spark interest in quality but are also visually understandable (comprehensible), to help improve the technical capabilities of young employees and subcontractors.

In technical support operations of the Field Support Office, we are mindful of providing high-quality materials for construction plans and construction work instructions, etc. so that those who have asked the Field Support Office for assistance will be glad to have done so. In order to facilitate the execution of operations of the Engineering Dept. and subcontractors at the site, we intend to take on all tasks as requested to the greatest extent possible. For this purpose, efforts are being made in the Process Quality Dept. to work out how to put the right people in the right jobs and develop a system that enables mutual support.

Column

Improved operational efficiency by division of labor and collaboration by utilization of tablets New landmark in Shibuya area: Shibuya Scramble Square

In August 2019, the construction of Shibuya Scramble Square was completed as a new landmark for the Shibuya area. This huge 47-story complex, which stands approx. 230 meters above ground, is home to commercial facilities on the middle and lower floors and offices on the higher floors. Taikisha undertook the air-conditioning system work on the higher floors.

At construction sites of late, the busy period tends to become longer because of shortened facilities processes and the increased workload for the person in charge of the site. These factors had made it impossible to secure enough time to check the progress and conduct self-inspections when necessary, giving rise to tasks that needed re-doing and leading to longer working hours.

In order to prevent such a situation from arising at Taikisha's construction sites, Taikisha built a system for conducting self-inspections at the appropriate time by turning inspections into a routine task. Taikisha also executed division of labor with respect to operations concerning on-site progress, installation, inspection and temporary materials and thereby reduced the workload for the person in charge of the site.

Furthermore, cloud and business chat tools were utilized through tablets, realizing improved efficiency in terms of information sharing and communication.

Such efforts have helped Taikisha win clients' trust. In future projects, Taikisha will focus its efforts on leveling out duties for the person in charge of the site and improving the efficiency of information sharing, and will further endeavor to ensure construction quality and improve productivity.



Shibuya Scramble Square

[Respect for Human Rights and Development of Human Resources] Labor Practices

Taikisha is striving to build an attractive company that provides job satisfaction to its employees.



Basic Policy on Human Rights

For Taikisha, respect for human rights is one of the top priorities as a company operating globally. In line with this policy, the Taikisha Ltd. Code of Conduct stipulates respect for basic human rights and says Taikisha shall not engage in behavior that would undermine individual dignity, such as discriminatory treatment and harassment. Taikisha respects international codes, such as the Universal Declaration of Human Rights, ILO Declaration on Fundamental Principles and Rights at Work, and Guiding Principles on Business and Human Rights. Taikisha endeavors to conduct business activities with consideration to human rights of all stakeholders, including employees and business partners.

Taikisha makes its policy regarding human rights known to all employees. In addition, it makes efforts to grasp conduct that goes against human rights through internal audits and the whistle-blowing hotline, and promptly takes appropriate responses.

Taikisha Ltd. Code of Conduct (abstract)

I. Principles of behavior

3. We act prioritizing contribution to customers, business partners, stockholders, communities/societies and global environment; and give proper consideration to employee rights

II. Standards of ethical conduct

1. Respect for basic human rights and maintenance of sound workplace environment

- (1) We respect basic human rights in corporate activities, and do not discriminate against any employee based on her/his race, religion, creed, origin, sex, disability, physical characteristics, age or other attributes that are not related to the business of our company.
- (2) At the workplace, we prohibit sexual and other harassment using hierarchical relationships or superiority of position, regardless of whether such harassment is intentional or not.

Corporate Culture Committee

The Corporate Culture Committee was set up in 1975 with the aim of creating an organizational culture that provides material and spiritual job satisfaction based on the spirit of mutual trust and cooperation among all employees. In this committee, the employees broadly exchange opinions about operational improvements or organizational revisions while researching, discussing, and planning in cooperation with related departments. It is engaged in activities to proactively incorporate employees' opinions and thoughts; for example, a person in charge of planning can request opinions from the committee if any important changes are made in the schemes related to employment treatment, such as labor regulations and others. In labor-management agreement, etc., the Chairman of the Group Culture Committee serves as the labor side's party entering into the agreement as a representative of the majority of employees.

Employee data (scope: non-consolidated)

Item		FY2017	FY2018	FY2019	
Number of employees (as of March 31)	Nonconsolidated	Male	1,314	1,297	1,302
		Female	164	175	181
		Total	1,478	1,472	1,483
	Consolidated	Domestic	1,679	1,669	1,685
		Overseas	3,155	3,160	3,098
Total		4,834	4,829	4,783	
Average length of service (years)		18.1	18.1	17.8	
Number of nonregular employees (as of March 31)	Fixed-time employees	87	89	84	
	Contract employees	87	92	89	
	Total	174	181	173	
Number of newly employed employees (from April 1 of the previous year to March 31 of the relevant year)	New graduates	Male	51	47	60
		Female	3	7	6
		Total	54	54	66
	Mid-career employment	Male	23	17	13
		Female	7	6	5
		Total	30	23	18
Number of new graduates retained		40 (newly employed in 2015)	44 (newly employed in 2016)	54 (newly employed in 2017)	
		34 (as of 2018)	40 (as of 2019)	48 (as of 2020)	
Retention rate of new graduates (%)		85.0	90.9	88.9	
Number of employees who left their job (from April 1 of the previous year to March 31 of the relevant year)	Mandatory retirement	26	27	23	
	Retirement for personal reasons	28	38	29	
	Total	54	65	52	
Number of re-employed employees after mandatory retirement		86	88	82	
Rate of re-employment after mandatory retirement (%)		87.0	91.3	89.5	
Employment rate of persons with disabilities (%)		2.23	2.14	2.27	

Harassment Prevention

Taikisha has a specialized consultation counter for workplace harassment (i.e., sexual, maternity, power and other types of harassment). Harassment is also addressed by handling reports made to internal and external reporting counters established by the Corporate Compliance Dept.

The consulter and informer are protected by Taikisha's Whistleblowing Rules and other similar rules. As soon as a matter is reported for consultation, Taikisha takes quick actions to resolve it. In training, Taikisha also engages in enlightenment activities to make its employees aware of the need for dialogue, the significance of prevention and resolution of issues, etc.

Basic Policy for Human Resource Development

Taikisha is an engineering company, and its best asset is its human resources. Human resource development and education is positioned as one of the most important management challenges.

There is a lineup of training schemes available in Taikisha to enhance its members' skills in managing projects and teams and communicating with clients, business partners, supervisors, colleagues and subordinates in addition to improving the expertise of individual employees. Training programs continue to be improved and developed so that they can help employees acquire the knowledge and skills they think they need, thereby providing target-oriented education.

With the aim of developing self-motivated human resources, Taikisha provides education to accelerate the development of professionals and leaders.

Human Development Vision

1. Develop human resources with high morals.

- They are able to conduct fair and just business activities using global perspectives while observing the norms of society, regulations and laws, and rules

2. Develop human resources who are capable of achieving goals and realizing the visions of organizations and individuals through their work

- They are highly creative
- They are cooperative and rational, and take action based on mutual trust

3. Develop human resources that can flexibly adapt to market changes

- They are able to handle operations on a global scale
- They are able to take on challenges to expand business fields

Support for Career Advancement and Acquisition of Certifications

Taikisha has introduced a career planning scheme as a framework to assist employees in pursuing medium/long-term growth and upskilling. Based on our Corporate Philosophy that "we aim to be a motivation-oriented company where the employees can demonstrate creativity and vitality through their work responsibilities," Taikisha will encourage employees to develop their abilities in a proactive manner.

Just and Fair Assessment

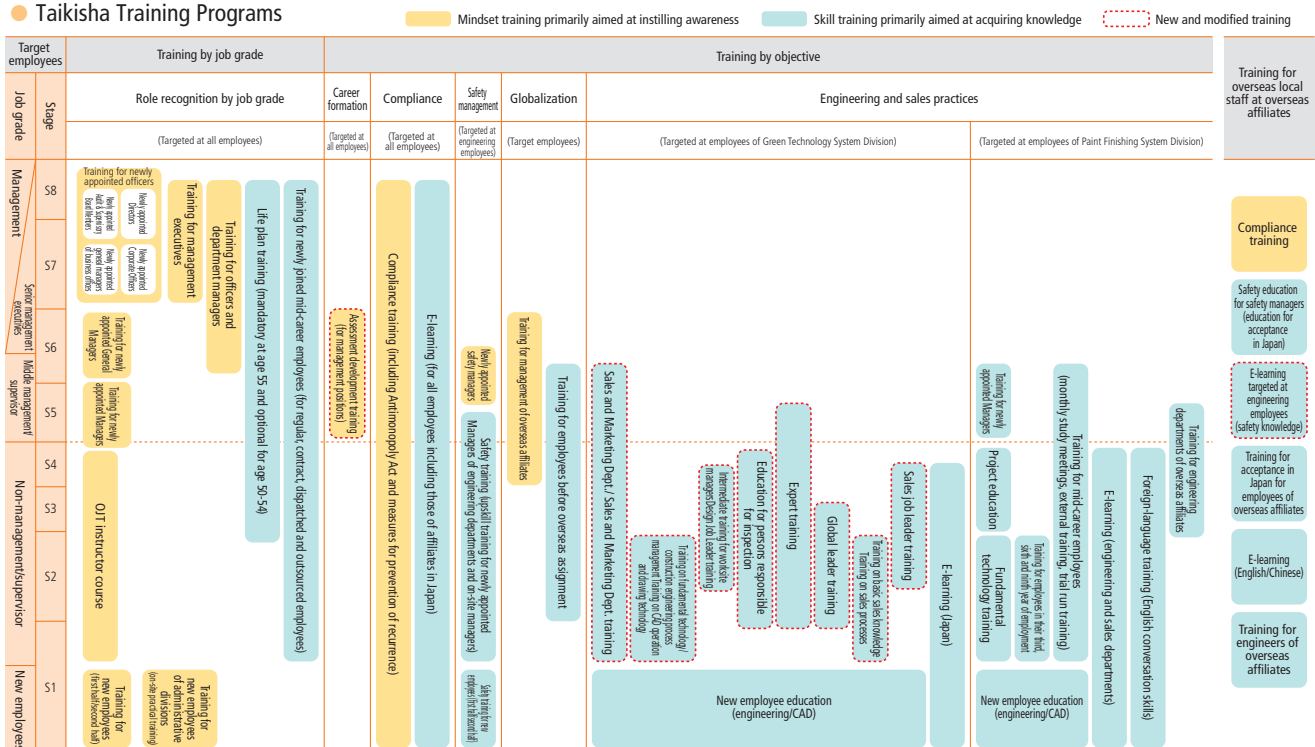
Taikisha's personnel assessment is conducted based on the philosophies of fair and transparent operations.

In performance evaluation, employees are assessed based on their abilities, motivation and conduct required for each employee and the degree of contribution to business performance. The results are given to employees as feedback, and this is expected to lead to enhanced human resource development. In particular, the evaluation of skills, which is one area of ability evaluation, is based on a clear and transparent definition of skills according to the grade and type of job.

At the beginning of the fiscal year, employees and their supervisors set job targets and individual growth targets through interviews and have a monthly dialogue, while being mindful of a monthly PDCA cycle to achieve the targets. By doing so, Taikisha nurtures employees and gives them guidance.

Evaluations at the end of the fiscal year are not limited to assessing employees based on numerical performance results alone, which an excessive achievement-based system tends to do; instead, employees are evaluated not only in view of how much they have boosted their capabilities relative to their individual long-term growth targets, but also by placing importance on how much they have contributed to the creation of added value that Taikisha seeks to generate for society, such as making efforts and demonstrating creativity repeatedly in tackling matters beyond their knowledge as a challenger with enthusiasm while getting others involved as well.

● Taikisha Training Programs



[Diversity of Human Resources and Work-Life Balance] Labor Practices

Taikisha is striving to build an attractive company that provides job satisfaction to its employees.



Basic Policy for Achievement of Diversity

For corporations, making efforts for diversity has become more important. Taikisha believes that sharing diverse perspectives and values helps an organization to respond to the changing environment and needs while creating a more attractive and pleasant work environment.

Taikisha's overseas affiliates have 3,098 employees of various nationalities, while its domestic organization also has 19 foreign employees from seven countries including China and South Korea as of April 1, 2020.

In the recruitment of new graduates in April 2020, 101 newly-hired employees included nine female employees and two foreign employees. Going forward, Taikisha will continue to engage in hiring activities without prejudice against any nationality, gender, or disability.

For the employment of disabled persons, Taikisha has been hiring disabled persons at a higher rate than the statutory employment rate. For example, Taikisha has been working on remote employment in collaboration with an Operator of a Designated Welfare Service Business for Persons with Disabilities in Kofu since May 2019. Disabled persons are hired by Taikisha directly and provided with a workplace and support by the Operator, realizing an environment in which they can work with peace of mind. Taikisha believes that its initiatives for diversity help secure superior human resources and increase its employees' motivation to work.

Promoting Career Advancement of the Overseas Local Staff

Taikisha is promoting the introduction of a global human resource system that will allow the transfer of staff between countries in the future, in order to facilitate the career advancement of overseas local staff across national boundaries.

This system defines the roles expected of employees to realize the Corporate Philosophy and enables just and fair evaluations and the appropriate level of compensation that reflects such evaluations.

The global human resource system has been introduced step by step since FY2014 and is operational in India, Indonesia, and Thailand as of April 2020.

Going forward, Taikisha will promote overseas local staff to key positions and transfer authority to them so that human resources of overseas affiliates will be sourced locally.

Re-employment after Mandatory Retirement

Taikisha is working on the active participation of diverse human resources also in terms of age, having introduced a post-retirement re-employment system. In FY2019, 17 out of 19 persons who reached mandatory retirement age opted for re-employment. Work and personnel treatment plans tailored to their life cycles are made available to them at Taikisha.

Promoting Women's Career Advancement

As part of Taikisha's efforts for promoting diversity at the workplace, Taikisha is working hard for career advancement for its female employees. It is indispensable to develop an environment in which all employees can pursue career advancement and fully demonstrate their individuality and abilities to make Taikisha an attractive company to its employees.

In 2016, Taikisha set its aim at increasing the ratio of female employees in managerial positions in the plan of action for general employers pursuant to the Act on the Promotion of Female Participation and Career Advancement in the Workplace, and has since been making gradual progress. In April 2019, Taikisha formulated a new action plan and announced its aim to double the number of female employees among new graduates hired compared to each of the past three years.

Going forward, Taikisha will not only proactively hire and train female employees but also further enhance its upskill training and systems to create a better working environment for female employees and step up support for women's career advancement even further.

Basic Policy for Improvement of the Work-Life Balance

Taikisha believes that work supports our livelihood and gives a sense of fulfillment and joy, but it is equally important to enrich our lives; a good balance between them doubles our sense of fulfillment and joy in life. Taikisha also believes that a good work-life balance increases the likelihood of securing, developing and retaining capable human resources.

To improve work-life balance, Taikisha introduced a telework scheme in April 2020, realizing flexible and diverse work styles.

System to Support a Good Balance Between Work and Childcare/Nursing Care

Taikisha has introduced various systems to help employees strike a balance between work and childcare/nursing care. Many of its systems offer more than what is required by law, and in 2019, Taikisha took out nursing care leave compensation insurance entirely at its expense and introduced a system that provides income protection covering approximately 80% of the salary of employees who take nursing care leave.

Furthermore, Taikisha has formulated a "plan of action for general employers" relating to employees' work and child-raising pursuant to the Act on Advancement of Measures to Support Raising Next-Generation Children.

Going forward, Taikisha will work on creating a workplace in which everyone can work with vigor and enthusiasm and advance their career by developing an environment in which male employees can participate in childcare and enhancing the nursing care support system.

● Childcare/Nursing Care Support System

Item	Taikisha Ltd.	Laws and regulations
Childcare leave	If the employee is the primary income earner, 30% of his/her base salary is paid	The employee may receive no pay
Short-working-hours system for childcare	Until the child finishes the third grade of elementary school (until March 31 of the applicable year)	Until the child reaches three years old
Time off for sick/injured childcare	Until the child finishes the third grade of elementary school (until March 31 of the applicable year)	Until the child enrolls in elementary school
Leave due to spouse giving birth	Up to three days of paid leave	—
Nursing care leave	Payment of nursing care leave benefits (approx. 67% of salary) plus approx. 13% of salary	Nursing care leave benefits (approx. 67% of salary)
	If the employee is the primary income earner, 20% of his/her base salary is paid	The employee may receive no pay
Time off for nursing care	Up to two days per week for a maximum of one year (approx. 104 days on a single-year basis)	Up to five days per year

● Status of Use of Support System and Paid Leave (Scope: non-consolidated)

Item	FY2016	FY2017	FY2018	FY2019
Number of employees on maternity leave	4	2	3	4
Number of employees on childcare leave	7	4 (including 2 male employees)	4 (including 0 male employees)	10 (including 3 male employees)
Ratio of employees who returned to work after childcare leave (%)	100	100	100	100
Retention rate 12 months after returning to work (%)	100	100	100	100
Number of employees who are using the short-working-hours system	21	22	23	21
Average paid leave taken by all employees (days)	6.0	7.0	9.1	10.3

Physical and Mental Health of Employees

Taikisha has set up the Taikisha Group Health Insurance Association and opened an online physical and mental health counseling service called Health Counseling Dial 24, through which it provides speedy and appropriate support to help employees and their family members eliminate any concerns and worries about physical and mental health. This is done through counseling given by specialized counseling staff who are experienced doctors, health nurses, nurses, registered dietitians, etc., 24 hours a day, 365 days a year. Concurrently with the introduction of the stress check system in accordance with the revised Industrial Health and Safety Act, Taikisha has established a mechanism that can provide employees with the opportunity to monitor their mental state and cope with stresses and support employees in doing so. Taikisha will continue to create a working environment based on the results of group analysis.

In April 2019, Taikisha introduced an interval system, which sets an eight-hour interval from the close of business to ensure that employees who worked long hours will have time to rest.

In October 2019, Taikisha adopted a Group Long Term Disability (GLTD) insurance scheme by bearing the cost of insurance premiums in full. Under the scheme, full-time employees below the age of 60 who take long-term leave to undergo medical treatment are entitled to income protection covering 80% of the standard monthly remuneration amount. Taikisha supports employees' early reinstatement to work by developing an environment in which employees can concentrate on their recovery while securing income similar to the level of take-home pay received when they were working.

● Mental Health Support

Prevention 1 Activities to protect the employees from mentally unwell conditions.

Internal training, etc. to raise awareness of the employees.

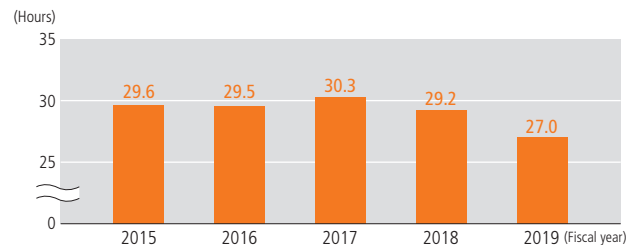
Prevention 2 Measures to find problems at an early stage and take prompt and appropriate actions.

Appropriate advice and instructions are given upon consultation or communication with the supervisors or the division leader of the person who is unwell. If needed, consultation is available for the employee.

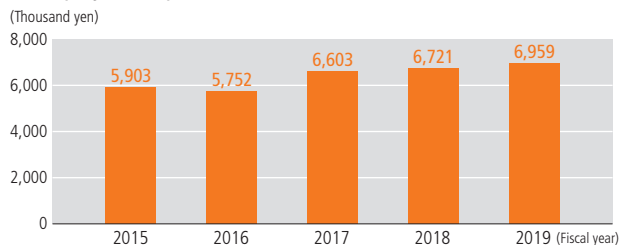
Prevention 3 Measures to precisely learn and manage symptoms in order to prevent them from becoming worse.

If an employee becomes unwell, the Personnel Administration Department at the Administrative Management Headquarters immediately responds, follows up and provides support until the employee can return to his/her work.

● Average overtime work per month/employee (scope: non-consolidated)



● Monthly net sales of completed construction contracts per employee (scope: non-consolidated)



Voice



Daichi Tagawa

Engineering Dept., Kyushu Branch Office,
Green Technology System Division

Taking childcare leave to support wife giving birth away from hometown

I took childcare leave for about one and a half months, starting in mid-June 2019. At the time, my wife and I had moved away from our hometown in Fukuoka Prefecture and been residing in Miyazaki Prefecture, where I worked, so we decided that my wife would give birth in Miyazaki Prefecture—not in Fukuoka Prefecture, where both of our parents lived. I took childcare leave, having been advised to do so by the manager of the site where I had been a resident employee at the time, as well as my boss and seniors.

I believe taking childcare leave enabled me to relieve my wife's concerns about giving birth and raising our first child in a place without family and friends, by being next to her and taking care of her mentally and physically. Cooperating with each other in child-raising upon the birth of our first child has been a precious experience for us as a married couple, allowing us to deepen our bond as a family.

Relationships with Business Partners

Taikisha promotes procurement activities based on the principle of fairness and justice.



Basic Policy for Procurement

Taikisha conducts procurement activities in accordance with the following basic policy based on the principle of fairness and justice.

- Compliance with laws and regulations and the spirit thereof
- Reasonable selection of business partners and proper transactions therewith
- Management of confidential information
- Concern for resource protection and environmental conservation
- Promotion of trusting relationships with business partners, etc.

Business Partner Selection System

In order to conduct fair and just transactions, Taikisha has set a basic principle of asking more than one business partner to submit a quote. It then selects business partners based on the evaluation of purchase quality (specifications, performance, delivery time, price, etc.). Price negotiations are carried out based on reasonable grounds (past performance, etc.).

Management of Confidential Information

Taikisha strictly manages confidential information, personal information, and client information in accordance with the Information Security Regulations. In order to prevent information leakage, Taikisha requires business partners to make a written pledge on prevention of confidential information leakage, serving as an alert to them to handle such information carefully.

Coordination with Business Partners

In order to maintain and continue favorable relationships with business partners, Taikisha holds a liaison workshop with business partners. There, participants study to learn about revisions of laws and regulations related to business transactions, check points to keep in mind, and deepen mutual understanding about a work flow that accommodates changes in society. In FY2019, Taikisha held nine liaison workshops in total targeting approx. 300 companies consisting of equipment contractors in Tokyo, Osaka, Chubu, Sapporo, Tohoku, Kyushu, and Hiroshima.

Exclusion of Anti-Social Forces

Taikisha ensures no anti-social forces are involved in its operations and refuses any request from anti-social forces according to the Taikisha Ltd. Code of Conduct. Taikisha also forbids the employees from having any involvement with anti-social forces. In order to clarify the exclusion of any relationship with anti-social forces from transactions with all business partners, Taikisha signs basic agreements and individual agreements with its business partners that include a clause to exclude anti-social forces. Taikisha signs transaction agreements with new business partners only after it has confirmed that they have no relation with anti-social forces.

Award of "Excellent Green Procurement Company"

Since FY2011, Taikisha has been granting an award annually to its business partners deemed as excellent companies for having made significant contributions to green procurement and engaged in environmental activities proactively of their own accord, in order to further promote green procurement activities. Upon the presentation of the award, Taikisha conducted an environmental activity survey on business partners, and selected an "Excellent Green Procurement Company" for FY2019 in consideration of the results of the environmental management system (EMS) assessment.



Global Procurement Activities

Taikisha has constructed a system for sharing procurement data of the overseas affiliates to visualize the supply chain and optimize procurement. Taikisha periodically checks the status of execution of agreements with overseas business partners to ensure timely and appropriate fulfillment of agreements.

Contributions to Community

Taikisha is conducting activities to contribute to the community as a member of society (corporate citizen).



Basic Policy

Under the Taikisha Management Vision, Taikisha positions the community and society as important stakeholders and proactively promotes activities to respect culture and customs as well as contribute to their development in addition to participation in community and social contribution activities.

Taikisha is conducting various activities toward resolution of issues faced by communities and society and their development as a member of society (corporate citizen) that builds a favorable relationship with communities and society and coexists harmoniously with society.

Social Contributions

Supporting India's Hospital Train: LIFELINE EXPRESS

Since 2017, Taikisha Engineering India Pvt. Ltd. has been supporting LIFELINE EXPRESS—a project run by non-governmental organization Impact India Foundation—as part of its social contribution efforts. The project involves visiting farming villages and other remote areas on a mobile hospital train equipped with testing equipment and surgical facilities and providing medical care to local residents free of charge. In recent years, Taikisha Engineering India has sponsored a project to run the train to Mirzapur, a northern rural district in India, to provide such services as cataract surgery, dental checkup, speech therapist's diagnoses and epilepsy examination. Taikisha Engineering India plans to continue proactively supporting the project into the future.



Inside the train

Community Contribution Activities

Bread & Baked Confectionery Sales Event Held inside Head Office

In February 2020, Taikisha hosted an in-house event for Shinjuku Hukushi Sagyouso to sell bread and baked confectionery made by its members to Taikisha's employees in its head office. Eating bread and baked confectionery made at Shinjuku Hukushi Sagyouso, which is one of the facilities for assisting the employment of disabled persons in Shinjuku Ward, contributes to job assistance at the facility.

From the viewpoint of reducing food waste, bread was sold on the basis of pre-booking. On the day of the event, baked confectionery such as rusk and muffins were made available for sale. Given that it was the first time for such an event to be held in Taikisha, a generous amount of baked confectionery had been prepared, only to be sold out in 30 minutes after the opening of the stall—as such, the bread and baked confectionery sales event ended in great success.

Having also set up a café space next to the stall during this event, employees enjoyed communicating with each other more broadly across different job ranks and departments.



(Other activities of business offices in Japan)

- Osaka Branch Office: Donation of calendars and pocketbooks to Hokkaido UNICEF Association
- Tohoku Branch Office: Participation in "Hirosegawa River 10,000 People Project" (general cleanup of the Hirosegawa River basin, etc.)
- Chubu Branch Office: Collection of PET bottle caps for ECOCAP and collection of goods for Eihokai
- Kyushu Branch Office: Collection of PET bottle caps for ECOCAP and collection of used stamps

Voice



Chiara Pasetti

Geico S.p.A.
Senior Manager, Corporate Identity

Initiatives at Geico S.p.A.

Geico S.p.A. ("Geico"), which is in alliance with Taikisha, believes that it has a significant role to play in not only making an economic contribution but also fulfilling its social responsibility as a member of the region and the community.

Geico has held events for locals, established Italy's first corporate library and taken other such measures to collaborate with the local community. It aims to create a virtuous cycle for the community and society, by being an "open company" to the region and society.

Geico also strives to support the activities of non-profit organizations on an ongoing basis. For the second consecutive year, its employees engaged in single-day volunteer activities called "Wish Challenge" in cooperation with Make-A-Wish International, a global volunteer organization whose mission is to fulfill the wishes of children struggling with intractable diseases. Employees who participated in the program conducted activities to fulfill the wishes of seriously-ill children, bringing smiles to their faces.



Wish Challenge event

Involvement with Shareholders and Investors

Taikisha discloses financial data and management information to its shareholders and investors as a company with higher level of transparency.



Information Disclosure Policy

Taikisha promptly discloses important information regarding Taikisha based on the transparency, fairness and consistency stated in the Taikisha Management Vision: "Conduct businesses appropriately under free and fair competition in compliance with laws and the spirit thereof; contribute to customers/business partners, shareholders, employees, communities/society and the global environment with transparency and integrity."

Basic Policy for Shareholder Returns

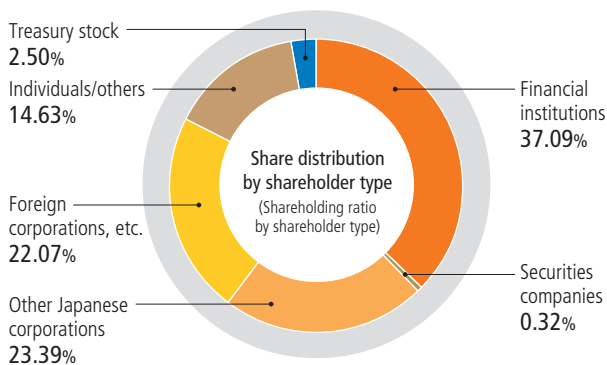
Taikisha considers providing shareholder return through dividend payouts to be one of the top-priority measures, and strives to pay stable dividends and target a consolidated dividend payout ratio of 35%.

Stock information (as of March 31, 2020)

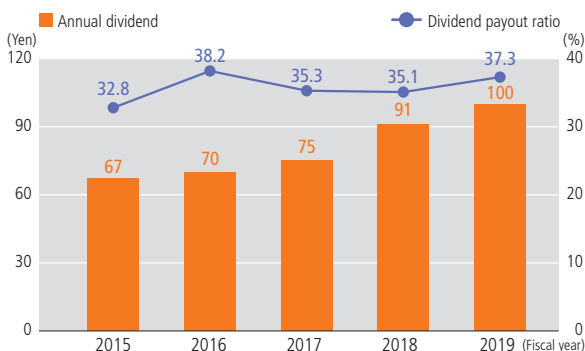
Number of shares authorized: 100 million (100,000,000)

Number of shares issued: 35,082,009

Number of shareholders: 3,169



Transition in annual dividend and dividend payout ratio



Dialogue Status

In addition to the Annual Shareholders' Meeting in June, year-end and half-year financial results briefings are held in May and November. Also, company information sessions take place irregularly but several times a year for individual investors.

In FY2019, Taikisha held financial results briefings for 19 companies (24 participants) in May and for 14 companies (16 participants) in November. In addition, Taikisha participated in the "Company Briefing Session for Individual Investors" in September and "NOMURA IR FAIR 2019" in December, hosted by Nomura Investor Relations Co., Ltd.

Information Tools

Taikisha produces the following publications and distributes them to its shareholders and investors: Shareholder newsletters (issued in June and November) and Annual Reports (issued in August).

On Taikisha's website, PDF files of the publications are made available to the public, as well as items disclosed at the Tokyo Stock Exchange such as earnings releases, annual securities reports, quarterly securities reports, mid-term business plans, materials for financial results briefings, and a Fact Book.

External Evaluation

Information given via Taikisha's website is highly acclaimed by external organizations. Taikisha received the Best Corporate Website Award in the "All Japanese Listed Companies' Website Ranking 2019" by Nikko Investor Relations Co., Ltd.

In addition, Taikisha was adopted as a constituent of the Somo Sustainability Index managed by Somo Asset Management Co., Ltd. for the third consecutive year. Taikisha's addition to this index, which places importance on the ESG (environment, social and governance) evaluation by research firms, reflects its continuous engagement in ESG efforts.

