

Third-Party Opinion



Mr. Keisuke Takegahara

Executive Officer
Deputy Chief Research Officer
Development Bank of Japan Inc.

CSR Report 2020 is distinctive in that Taikisha refined the new initiatives that it had adopted in conjunction with the new Mid-Term Business Plan in the previous fiscal year and made the connection between management strategies and CSR activities even stronger.

What comes to our attention first is the enrichment of the "Top Management's Message" at the beginning of the CSR Report. In consideration of the novel coronavirus (COVID-19) pandemic, Taikisha has substantially increased the volume of this section, describing not only the impact of COVID-19 on its business performance but also the outlook for the "Living-with-COVID-19/Post-COVID-19" era, including management tailored to new work styles as well as a vision for a new business model adapted to digitization. It clearly shows Taikisha's stance on exploring a growth strategy towards an uncertain future.

The next section, titled "Dialogue between Chief and Vice General Managers" of the Paint Finishing System Division, provides a detailed account of the Division's operational characteristics that are different from those of the Green Technology System Division featured in last year's CSR Report. The conclusion that "Taikisha's engineering is about providing clients with facilities that can contribute to society by further increasing added value through higher-than-ever energy-saving performance" derived in the course of meeting customers' needs for ensuring quality and reducing costs at the same time by directly dealing with end customers face to face is highly convincing. It was impressive in content for having emphasized the fact that Taikisha has a solid long-term perspective while tackling fluctuations in orders received due to the COVID-19 pandemic of late, as reflected in the comments on ultra-long-term risks of the paint finishing business becoming unnecessary in the context of dramatic changes in the users' industries such as CASE (Connected, Autonomous/Automated, Shared & Electric), while also discussing innovation capabilities that would serve as differentiating factors in the future and human resources that support them, among others.

This section was followed by the presentation of the "Value Creation Process" based on such a specific message by the management. It is brilliantly structured, making concepts that tend to become abstract highly persuasive. The feature articles that highlight environmentally conscious technology (RTO: Regenerative Thermal Oxidizer) and the global network play a role in effectively materializing Taikisha's value creation by adding the perspective of outsiders, namely, clients and business partners.

The value creation scenario up to this point adequately shows that this CSR Report is intended to become integrated with management strategies beyond the bounds of past CSR reports, as reflected most clearly in the section titled "Taikisha's Materiality." As announced beforehand in the previous fiscal year, materiality has been reviewed and is presented together with the process. During a meeting I had with Taikisha's editorial staff before writing this Opinion, I was told that in this process, the management had held intensive discussions on various issues, including the congruity between long-term visions and short-term business results. Taikisha's editorial staff has given us a glimpse of such discussions in the form of "Comments by Directors and Audit & Supervisory Board Members (excerpt)." It is a great example showing that the management is highly conscious of the long-term sustainability of the business model based on non-financial value.

In terms of challenges for the next CSR report, it is regrettable that despite having clearly stated the long-term perspectives, there was no clear indication of a timeline. Considering the transition to a carbon-free society and the importance of innovation in the process of such transition in Taikisha's value creation scenario, I hope Taikisha will present a timeline in a manner consistent with the discussions on climate change risks. At the same time, it will also be worthwhile for Taikisha to look into key performance indicators (KPI) that are congruent with new materiality. I look forward to seeing the further evolution of your CSR reports.

In Response to the Third-Party Opinion



Masanori Nakagawa In Charge of CSR Director, Managing Corporate Officer

I would like to express my sincere gratitude to Mr. Takegahara for always giving us warm words of encouragement.

During this fiscal year, Taikisha conducted a review of "materiality" for the first time in three years. As the COVID-19 pandemic is having a massive impact on society as a whole, we deliberately set the axis for the "realization of value creation" from a long-term perspective to turn it into our driving force going forward. Although we are still at the starting point and have not yet drawn a roadmap according to any timeline, we hope that the disclosure of the process of our initiative in this manner will help our stakeholders gain a better understanding of Taikisha.

We would like to ask to continue giving us candid advice and opinions.