

Outside Expert Opinion

Outside Expert Opinion



Kazuhiko Takano

Professor, Ph.D. in Law (LL.D.)
Graduate School and Faculty of Safety Science, Kansai University
Senior Director
Japan Society for Business Ethics Study
Senior Researcher
Business Ethics Research Center

1. Characteristics of the Takuma CSR Report and differences with last year's edition

There is no question that the Takuma Group is one of Japan's leading plant engineering companies. In last year's Outside Expert Opinion, I noted that the group is pursuing excellent initiatives in the areas of corporate governance, risk management, and compliance.

A review of this year's edition of the CSR Report reveals three key differences from last year's edition.

The first difference centers on penetration of the Management Principles. Newly appointed President and CEO Nanjo mentions them in his "Message from Top Management" while describing his approach to management, which respects those principles even as he returns to the idea of "Service to the nation through boiler manufacturing," the motto espoused by founder Tsunekichi Takuma at the time of the company's founding. Some research findings suggest that a shared understanding of management principles and values on the part of managers and employees is a characteristic of companies that endure over long periods of time. I believe that President Nanjo's approach to management will be important for Takuma as a company whose plant engineering business has underpinned the very foundations of Japanese industry and whose continued existence is considered essential by society.

The second difference lies in gender equality. While the nature of the plant engineering business means that it would be difficult to characterize Takuma as having a large number of female employees, the CSR Report includes information about gender equality initiatives, indicating how the company is working toward the goal of increasing the number of female employees in key management and main career track positions. Takuma welcomed a female outside director this fiscal year, and I think we can expect that change to lead to further pursuit of those initiatives.

The third difference involves initiatives addressing the Sustainable Development Goals (SDGs). With its core businesses of waste treatment plants, water treatment plants, and energy plants, Takuma has a high level of affinity with

the SDGs. In a topic entitled "SDGs Initiatives," this year's CSR Report describes how the company launched a series of voluntary workshops that cut across departmental lines, and I look forward to seeing how that effort develops in the future.

In this way, I am pleased to see that the Takuma CSR Report 2019 demonstrates the continued evolution of the company's programs.

2. Areas where Takuma can do more

The Takuma Group is already pursuing CSR activities on a sophisticated level, but I believe that it could take its initiatives to a new level in two ways.

The first lies in initiatives to improve the company's resilience. Takuma's risk management structures are robust. It seems to me that by conducting regular drills to simulate a complex, wide-area disaster such as a large earthquake or storm and flood damage with an associated large-scale power outage, the company could boost the validity of its business continuity plan (BCP).

The second lies in carrying out specific measures to share Management Principles and values. Many companies create opportunities for dialog between management and employees with the goal of sharing such principles and values while creating a corporate culture that fosters good communication. I think it would be productive for Takuma to consider how it can create opportunities for dialog between management and employees, for example through traveling CSR "caravans," under its new leadership.

In his "Message from Top Management," President Nanjo described the importance of ESG initiatives from the standpoint of increasing corporate value over the long term. ESG investment in Japan has been rapidly growing since 2014, and such investment can help increase corporate value over the long term by driving up evaluations of a company's CSR. I expect to see Takuma's corporate value grow even further and for the company to enjoy continued growth as it works to improve its resilience and ensure that its Management Principles and values are shared.

Response to the Outside Expert Opinion



Koji Tanaka

Director & Executive Officer
Executive Manager
Compliance & CSR Promotion Division
& Corporate Services Division

I would like to thank Professor Takano of Kansai University for offering his valuable insights on the CSR Report 2019.

In compiling this report, we have worked to offer stakeholders an easy-to-understand introduction to a variety of activities carried out by the Takuma Group with the goal of resolving social issues and increasing corporate value by achieving sustainable growth as well as to the Group's 12th Medium-Term Management Plan, and we have focused on inviting involved parties to express their thoughts on related subjects in their own words.

In "1. Characteristics of the Takuma CSR Report and differences with last year's edition," Professor Takano noted the importance of the penetration of Management Principles, along with his expectations concerning gender equality and SDGs initiatives. I'm grateful that he offered his views on the direction of future initiatives. We will move forward with those initiatives in order to meet the expectations and requirements of our stakeholders and to achieve sustainable growth of the group going forward.

In "2. Areas where Takuma can do more," Professor Takano described measures with the potential to increase corporate value and facilitate continued growth. We will work to strengthen our ability to deal with change by improving resilience and ensuring that Management Principles and values are shared.

We value Professor Takano'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.

Editorial Policy

We have prepared this document as a CSR Report that details our CSR activities.

Publisher and Contact for Inquiries

CSR Department, Compliance & CSR Promotion Division
TEL: +81-6-6483-2673
FAX: +81-6-6483-2620

Data Collection Period

From April 1, 2018, to March 31, 2019, in principle. In addition, some activities in FY2019 are included.

Coverage

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

Time of Issue

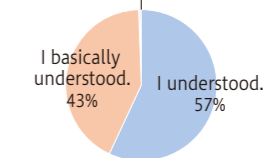
Current issue: July 2019
Next issue: Scheduled for July 2020
Last issue: July 2018

Takuma CSR Report 2018 Questionnaire Survey Results

Survey period: July 2018 to June 2019
Number of respondents: 976

Q1 Did you understand the activities of our company?

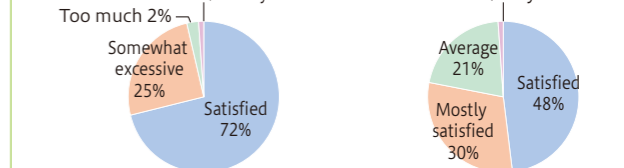
I couldn't understand very well. 0.3% / I couldn't understand. 0%



Q2 What is your level of satisfaction regarding this Report?

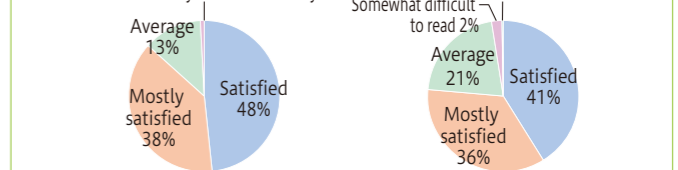
(1) Volume of information (2) Design

Somewhat insufficient 1% / Entirely insufficient 0% Too much 2%



(3) Quality of information (4) Readability

Somewhat unsatisfactory 0.8% / Unsatisfactory 0%



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

