

Human Resources

Through development and utilization of human resources, Taikisha Group exploits the capabilities of each employee as an individual for the Group's sustainable growth.



Promoting human capital management that supports transformation and growth, we will evolve into a company that creates new value.

Representative Director, Executive Corporate Officer, Chief Executive, Administrative Management Headquarters

Yasushi Nakajima

Supporting the growth and skill development of each employee

Recently, investment in human capital has been widely discussed, and people are increasingly aware that intangible assets, especially human capital, are the driving force behind sustained corporate value enhancement. Under one of the basic policies in our Mid-Term Business Plan (from FY2022 to FY2024) to strengthen management base that supports transformation and growth, we are working to create an organizational culture that fosters innovation, improve employee engagement, and systematically develop human resource value by developing and securing human resources to achieve our management strategies from a long-term perspective, promoting diversity and inclusion (D&I), and developing the internal environment that goes along with these initiatives.

We aim to be a company which can continuously grow and contribute to the society, as stated in our corporate philosophy, by enhancing not only each and every employee's expertise but also their communication skills with customers, business partners, supervisors, colleagues, and team members; improving employee engagement; ensuring health and safety; and fostering and instilling compliance awareness through training programs.

In order to achieve this corporate philosophy, we believe that the human resources we seek to develop are: 1. employees with high moral awareness, 2. employees highly motivated to communicate, 3. employees with a desire for challenge, 4. employees with high operational skills, 5. employees with a broad viewpoint, and 6. employees with management ability. Thus, we work to develop human resources who can act autonomously to achieve goals starting from the year they joined the Company.

Taikisha has introduced a medium- to long-term career-planning scheme as a framework to assist employees in pursuing their growth and upskilling. Under this system, all employees create career plans to develop their skills autonomously and systematically work on them, for

example, by visualizing the skills and abilities they need to achieve their goals through periodic 1-on-1 meetings with their supervisors. In addition, for mid-career employees, we have prepared a new program not only to enhance specialized skills but also to increase management knowledge and develop a sense of management. Starting in FY2023, we have been implementing a curriculum tailored to each employee's achievement level.

Introducing the highly specialized human resources certification system

Thus far the Taikisha Group has developed by meeting customer needs and aligning our progress with growth industries, primarily through delving further into our core business. We have been working to standardize technologies and improve quality and service. By pursuing productivity even during economic downturns, we succeeded in building up a 110-year history.

However, simply extending existing initiatives will not be enough when the society and business environment are changing as rapidly as they are. We need to differentiate ourselves from our competitors, build on our strengths in specialized technologies, and evolve into a company that not only meets customer expectations but creates new value that exceeds those expectations.

It is the professional human resources with advanced technical skills and expertise that support this evolution. We define such human resources as "highly specialized human resources." This fiscal year we certified 12 employees who demonstrated outstanding ability in specific jobs and produced practical results in their work area. This system positions the certification as part of an attractive career path and embodies our career development policy: "Each employee should be professional and have high market value."

We will continue our efforts to create a corporate culture in which such "highly specialized human resources" with advanced technical skills and expertise can fulfill their capabilities.

[Respect for Human Rights and Development of Human Resources] Labor Practices

Taikisha is striving to build an attractive company that provides job satisfaction to its employees.

Basic Policy on Human Rights

For Taikisha, respect for human rights is one of the top priorities as a company operating globally. In line with this policy, the Taikisha Ltd. Code of Conduct stipulates respect for basic human rights and says Taikisha shall not engage in behavior that would undermine individual dignity, such as discriminatory treatment and harassment. Taikisha respects international codes, such as the Universal Declaration of Human Rights, ILO Declaration on Fundamental Principles and Rights at Work, and Guiding Principles on Business and Human Rights. Taikisha endeavors to conduct business activities with consideration to human rights of all stakeholders, including employees and business partners.

Taikisha makes its policy regarding human rights known to all employees. In addition, it makes efforts to grasp conduct that goes against respect for human rights through internal audits and the whistleblowing hotline, and promptly takes appropriate responses.

Taikisha Ltd. Code of Conduct (abstract)

I. Principles of behavior

3. We act prioritizing contribution to customers, business partners, stockholders, communities/societies and global environment; and give proper consideration to employee rights.

II. Standards of ethical conduct

1. Respect for basic human rights and maintenance of sound workplace environment

(1) We respect basic human rights in corporate activities and do not discriminate against any employee based on her/his race, religion, creed, origin, sex, disability, physical characteristics, age or other attributes that are not related to the business of our company.

(2) At the workplace, we prohibit sexual and other harassment using hierarchical relationships or superiority of position, regardless of whether such harassment is intentional or not.

Harassment Prevention

Taikisha has a specialized consultation counter for workplace harassment (i.e., sexual, maternity, power and other types of harassment) at the Administrative Management Headquarters.

Consulters are protected under Taikisha's Harassment Prevention Rules, and as soon as a consultation is received, a prompt response is taken to resolve the issue. Furthermore, Taikisha has a Whistleblowing Contact Window in the Corporate Compliance Department and a law firm. When harassment matter is reported, Taikisha takes appropriate measures under the Whistleblowing Rules.

As part of our efforts to prevent harassment, Taikisha has created a video based on the reports received at the Whistleblowing Contact Window to raise awareness of the importance of recognizing behavior that can be harassment, consulting and reporting. In training, Taikisha also engages in enlightenment activities to make its employees aware of the need for dialogue, the significance of prevention and resolution of issues, etc.

Basic Policy for Human Resource Development

Taikisha is an engineering company, and its best asset is its human resources. Securing and developing human resources is positioned as one of the most important management challenges.

In addition to enhancing the expertise of each and every employee, Taikisha provides curriculums that aim to improve project and team management skills and communication skills with customers, business partners, supervisors, colleagues, and team members. We also provide training that helps employees acquire the necessary knowledge and skills.

In the future, we will continue to strive to create a system that enables people to achieve their potential to grow, with the aim of creating workplaces where people are encouraged to take on challenges, enhancing career development systems with which employees appreciate growth, promoting health management, and systematically developing managerial and professional personnel.

We will define the skills, abilities, and competencies (behavioral characteristics) necessary to achieve our strategic objectives and strive to create activities and systems that promote and support the process of employees' autonomous learning to acquire these skills, abilities, and competencies.

Human Development Vision

1 Develop human resources with high morals

- They are able to conduct fair and just business activities using global perspectives while observing the norms of society, regulations and laws, and rules

2 Develop human resources who are capable of achieving goals and realizing the visions of organizations and individuals through their work

- They are highly creative
- They are cooperative and rational, and take action based on mutual trust

3 Develop human resources that can flexibly adapt to market changes

- They are able to handle operations on a global scale
- They are able to take on challenges to expand business fields

Support for Career Advancement and Acquisition of Certifications

Taikisha has introduced a career-planning scheme as a framework to assist employees in pursuing medium- to long-term growth and upskilling. Based on our Corporate Philosophy of "aiming to be a motivation-oriented company where employees can demonstrate creativity and vitality through their work responsibilities," Taikisha will encourage employees to set medium- and long-term growth goals and develop their abilities in a proactive manner.

Just and Fair Assessment

Taikisha's personnel assessment is conducted based on the philosophies of fair and transparent operations.

In performance evaluation, employees are assessed based on their abilities, motivation and conduct required for each employee and the degree of contribution to business performance. The results are given to

employees as feedback, and this is expected to lead to enhanced human resource development. In particular, the evaluation of skills, which is one area of ability evaluation, is based on a clear and transparent definition of skills according to the grade and type of job.

At the beginning of the fiscal year, employees and their supervisors set job targets and individual growth targets through interviews and have a monthly dialogue, while being mindful of a monthly PDCA cycle to achieve the targets. By doing so, Taikisha nurtures employees and gives them guidance.

Evaluations at the end of the fiscal year are not limited to assessing employees based on the performance-based system. Evaluations take into account how much employees have contributed to the creation of added value that Taikisha has generated for society.

Taikisha also considers factors such as how much they have boosted their capabilities relative to their individual long-term growth targets, as well as how much effort and creativity they demonstrated in tackling matters beyond their knowledge as a challenger with enthusiasm while getting others involved.

Global Human Resources System

In overseas markets, to balance economic development with environmental conservation and to maintain and develop sustainable societies, we will see globalization, in which innovative technologies are rapidly disseminated, and localization, in which local capital with its own unique characteristics leads the way in various countries.

Under such circumstances, to respond to the increasingly sophisticated global needs of each industry and to the specific needs of each country and region, Taikisha will further enhance the efficiency of organizational management and governance by defining the functions and roles of its group companies located in 17 countries overseas, as well as by ensuring prompt and accurate decision-making.

Taikisha will reform its organizational functions to utilize its human resources in a cross-functional and flexible manner. This will enable its human resources to demonstrate their financial, sales, and procurement capabilities, as well as to improve their engineering skills such as development, design, and project management of environmental technologies developed in the fields of medical, food, electronics, transportation, and infrastructure facilities, among others.

Furthermore, beside hiring local employees, Taikisha will also review the roles and abilities required for employees who want to work overseas, and focus on enlightenment and training activities to enhance the motivation and abilities of each individual.

Basic Policy for Achievement of Diversity & Inclusion

For corporations, making efforts for diversity and inclusion has become more important. In April 2023, we established the Diversity & Inclusion Promotion Section, aiming for diversity management that is unique to us, utilizing the individuality and identity of our employees, such as their work experience, skills, and values, on top of their gender, age, nationality, and disabilities.

Taikisha's overseas affiliates have about 3,500 employees of various nationalities, while its domestic organization also has 19 foreign employees from seven countries including China and South Korea as of April 1, 2023. In the recruitment of new graduates in April 2023, 75 newly hired employees included seven female employees and three foreign employees. Taikisha will continue to engage in hiring activities independent of attributes.

For the employment of persons with disability, Taikisha has been working on remote employment in collaboration with an Operator of a Designated Welfare Service Business for Persons with Disabilities in Kofu City, Yamanashi Prefecture, in addition to employment at our main offices in Japan. Persons with disability are hired by Taikisha directly and provided with a workplace and support by the Operator, realizing an environment in which they can work with peace of mind. Taikisha believes that its initiatives for diversity and inclusion help secure superior human resources and increase its employees' motivation to work.

Basic Policy on Improving Employee Engagement

Taikisha believes that improving employee engagement is important to create a workplace where each and every employee can work in a healthy, proactive, and rewarding manner, and grow through a sense of accomplishment in their work and contribution to society.

To this end, Taikisha will work on reforms in work styles, such as reducing long working hours and promoting work-life balance, as well as properly operating the personnel evaluation system and advancing a career development system that allows employees to gain a sense of growth. Furthermore, Taikisha will aim to foster a culture that encourages employees to try without fear of failure by providing opportunities to take on challenges through the introduction of an open competition system and other measures.

Introduction of Extended Retirement Age and Optional Retirement System

Taikisha promotes the active participation of diverse human resources regardless of age. In April 2023, we extended the retirement age from 60 to 65 and introduced an optional retirement system that allows employees to set their retirement age between 60 and 64.

By offering a system that allows employees to choose their own retirement age according to their personal life plans and health conditions, Taikisha is creating a rewarding and secure working environment.

Promoting Women's Career Advancement

As part of Taikisha's efforts for promoting diversity and inclusion at the workplace, Taikisha is working hard for career advancement for its female employees.

Taikisha revised its action plan for general employers under the Act on the Promotion of Female Participation and Career Advancement in the Workplace in April 2022. Taikisha has set a target for the ratio of female workers in managerial positions to at 3% or more, using the average value in the construction industry in 2021 as a benchmark, and has achieved 3.3% as of April 2023.

In the future, we will actively recruit and train women, and work to create an environment in which all employees can play an active role and fully demonstrate their individuality and abilities, in order to create an attractive company for employees.

System to Support a Good Balance between Work and Childcare/Nursing Care

Taikisha has introduced various systems to help employees strike a balance between work and childcare/nursing care. It has a number of systems in place that offer more than what is required by law, such as the provision of nursing care leave compensation insurance entirely at its

expense and the provision of income protection covering approximately 80% of the salary of employees who take nursing care leave.

Furthermore, Taikisha has formulated a general employer action plan relating to employees' work and child-raising pursuant to the Act on Advancement of Measures to Support Raising Next-Generation Children, and the percentage of male employees taking childcare leave has increased from 19.2% in FY2021 to 36.4% in FY2022.

Going forward, Taikisha will work on creating a system where everyone can work actively and comfortably by developing an environment in which male employees can participate in childcare and enhancing the nursing care support system.

Childcare/Nursing Care Support System

Item	Taikisha Ltd.	Laws and regulations
Childcare leave	Up to 2 weeks of use of expired paid leave	The employee may receive no pay
Short-working-hours system for childcare	Until the child finishes the third grade of elementary school (until March 31 of the applicable year)	Until the child reaches three years old
Time off for sick/injured childcare	Until the child finishes the third grade of elementary school (until March 31 of the applicable year)	Until the child enrolls in elementary school
	Use of expired paid leave	The employee may receive no pay
Leave due to spouse giving birth	Up to three days as special paid leave	—
Nursing care leave	Payment of nursing care leave benefits (approx. 67% of salary) plus approx. 13% of salary	Nursing care leave benefits (approx. 67% of salary)
Time off for nursing care	Up to two days per week for a maximum of one year (approx. 104 days on a single-year basis)	Up to five days per year
	Use of expired paid leave	The employee may receive no pay

Status of Use of Support System and Paid Leave (Scope: non-consolidated)

Item	FY2019	FY2020	FY2021	FY2022
Number of employees on maternity leave	4	2	3	3
Number of employees on childcare leave (number of new leave takers)	Male: 3 Female: 4	Male: 7 Female: 2	Male: 9 Female: 2	Male: 16 Female: 4
Ratio of employees who returned to work after childcare leave (%)	100	100	100	100
Number of employees who are using the short-working-hours system	21	22	20	16
Average paid leave taken by all employees (days)	10.3	9.8	10.3	11.1

Health Management

Taikisha considers employees who support the company's growth as one of the most important management resources. The Company therefore recognizes maintenance and improvement of mental and physical health of employees as one of the most important management issues and announced "Health Management Declaration" in 2020.

To maintain and improve the mental and physical health of employees, in the light of the nature of the business and employees' working patterns, the Company specifically focuses on four health-promoting measures—"reduction of long working hours," "improvement of lifestyle habits," "improvement of mental health," and "support of work-life balance"—and promote efforts towards health management.

The President is responsible for health management and the Chief Executive of the Administrative Management Headquarters is responsible for promoting health management measures. The Personnel Administration Department of the Company plays a central role. In cooperation with occupational physicians, public health nurses, each district health committee, the Taikisha Group Health Insurance

Association, and the Corporate Culture Committee, the Company formulates and implements various health management measures to maintain the sound mind and body of employees and to enhance their motivation, and verifies the effects of such measures and makes continuous improvements.

Mental Health Survey

The Company is working to prevent long-term leaves of absence and turnover due to mental illness through interviews with employees who responded to the survey, interviews with industrial physicians specializing in mental health, etc.

Group Long Term Disability (GLTD) System

The Company will cover the full cost of insurance premiums and compensate regular employees and contract employees with no fixed-term contract under the age of 65 who take long-term leaves of absence for treatment of illness or injury for their income in order to create an environment in which they can concentrate on their recovery and support their early return to work.

Establishing Various Consultation Services Free of Charge

A number of free counseling services by professional counseling staff have been offered to help employees and their families deal with their mental and physical anxieties and concerns, such as the Mental and Physical Health Counseling Services established by the Taikisha Group Health Insurance Association and the Free Counseling Service outsourced to outside companies. These support services are available 24 hours a day, 7 days a week.

Mental Health Support

Prevention 1 Activities to protect employees from mentally unwell conditions

Internal training, etc. to raise awareness of employees.

Prevention 2 Measures to find problems at an early stage and take prompt and appropriate actions

Appropriate advice and instructions are given upon consultation or communication with the supervisors or the division leader of the person who is unwell. If needed, consultation is available for employees.

Prevention 3 Measures to precisely learn and manage symptoms in order to prevent them from becoming worse

If an employee becomes unwell, the Personnel Administration Department at the Administrative Management Headquarters immediately responds, follows up and provides support until the employee can return to his/her work.