

Summary of Daiken Sekkei Agenda (Agenda Principles)

Table of Contents

§1. About the Agenda	1
§2. Summary of the Agenda (Agenda Principles)	2
§3. Conclusion	9

October 2024

§1. About the Agenda

In 2004, Daiken Sekkei formulated its Corporate Philosophy, Design Philosophy, and Conduct Philosophy as the basic principles for our corporate activities. Based on these, we formulated our Medium- and Long-Term Management Plan: Agenda 2012 in 2012 as an action plan to maintain our position as a sustainable company with sound management while responding to the drastic social and economic changes in the recent years, and we have revised this agenda every three years since.

Originally, the Agenda was translated as an "action plan" in the sense of it outlining things to be implemented. However, as the revisions progressed, elements of it becoming guidelines for actions to be implemented grew stronger, to the point that in the latest version, Agenda 2021, the style was shifted to focus on the "Policy" and "Target/Action" sections, with commentary on the thinking behind each. We believe that arranging the Agenda in this manner represents great strides in terms of making the direction of the company widely understood by employees and communicating it to society.

Now, three years on since the formulation of Agenda 2021, the time for an update has come, and we have decided to recap the Agendas of the past 12 years and map out a new Management Policy 2024 to succeed these agendas.

This Summary will present an overview of Daiken Sekkei's Agenda, while bringing it together into our Management Approach (Philosophy) that has evolved out of these points.

§2. Summary of the Agenda (Agenda Principles)

1. The Daiken Sekkei Corporate Ideal

1.1. Neoliberalism and Stakeholder Capitalism

As maintained by the Companies Act, a general meeting of shareholders is the highest voting body in a corporation, and the company belongs to the shareholders. However, the principle of shareholder primacy, a tenet of the neoliberalism that has swept the world since the 1970s, has widened inequality and exposed many other contradictions. In response to this, the concept of stakeholder capitalism has gained wide support in recent years. Rather than overemphasizing the shareholders as the primary company stakeholders, in this concept, all of the following stakeholders are thought of as deserving equal importance:

- Shareholders
- Clients
- Employees
- Society & Environment (Earth)

Originating from a 2019 statement issued by the Business Roundtable, a gathering of US executives, stakeholder capitalism is a recognition of the limitations of shareholder primacy. It requires companies to pursue more than just profits; they must also clarify their importance to society through, for example, ESG and SDGs initiatives.

1.2. A Company for Employees

At Daiken Sekkei, we would like to place special emphasis on our employees, out of the four stakeholders mentioned above, a view that we embody from various perspectives. Putting our employees' well-being first enables us to contribute to society and the environment, and it gives value to the following routines that will in turn lead to company development.

- (1) When employees and their families are happy, they do a good job.
- (2) When employees do their jobs well, they can make contributions for the sake of our clients, and to society and the environment.
- (3) When employees contribute to clients, society, and the environment, the company grows.
- (4) As the company grows, employees and their families become increasingly happier.

In this context, “doing a good job” refers to work which is rooted in the basic principles of Daiken Sekkei, namely, our Corporate Philosophy, Design Philosophy, and Conduct Philosophy.

Nowadays, “purpose-driven leadership” is often used to refer to describing the value of a company's existence to society and making that value the core of management. Along with our basic principles, this routine can be said to be the purpose of Daiken Sekkei.

1.3. Corporate Social Responsibility

CSR, CSV, and SDGs are often used to describe a company's posture toward society and the environment, which are collectively listed as one of the stakeholders that companies should attach importance to.

Of course, architectural design is a job that comes with the responsibility to lay the foundation for society (CSR), and our corporate business activity itself creates shared value with society (CSV). In other words, contributing to society and the environment through architectural design is the *raison d'être* of Daiken Sekkei and other architectural design firms. By persistently doing its work without falling into profit primacy, Daiken Sekkei contributes to society and the environment.

In addition, Daiken Sekkei is constantly contributing to SDGs by working closely with SDG-conscious clients and developing SDG-conscious design and supervision services. In addition to our efforts within our client relationships, we also contribute to the SDGs by reducing the environmental impact of our in-house operations through things like pushing for digital transformation.

The concept that it is important for corporate activity to be of value to all stakeholders is nothing new. These values and philosophy have been pursued in Japan for a long time, as can be seen in quotes from executives such as Eiichi Shibusawa and Konosuke Matsushita. These Japanese-style management principles are based on the concepts of CSV, CSR, and SDGs.

1.4. The Ideal of a Private Company

Daiken Sekkei has remained a privately held company based on its founding philosophy of mutual support among all executives and employee engineers. As a result, Daiken Sekkei is able to strive toward its own vision of purpose.

2. Maintaining a Sustainable Management Foundation

2.1. Maintain Proper Sales and Profits

Within the Agenda, the company has set a target sales amount that allows for investments in the future while ensuring appropriate salaries for its employees. We have been able to keep sales above that target.

As a result of maintaining sufficient sales, we have been able to secure sufficient capital for the future, including the funds needed to repair and rebuild our buildings and improve work environments, while providing a high level of bonuses.

2.2. Enhanced System for Business Execution

2.2.1. Independence of Offices and the Total Solutions Group

At Daiken Sekkei, we believe close contact with the client to be the foundation of design. While many structural design firms adopt a centralized system, we respect the independence of each regional office and allow each to maintain its own working units. However, when necessary to

deploy the human resources from each office nationwide for large-scale projects, this independence was a high hurdle.

To improve this situation, we have created a Total Solutions Group that watches over the entire company from a birds-eye view, so that the personnel needed for each project can be deployed appropriately.

2.2.2. Digital Transformation

Due to the technical and backend needs, we decided to focus on promoting digital transformation and built an internal system. We are also working on utilizing AI and automated design in our design work.

2.2.3. Agile Organizational Reform

We constantly discuss productivity, effectiveness, and streamlining the organization in a timely manner.

2.2.4. Collaboration with Group Companies

Our three group companies hold strong cooperative relationships while maintaining synergies.

2.2.5. Partnerships with Other Companies

We are proactive in developing partnerships for each project, taking the form of partnerships in specialized fields and joint ventures for various order formats.

2.2.6. Social Actions

We are active members of various industry associations and related organizations. Going forward, we will continue to engage in these activities to increase our social impact and contribute to society and the environment.

2.3. Creating Comfortable Work Environments

2.3.1. Human Capital Management

In recent years, human capital management, in which people are regarded as assets, has spread worldwide. Daiken Sekkei's business of design and consulting is based on the creativity and skill of its employees, after all, and so we have always regarded our employees as valuable assets. Whether new graduates or mid-career, we look to increase our ranks.

2.3.2. Improving Work Environments

Starting as a response to the COVID-19 pandemic, work styles have diversified with the use of remote meetings and the like. In response to these changes, each of our offices is undergoing renovations.

In addition, we have secured funding to improve our office environments. This includes investments for digital transformation. We will make the investments needed to improve the efficiency and productivity of our employees, as well as to swiftly respond to the rapidly changing ICT environment.

2.3.3. Work-Life Balance

The overwork suicide case of a Dentsu employee in 2015 made reasonable working hours into a social issue. Above and beyond compliance with laws and regulations, we at Daiken Sekkei are working to reduce working hours by optimizing our systems.

Also, during the COVID-19 pandemic, various work styles were introduced, including remote work. We have discussed the ideal work style at Daiken Sekkei based on these new patterns, and are working to revise and introduce flexibility in our office regulations, such as by introducing remote work on a case-by-case basis.

2.3.4. Considering the Next Generation and Women

Daiken Sekkei has formulated an Action Plan based on the Act on Advancement of Measures to Support Raising Next-Generation Children and the Act on Promotion of Women's Participation and Advancement in the Workplace. Based on this, we have furnished workplaces where employees can exhibit their abilities whilst balancing work and family life, as well as employment opportunities and workplaces that promote women's continued career development. Our plan meets the standards under Article 9 of the Act on Promotion of Women's Participation and Advancement in the Workplace and has received a stage 2 Eboshi Certification (2 stars).

2.3.5. An Enjoyable Place to Work

Through initiatives such as the above, Daiken Sekkei strives to be a company where its employees are proud and happy to work, and able to obtain a high degree of well-being.

3. Promoting Developmental Business Activity

3.1. Cultivated History and Traditions

3.1.1. History and Tradition on our 76th Anniversary

Founded in 1948, Daiken Sekkei has a 76-year history and has built up its traditions over the years. Daiken Sekkei will continue to grow while respecting this history and tradition moving toward

its 80th anniversary in 2028 and its 100th anniversary in 2048.

3.1.2. Daiken Sekkei Special Issue

In 2018, two industry periodicals, *Architectural Focus* and *Shinkenchiku*, came out with a special issue on the 70th anniversary of the Daiken Sekkei founding, allowing employees the opportunity to reacquaint themselves with the company history and promoting Daiken Sekkei to the public.

In 2023, two industry periodicals published special issues on Daiken Sekkei for the 75th anniversary. We were able to showcase works based on the Daiken Sekkei Design Philosophy to the world in an impactful way while introducing them in large-format photographs under the headings of "Creating Human-Friendly Facilities" and "Creating Life-Friendly Facilities."

3.2. Multifaceted Business Expansion

At Daiken Sekkei, we are experienced in the fields of government buildings, schools, medical facilities, redevelopment, underground shopping malls, steel plants, cleaning plants, production facilities, railway-related facilities, aquariums, and zoos, and we are building up achievements in new areas such as luxury branded hotels, sports arenas, exhibition facilities, and defense facilities.

In addition, while networking with other companies through business in these new areas, we are able to meet the high demands of our clients based on our high technical expertise in Daiken Sekkei's fields of extensive experience. Moving forward, we will continue to expand our corporate network and challenge new fields while communicating Daiken Sekkei's comprehensive capabilities to society.

3.3. Response to Changing Social Conditions

In recent years, social conditions have changed at a dizzying pace, and it is necessary to widely gather information with a high sensitivity so as to react swiftly to the changes given below. Even in a turbulent society, Daiken Sekkei will continue to fulfill its social responsibilities as required of a highly skilled design firm.

- Macroeconomic changes
- Changes in the construction market
- Changes in legal and technical requirements
- Changes in business formats and ordering methods
- The changing role of the design firm
- Lifestyle changes

4. Maintenance and Development of Technical Capabilities

4.1. Investing in Human Capital

4.1.1. Base Pay Increases and Bonuses

Salary is an important factor in employee well-being. At Daiken Sekkei, we raised base salaries by over 7% in the spring of 2024.

On bonuses, we have also been able to continue paying high bonuses using the formula agreed with the employee union. Our top priorities are to return profits to our employees and to invest in the future of the company.

4.1.2. Improving the Technical Capabilities of Employees

It is imperative for our employees to be highly skilled, including not only specialized skills but also communication and other soft skills. In addition to external training, courses, and the like, Daiken Sekkei utilizes remote meetings to increase internal training opportunities and provide opportunities to upgrade skills. On a case-by-case basis, we also supply employees with time and financial assistance to encourage them to pursue their degrees after joining the company.

The Design Center and Technical Center help in making technological capabilities more uniform throughout the company and strengthening our overall capabilities.

4.1.3. Improving Work Environments

We have spared no expense to invest in improving our workplaces. In recent years, we have been particularly active investing in digital transformation and office renovations.

4.1.4. Enhancing Corporate Social Responsibility

With the aim of increasing social awareness of our exploits, Daiken Sekkei is active in industry associations and related organizations and sponsors various events. We also value opportunities to introduce Daiken Sekkei in industry periodicals and magazines. Both help to get the word out on Daiken Sekkei's social contributions.

4.2. Utilizing New Technologies

4.2.1. New Technologies

Advances in information technology such as AI and IoT have innovated the construction industry in various ways. Daiken Sekkei provides opportunities for employees to train in these new technologies, including in-house training. In the future, we will continue to adapt to innovation and strive to study and wield new technologies.

4.2.2. Full-scale Introduction of BIM

We are moving forward with the full-scale introduction of building information modeling (BIM) to specific practical projects.

4.2.3. Use of ISO9001 Quality Management Systems

In 2024, we decided to and obtained certification to apply the ISO9001 quality management system (hereinafter referred to as ISO) to our Hiroshima Office and Sapporo Office. This had previously been applied at our headquarters, Tokyo Office, Osaka Office, Nagoya Office, and Kyushu Office. 22 years has passed since our first ISO certification, and we make use of this standard throughout the natural flow of our business.

4.3. Development as a Global Company

4.3.1. Use of Overseas Experience

From our experience in many diverse overseas projects, Daiken Sekkei has an empirical understanding of the social situation in each country and how its citizens think, and has the global sensibility to deal with overseas projects without hesitation due to differences in language and customs. Our experience has been praised on Ministry of Foreign Affairs projects, JICA ODA projects, and plant projects, and we continue to receive orders for various continuing projects.

4.3.2. Identifying Needs

In today's turbulent world, expansion overseas with the sole purpose of expanding the market entails great risks. On that point, Daiken Sekkei is expanding overseas in the right direction: mainly by meeting needs from foreign clients.

Daiken Sekkei continues to receive orders, in which our foreign clients have praised and requested our experience and technology, leading to us winning the order. In addition to by our foreign clients, our overseas experience is highly praised by the Ministry of Foreign Affairs and plant manufacturers and has led to us winning orders for their business.

4.3.3. Trust-Based Networks

Through our business, Daiken Sekkei has established solid trust with various companies overseas and has established valuable networks. We will maintain and develop these relationships.

4.3.4. Development of Global Human Resources

Daiken Sekkei has many employees with extensive experience working overseas. In order to make use of these experiences, we will work to further improve employee awareness and education.

§3. Conclusion

For a decade, from 2012 to 2021 editions, we revised our Agenda to reflect the current state of the world. However, regardless of the state of the times, we feel that the nature of the Agenda has remained constant as guidelines on the direction in which the company should go. In other words, the company's basic purpose—who Daiken Sekkei was working for, what we were trying to accomplish—did not falter. This Summary of the Agenda (Agenda Principles) summarizes the purpose of Daiken Sekkei as embedded in the Agenda.

Shokichi Hiraoka, Former CEO

In retrospect, successive CEOs have modeled what Daiken Sekkei should look like as follows:

- Kobayashi, 6th President (1997-2001): Incorporated the phrase “putting heart into the art” on Daiken Sekkei drawings, which showed our approach to business.
- Sumitani, 7th President (2001-2007): Formulated our Corporate Philosophy, Design Philosophy, and Conduct Philosophy.
- Hirata, 8th President (2007-2013): With employee happiness as the priority, formulated Agenda 2012.
- Hiraoka, 9th President (2013-2021): Formulated Agenda 2015 through Agenda 2021.
- Also published a feature in Shinkenchiku on our 70th anniversary, titled “TO THE SOCIETY”, featuring architecture that supports society.

Based on these trends, this Management Policy 2024 sets out the company's direction moving toward the 80th and 100th anniversaries of Daiken Sekkei.

Hisanori Kanno, Representative Director and CEO