

Human Capital

Through development and utilization of human resources, Taikisha Group exploits the capabilities of each employee as an individual for the Group's sustainable growth.



Promoting human capital management that supports transformation and growth, we will evolve into a company that creates new value.

Representative Director, Executive Corporate Officer, Chief Executive, Administrative Management Headquarters

Yasushi Nakajima

Towards a More Comprehensive Human Resource Strategy and Stronger Human Capital

The greatest asset of an engineering company such as Taikisha is people. Under one of the basic policies in our Mid-Term Business Plan (from FY2022 to FY2024) to strengthen management base that supports transformation and growth, we are working to create an organizational culture that fosters innovation, improve employee engagement, and systematically develop human resource value by developing and securing human resources to achieve our management strategies from a long-term perspective, promoting diversity and inclusion (D&I), and developing the internal environment that goes along with these initiatives.

Despite numerous challenges, such as the application of overtime work restrictions in the construction industry starting from April 2024, and chronic labor shortages, we will accelerate our promotion of "securing innovative talent and global talent" and "developing engineering capabilities," which are directly linked to our corporate strategy. We will also disclose KPIs on leveraging investment in human capital to enhance corporate value.

Looking Back on the Mid-Term Business Plan

As part of our commitment to "developing and securing human capital" described in the Mid-Term Business Plan, we are working to maximize the potential of our human resources by prioritizing the construction of a foundation based on an human resource strategy and a system for visualizing human capital.

Specifically, we have broken down our talent requirements (business administration, global perspective, engineering) and, as one of the measures for our HR strategy, launched a management candidate development program that enhances candidates' management knowledge and sharpens their management instincts. We will use this opportunity to refine our highly specialized human resources certification system to constantly produce professional talent.

Furthermore, to support individual autonomy, we started an internal recruiting system and an overseas trainee system. Going forward, we will enhance our reskilling programs, including those for language, DX, and IT training. Although Taikisha's human capital management is still in its early stages, the culture of embracing challenges seems to be gradually taking root.

Energizing Global Communication

The Company has handled overseas projects for over 70 years, and has approximately 3,150 employees in various countries outside Japan. With this background, in order to rapidly develop talent capable of expanding our global business, we have introduced an overseas trainee program and are dispatching young employees to our overseas sites.

This fiscal year, we also established the Global HR Strategy Office directly under the Administrative Management Headquarters. To enable our overseas affiliates to operate more autonomously and effectively, we will support them in building human resource strategies and the developing talent. We will also improve our human resource training programs, human resource systems, and training for successors who will undertake management roles to further promote globalization.

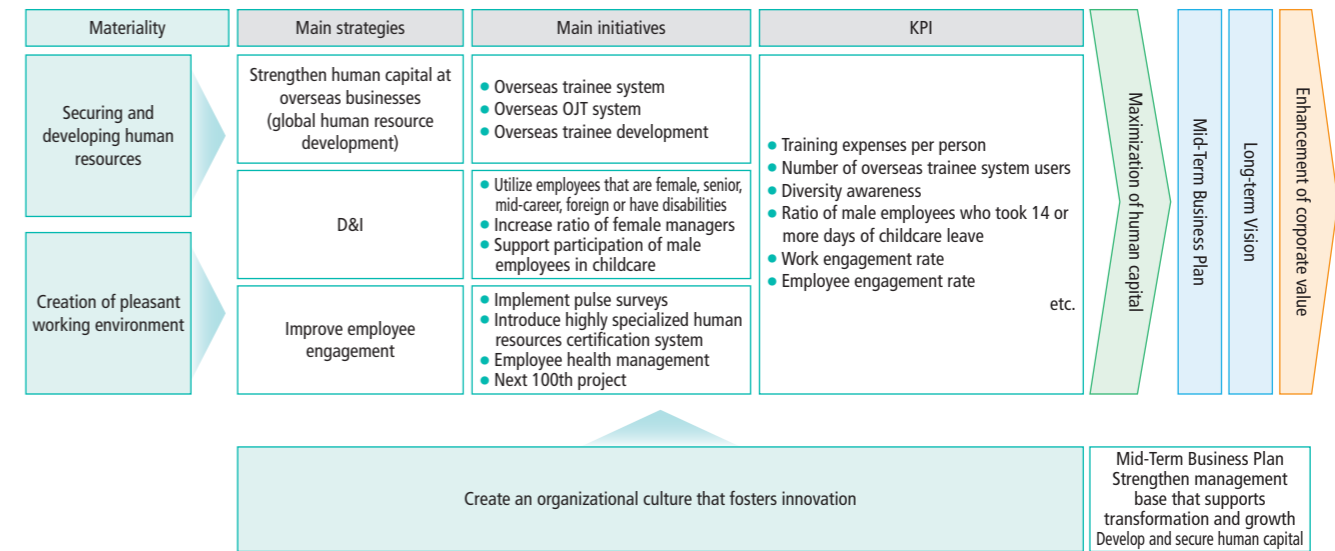
Promoting D&I to Foster a Culture that Embraces Challenges

Last fiscal year, we established the Diversity & Inclusion Promotion Section, and are intensifying our efforts to improve workplace environments and leverage our unique diversity based on the president's message of "promoting D&I to become an organization that fosters innovation by embracing challenges." We aim to cultivate an organizational culture where diverse talents can fully realize their individual capabilities. To this end, we are working to enhance work-life balance and company environments through initiatives such as improving ease of work for female employees, increasing motivation for managerial appointments, providing support for childcare and nursing care, promoting employment of people with disabilities, and boosting morale among senior employees. As part of our initiatives to encourage taking on challenges, we will provide opportunities for employee growth by further enhancing systems that enable employees to actively pursue their own career development. We also aim to improve employee engagement by taking employees' voices into account and advancing initiatives together.

Going forward, Taikisha will continue to embrace challenges without fear of change as we work to "establish a company which can continuously grow and contribute to the society" and "establish an attractive company."

Outline (Plan) and Roadmap for Achieving Goals

Below are shown our main strategies and measures for maximizing human capital, along with their relationship to the KPIs we have set.



Indicators and Targets for Human Capital Management

| Indicators | | | | |
|--|--|------------|----------------|--|
| Item | Unit | FY2024 KPI | FY2023 Results | |
| I. Development | | | | |
| Training expenses per person | Thousand yen | 200 | 67 | |
| Career plan creation | % | 100 | 100 | |
| Number of overseas trainee system users | People | 3 | — | |
| Career development ^{*1} | % | 47.5 | 41.6 | |
| Feedback on work ^{*1} | % | 65.0 | 62.0 | |
| II. Engagement | | | | |
| Work engagement | % | 65.0 | 62.0 | |
| (1) Curiosity and excitement about work ^{*1} | % | 55.0 | 50.2 | |
| (2) Culture of courageously embracing challenges ^{*1} | % | 75.0 | 73.7 | |
| Employee engagement | % | 65.0 | 64.4 | |
| III. Flexibility | | | | |
| Number of new graduates hired | People | 97 | 90 | |
| Ratio of mid-career hires | % | 29.0 | 22.7 | |
| Employee turnover rate excluding retirees | % | 2.2 | 2.2 | |
| Turnover rate of new graduates in 3rd year of employment | % | 14.0 | 14.9 | |
| IV. Diversity | | | | |
| Diversity awareness ^{*1} | % | 70.0 | 68.0 | |
| Female employees | Ratio of employees who took childcare leave | 100 | 100 | |
| | Ratio of employees who returned to work after childcare leave | 100 | 100 | |
| Male employees | Ratio of employees who took 14 or more days of childcare leave | 50.0 | 35.4 | |
| | Ratio of employees who returned to work after childcare leave | 100 | 100 | |
| Ratio of employees who took paid annual leave | % | 70.0 | 68.3 | |
| Ratio of female managers in managerial positions | % | 3.2 | 3.2 | |
| Ratio of employees with disability | % | 2.70 | 2.68 | |
| Number of employees employed under overseas company presidents | People | 4 | 3 | |
| V. Health and Safety | | | | |
| Certified Health & Productivity Management Outstanding Organizations Recognition Program (White 500) | Obtained | Obtained | Obtained | |
| Stress check examination rate | % | 100 | 97.4 | |
| Performance exhibition rate ^{*2} | % | 75.0 | 74.5 | |
| Occupational accident rate | Frequency rate | — | 0.23 | |
| | Severity rate | — | 0.005 | |
| VI. Compliance | | | | |
| E-learning attendance rate | % | 100 | 100 | |
| Pledge submission rate | % | 100 | 100 | |

*1. Calculated based on the percentage of affirmative responses to the relevant factors in the engagement survey conducted by the Company.

*2. Self-evaluation for the past four weeks, with performance rated as 100% when not ill or injured.

Basic Policy for Human Resource Development

As-is: One of our top priorities is “securing and developing human capital.” To this end, we are focusing on developing management leaders and professional talent. In our management candidate development program, we aim to improve candidates’ practical decision-making skills by cultivate the management knowledge and strategic thinking that the next generation of leaders require. Moreover, we utilize our highly specialized human resources certification system to promote the development of high-level human resources with specialized knowledge and skills.

To-be: In working to realize our Long-term Vision, we position human capital as a crucial element in our competitive advantage, and we aim to further leverage the diversity of our human resources going forward by fostering a free and open corporate culture. We will enhance workplaces that encourage tackling challenges, promote systems that make growth palpable, and systematically develop management leaders and professional talent. Additionally, we will establish mechanisms that support autonomous learning and growth and thereby increase our corporate value.

Global Human Resource Development

Taikisha currently has 28 overseas consolidated subsidiaries in 19 countries and regions. As of June 30, 2024, the number of non-consolidated domestic employees stands at 1,985, which is dwarfed by our non-consolidated international workforce of 3,157 employees. In line with this trend towards globalization, we are working to enhance the management and technical skills of our national staff, aiming to establish an integrated system that can locally handle all operations, from sales activities to design, procurement, construction activities, and customer service.

Additionally, we are gradually transitioning to localized management structures, having appointed national officers as the presidents of our subsidiaries in the U.S. in 2021, and in Indonesia in 2024. Building on their existing expertise and operational knowledge and skills, our national staff aim to management their organization based on business strategies they devise themselves. To ensure appropriate decision-making and practical results, we will continue to promote long-term and strategic training.

Moreover, to ensure reliable profits from our overseas operations and ensure sustainable corporate management, it is necessary to improve the functions and efficiency of the internal systems and operations involved in our international business. Going forward, we will progressively develop human resources at various levels and, by promoting exchanges between subsidiaries, transform activities that have traditionally been limited to “points” and “lines” into broader “area”-wide activities across regions, in order to raise employee awareness and improve the efficiency of organizational operations.

Furthermore, we will review the roles and abilities required for not only national staff but also Japanese employees, and focus on enlightenment and training activities to enhance the motivation and abilities of each individual.

Global Management Training

Taikisha conducts training programs aimed at developing management personnel who can demonstrate leadership and practical skills from a global perspective.

In FY2023, we conducted an approximately eight-month-long training program with a total of 15 members, consisting of 10 individuals from overseas sites (including 5 national staff) and 5 from Japan. The trainees covered a wide range of topics, including management concepts for the future, designing business systems that create new value, and research on the direction of the national economy and industries. An active exchange of ideas took place.

Overseas Trainee Development

At our overseas sites, we aim to enable local national staff to directly mentor team members. To this end, we invite management executive candidates to Taikisha headquarters for a two-year training program.

The training includes not only language skills but also classroom learning, practical CAD training, and on-site training.

Comment from a Trainee

At our facility in Thailand, we provide support for various aspects for work, including calculating the capacity of air conditioning and ventilation systems, and creating drawings for piping and ductwork. In Thailand, where the weather is hot all year round, cooling capacity is the most important aspect of air conditioning. However, in Japan, we must also calculate heating capacity. I’m keen to gain as much knowledge on these topics as I can.

In daily life, I struggle with the Japanese language, but my studies are interesting, and everyone helps me when I get stuck, which makes every day enjoyable. In my training, I aim to gain a mastery of specialized knowledge in air conditioning systems for cleanrooms that handle pharmaceuticals and other products, so that I can design them in Thailand.



Attapol Nakkul
Taikisha (Thailand)

Overseas Trainee System

In FY2024, we introduced our overseas trainee system. Under this system, junior employees are dispatched to overseas sites in order to rapidly develop talent capable of expanding our global business. This system is linked to our effort to “develop and secure human capital” described in the Mid-Term Business Plan, and aims to encourage employees to take up challenges, and to invigorate personnel and organization dynamics. In the first term, two participants have been dispatched on a training program that will last about seven months.

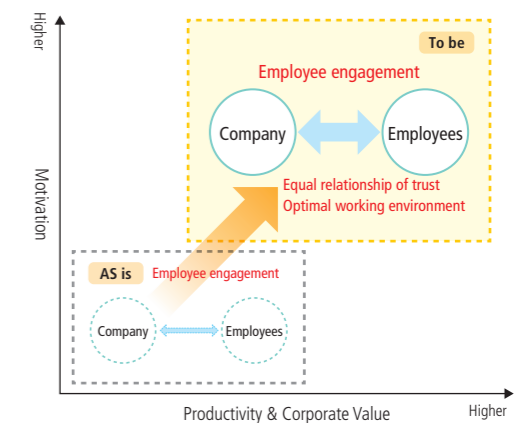


Participants felt reluctant to return to Japan after spending such a fulfilling time in India.

Basic Policy on Improving Engagement

As-is: To create a workplace environment where each employee is healthy and finds fulfilment in their work, we will continue to make use of the pulse surveys introduced this fiscal year. In doing so, we aim to deepen mutual trust among employees and promote the creation of a workplace where each employee can exhibit their full potential. Additionally, as part of our effort to create an organizational culture that fosters innovation, we are implementing a career development system that promotes work-life balance while allowing employees to get a sense of their own growth.

To-be: Due to the diversification of human resources and changes in values, the relationship between companies and employees is shifting from a mutually binding model (binding and being bound) to a mutually selective model (choosing and being chosen). Consequently, companies must continue to be chosen and fully harness their employees’ capabilities. At Taikisha, we are committed to respecting the individuality and values of each employee and creating workplace environments that foster motivation to take on new challenges. By doing so, we aim to further increase employee engagement and thereby improve overall corporate productivity.



Implementing Pulse Surveys

We introduced monthly pulse surveys in 2024 with the aim of improving employee engagement. Previously, we had conducted engagement surveys in the form of stress checks, and shared group analysis results with management to improve workplace environments. However, the new pulse surveys dive deeper into factors specifically related to engagement. This will help to effect more concrete management changes, and aid in planning and implementing HR initiatives. Company-wide results will be published internally after each pulse survey, helping to invigorate internal communication.

The response rate of surveys exceeds 90% every time. Overall, the results for aspects such as “how time is spent after work,” “consulting with supervisors,” “pleasant workplace,” “work environment,” and “motivation for work” have been favorable. However, it was evident that there may be employees who have concerns about career management for the future.

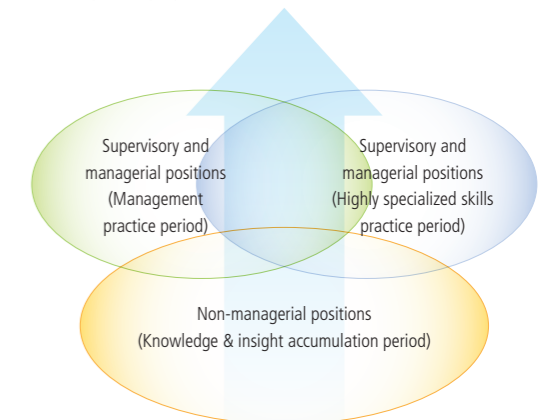
In light of these results, we will intensify our efforts to implement career development initiatives that are satisfactory to employees.

Certification of Highly Specialized Human Resources

Amid the rapidly changing business environment, Taikisha believes that it is necessary to differentiate from others by leveraging specialized technologies as strengths and evolving into an enterprise that creates new value. Consequently, we have introduced our “highly specialized human resources certification system,” a framework designed to ensure the perpetual succession of “Taikisha, the Technology Company.”

This system aims to realize our career development policy, which is that “Each employee should be professional and have high market value.” Certification will be tied into employee motivation initiatives to position it as an attractive career milestone.

Positioning of Highly Specialized Human Resources



In conjunction with our management candidate development program, the system certifies professionals who possess high technical skills and specialized knowledge. We will continue our efforts to foster a corporate culture in which such “highly specialized human resources” can fulfill their capabilities.

Health Management

As human resources supporting the Company’s growth, employees as one of the most important management resources. The Company therefore recognizes maintenance and improvement of mental and physical health of employees as one of the most important management issues. Accordingly the Company announced a Health Management Declaration in 2020, and been selected under the Certified Health & Productivity Management Outstanding Organizations Recognition

Program (White 500) for four fiscal years in a row since FY2021. To maintain and promote healthy minds and bodies among employees, Taikisha is proceeding under a system in which the Chief Executive of the Administrative Management Headquarters is responsible for promoting health management measures, and the Diversity & Inclusion Promotion Section plays a central role. To improve employees’ lifestyle habits and health awareness, Taikisha also works to plan, implement, evaluate, and improve various initiatives such as smoking cessation support programs, walking events, and health seminars.



Promotion of Health Management

Basic Policy for Diversity & Inclusion

As-is: Under the president’s message of “promoting D&I to become an organization that fosters innovation by embracing challenges,” we are working to improve our workplace environment while leveraging the unique diversity we have cultivated over 70 years of global operations. In addition, we are undertaking initiatives to improve ease of work and motivation to work by supporting work-life balance through the promotion of active roles for female and senior employees, promoting employment of people with disabilities, and providing support for balancing work with childcare and nursing care.

To-be: Looking ahead to the next 100 years, we believe that promoting D&I is essential. In addition to age, gender, nationality, and disability, we respect and acknowledge deep-level diversity attributes that cannot be identified by appearance, such as career, skills, values, and lifestyles. We strongly promote initiatives that leverage the strengths of each individual, aiming to create a culture that fosters innovation and generates new value.

Creating an Organizational Culture that Fosters Innovation

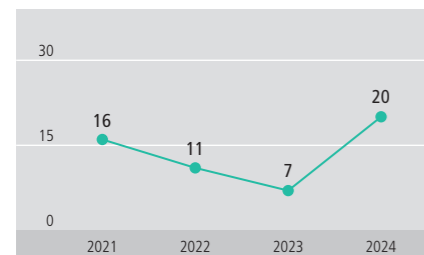


Securing Human Resources and Improving the Internal Environment

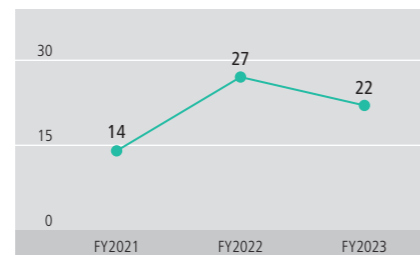
Taikisha creates recruitment plans based on a long-term business plan and forecasts of employee age demographics, and actively engages in recruitment activities. To minimize talent outflow, we identify and analyze former employees’ working conditions and reasons for leaving, and

implement measures to improve the internal environment. To strengthen the response of our domestic organizations to globalization, we facilitate exchanges such as assignments and short-term deployments from overseas sites to Japan, in addition to hiring new graduates and mid-career professionals with a focus on international students in Japan.

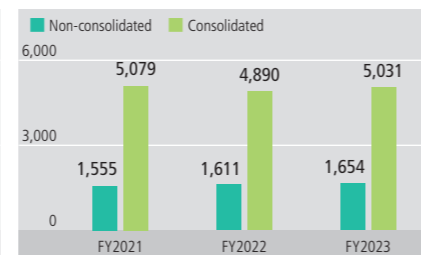
● Number of New Female Graduates Hired



● Number of Mid-Career Hires



● Number of Taikisha Group Employees



*Figures as of March 31 for each fiscal year

*Figures as of March 31 for each fiscal year

Promoting Women’s Career Advancement

As part of Taikisha’s efforts for promoting diversity and inclusion at the workplace, Taikisha is working hard for career advancement for its female employees. Taikisha revised its action plan for general employers under the Act on the Promotion of Female Participation and Career Advancement in the Workplace in April 2022. Taikisha has set a target for the ratio of female workers in managerial positions to at 3% or more, using the average value in the construction industry in 2021 as a benchmark, and has achieved 3.3% as of April 2023. To ensure the appointment of female managers, the Company plans to conduct training for female managerial candidates, targeting not only female employees but also their supervisors, to create an internal and external environment conducive to pursuing managerial positions.

In terms of female executives, two women were appointed as an Outside Director and an Outside Audit & Supervisory Board Member at the FY2023 Shareholders’ Meeting. By facilitating interactions and support with female executives, we aim to further enhance the motivation of female employees, increase the proportion of women in management positions, and ultimately produce female directors from within the Company.

Systems to Support Work-Nursing Care Balance

Taikisha has introduced various systems to help employees strike a balance between work and nursing care. The Company has put in place systems that exceed legal requirements, including a system for compensating approximately 80% of salary of employees taking nursing care leave covered by the nursing care leave compensation insurance whose premium is fully paid by the Company, and a system that allows

employees taking nursing care leave to use accrued paid leave from the last ten years for nursing care leave within the limits set by law. In addition, company-wide awareness activities are conducted through training sessions that emphasize the importance of preparing in advance for future caregiving needs and provide key points for balancing work with caregiving.

Systems to Support Work-Childcare Balance

As part of Taikisha’s action plan to create a work environment where all employees can balance work and childcare and exhibit their full capabilities, the Company promotes the uptake of childcare leave among not only female but also male employees. In terms of childcare benefits for men, Taikisha goes beyond legal requirement and has introduced its own system that allows the use of accrued paid leave from the last ten years for both childbirth leave and childcare leave for men. Regarding the duration of leave, we aim for 14 days or more in order to foster good relationships with partners and improve family well-being.

Workplace Changes and Male Participation in Childcare

In FY2023, Taikisha’s male paternity leave uptake rate was 77.1% for childbirth leave and 58.3% for childcare leave, significantly higher than the previous year, achieving the government’s target of a 50% male parental leave uptake rate by 2025 ahead of schedule. We view these results as an indication of a deeper understanding among employees about taking leave or childcare leave. Going forward, we will work to create and enrich environments where all employees can participate in childcare, while also building workplaces that are easy to work in.

Long-Term Strategy Development Project: Next 100th

Led by the president, the long-term strategy development project “Next 100th” was launched to envision how Taikisha should be in 2040 in order to survive for next 100 years. With 2040 as reference point, we began working in 2023 to envision the ideal state of the Company and formulate the necessary long-term plans.

While Taikisha has a management succession plan in place, we believe that it is necessary to plan one generation ahead in developing human resources capable of viewing the Company with a long-term management perspective. Therefore, mid-career employees in their 30s and 40s, who are likely to be the next generation of major company leaders, are participating in this project.

In discussing long-term strategy, our aim is not only to involve executives but also to incorporate ideas from the next generation. We seek to engage employees who have traditionally not been involved in management to consider from a management perspective what kind of company they want to create.

In the FY2023 project, mid-career employees presented at a free discussion session for executives, where all participants exchanged opinions. The results of the project are expected to be reflected in the next Mid-Term Business Plan.

