

Outside Expert Opinion

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Exceptionally praiseworthy accomplishments

First, the Takuma Group summarizes its stance toward achieving sustained growth by resolving social issues and increasing corporate value based on CSR management in an easy-to-understand manner in its Corporate Profile & CSR Report 2017. In this way, it fulfills its responsibility to explain its operations to all stakeholders in an appropriate manner.

Second, the message from top management outlines the manner in which the company will facilitate the expansion and development of its business by diligently pursuing its 11th Medium-Term Management Plan (FY2015 to FY2017) in order to achieve sustained growth in line with its Management Principles and by pursuing its goal of achieving ordinary income of JPY 10.0 billion in FY2020.

Furthermore, it is praiseworthy how the company has set forth the Company Motto, Management Principles, Takuma Group Ethics Charter, and Takuma Group Code of Conduct as the basis for CSR management and how it is fulfilling its social mission through its business by ensuring that all employees strive to put those ideals into practice to cultivate a robust corporate culture.

Third, the corporate profile's "Corporate Information," "Business Summary," and "The Takuma Group Network" sections provide concise explanations of the environmental energy, package boiler, and equipment and systems businesses, as well as the state of its business network, using photographs and illustrations along with information about Takuma's history, organization, and business results.

Fourth, the "Striving to coexist with local communities" feature provides a concrete report about how Takuma partners with three companies to complete DBO projects, offering site photographs, messages from stakeholders, and thoughts from involved employees. The report goes on to highlight the company's municipal solid waste treatment plant business, energy plant business, water treatment plant business, overseas business, and principal delivered projects with site photographs, illustrations, and thoughts from involved employees. In this way, Takuma meticulously fulfills its responsibility to explain its operations.

Fifth, the company describes key issues, CSR topics, responsible departments, action plans, and its self-assessment of implementation status for each initiative in the form of a comprehensive table while making reference to seven core themes from sources such as the GRI and ISO 26000. The report goes on to carefully explain how Takuma creates value through its CSR activities with photographs, illustrations, and tables that show the status of activities in each area as well as messages from customers and thoughts from involved employees. The thoroughness of this approach is praiseworthy.

Moreover, the company accommodates social pressure with regard to corporate governance, an area of pronounced interest, by thoroughly outlining for stakeholders its corporate governance, internal controls, compliance and CSR structures, risk management structures, business continuity planning (BCP), and IR activities. In addition, the company has addressed environmental concerns by significantly lowering its CO₂ emissions in accordance with the Takuma Environmental Policy, environmental management practices, and proprietary technologies for reducing CO₂ emissions.

Areas where Takuma can do more

First, I would suggest that Takuma establish concrete links concerning environmental, social, and governance (ESG) and sustainable development guidelines (SDGs), both areas where interest is growing in society, in the comprehensive table of forward-looking CSR activities compiled with reference to the GRI and ISO 26000.

Second, the Takuma Group has formulated guidelines such as the Takuma Group Ethics Charter, the Takuma Group Code of Conduct, and various company rules to ensure respect of fundamental human rights and to prohibit discrimination. I would recommend that the company summarize those guidelines in the form of a Takuma Group human rights policy. Adding initiatives related to human rights would only serve to heighten the level of trust that society has placed in the company.

Response to the Outside Expert Opinion



Koji Tanaka
Director & Executive Officer
Executive Manager
Compliance & CSR Promotion Division &
Corporate Service Division

I would like to thank Mr. Tanaka of the Business Ethics Research Center for offering his valuable insights on the Corporate Profile & CSR Report 2017.

In compiling this report, we have worked to offer a concrete, easy-to-understand introduction to a variety of activities carried out by the Takuma Group with the goal of achieving sustained growth while resolving social issues and increasing corporate value, and we have invited stakeholders and involved parties to express their thoughts on related subjects in their own words so that all stakeholders could have a better understanding of our operations.

I'm grateful that Mr. Tanaka has praised us for carrying out our responsibility to explain our operations to all stakeholders in an appropriate manner in the "Exceptionally praiseworthy accomplishments" section of his evaluation. I'm also extremely grateful for his kind words concerning the way we've incorporated the thoughts of stakeholders and employees. His observation that we are carrying out our social mission through our businesses by ensuring that all employees put the Group's fundamental approach, as defined by guidelines such as the Company Motto and the Management Principles, into practice and cultivating a robust corporate culture is very encouraging.

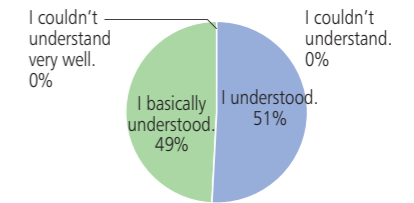
At the same time, Mr. Tanaka provided valuable insights in the "Areas where Takuma can do more" section of his evaluation. With regard to forward-looking CSR activities and human rights initiatives, I hope that we'll be able to better facilitate communication with stakeholders in the future by deepening their understanding of ESG and SDGs, organizing social expectations and requirements from that perspective, and working to share value with stakeholders.

We value Mr. Tanaka's observations and take them seriously, and I would request stakeholders' continued support and encouragement as we work to practice CSR management and enhance our CSR Report.

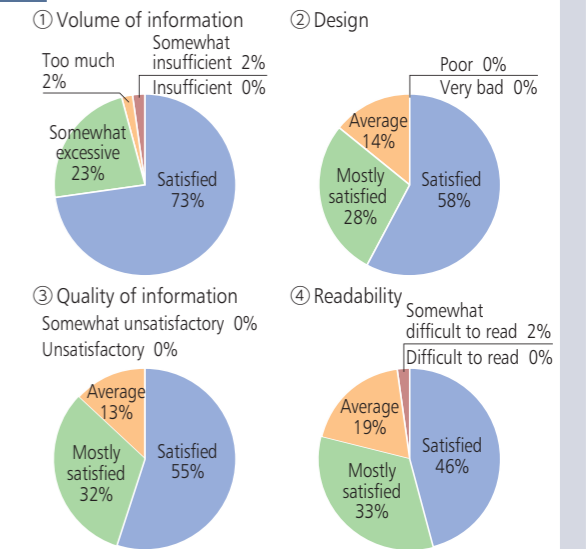
Takuma Corporate Profile & CSR Report 2016 Questionnaire Survey Results

Survey period: July 2016 to June 2017 Number of respondents: 955

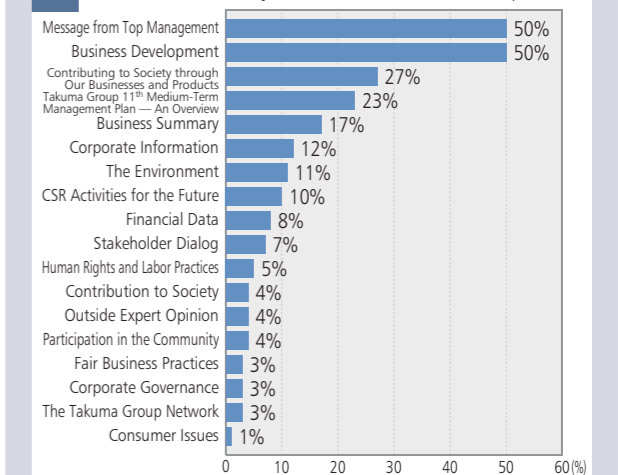
Q1. Did you understand the activities of our company?



Q2. What is your level of satisfaction regarding this Report?



Q3. Which items were you interested in? (Select up to 3.)



Editorial Policy

We have prepared this document as a combined Corporate Profile and CSR Report, with both a guide to our corporation and a report on our CSR activities.

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Data Collection Period

From April 1, 2016, to March 31, 2017, in principle. In addition, some activities in FY2017 are included.

Coverage

This report applies to Takuma Co., Ltd. and its affiliates in principle.

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Next issue: Scheduled for July 2018
Last issue: July 2016