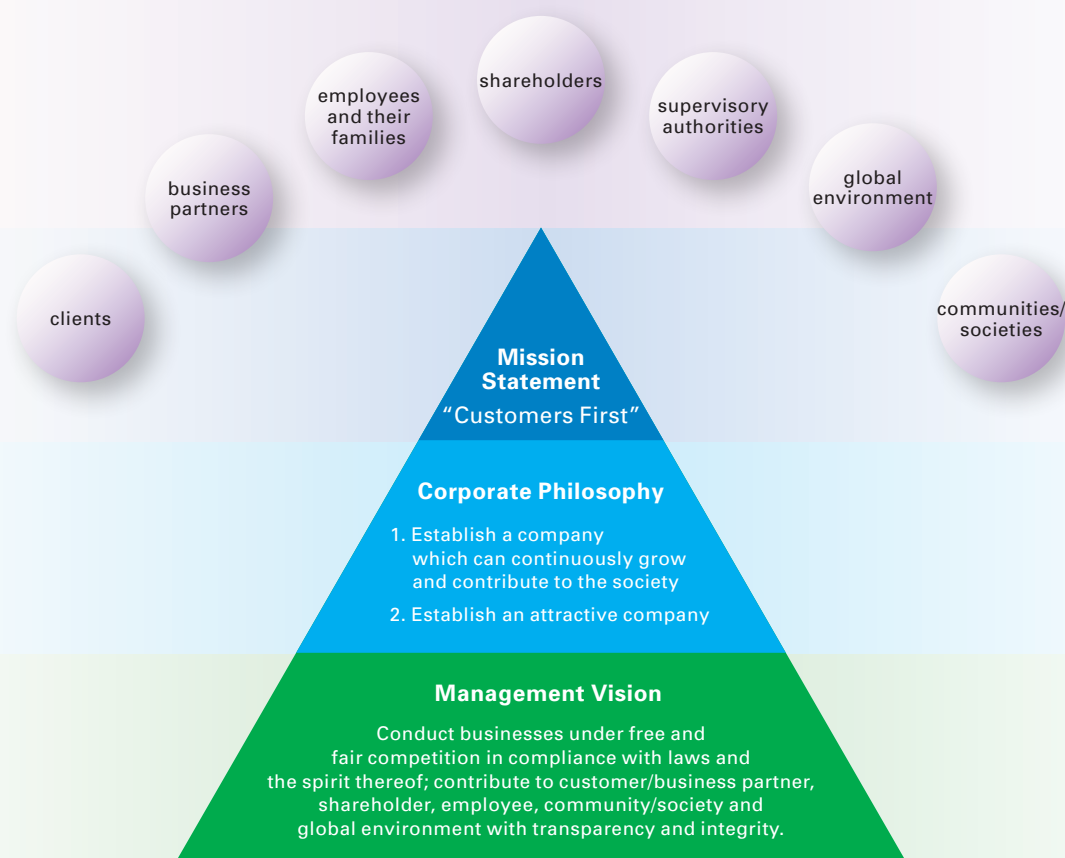


| Taikisha Philosophy Scheme

Based on the spirit of “Customers First” mission statement, we aim to contribute to all our stakeholders.



| Mid-term Business Plan (FY2016–FY2018)

• Basic policy

1. To respond to the changing social needs and market environment in a flexible and timely manner and achieve steady and sustainable development

- 1) We will establish the corporate governance system which is adapted to the further globalization of our business.
- 2) We place our emphasis on growing markets and business field and allocate management resources strategically.

2. To be highly trusted and evaluated by all stakeholders

- 1) We will meet customers' expectations and ensure confidence from our customers by providing optimal “technology,” “service” and “cost.”
- 2) We will contribute to conserve the global environment and improve the environmental value of our customers with the environment related business.
- 3) We will cultivate the corporate culture, in which diverse employees play an active role and strengthen human resource development.
- 4) We will engage in dialogue with stakeholders and make an effort to improve the capital efficiency.

• Stakeholders

Clients

- Provision of valuable products/services
- Customer satisfaction improvement in various aspects, such as quality, cost and delivery time
- Provision of accurate and appropriate information regarding products/services

Business Partners

- Fair and transparent transactions
- Information sharing and collaboration to realize customer satisfaction and green procurement

Supervisory Authorities

- Compliance with laws, ordinances, administrative directives, etc.
- Payment of taxes
- Cooperation in various policies designed to solve various public issues

Shareholders

- Maintenance and improvement of corporate value
- Ensuring of stable profit and appropriate return of profit
- Timely and appropriate disclosure of corporate information

Employees and their Families

- Creation of a prosperous life for employees and their families
- Human resource utilization and development
- Fair evaluation and treatment
- Respect for human rights, personality, and individuality
- Creation of a working environment in which a diverse range of employees participate actively and enthusiastically in work
- Pay attention to industrial health and safety

Global Environment

- Contribution toward realizing a low-carbon society
- Research and development of new environment-friendly technologies and products
- Promotion of energy saving and recycling
- Reduction of waste production and emission of hazardous chemical substances
- Environment conservation activities based on the environment management system

Communities/Societies

- Respect for cultures and customs and contribution to their development
- Accident/disaster prevention
- Cooperation/coordination for solving social issues
- Ensuring of job security and tax payment
- Participation in local/social contribution activities

• Medium-term Measures to Achieve the Management Targets

Green Technology System Division	Paint Finishing System Division	Strengthen Our Management Base
<p>1) Improve Domestic Businesses We will aim to respond quickly to the growing field for both of building and industrial air-conditioning system. Especially, We are working to establish and offer energy-saving systems which minimize environmental impact and meet the demands of the time. We will aim to increase the orders for maintenance and renovation project by making proposals for maintenance and improvement of facilities actively to our customers and ensure the stability of our performance.</p> <p>2) Improve Overseas Businesses We will enhance the global network which is our advantage, considering the growing area, to which our management resources will be allocated preferentially, in response to the market economic trends. We will create marketing and construction organizations which enable to satisfy widely the needs of both Japan-based customers and Non-Japan based customers. We also expand related businesses related to the air-conditioning business.</p> <p>3) Enhance Productivity and Realize Optimal Cost We will promote the standardization of the work flow and management system in our group and improve the quality in design, construction, cost and safety. We will take advantage of our global network and make further cost reduction globally.</p> <p>4) Develop New Businesses and Eco-Friendly Technology We will increase the sales volume of new business, including "Plant Factory, employing only artificial lighting"; "Hydrogen Peroxide-Based Decontamination System"; and "test environments to reproduce various conditions." Our eco-friendly technology, including "exhaust gas treatment" and "direct expansion system," will meet the tightening regulations around the world and the rise in the needs of energy saving.</p>	<p>1) Make Intensive Efforts to Increase Orders Received We set our focus on achieving more orders from American and European car manufacturers through the alliances with overseas group companies. We aim to strengthen our engineering capabilities so that we can provide comprehensive design solutions for paint finishing plants with enhanced attention to environment including CO₂ reductions by further accumulating technology and know-how in technologies related to automobile paint finishing plants. We will intensify marketing activities for scrap-and-build projects, parts painting, and expansion/maintenance of existing systems, which are expected to see increased demand.</p> <p>2) Develop Organization for Growing Overseas Market We will allocate our management resources preferentially in markets with high growth potential and create more efficient organizations.</p> <p>3) Enhance Productivity and Realize Optimal Cost We will ensure the implementation of cost-reduction measures in order to realize optimal costs and establish global-scale procurement and design systems in anticipation of upcoming and intensifying competition for orders.</p> <p>4) Expand Business Areas We will enhance our capability to provide services to our customers by expansion of related areas, including painting systems for other than automobile, such as aircraft, paint technology for new material and conveyor systems, with cooperation among group companies both inside and outside of Japan.</p>	<p>1) Enhance Corporate Governance System Following the purpose of the Corporate Governance Code, we will enhance the monitoring capability of the Board of Directors steadily. We also proactively engage in constructive dialogue with various stakeholders including shareholders, and make an effort to implement the management focusing on capital efficiency and aim to ensure ROE 7-9%.</p> <p>2) Enhance Global Compliance System We will further enhance our global compliance system and continue activities to reinforce through awareness of each employee.</p> <p>3) Strengthen Human Resource Development We will establish the career development system, which enables our employees to cultivate their professionalism solely, by introducing new human resource management system and reinforcing the training system. We also integrate various experience, ability and value of our employees and set focus on the diversity management which leads to increase our competitiveness and improve the productivity. In particular, we will promote the global human resource system and put stress on motivating national staff of overseas group companies and advance women's career.</p> <p>4) Carry Out Strategic Investments to Reinforce the Business Base We will make an effort to strengthen corporate infrastructure, which supports mid-long term growth, including the introduction of a new mission critical system, research and development for new business fields and sophisticated infrastructures for financial accounting and management accounting.</p>