

Guided by our “Customers First”  
mission statement,  
we will continue to grow as  
a company that is trusted by  
and contributes  
to society.



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### Roles and responsibilities to be fulfilled as a member of the global society

Since the foundation in 1913, we have provided the optimal environment and conditions for buildings and industrial facilities all around the world for over 100 years. When we look back on the history of our involvement in society, we realize that social issues are becoming diverse and complex and that each member of the global society is being required to fulfill his or her responsibilities.

For instance, the United Nations Sustainable Development Summit of September 2015 has set global agendas that call for all member states to work cooperatively toward solving global social issues, such as eradication of poverty and hunger, respect for human rights, and conservation of the environment and ecosystem, under the Sustainable Development Goals (SDGs). In addition, the Paris

Agreement, adopted at the 2015 UN Climate Change Conference (COP 21) in December 2015, has set a goal of keeping the increase in global average temperature to well below 2°C from the pre-Industrial Revolution level and to drive efforts to limit the temperature increase even further to 1.5. Achieving this goal will require greenhouse gas (GHG) emissions produced by human activities to be limited levels that can be absorbed by forests and other carbon sinks.

We, based on the idea that companies are members of society, are committed to fulfilling our roles and responsibilities in order to contribute to solving social issues as a company that has provided environment-related technologies and services on a global basis.

## Visualizing GHG Emissions in the Entire Supply Chain

As part of our initiatives to reduce GHG emissions, we have started carrying out calculations related to Scope 3 emissions. Scope 3 is the international standard for calculating and reporting supply chain GHG emissions for businesses, in order to keep track of GHG emissions that occur throughout it, including both upstream and downstream emissions ranging from procurement of raw materials and use and disposal of products by customers, and to appropriately grasp business priority issues and emission reduction potential. In calculating and disclosing the supply chain GHG emissions, we have complied with the Basic Guidelines on Accounting for Greenhouse Gas Emissions throughout the Supply Chain, formulated by the Ministry of the Environment and the Ministry of Economy, Trade and Industry.

We visualized GHG emissions throughout the supply chain by calculating Scope 3 emissions, and we found out that CO<sub>2</sub> emissions from energy consumption during the operation phase of buildings/facilities at customers account for more than 90% of GHG emissions in the whole supply chain. Based on the findings, we will strive to provide facilities with greater energy-saving performance than ever. At the same time, we will proactively work on reducing the environmental impact caused by business operations by taking measures such as promoting green procurement and cutting down on construction by-products.

## Contributing to solving environmental issues through our environment-related businesses

We are conducting business globally in two core business fields: the Green Technology System Division involved in designing and constructing air-conditioning systems for buildings, hospitals, and schools; and the Paint Finishing System Division involved in designing and constructing paint finishing plants mainly for automobiles.

In the Green Technology System Division, CO<sub>2</sub> emissions from buildings are much larger during the operation phase at customers than in the construction stage. In addition, air-conditioning and sanitary facilities are operated over a long period of time. Therefore, we are working to help bring about a low-carbon-emission/zero-emission society by promoting eco-friendly designs and proposals for CO<sub>2</sub> reductions with an eye to the future.

The Paint Finishing System Division is promoting the establishment of high-quality and efficient painting process to reduce the energy load of the entire plant as well as “the total engineering-oriented business” that includes the development of high-level anti-pollution systems. Reducing emissions of CO<sub>2</sub> and Volatile Organic Compounds (VOCs) in the painting process is considered an important issue also in the automobile industry, and we are supporting environmental conservation activities at customers from the design stage.

We will continue working to strengthen the foundations of these two core businesses, while expanding their peripheral businesses, such as plant factory projects based on our know-how in environmental control technologies that we have cultivated over the years and painting of aircrafts and railroad vehicles, in order to contribute to solving environmental issues and other social issues.

## Our CSR is to Practice the “Customers First” Mission Statement

We conduct these businesses guided by our “Customers First” mission statement. At Taikisha, customers are broadly interpreted as general society that includes direct clients, business partners, employees and their family members, shareholders, supervisory authorities, global environment and communities/societies. We believe that we can earn the ongoing trust of stakeholders and bring benefits and happiness to society at the same time by having each employee carry out their day-to-day tasks based on our mission statement. That is to say, execution of the mission statement is our CSR. In this CSR Report, we feature a dialogue with a CSR expert as a stakeholder. Through this dialogue, we are convinced that our CSR activities are being steered in the right direction.

As specific measures to implement the spirit of “Customers First” in business operations, we have recently drawn up a new Mid-Term Business Plan for FY2016 to FY2018. In light of the spirit of the Corporate Governance Code, we will establish a corporate governance structure with an eye toward further globalization of businesses. In this way, we will respond to changes in the needs of society and the market environment flexibly and promptly and achieve stable and sustainable growth. In addition, we will seek to gain a high level of trust and evaluation from all stakeholders by creating a working environment that allows for active participation by a diverse range of human resources, developing global human resources, and promoting dialogue with stakeholders.

## Toward Achievement of a Sustainable Society

We will continue striving to help bring about a sustainable society as an “energy, air and water”-based engineering corporation, based on our “Customers First” mission statement. In addition, we will strengthen our global network and work on further expanding our global presence. We are committed to making the utmost efforts to remain a company that is trusted by stakeholders, that achieves continued growth, and that is needed by society. We would greatly appreciate the continued understanding and support of our stakeholders for all times.