

Third-Party Opinion



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Congratulations on the 110th anniversary of the Company's founding. Year 2023 also marks the 50th anniversary of the Company's name change from Kenzaisha to Taikisha. In the era of industrial pollution, changing the Company's name from the products you offered to the societal issue you were addressing (healthy atmosphere) can be seen as a precursor to the "value creation story" that many companies aspire to today. Such foresight is truly astonishing.

The Integrated Report 2023 is the third that you have produced, and is a fitting tribute to such a milestone. It builds upon the success of the ongoing integration of management strategies and sustainability. In line with the transition to the new management team, various measures have been put in place to more clearly define your vision for the future.

The essence of these is encapsulated in the Message from President Osada. A focus on Taikisha's strengths while reflecting on its history, such as "design and engineering capabilities" and "global expansion," comes through vividly in the message. At the same time, the palpable sense of urgency over stagnant growth and the emphasis on valuing intangible assets, including human capital, to overcome this issue is also conveyed with a sense of realism. This theme is further developed in the business strategies section through the messages from the Division Heads. However, the highlight of this report is the round table discussion between the President and the Outside Directors, which aims to connect this President's Message with the specific strategies. This exchange provides a detailed look at the Board of Directors' involvement in shaping the new organizational structure, highlighting the emphasis on effective governance. Additionally, the frequent use of keywords that capture the kind of value creation you are aiming for stands out, adding a compelling layer to the messaging. Take, for instance, the discussions surrounding the noble cause of globally promoting themes with strong societal impact, which are related to one's reason for existence or purpose. Or the insightful observation that the key to having engineering expertise chosen by customers, and being responsive to customers, lies in both blueprints and people. Or the idea that the "perfection of blueprints" is the "perfection of people." All of these succinctly sum up your perspective on sustainability management. Regarding the Green Technology System Business, you clearly understand that the orientation of engineering changes depending on whether the target is high-end or mass market, so strategies must be specific to each region. This demonstrates the depth of your global strategy.

Through the President's Message and the round table discussions, it's obvious that the enhancement of engineering expertise and globalization, which are strengths of Taikisha, have resulted from a focus on human capital, and that this will continue further into the future. The special feature on value creation introducing two themes—the full-scale launch of the R&D Satellite announced last year, and the specific technological innovations to reduce CO₂ emissions in the automobile manufacturing process (dry decoration)—also contributes to the consistency of this theme by focusing on intangible assets.

I feel the messaging around value creation has been further strengthened through, for instance, enhancing the content on human resources and talent. Now, what we expect Taikisha to do is how they can present their progress and results better in the report. I look forward to seeing further innovative thinking in the selection of data to demonstrate your strengths and connectivity, including within the financial and non-financial highlights at the beginning.

In Response to the Third-Party Opinion



Masanori Nakagawa Director, Executive Corporate Officer in charge of Sustainability Promotion

I would like to express my sincere gratitude to Mr. Takegahara for the insightful guidance and warm encouragement he provides to us on a yearly basis.

This, being our third integrated report, is also the first report covering our differentiation strategy based on our long-term vision set out last year, as well as our medium-term plan for achieving it. At the same time, given that this also coincides with the inauguration of our new management structure, we have made efforts to convey the vision and the path toward achieving it in a manner in which top management's presence is felt and their voice is reflected as much as possible. As our next step, we will aim to further refine our approach while being mindful of how we present the progress and results that align with our messaging around value creation as you've highlighted.

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