Overview of MIRAIT Holdings Corporation

Date of establishment
October 1, 2010

Head office
5-6-36, Toyosu, Koto-ku, Tokyo, Japan

Representative
NAKAYAMA Toshihiko
President and Chief Executive Officer

Capital
7 billion yen

Stock Listing
1st Section of Tokyo Stock Exchange
(Security code: 1417)

Total outstanding shares 108,325,329

List of Group Companies

MIRAIT Corporation
M’s Frontier Corporation/DAIMEI TECHNO CO.,LTD./MIRAIT Solutions Corporation/Tohokan System Engineering Corp./MIBAI Corp./MIRAIT Mobile East Co., Ltd./DAMIEI TUSAN CO.,LTD./SINKO Corporation/MIRAIT X Corporation/TOKENTSU Access Corporation/TODENTSU NETWORK Co.,Ltd./Mitsuei Co., Ltd./Okladzki Co., Ltd./Libert Co., LTD./TIMEC Co., Ltd./Trust System Corporation/HOPE NET Co., Ltd./Line Connect Corporation/Tokaikei Inc./NIFPON Sangyo Corporation/DAIMEI SLK(PRIVATE) LIMITED(Sri Lanka)

MIRAIT Technologies Corporation
AST-ENG Co., Ltd./Ipanet Co., Ltd./COTONET ENGINEERING Co., Ltd./Ligare Co., Ltd./Aglity RSE Co., Ltd./Consteel Co., Ltd./Naharoshinkindo Corporation/MiracleDrone Corp./Ground Create Co., Ltd./KATAMURA CONSTRUCTION Co., Ltd./MIRAIT Information Systems Co.,Ltd./ACTIE Co.,Ltd./CREIST Inc./Fucomet Corp./Kirin Bioki Corp./MIRAIT Technologies Australia Pty. Limited(Australia)/MIRAIT PHILIPPINES INC.(Philippines)

TTK Co., Ltd.

SOLIDCOM Co., Ltd.

SOLICOMMESTER Co., Ltd./Yukawakogyo Corporation/Sekienkogyo Co.,Ltd./Solicom Business Service Corporation/ChugokuShinshizai Corporation/DaitsuKasazakura Corporation

Shikokutsukan Co., Ltd.

Ochihanki Corporation/STK Techno Corporation

Lantrovision (S) Pte Ltd./Lantro (Malaysia) Sdn Bhd./Lantro (Panang) Sdn Bhd./Lantro Ed Limited/Lantrovision Korea Co Ltd./Lantro (Shanghai) Co Ltd./Hangzhou Lantro Co Ltd./Lantro Phis. Inc./Lantro (Taiwan) Ltd./Lantro Technologies India Pvt Limited/Vinit (S) Pte Ltd./Appian Asia Pte Ltd./Infian Pte Ltd./Adros Solutions Pte Ltd./Innovative Energy Systems & Technology Pte Ltd./Lantro Myamar Co Ltd./PT Lantro Technologies Indonesia/YI Integrated Pte Ltd./Sun Power Electrical Pte Ltd./Nechic Engineering Pte Ltd./Shanghai Changling Communication Equipment Co.,Ltd./Altric Solutions Pte Ltd./Lantro (Thailand) Co Ltd./Lantro (Vietnam) Co Ltd./Lantro (Cambodia) Co Ltd./Lantrovision Inc.

including consolidated subsidiaries and overseas subsidiaries (as of July 1, 2021)

Editorial Policy
This report outlines the policies, plans, activities, and achievements of the MIRAIT Group to promote value in the short, medium, and long term. This business and management report of the MIRAIT Group outlines the following: to report on the operations of the MIRAIT Group as a whole. Please note that numerical data and some of the information as of March 31, 2021 may be adjusted as of March 31, 2022. The report also includes some information for the financial and non-financial performance of the Group.

Date of Publication
December 2021

Related Information on our website
- CSR Information
- http://www.mirait.co.jp
- Related corporate reports are also available.
- Corporate information
- https://www.mirait.co.jp
- Business Information
- https://www.mirait.co.jp
- Financial/Non-financial Data
- Financial/Non-financial Data
- Status of Shareholders
- Status of Shareholders
- Date of Publication
- December 2021

Promote ESG-oriented Management
MIRAIT Group’s ESG-oriented Management
Realization of a decarbonized society through business activities
Contribution to the creation of environmentally-friendly and resilient cities and villages
Safety and quality improvement
Co-creation of social value through collaboration with partners
Promotion of human resource development, workstyle reform, and health-oriented management
Respect for human rights and promotion of diversity and inclusion
Social responsibilities in the supply chain
Helping local communities
Enhancing Corporate Governance
Thorough Compliance
Thorough Risk Management
Financial/Non-financial Data
Status of Shareholders

With a focus on contributing to the resolution of social issues in Japan and overseas, we will further enhance our corporate value and achieve sustainable growth.

Unchanging Responsibilities and Continuous Improvement

We, at the MIRAIT Group, have been engaged in the social implementation of infrastructures throughout our history, including before we became the current MIRAIT Group. Through engineering, we support the development of people’s lives and industries, and once a natural disaster such as a typhoon or earthquake strikes, we do our best to maintain and restore the infrastructures. Our social responsibilities of this kind remain unchanged today when information and communication networks have evolved, and will do so even with further development in the future.

While fulfilling these responsibilities, we will utilize the latest knowledge and technology and make every effort to improve ourselves in order to meet the expectations of our customers and society. This principle is also in line with Matsuo Basho’s words we often refer to: Fuekiryuko, which expresses the idea of immutability.

Achieving Targets Early and Establishing “True Strength”

In our fourth Medium-term Management Plan for the three-year period starting in FY 2019, we, the MIRAIT Group, set targets for the final year (FY 2021): net sales of 450 billion yen, operating income of 27 billion yen (operating income ratio of 6%), and ROE of more than 8.0%. To achieve these targets, we set up three pillars: “strengthening of the profit structure of existing businesses,” “strengthening of the growth potential of business in new fields,” and “strengthening of the management base.”

In FY 2020, we maximized the impact of the spread of the new coronavirus infection on the progress of construction and new orders by introducing new workstyles. We achieved all of our targets one year ahead of schedule, thanks to the concerted efforts of our employees to implement the three pillars as well as government measures (introduction of ICT in schools and depopulated areas) that provided a tailwind. To return those positive results to our shareholders, we increased the annual dividend (by 5 yen, to 45 yen per share) and bought back our own shares (5 million shares in total) during the fiscal year.

In the current fiscal year, we are working to establish this achievement as our “true strength,” as well as to further strengthen shareholder returns.

Business Strategy Towards 2030

In November 2021, the MIRAIT Group announced the outline of its business strategy for the next stages. The business strategy was formulated due to the establishment of the new MIRAIT Group as a result of the integration of three companies, namely, MIRAIT Holdings Corporation, MIRAIT Corporation, and MIRAIT Technologies Corporation (scheduled for July 2022), and projects a vision for the year 2030.

The business strategy is centered on contributing to the resolution of social issues in Japan and overseas. To that end, it has identified the key social issues that we need to address. In relation to the growing demand for environmental conservation, it focuses on “Realization of a decarbonized society through business activities” and “Contribution to the creation of environmentally friendly and resilient cities and villages.” We will be making more active proposals from this perspective to companies in various regions, as well as to national and local governments.

The MIRAIT Group’s Purpose (raison d’etre) and Mission (social mission) will also be redefined, and will be announced in May 2022.

Pursuit of Human-Centered Management

Under the new business strategy, we will promote five business reforms, namely “5 Changes.”

The first of these changes is expressed as “Human-Centered Management.” With engineering as its main business, the MIRAIT Group is a company built on the daily on-site work of its employees and collaborators. The business growth of the MIRAIT Group will be realized through the change and growth of each individual in charge of the site. First, as a foundation to ensure that such processes are working actively, we are promoting “Safety-oriented Management” and “Health-oriented Management” that create a workplace environment where employees can work with peace of mind. Then, we will promote workstyle reforms to realize the MIRAIT Group’s version of “smart work” and build a “good company” for our employees. In addition, as an educational program that encourages people to change and grow, we will operate our “Future College” as an in-house university, expand our real campus where employees can practice their skills, and develop a digital learning environment that lets them learn anywhere in Japan. In order to create a group of human resources that can change society and change the future, we will invest heavily in our people.

Accelerating Business Growth and Strengthening Profit Structure

Change 2 refers to “Acceleration of Business Growth.” We will designate the fields in which we aim to achieve business growth as “Future Domain,” and work on it by organically combining the management resources of the “Communications Infrastructure Domain,” which is centered on the carrier business, and the “Corporate/Environmental and Social Domain,” which is centered on the solutions business.

There are four key elements in the “Future Domain.” The first is to accelerate city and village development projects and projects that meet corporate needs for DX and greening. We will further develop our energy-related businesses, such as solar power generation, wind power generation, and other renewable energy-related businesses. The second is to strengthen the carrier business, and the “Corporate/Environmental and Social Domain,” which is centered on the solutions business.

In the current fiscal year, we are working to establish this achievement as our “true strength,” as well as to further strengthen shareholder returns.

5 Business Reforms (5 Changes)

Material social issues (materialities) to be addressed

- Environment
- Social
- Governance

| Change 1 | Human-Centered Management |
| Change 2 | Acceleration of Business Growth |
| Change 3 | Top-Class Profitability |
| Change 4 | Data Insight Management |
| Change 5 | Strengthening of ESG Management Foundation |

The MIRAIT Group Integrated Report 2021
Our Business

Building and Maintaining

Starting with telecommunications infrastructure, we build a broad range of systems offering greater convenience in daily life and society as a whole and ensuring greater safety and security (comprehensive engineering: configuration), and maintain them (servicing: maintenance and operation) both in Japan and overseas.

FY 2020 MIRAIT Group Sales

<table>
<thead>
<tr>
<th>Domain</th>
<th>Sales (bil. yen)</th>
</tr>
</thead>
<tbody>
<tr>
<td>NTT Operations</td>
<td>157.0 bil. yen</td>
</tr>
<tr>
<td>Multicarrier</td>
<td>98.2 bil. yen</td>
</tr>
<tr>
<td>Environmental and Social Innovation</td>
<td>58.1 bil. yen</td>
</tr>
<tr>
<td>ICT Solutions</td>
<td>150.3 bil. yen</td>
</tr>
</tbody>
</table>

A Step Forward

As one of the themes for building the next social infrastructure, the MIRAIT Group places great importance on water. Shikokutsuken Co., Ltd. is involved in the construction of distribution reservoirs in projects to relocate and upgrade filtration plants. As well, SOCOM Co., Ltd. has developed “nano gate,” a self-cleaning system for building water supply and drainage pipes, which enables low-cost, low-labor maintenance of water supply and drainage pipes and other water-related facilities.
The MIRAIT Group continuously enhances a wide range of non-financial capital supporting businesses to heighten medium- to long-term financial performance.

Engineering Capital
We keep both the hardware and software directly used for engineering in good shape while regularly adopting the latest versions.

Human Capital
The size and quality of human capital is crucial in engineering. With this recognition in mind, the MIRAIT Group works to cultivate its human capital that supports the growth of business in multifaceted ways.

Intellectual Capital
The technical capabilities of the MIRAIT Group are a factor affecting its market competitiveness that often remains unseen. We place importance on turning tacit knowledge into explicit knowledge, sharing and developing it. We are also expanding our new knowledge through M&A, cooperation with various entities, and joint research.

Organizational Capital
The business operation system of the MIRAIT Group and partner companies is the foundation for our business growth in Japan and abroad.

Social and Relationship Capital
The trusted relationships with our stakeholders are an “unseen foundation” of the MIRAIT Group’s businesses.

Major Capitals
- Construction equipment (aerial work platform vehicles, etc.)
- Network/cloud service infrastructure
- Various tools used for solutions
- Internal information systems

Development Initiatives
- Systematic renewal of construction equipment
- SD-WAN (software-defined networking)
- Construction and operation of our own data center
- Configuration of networked DC*1
- Enhancement of core systems (for I-Construction)
- Operational improvements through active adoption of IPA*2

**Development Initiatives**
- Systematic training through a personnel training system
- E-learning system for obtaining professional qualifications
- Support for career advancement through an intensive program
- Personnel rotation that encourages experience in diverse businesses and organizational cultures
- Securing and promoting active participation of diverse talents
- Enhancement of engineering personnel (mid-career employment)

**Development Initiatives**
- Telecommunications construction and other engineering expertise
- Knowledge in specialized relevant fields
- Technical knowledge to be used in new solutions
- Processes and techniques of value engineering
- Quality control, occupational safety and health, environmental conservation and other expertise

**Development Initiatives**
- Operation of various management systems
- Strengthening of construction management capabilities
- Use and ongoing revisions of the Worksite Supervisor Handbook
- KAIZEN Support Activity (reforns and development of articles and methods via suggested improvements)
- Adoption of the latest technology
- Open innovation

**Development Initiatives**
- Presence in each region and country
- Business sites (sales, construction, and services)
- Partner companies (smooth collaboration)
- Networks with organizations and people related to business

**Development Initiatives**
- Expansion and deepening of regional coverage
- Strengthening of Group operation systems
- Collaboration meetings and regional cooperation meetings with business partners
- ESG assurance

**Development Initiatives**
- The brand based on confidence and trust from customers
- Long-lasting relationships with telecommunications carriers
- Relationships with customers, other than telecommunications carriers, in various fields
- Collaboration with municipalities and government agencies
- Support from local communities

**Development Initiatives**
- A long and proven track record
- Clarification of quality standards as well as confirmation and validation of quality in each operation
- Disaster recovery response
- Local contribution efforts/activities to promote communication with local communities

**Development Initiatives**
- Operational improvements through active adoption of RPA*2
- ESG sourcing
- Strengthening of construction management capabilities
- Adoption of the latest technology
- Open innovation

Number of employees
12,882

Number of KAIZEN suggestions
24,489

Number of KAIZEN Fellows
68

The data is for FY 2020 (as of March 31, 2021)
Unfolding the Medium-term Management Plan

Based on rapid changes in the business environment, the MIRAIT Group is implementing a three-year medium-term management plan that began in fiscal 2019 to bring about sustainable growth.

Outline of Current Medium-term Management Plan

The business environment surrounding us at the MIRAIT Group is expected to continue to change significantly in the future due to expectations for the expansion of 5G-related services, growing needs for new ICT solutions created under the “new lifestyle” promoted by the spread of the new coronavirus infection, and the promotion of renewable energy policies to realize a decarbonized society. We believe that we must strive to improve management efficiency and productivity of existing businesses, while expanding into and strengthening the competitiveness in new fields (“frontier business”) in the medium- to long-term, in order to enhance our corporate value and to achieve sustainable growth as a “Comprehensive Engineering and Service Company” amid such changes in the external environment. To this end, we have formulated our fourth Medium-term Management Plan for the three-year period starting from FY 2019.

Business Activities and Results in FY 2020

In FY 2020, the spread of the new coronavirus infection caused delays in the progress of some construction projects and also affected the volume of new orders obtained by the Group. The Group continued its business activities while taking measures to prevent the spread of the infection in cooperation with customers, including telecommunication companies. The Group also introduced new working styles, such as staggered work hours, teleworking, and office decentralization, and worked to improve the efficiency of business operations.

The status of each business segment is as follows:

- **NITN Business**: In the NITN business, the Group worked to increase access construction work related to the increase in facility operation work and the expansion of teleworking, and to win orders for the Project to Promote the Development of an Advanced Wireless Environment, as well as to improve profit margins through the benchmarking method and to streamline operations by integrating offices.
- **Multicarrier Business**: In the multicarrier business, the Group achieved higher sales than the previous year thanks to the nationwide expansion of construction work for Rakuten Mobile and an increase in CATV work, although delays in the delivery of parts and materials and restrictions on entry caused some construction work to slip behind schedule. The Group also worked to strengthen technical capabilities and its human resource base by training multi-skilled engineers who are capable of performing construction and maintenance of wireless base stations and fixed lines in a combined manner.
- **Environmental and Social Innovation Business**: Although there was an increase in air-conditioning work and expansion of water supply and sewerage work, sales in the environmental and social innovation business fell below the previous year’s level due to a decrease in large-scale solar power projects and electrical work.

As a future growth driver, the Group also worked on the construction of smart communities that use EV chargers, storage batteries, and self-consumption solar power generation.

In order to strengthen our cost competitiveness in water and sewage works and civil engineering works, the Group has decided to merge Tokaikoei Inc. and Miyakokensetsu Corporation (effective April 1, 2021).

**Activities in FY 2021**

The actual results for FY 2020 exceeded the target for FY 2021, and we consider these good results to indicate our “true strength,” so we have revised our targets.

In FY 2021, we are giving priority to the following challenges:

1. **Expanding business domains in new fields (frontier business)**
   - Accelerating the transformation of the business structure by strengthening inter-group collaboration, etc.
   - Carefully selecting targets in response to changes in the market environment
   - Strengthening the management base by improving operating efficiency

2. **Improving productivity of existing businesses**
   - Continuously improving business efficiency through the benchmarking method, and maximizing integration synergies
   - Promoting multi-skilling across different businesses to improve operational efficiency
   - Strengthening of profit structure through various measures including business process review

**Key Initiatives of the Fourth Medium-term Management Plan**

- 1. Generate new business opportunities
   - Development of solution business by leveraging the expanded regional coverage achieved through management integration
   - Facing the challenge of new business opportunities transcending the conventional framework of business domains and technologies

- 2. Acceleration of transformation of business structure
   - Acceleration of transformation from carrier business to solution business
   - Promotion of transformation of quality in solution business (emphasis on profit)

- 3. Enhance productivity and reduce costs through efficient operations
   - Ensuring operation of construction work through stronger ties with partner companies
   - Sharing of systems and consolidation of common operations

- 4. Strengthen human resources
   - Improvement of productivity and securing of human resources through work style reforms
   - Strengthening and utilization of human resources supporting expansion into new business domains and transformation of business

- 5. Promote ESG-oriented management and improvement of safety and quality
   - Accurately assessing business in terms of both risk and opportunity from the perspective of strengthening ESG
   - Establishment of the MIRAIT Group brand responding to customers’ needs for peace of mind and reliability in “improvement of safety and quality”

- 6. Capital policy
   - Maintaining a sound financial standing
   - Management conscious of capital cost
   - Consideration of providing shareholder returns aimed at realization of ROE of 8% or more

**Targets and Results (Group Consolidated)**

<table>
<thead>
<tr>
<th>Indicators</th>
<th>FY 2021 Targets (Medium-term Management Plan)</th>
<th>FY 2020 Results</th>
<th>FY 2021 Planned Figures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>463.7 bil. yen</td>
<td>463.7 bil. yen</td>
<td>463.0 bil. yen</td>
</tr>
<tr>
<td>Operating income</td>
<td>30.1 bil. yen</td>
<td>27.0 bil. yen</td>
<td>30.1 bil. yen</td>
</tr>
<tr>
<td>ROE</td>
<td>More than 8.0%</td>
<td>11.0%</td>
<td>-</td>
</tr>
</tbody>
</table>

**Results by Segment**

<table>
<thead>
<tr>
<th>Segment</th>
<th>FY 2020 (YoY Change)</th>
</tr>
</thead>
<tbody>
<tr>
<td>NITN Operations</td>
<td>157.0 bil. yen (+0.7 bil. yen)</td>
</tr>
<tr>
<td>Multicarrier</td>
<td>98.2 bil. yen (+1.7 bil. yen)</td>
</tr>
<tr>
<td>Environmental and Social Innovation</td>
<td>58.1 bil. yen (-0.6 bil. yen)</td>
</tr>
<tr>
<td>ICT Solutions</td>
<td>150.3 bil. yen (+29.5 bil. yen)</td>
</tr>
</tbody>
</table>

**MIRAIT Group Key Performance Indicators**

The Group uses sales, operating income, operating income ratio, and ROE (return on equity) as objective indicators (KPI) for determining the status of management goals. We recognize that these indicators will be useful for all stakeholders, including shareholders, to evaluate the effectiveness, feasibility, progress, etc. of the Group’s management policies and strategies. Operating income and ROE are also used as calculation indicators in the performance-linked stock-based compensation plan.
The MIRAIT Group is reorganizing its business structure in order to continue to be a growing company in the midst of rapid changes in the business environment.

Merger of Three Companies to Accelerate Business Structure Transformation

In October 2020, the Group announced that its Board of Directors had approved a policy to begin deliberations and preparations for a three-way merger between the holding company, MIRAIT Holdings Corporation, and its two wholly-owned consolidated subsidiaries (MIRAIT Corporation and MIRAIT Technologies Corporation).

MIRAIT Corporation and MIRAIT Technologies Corporation, the core operating companies of the Group, have expanded their respective businesses, mainly in the information and telecommunications engineering business and the solution business for telecommunications carriers, and have greatly contributed to the enhancement of the Group's corporate value. However, due to the rapid changes in the business environment facing the Group, in order to achieve further corporate growth in the future, it is urgent to change the business structure, i.e., to make growth fields (solutions business, new fields, etc.) into core businesses, and at the same time, to strengthen the profit structure of the information and telecommunications engineering business (carrier business) that we have been developing, and to reinforce the management foundation.

In light of these circumstances, by accelerating the transformation of our business structure through this merger, we aim to remain a reliable group that builds and maintains the social infrastructure (telecommunications and energy) of the future by further speeding up decision-making among the Group companies, improving the efficiency of our management structure, reducing costs through the concentration of management resources, and further strengthening our profitability.

We aim to realize the merger early in FY 2022. We have already reorganized our operations into teams according to individual growth fields such as the solution field (April 2021), the global field (July 2021), and the frontier field (October 2021).

Outline of the Three-Way Merger

Method of merger

It is assumed that the merger will be an absorption-type merger, with MIRAIT Holdings Corporation as the surviving company.

Issuance of new shares, etc.

(1) This is a merger between MIRAIT Holdings Corporation and its two wholly-owned consolidated subsidiaries, MIRAIT Corporation and MIRAIT Technologies Corporation, and there will be no issuance of new shares or delivery of monetary or other consideration.

Trade name and business description

As for the trade name and business activities of the company resulting from this merger, the articles of incorporation will be amended and a resolution will be adopted at the general meeting of shareholders.

Purpose of the Reorganization and Merger of the Three Companies

We have been working toward implementation in early FY 2021, and have first started to reorganize the mobile business. We have consolidated the mobile business-related operations that MIRAIT Corporation orders from its group companies into two group companies, one in the East Japan area and the other in the West Japan area. In addition, some of the operations conducted by MIRAIT Corporation were also transferred to the same two companies. Thus, these two companies have changed their trade names as of July 1, 2021, in order to clarify their positions as companies that conduct mobile business-related operations. Nissin Tsuukou Co., Ltd. is now called "MIRAIT Mobile East Co., Ltd." and DAMEI NETWORK CO., LTD. "MIRAIT Mobile West Co., Ltd."

Steps in the Reorganization and Merger of the Three Companies

2020

MIRAIT Holdings Corporation MIRAIT Corporation MIRAIT Technologies Corporation

2021: Creation of Teams

MIRAIT Corporation MIRAIT Technologies Corporation

Solution Field/Global Field/Frontier Field

 Newly Integrated Company

2022: Three-Way Merger

MIRAIT Holdings Corporation MIRAIT Corporation MIRAIT Technologies Corporation

Purpose of the Reorganization and Merger of the Three Companies

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Overview of the Reorganization

<table>
<thead>
<tr>
<th>Business</th>
<th>Details of the reorganization</th>
<th>Companies concerned</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mobile business</td>
<td>Consolidation of mobile-related operations into two core companies</td>
<td>Nissin Tsuukou Co., Ltd., DAMEI NETWORK CO., LTD.</td>
</tr>
<tr>
<td>Solution business</td>
<td>Integration of two subsidiaries related to ICT/environment and energy</td>
<td>MIRAIT X Corporation, KOKKO SYSTEMS CO., LTD.</td>
</tr>
<tr>
<td>Outsourcing business</td>
<td>Integration of two subsidiaries to which common operations are outsourced</td>
<td>HOPE NET CO., LTD., NIPPON TOYOCOM CO., LTD.</td>
</tr>
</tbody>
</table>
Promote ESG-oriented Management

In recent years, companies are expected to respond to social and environmental issues, as exemplified by the Sustainable Development Goals (SDGs), and there is a growing trend of evaluating corporate involvement in society from an ESG (Environmental, Social, and Governance) perspective.

The MIRAIT Group is building communication and electric infrastructure, including the development of 5G facilities, the construction of EV stations, and conducting renewable energy projects, by leveraging the strengths in field and technical capabilities that we have cultivated over the years, and we feel that we are expected to resolve issues of our customers, society, and the environment through the MIRAIT Group’s business.

With growing expectations for contributing to the SDGs and resolving ESG-related issues, we will strive to contribute to the sustainable development of our customers and society and enhance our corporate value by promoting various measures.

ESG Management Promotion Structure

The MIRAIT Group has established a management system to promote ESG-oriented management with the aim of contributing to the SDGs and enhancing corporate value for sustainable growth.

The ESG Management Promotion Committee, chaired by the President, will be established to formulate strategies and resolve issues related to overall ESG management in the MIRAIT Group.

Materiality Identification Process

We, at the MIRAIT Group, had previously identified material issues (materialities) when formulating the third Medium-Term Management Plan in May 2017, but in light of recent changes in society and the environment, we have identified nine new materialities.

To identify and decide on these issues, the ESG Management Promotion Committee held a series of discussions based on customer and employee surveys, opinions from stakeholders, important social issues extracted from international guidelines on social responsibility, and expectations of the MIRAIT Group, followed by deliberations by the Executive Committee and Board of Directors.

ESG Management Promotion Committee Members

Chair
President and Chief Executive Officer of MIRAIT Holdings  NAKAYAMA Toshiki

Directors
YAMAMOTO Yasuhito, TOTAKE Yasushi, TSUKAMOTO Masakazu, AKIYAMA Koji, HIRABARA Toshiyuki, KANAZAWA Katsuhiko, MAEZAWA Toshinori, Kakinouchi Akio, MINOWA Yoshihiro, OYA Katsuyuki, SUGITANI Hiroshi

Secretariat
ESG Management Promotion Office, Strategy Department, MIRAIT Holdings
Managing Executive Officers in Charge of PR

ESG Management Promotion Office, Strategy Department, MIRAIT Holdings
Managing Executive Officers in Charge of IR

STEP1  Extraction and categorization of social issues

Comprehensively extract issues to be considered by referring to the GRI Standards, ISO 26000, and other major international guidelines on social responsibility of organizations, as well as the SDGs and evaluation items of ESG evaluation organizations.

STEP2  Prioritization

Evaluate and prioritize the extracted issues in terms of whether we should contribute to solving them, or whether they will lead to value creation, based on stakeholders’ expectations and the raison d'etre and missions of the MIRAIT Group.

Discuss and select material issues that the MIRAIT Group should address on a priority basis at the ESG Management Promotion Committee.

STEP3  Validation and identification

Confirm the appropriateness of the selected material issues in terms of their alignment with the MIRAIT Group’s management issues. Discuss the risks to the current business and future opportunities at the ESG Management Promotion Committee, and after deliberations by the Executive Committee and Board of Directors, identify material issues (materialities).

Consult with relevant departments to determine measures and targets for the identified materialities.

STEP4  Review

Evaluate activities against materialities based on targets and results, and disclose the evaluation results in the Integrated Report.

Discuss risks to the business and opportunities for future value creation at the Committee, and identify the material issues through deliberations at meetings of the Board of Directors, etc.

Use the results to review materialities and goals and improve the content of disclosure as well as incorporate them into business operations.
Materiality Review

Endorsement of the TCFD

We consider climate change as one of the issues that is highly relevant to the MIRAIT Group’s business activities. In October 2021, the MIRAIT Group endorsed the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), which aims to proactively disclose the financial impact of climate-related “risks” and “opportunities.” In addition to incorporating the risks and opportunities that climate change presents to the MIRAIT Group’s business into our business strategies, we will disclose appropriate non-financial indicators, work toward decarbonization, and through our business aim to contribute to society as a whole, including addressing overall environmental issues.

Also, we have joined the “TCFD Consortium.”

Relationship Between Materialities and SDGs

As shown in the diagram below, the MIRAIT Group has organized its material issues (materialities) and the impact on the SDGs through the promotion of initiatives linked to these issues. We will contribute to the realization of each goal through our business activities.

Operation of Integrated Management System

The MIRAIT Group has acquired and is operating in compliance with international standards in four areas: quality management systems (ISO 9001), occupational health and safety management systems (ISO 45001), and environmental management systems (ISO 14001), and information security management systems (ISMS) (ISO/IEC 27001). Since 2012, we have been operating the Integrated Management System that deals with the management systems of the MIRAIT Group in an integrated manner.

The Management System Policy we operate provides the basis of the Integrated Management System, requires all people involved in MIRAIT Group business activities to be aware of ESG, and clearly states that each company and department of the MIRAIT Group cooperate together to conduct PDCA management.

TCFD Consortium

The TCFD Consortium is an organization established as a forum for companies, financial institutions, etc., that endorse the TCFD to work together to discuss effective information disclosure by companies and initiatives to help financial institutions make appropriate investment decisions based on disclosed information.
Realization of a decarbonized society through business activities

We aim to realize a decarbonized society by constructing, operating, and maintaining more efficient social infrastructures and advanced energy-related systems, as well as supplying renewable energy as our own business.

**Businesses to Serve Environmental Protection**

**Direct and Indirect Contributions**
We contribute directly to creating energy infrastructure needed for a low-carbon society through design, construction, operation and maintenance of power generators that utilize renewable energy (especially solar power), installation and maintenance of LED lighting, installation and maintenance of EV charging stations, and provision of energy management systems and battery systems. We are also taking an active part in initiatives toward realizing high-efficiency smart energy systems and smart cities, by such approaches as developing broadband wireless sensor network systems and next-generation mobility.

**Stable Supply of Renewable Energy**

One of the social infrastructures that the MIRAIT Group is building is equipment and systems for widely spreading renewable energy. Local governments have been implementing projects to support the joint purchase of solar power and storage battery systems since fiscal 2019 in order to further expand the use of renewable energy in general households. In Kyoto City, which aims to achieve net zero CO₂ emissions by 2050, our group company COTONET ENGINEERING Co., Ltd. has been selected as the sales and installation company to provide solar power and storage battery systems to the city’s residents. Also in Osaka Prefecture, MIRAIT Technologies Corporation has been selected as a sales and installation company for storage battery systems. As well, MIRAIT Corporation, together with ENNET Corporation and CCD Co., Ltd., conducted a verification test for the interchange of surplus electric power to users in the local community by utilizing solar power generation and electric vehicles (EV) over a one-year period starting at the end of March 2020.

We installed solar power generation equipment and an EV power conditioner at a conventional energy-saving residence in Kanazawa-machi, Kitasaku-gun, Nagano. Electricity from solar power generation was used at home, and the surplus was charged in EVs, which then supplied electricity to the docomo Shop Kanazawa during designated evening hours. We will also contribute to ensuring the stable supply of renewable energy, a challenge to be addressed, so that it can be readily used in more situations.

**Environmental Management**

Companies in the MIRAIT Group operate in compliance with environmental management system standards (ISO 14001) (MIRAIT Corporation and MIRAIT Technologies Corporation are certified at all of their business locations).

At each business location, environmental aspects of our operations are identified and impacts are assessed. We then design steps to manage material environmental aspects, formulate action plans for each fiscal year, review progress to find the results and challenges, and report continuous improvement.

We conduct regular audits. One internal and one external audit are held once a year at our business base with ISO 14001 certification.

Over the seven years from 2014 to 2020, the number of our violations of environmental laws, accidents or pollution that would cause environmental problems, and environmental complaints were all zero (at all the domestic group companies).

**Sharing Results**

We aggregate actual values of our main performance indicators for environmental protection activities (CO₂ emission, electricity consumption, consumption of fuels such as gasoline and kerosene, emission of paper waste, household waste and industrial waste, and green purchasing payments) and monitor and analyze them to promote our activities.

In summer and winter when electricity consumption increases, each workplace sets its own targets and works to reduce electricity use.

**Mitigating Climate Change**

**Saving and Creating Energy at Construction Centers**

At local construction centers, we have been installing LED lighting, demand monitoring systems for power consumption, and rooftop solar power generators, promoting energy conservation.

**Annual electrical power output of solar power generators at 5 offices of MIRAIT Corporation**

<table>
<thead>
<tr>
<th>Financial Year</th>
<th>FY 2017</th>
<th>FY 2018</th>
<th>FY 2019</th>
<th>FY 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kilowatt-hour</td>
<td>124</td>
<td>138</td>
<td>132</td>
<td>137</td>
</tr>
</tbody>
</table>

**Promoting Power Saving**

Most of the energy consumed in offices is electricity. The MIRAIT Group is making unified efforts to promote power saving through multifaceted approaches: more efficient use and reduction of printers and copy machines; power-saving settings of PCs; proper indoor temperature control; switching off unnecessary lighting; and education for controlling elevator use.

**Improving Fuel-efficiency of Vehicles**

We work to raise company-wide awareness and energy efficiency by introducing low-emission, fuel-efficient vehicles, and by encouraging eco-driving for less environmental impacts and fewer traffic accidents.

**Comprehensive Environmental Protection Measures**

**Green Development Guidelines**

Since FY 2016, the MIRAIT Group has established Green Product Development Guidelines compiling the points that should be considered from the product design and development stage with the preservation of the global environment in mind. During development, while both observing related laws and ordinances, we also consider environmental effects over the life cycle of the construction method, product, or service.

**Environmental Standards for Evaluating and Selecting Business Partners**

In evaluating and selecting business partners, the MIRAIT Group considers their approaches to ESG. We ask about environmental considerations (promotion systems, chemical substance management, CO₂ emission reduction, and industrial waste reduction) as a basis for our decision (see p. 35).

**Green Purchasing**

We purchase office supplies and paper based on the recommendations of GPN* green purchasing guidelines as much as practicable. The green purchasing ratios for MIRAIT Corporation and MIRAIT Technologies Corporation were 82.9% and 81.1% respectively in FY 2020.

**Biodiversity Conservation**

We will also contribute to ensuring the stable supply of renewable energy, a challenge to be addressed, so that it can be readily used in more situations.

**Promoting Recycling Construction Spent Products**

We continuously work to minimize the volume of construction by-products that occur at each construction site and to discover ways to recycle by-products that do occur. As part of that effort, we switched from wooden drums on which steel stranded wire is wound and disposed of after one use to a reusable ECO drum – part of a telecommunications construction industry program – starting in 2008 and, except for a few sizes, use only ECO drums.

**Promoting Recycling Construction Spent Products**

We promote recycling by collecting uniforms and helmets after they have been used and using a thermal processing (used as heat) by contracting a specialized company.

**Reducing Paper Use**

We are promoting paperless meetings and standardizing procedures for using multifunction devices that eliminate wastefulness.

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We will contribute to the creation of sustainable cities and villages through the construction of environmentally-friendly and resilient social infrastructure that makes full use of the MIRAIT Group’s technologies in a wide range of areas, including IoT, 5G, ICT, and energy systems.

Minimizing the Impact of Disasters and Accidents

Recovery response in the event of a disaster or accident is an important role of the MIRAIT Group as a safeguard for the communications and network environment.

We conducted recovery activities for communication infrastructures in various regions damaged by Typhoon No. 10 in July 2020 and Typhoons No. 15 and No. 19 in September and October 2019.

Creating Information and Communication Infrastructures That Can Withstand Natural Disasters

The proper functioning of information and communication networks is essential for the daily lives of the people and for industrial and economic activities. The MIRAIT Group has consistently been committed to the construction and operation of infrastructure for communication infrastructures that can withstand natural disasters, including wind, flood, and earthquakes.

In recent years, we have also worked to prevent the collapse of utility poles due to earthquakes and typhoons by undergrounding electric cables. We excavate the road and bury conduits to accommodate electric cables, while paying attention to water, sewage, and gas pipelines. The MIRAIT Corporation carried out a project to eliminate utility poles in Ponto-cho, a representative scenic area of Kyoto. Considering the narrow alley, the company used a new construction method (small box method) for the first time in Japan. This new method can be implemented at a lower cost and in a shorter period of time than conventional methods, and many local governments, including the Tokyo Metropolitan Government, have visited the site.

In the construction of a volcanic eruption monitoring system for Mt. Zao, a quasi-national park located on the border of Miyagi and Yamagata prefectures, TTK Co., Ltd. laid underground conduits to accommodate the cables in accordance with the specifications of the customer, the Ministry of Land, Infrastructure, Transport and Tourism, because the overhead communication and power cables supported by utility poles could be cut in the event of a volcanic eruption. TTK faced a lot of difficulties due to considerations for tourists and sudden changes in weather, typical to mountainous areas, but was able to complete the project with high quality and without any accidents. The company is contributing to the construction of infrastructure for mitigating disasters caused by volcanic eruptions.

Disaster Response Using Drone Technology

On July 1, 2020, we concluded an “Agreement on Cooperation for Assistance Using Unmanned Aircraft in Times of Disaster” with Koto Ward, Tokyo. Upon request from Koto Ward in the event of a disaster, MIRAIT Technologies Corporation and MiratecDrone Corp. will be dispatched to inspect civil engineering facilities in the ward.

In addition, after the mudslide disaster that occurred in Akiwamachi, Shizuoka Prefecture in July 2021, MiratecDrone Corp. provided technical guidance on drone photography to members of TEC-FORCE, the Ministry of Land, Infrastructure, Transport and Tourism. After the mudslide disaster, MiratecDrone created orthomosaics using burst shots taken by a drone from the headwaters of the Tone River to the midstream erosion control dam, and provided them to TEC-FORCE, the Ministry of Land, Infrastructure, Transport and Tourism.

With MiratecDrone taking the lead, the MIRAIT Group will work faster, more sophisticated and safer survey techniques.

Supporting a New Lifestyle in the “With Corona” Era

The pandemic of the new coronavirus has forced every company to adopt unprecedented practices in hygiene and personnel management. The MIRAIT Group has been making efforts to deliver solutions that enable the group to respond quickly and smoothly to these social demands.

In April 2021, MiratecDrone Corp. began providing drone-based antibacterial and antiviral coating services for large-scale event venues. The purpose of this is to prevent the spread of the new coronavirus through contact within the facilities. This reduces the workload and cost, for example, by greatly reducing the daily sterilization work. Needs are expected in large-scale event venues such as theaters and halls. As a result of repeated verification tests conducted with our partners, SUNPREST Co., Ltd. and Tokyo Teikoku Co., Ltd., we confirmed monovalent copper compound nanoparticles on the surface of test venues as a result of the spraying of antibacterial and antiviral agents from drones. In addition, the MIRAIT Corporation is supporting hotels that are struggling with the new coronavirus disaster with its “ee-TAL™” tablets for hotel rooms, providing a safer environment for guests. The ee-TAL™ unifies the operation of in-room equipment and, in cooperation with Toppan Inc., enables guests to check how crowded a restaurant is from their rooms. In addition to increasing the sense of security for guests, the ee-TAL also makes it easier for hotel managers to ensure safety through enabling more efficient cleaning and disinfection work.

The “Conrepo (Condition Report)” developed by the MIRAIT Corporation is a web system that facilitates management by enabling the use of data on physical condition and work location that employees enter with simple operations from a terminal at hand (smartphone or PC). Supervisors can check an employee’s physical condition and work location at any time by accessing “Conrepo” and viewing the data. Reports of physical disorders can also be automatically sent to the direct supervisor. After three months of preliminary implementation within the company and receiving extensive feedback, the MIRAIT Corporation launched this new service in September 2020.

“Working Space in Nature” Enabled by Outdoor Wi-Fi System

The MIRAIT Corporation’s Chiba Branch, which has been working on proposals from the perspective of infectious disease prevention measures, took overall charge of the consulting, design, and construction of the outdoor Wi-Fi (wireless LAN) environment at the Narita Yume Farm Family Auto Camping Ground (Narita City, Chiba Prefecture), contributing to the realization of a “working space in nature.”

For the outdoor Wi-Fi relay device, the company selected a model that supports up to 1Gbps, which is equivalent to optical fiber, and for the access point communicating with client terminals, a model that supports high-speed communication, and confirmed a downstream speed of over 100Mbps on weekdays when there are few users. The environment enables stress-free exchange of large files and online meetings. The company also handled the power source installation work at the site. Named “Office Makiba,” this place provides an environment where people can work face-to-face while maintaining a distance from each other in an open space.

Users can expect a sense of togetherness through shared space, new ideas stimulated by unusual surroundings, and the healing effects from being in nature. Through this, the company also aims to promote “workation,” which is attracting attention as a new way of working and living.
Building and Using 5G

The MIRAIT Group is contributing to the smooth transition to the 5G communications environment, and developing and providing solutions that make the most of its features.

Supporting the Transition of Mobile Communication Systems to 5G

The provision of commercial services based on the 5th generation mobile communications systems (5G) began in Japan in April 2020. With its features of high speed, high capacity, low latency, and multiple simultaneous connections, 5G is a core industrial and social infrastructure for today’s wide use of IoT (technology that connects all things to the Internet). Mobile communication systems have been evolving around every 10 years since 1G started in 1979, and now, 10 years after the introduction of 4G, we are facing a major transition period. And one of the questions to be addressed is how to make the transition as smooth as possible.

Expectations are high for local 5G as a technology that allows local governments and companies that want to use 5G to build their own 5G communication environment locally according to their needs, but the introduction of the technology is technically challenging. Since June 2021, the MIRAIT Group has been providing the “Local 5G All-in-One Package,” a one-stop solution that provides comprehensive support for companies considering the introduction of local 5G, including consulting, wireless area design, system design, equipment procurement, proxy license application, installation work, and operation and maintenance. We are working on efficient and cost-effective solutions that make the most of the features of local 5G.

In addition to the use of low-cost devices based on open-source software models, we will leverage the know-how we have gained as one of the first telecommunications construction companies to build a local 5G area, and lower the hurdle to local 5G introduction by lowering the cost.

There is a technical issue that it may be difficult for radio waves to reach behind objects, depending on the frequency of the radio waves. Our group has collaborated with Metawave, a US company that solves this problem by using special reflectors, and has established a technology to build a wireless area efficiently, economically, and in an unobtrusive manner. In November 2020, the MIRAIT Corporation released “KLONE,” a reflector developed by Metawave.

Building and Operating Smart Cities

The MIRAIT Group is implementing the construction and operation of smart cities on a daily basis at various sites by examining a wide range of technological possibilities and devising new ways of doing things.

Promotion of Smart Social Infrastructure Management

Water utilities across the country are facing the need to replace facilities built during the period of rapid economic growth, especially aging pipelines, and make them more earthquake-resistant despite the difficulties in securing water rate revenues due to the decline in water demand. There are, however, other big challenges such as securing engineers and passing on technology as well as improving productivity and operational efficiency.

In order to overcome these challenges, MIRAIT Technologies Corporation, together with Kurimoto, Ltd. and Photorection, Inc., and in collaboration with the Kobe City Waterworks Bureau, conducted a one-year joint research project from July 2019 to June 2020 on streamlining and automating water pipe construction management operations using knowledge of water infrastructure development and ICT. The system developed as a result of this project, “photoreuction water,” is a construction management application that streamlines the preparation of forms based on records of field operations in water pipe construction. Since the work records entered in the field are linked to the forms, the paperwork that used to be done at night after field work or on holidays can be eliminated, which greatly improves work efficiency. MIRAIT Technologies Corporation began offering photoreuction water in late April 2021. In addition, MIRAIT Technologies Corporation is also working on predicting leakage from water pipe deterioration using AI technology. The company has collaborated with Fracta (headquartered in California, the US), which has strengths in AI technology in this area, and conducted a joint research project with Kumamoto City. From May 2020 to March 2021, the project team conducted a trial of a system to enable prediction of the risk of damage to water pipes in a short period of time using an environmental database and algorithms based on pipe data (pipe material type, pipe length, pipe diameter, water pressure, location information, etc.) and leakage history held by water utilities, and was able to identify leakage points with a higher probability than conventional aging models. This technology will enable optimization of replacement plans and reduction of maintenance costs.

Proposing AI-Based Vermin Control Solutions

In September 2020, MIRAIT Corporation competed in the “AI Edge Conference & Solution Contest” hosted by Oki Electric Industry Co., Ltd. and won first place.

The MIRAIT Corporation’s proposal was a solution to prevent vermin damage, which has been widely reported in recent years. Conventional systems that emit ultrasonic waves or light, controlled by timers or object detection sensors, have problems such as reducing their effectiveness as vermin become accustomed to them, and causing discomfort to people. To address this issue, MIRAIT Corporation has developed an “AI adaptive” system that utilizes image recognition AI to prevent vermin from becoming used to the system through self-learning of effect patterns, and works only on the target vermin. The MIRAIT Corporation’s proposal was highly evaluated for the wide range of applications of the technology and addressing the serious issue against the backdrop of increasing vermin damage in urban areas.

This contest is a competition to solve problems in six fields (transportation, construction/infrastructure, disaster prevention, finance/distribution, manufacturing, and marine) using the AI edge computer announced by Oki Electric Industry Co., Ltd. as the first AI appliance in Japan, and 19 organizations including companies and universities participated.

Building and Maintaining an Environmentally-Friendly Society

Contribution to the creation of environmentally-friendly and resilient cities and villages

Consulting, wireless area design, system design, equipment procurement, proxy license application, installation work, and operation and maintenance. We are working on efficient and cost-effective solutions that make the most of the features of local 5G.

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Safety and quality improvement

We continuously improve our business processes that are designed to place the highest priority on safety, as well as constantly refine the systems that support services and solutions that meet the expectations and trust of our customers.

Occupational Safety and Health Management

Companies in the MIRAIT Group operate occupational health and safety management systems in compliance with ISO 45001 (MIRAIT Corporation and MIRAIT Technologies Corporation are certified at all of their business locations). We work in concert to comply with laws and regulations as well as occupational safety and health requirements, reduce and eliminate occupational safety risks through risk assessment and activities to anticipate danger, and promote activities to establish safety and security through educational exchanges, in accordance with the Policy on Occupational Safety and Health, which clearly names safety as the highest priority in operations. We continuously improve our performance by setting all actions that lead to accidents resulting in injury or death, traffic accidents and other seriously unsafe incidents as supervision check-points.

Striving Toward the Eradication of Accidents and Improvement of Safety Quality

Getting the basics right in our daily actions is essential to achieve the goal of eradicating accidents and improving safety awareness of our operations.

For on-site workers to better understand safety, we prepare materials such as operational safety handbooks, conduct safety trainings and review results, and make videos of accident prevention and analysis. The “Authorization of workers for high elevation work safety” has been in place for access system and network system for engineers to work at high elevations safely and securely.

MIRAIT Group Safety Convention

In July 2020, we held annual “MIRAIT Group Safety Convention” online in two sessions, one for East Japan and the other for West Japan, with not only group companies but also partner companies taking part, to reconfirm safety awareness and share knowledge on safety measures (1,200 participants in East Japan and 500 in West Japan). We held presentations from each group company about examples of safety measures as well as lectures by third-party instructors to raise each worker’s awareness of safety.

Ensuring Safety During Emergencies

In response to social needs, we have distributed a Pocket Manual for Major Earthquakes and Other Disasters to employees in case of major contingencies. It contains a collection of information regarding principles of action to be taken and safety confirmation methods when a disaster occurs. While protecting employees from the spread of COVID-19 and taking measures to prevent the spread of the virus in the workplace, we also practice using a safety confirmation system and confirm its effectiveness in the practice of flexible workstyles including working from home and remote-based work.

Quality Management

The MIRAIT Group has configured and operates a quality management system certified under the ISO 9001, which is an important element of the integrated management system.

Our Quality Policy, the foundation of our quality management system, has three pillars: rapid responses to legal regulations and customer demands; raising customer satisfaction by improving the quality of products and services as well as construction (while making operations efficient); and maintaining and improving QCD (Quality, Cost and Delivery) by reducing quality risks. Our internal regulations clarify concrete processes, procedures and criterion. We have also clarified the quality standards to be complied with for both internal operations and for procurement from our partner companies.

We confirm and verify the quality of each of our works every time. We are also pursuing more accurate and efficient verification processes by using such tools as mobile terminals.

Every fiscal year, each group company sets targets (number of facility accidents, number of detected issues in inspection, customer satisfaction score, etc.) depending on its operations. Results of the progress review inform planning for subsequent fiscal years.

Sharing Safety Awareness

• Authorization of workers for high elevation work safety

For engineers to work at high elevations safely and securely, the “Authorization of workers for high elevation work safety” has been in place for both access and network systems.

Number of new candidates for authorization of workers for high elevation work safety (FY 2020)

<table>
<thead>
<tr>
<th>System</th>
<th>Number of candidates</th>
</tr>
</thead>
<tbody>
<tr>
<td>Access system</td>
<td>81</td>
</tr>
<tr>
<td>Network system</td>
<td>30</td>
</tr>
</tbody>
</table>

VR-based danger simulation training

Improving Technical and On-site Capabilities

The MIRAIT Group implements training and technical certifications to steadily improve the technical strengths that support service quality.

Strengthening Construction Management Capabilities

To strengthen management capabilities of the worksite supervisors*, the core expert in business operations, “Worksite Supervisor Training” is carried out for newly appointed worksite supervisors and deputy worksite supervisors.

In recent years, with the increase in the number of construction sites and with the diversification and increased complexity of construction works, worksite supervisors who are in charge of construction works are expected to have capabilities of dealing with a wide range of tasks and situations. The “Worksite Supervisor Handbook” that is a culmination of the MIRAIT Group’s experience and know-how is used during this training. In addition to learning the basics of construction management such as budgeting and cost control, it fosters pragmatic learning and problem-solving by adopting discussions and role-playing.

Training Specialized Technicians

Varied training programs are organized to develop specialized technicians at the technician development working group which involves partner companies.

At the mobile skill training, basic knowledge and know-how as well as keys to safe construction are learned according to the skill and operational duties of each trainee, in 4 groups according to competencies. Trainees can join across the boundaries of business departments. Since 2010 when the training began, a total of 1,515 people have participated and improved their skills.

Improving Technical and On-site Capabilities

Training Specialized Technicians

In October 2020, an employee of MIRAIT Corporation, KITAZOE Tsukasa, received the Minister of Land, Infrastructure, Transport and Tourism’s Award for Outstanding Engineering. This award is given to construction engineers who are directly engaged in manufacturing on the front lines, possess particularly excellent skills, and make a great contribution to the guidance and training of young employees. In fiscal 2020, the award was given by the Minister of Land, Infrastructure, Transport and Tourism to 455 construction engineers from all over Japan.
Co-creation of social value through collaboration with partners

The MIRAIT Group will promote the co-creation of new social values while deepening mutual understanding with its partner companies and other business partners to make better and stronger partnerships.

Establishment of Local 5G “Solution Co-creation Lab”

MIRAIT Corporation launched the “Solution Co-creation Lab,” a local 5G verification environment, in the MIRAIT Shin-Kiba Building (Koto-ku, Tokyo) in coordination with NTT DOCOMO, INC on April 1, 2021. The lab provides a 5G verification environment using a millimeter band (28GHz). The company is also preparing a 5G verification environment using a sub-6 band (4.8GHz to 4.9GHz) in the MIRAIT Toyosu Building (Koto-ku, Tokyo) in order to support 5G verification of our partners’ products. In addition, through collaboration, the company will help create new 5G solutions that will solve social issues and realize more affluent lifestyles.

Pursuit of Open Innovation

To create the next-generation technologies and solutions, our group company, MIRAIT Corporation, is promoting open innovation with a focus on collaboration with start-up companies.

- The company invested in “B Dash Fund No. 4 Investment Limited Partnership,” a venture capital fund for Internet-related companies managed by B Dash Ventures Inc. This investment is aimed at strengthening relationships and creating synergies with promising start-up companies in anticipation of the Mure expansion of 5G and the smarfication of society as a whole that will be driven by technologies such as IoT, AI, VR/AR, blockchain, and robotics.

- MIRAIT Corporation invested in Morgenrot Inc., a provider of a distributed solution for computing power, and established a partnership with the company. The objective is to jointly develop services that take advantage of the high-speed, high-capacity features of 5G, and to apply them to future green energy utilization solutions. The two companies are also collaborating on the construction of Morgenrot’s data center.

- MIRAIT Corporation invested in and formed a business alliance with Museum Management & Design, Inc. (“MMD”), which has strengths in planning, design, construction and operation of facilities such as aquariums and museums as well as urban development. In response to the growing need for aquariums as a place for “consumption of experiences” and also as “community facilities” in urban redevelopment and commercial facilities in Japan and overseas, MIRAIT Corporation will contribute to the provision of new value in community development by working together with MMD.

- MIRAIT Corporation is also working on the future verification and social implementation of next-generation long-distance power line communications that will support the smart connected society of the coming years. The company is collaborating with MMD and NIPPO Telecom Co., Ltd. as well as SocioSneak Inc., which is developing LSIs for High Definition Power Line Communication*.

Unlocking the Potential of 5G

The communication environment enabled by 5G will bring opportunities for innovation to a wide range of social situations.

Drone-based solutions are a prime example of this. This is because the stable communication environment that 5G creates is useful for safe drone operations. One of the applications of drones that is expanding rapidly is the management of social infrastructure. In FY 2019, TRK Co., Ltd., which is responsible for the development of the MIRAIT Group’s services in the Tohoku area, participated in “DOCOMO 5G Open Partner Program” held by NTT DOCOMO, INC. and conducted a verification test consisting of a remote building exterior wall inspection using 5G, a drone, and AR smart glasses.

Currently, the company provides a drone facility inspection service that mainly targets not only buildings but also steel towers and solar panels.

As one way to demonstrate the potential of 5G, the MIRAIT Group proposes a new way of enjoying golf. The MIRAIT Corporation participated in the “5G Utilization Idea Contest” held by the Ministry of Internal Affairs and Communications, and pitched a “5G-based golf solution.” After conducting verification tests through this project, the company, in collaboration with 5G-related companies, is working to develop solutions that are valuable to players and golf course operators from the perspective of video analysis using high-speed, large-capacity communications, robot operation based on low-latency communications, and the use of sensor data. At the “5G x IoT Golf Solution Exhibition” held in November 2020, the company demonstrated high-definition video distribution, prediction of where a flying ball would fall, swing diagnosis, VR viewing of course shapes, drone delivery of drinking water, and IoT green management.

Strengthening Cooperation with Partner Companies

In order to promote and expand its regional business, the MIRAIT Group holds annual regional exchange meetings in each region of the country with the aim of strengthening cooperation with partner companies and the business structure foundation. In FY 2020, approximately 500 partner companies, which play a central role in each of our businesses, participated.

In addition, the MIRAIT Corporation operates the MIRAIT Cooperative Association, whose members are our partner companies. By cooperating with each other, members work to improve safety, quality, information security, and compliance, reduce costs, and respond to new technologies, while deepening mutual understanding and communication. In FY 2020, the number of members reached approximately 200 companies.

Establishment of Local 5G “Solution Co-creation Lab”

MIRAIT Corporation launched the “Solution Co-creation Lab,” a local 5G verification environment, in the MIRAIT Shin-Kiba Building (Koto-ku, Tokyo) in coordination with NTT DOCOMO, INC on April 1, 2021. The lab provides a 5G verification environment using a millimeter band (28GHz). The company is also preparing a 5G verification environment using a sub-6 band (4.8GHz to 4.9GHz) in the MIRAIT Toyosu Building (Koto-ku, Tokyo) in order to support 5G verification of our partners’ products. In addition, through collaboration, the company will help create new 5G solutions that will solve social issues and realize more affluent lifestyles.

Unlocking the Potential of 5G

The communication environment enabled by 5G will bring opportunities for innovation to a wide range of social situations.

Drone-based solutions are a prime example of this. This is because the stable communication environment that 5G creates is useful for safe drone operations. One of the applications of drones that is expanding rapidly is the management of social infrastructure. In FY 2019, TRK Co., Ltd., which is responsible for the development of the MIRAIT Group’s services in the Tohoku area, participated in “DOCOMO 5G Open Partner Program” held by NTT DOCOMO, INC. and conducted a verification test consisting of a remote building exterior wall inspection using 5G, a drone, and AR smart glasses.

Currently, the company provides a drone facility inspection service that mainly targets not only buildings but also steel towers and solar panels.

As one way to demonstrate the potential of 5G, the MIRAIT Group proposes a new way of enjoying golf. The MIRAIT Corporation participated in the “5G Utilization Idea Contest” held by the Ministry of Internal Affairs and Communications, and pitched a “5G-based golf solution.” After conducting verification tests through this project, the company, in collaboration with 5G-related companies, is working to develop solutions that are valuable to players and golf course operators from the perspective of video analysis using high-speed, large-capacity communications, robot operation based on low-latency communications, and the use of sensor data. At the “5G x IoT Golf Solution Exhibition” held in November 2020, the company demonstrated high-definition video distribution, prediction of where a flying ball would fall, swing diagnosis, VR viewing of course shapes, drone delivery of drinking water, and IoT green management.

Strengthening Cooperation with Partner Companies

In order to promote and expand its regional business, the MIRAIT Group holds annual regional exchange meetings in each region of the country with the aim of strengthening cooperation with partner companies and the business structure foundation. In FY 2020, approximately 500 partner companies, which play a central role in each of our businesses, participated.

In addition, the MIRAIT Corporation operates the MIRAIT Cooperative Association, whose members are our partner companies. By cooperating with each other, members work to improve safety, quality, information security, and compliance, reduce costs, and respond to new technologies, while deepening mutual understanding and communication. In FY 2020, the number of members reached approximately 200 companies.
Promotion of human resource development, workstyle reform, and health-oriented management

We support the growth of every employee from a wide range of perspectives, while creating a work environment where they are motivated and able to demonstrate their abilities to the fullest, and can continue to work actively in good physical and mental health.

**Personnel Training System**

The MIRAIT Group considers human resource development as one of the crucial management priorities. We have designed a personnel training system made up of a “sectorial model system” to enhance specialized professional capabilities for business operations and a “stratified model system” to promote mastery of common knowledge required at each professional level (see page 28). Supporting each employee’s growth, we are reinforcing our human base which, in turn, will sustain our prospective businesses.

Our human resource development system has been designed for employees to learn skills and knowledge tailored to the role expected of them at each level and stage of their career, and for employees to develop their own specialties. A bonus system that rewards different degree of employees’ challenges also accommodates their positive attitude.

**Internship Program**

An internship for students is held with the aim of supporting the professional lives of Japan’s future generation that will be responsible for the country’s future. Through hands-on work experiences such as connecting communication cables, operating drones, riding in boom buckets of a bucket truck, and visiting construction sites, we provide opportunities for students to deepen their vocational awareness and become aware of the type of work they are suited for.

**“Mirai Juku” to Nurture Management Minds of the Next Generation**

In order to systematically train the next generation of management executives, we established the “Mirai Juku,” a training program to broaden their perspectives on corporate management and develop their response capabilities appropriate for managers. It serves as a place where they can promote their own growth as future managers and develop the mindset to take charge of management, and also contributes to the sustainability of management from a medium- to long-term perspective.

**Improving Technical Capabilities and Promoting Multi-Skilling**

We make every effort to improve technical capabilities of each employee to build high-quality and stable communication facilities and systems in addition to responding more quickly to the ever-changing requirements of society in order to bring satisfaction to customers.

Technical and Skill Training
- Broad technical training for multiple skills
- Goals for professional qualifications set every year at interviews with the supervisor
- Monetary incentives for acquiring designated qualifications

The MIRAIT Group encourages and supports acquisition of professional qualifications in a wide range of fields as proof of the technical strength of the employees.

**Job Training Environment**

At such places as Ichikawa Training Center (Ichikawa City, Chiba Prefecture), Kansai Hyper Techno Port (Kobe City, Hyogo Prefecture), the Expert Center (Sendai City, Miyagi Prefecture), and the Technical Center (Hiroshima City, Hiroshima Prefecture), various equipment has been installed for full-blown skills training and technology development. In addition, we are thoroughly implementing measures to prevent the spread of COVID-19 and are actively conducting online training. From new to veteran employees, we will continue to improve our technical capability and ability to propose solutions on a daily basis to meet the needs of our customers and contribute to the realization of the needs of society and the times.

**Students standing in the boom bucket of a bucket truck**

Enhancing & Revitalizing the Human Resource Foundation to Support Expansion into New Business Domains and Operational Innovation

We actively develop capabilities in the telecommunications, electrical engineering, and ICT fields. We also seek to train drone pilots for the expansion of drone-related businesses. We have become a qualified training body that provides skill certification, with our name listed on the website of the Ministry of Land, Infrastructure, Transport and Tourism.

As our group business environment changes, we are working to create human resources that can play an active role in a variety of businesses by promoting multi-skilling of our employees through encouraging them to acquire qualifications in multiple fields, in order to be prepared for future business developments and technologies and to maximize the use of our human resources. This will allow us to, while maintaining job mobility, respond to new customer needs as well as improve our cost competitiveness and corporate value by improving productivity and creating new value.

**ESG**

Building and Maintaining a Culture Where People Respect Diverse Human Resources and Learn from Each Other
Promotion of human resource development, workstyle reform, and health-oriented management

Training Programs at Overseas Operations

The MIRAIT Group conducts various training programs for employees hired at their overseas bases. Operating primarily in Singapore, the Lantrovision Group provides cabling design and construction services for data centers and offices at 27 bases in 13 countries and regions. Lantrovision has a full-time staff in charge of human resource development and training and prepares a wide range of programs from basic training on on-site cable design, construction, and testing to practical training such as bidding, quoting, and contracts. Through these efforts, the company is working to improve its employees’ skills and motivation. In addition, the company is working to improve customer satisfaction and strengthen its business competitiveness by actively promoting the acquisition of certifications for each cable vendor and strengthening quality control.

Mentoring Program

A senior employee is appointed as the mentor for each new employee, separate from his or her supervisor at the assigned sector, for guidance and counseling. With self-awareness and advice gained through dialog, the program helps new employee (mentee) to grow in spontaneous and autonomous ways. With feedback after periodic reports and monthly interviews, both new employees and senior employees serving as the mentor will have chances to grow.

Idea behind the Mentoring Program

Section Supervisor/Senior

Mentor

Technical Training Guidance

New Employee (Mentee)

Mentoring Support

Support of Health Management

The “stress check system,” made mandatory under law from December 2015, aims to provide primary precaution through raising employees’ awareness of stress and promoting workplace reform. Before the law was enacted, the MIRAIT Group prepared a Mental Follow-up System (such as consultation deals) based on group analysis after conducting stress check. Each department conducted mental stress training through workplace reform. Efforts are being made toward prevention of mental disorder.

Support for the Return of Employees on Sick Leave Due to Mental Health Problems

Employees who take medical leave or sick leave due to mental health problems receive full support from the mental health promotion staff from the start of the leave to follow-up after their return to work. During the leave, we implement a return to work program using our rehabilitation facilities, and if employees express the desire to return to work, the Return to Work Review Committee makes a decision based on their doctor’s diagnosis, in cooperation with the industrial physician and the company. After their return to work, we provide for working conditions such as shorter working hours and overtime restrictions.

Mental Health

In addition to regular check-ups for all employees, comprehensive medical examinations (for those who have reached a certain age) and specified health guidance are conducted for the benefit of health management by our employees. We also provide recreation facilities in several locations in Japan as opportunities to be refreshed, and we organize activities that promote health such as the walking events rallies held by the Health Insurance Association.
Promotion of human resource development, workstyle reform, and health-oriented management

Development of a Comfortable Working Environment

In addition to complying with the Labor Standards Act and other labor-related laws and regulations, the MIRAIT Group has established a treatment system that exceeds such laws and regulations in order to contribute to the job satisfaction of its employees.

We also respect the idea of equal pay for equal work, and to ensure that non-regular employees receive the same treatment as regular employees, we pay special work allowances and overtime allowances at the same premium rates as regular employees, grant special leave, and promote them to regular employees.

System that exceeds labor-related laws and regulations
- Regular working hours (per week, per day)
- Breaks, days off
- Number of days of annual paid leave granted by the year of employment
- Extra pay for overtime, holidays, and late nights, etc.

Advancing Efforts Towards Workstyle Reforms

The MIRAIT Group announced its “Workstyle Reform Declaration” by the President to reform workstyles throughout the Group to cultivate sustainable growth as a “comprehensive engineering and services firm” that responds to future changes in the labor market and business environment.

We will push forward effective workstyle reforms through the following coherent and integrated approaches: (1) realization of diverse and alternative workstyles, (2) optimization of overtime work and promotion for employees to take leave, and (3) effective empowerment of diverse employees through flexible workstyles.

Initiatives

Realizing Diverse and Alternative Workstyles

Utilizing various ICT tools to serve as COVID-19 countermeasures, major meetings such as the Board of Directors and management meetings as well as events that were conventionally held together can be held remotely to promote working styles that can be implemented at virtually any location. We are also working to improve the efficiency of operations using RPA and other means to improve the environment for productivity improvement.

Optimizing Overtime Work and Promoting Employees to Take Leave

We strive to create workplaces that facilitate better employee health and work-life balance by setting no-overtime days, encouraging employees to leave work on time, and promoting employees to take paid leave in conjunction with the spring and summer breaks as well as new year holidays.

We pursue the reduction of total working hours by heightening operational efficiency through promoting KAIZEN (improvement) activities and ICT use at each workplace, and by monitoring whether working hours are suitable with a PC log system.

Empowering Diverse People Through Flexible Workstyles

We are building workplaces where all the diverse people can achieve work-life balance and efficiently produce results, by promoting flexible and modified working hours as well as telecommuting (working from home, on business trips, or at satellite offices) using ICT.

In addition, we have introduced a telecommuting system, and MIRAIT Holdings Corporation, MIRAIT Corporation, and MIRAIT Technologies Corporation have been providing telecommuting employees with a 200 yen per day allowance for the number of days they work from home to help reduce their costs since July 2021.

Awarded Three Stars in the “4th Nikkei Smart Work Management Survey”

We were recognized as a three-star company in the 4th Nikkei Smart Work Management Survey, which selects leading companies that are taking on the challenge of revolutionizing productivity through workstyle reforms.

The survey, which has been conducted by Nikkei Inc. since 2017, targets listed companies and leading non-listed companies nationwide, and defines “smart work management” as efforts to maximize organizational performance through three elements: the realization of diverse and flexible workstyles, a system for creating new businesses, and the ability to develop markets. Companies are evaluated on a five-star scale, based on the three elements and management infrastructure, including corporate governance.

NIKKEI
Smart Work
2021

A High-Productivity Company  A Venturous Company  An Attractive Company

Comprehensive Engineering & Service Company

A High-Productivity Company  A Venturous Company  An Attractive Company

Transform Organizational and Cost Structure
Enhance Productivity and Strengthen Cost Competitiveness

Further Work-Life Balance
Enhance Employee Skills and Promote Health

Promote Diversity
Organization Where Diverse Human Resources Actively Participate

Reforms to Corporate Climate and Awareness
Reforms to corporate climate and awareness include executives, managers and regular employees for the purpose of securing workforce and enhancing productivity.

Reforms to Operations and Systems
Reforms in methods to advance operations that use operational processes and IT systems to succeed in securing workforce and maximizing productivity.

Reforms to Policies and Rules
Reforms to employment regulations, personnel policies and human resource development systems acting as the driving force to realize (A) and (B) above.

A

B

C

Three Initiatives

31
Respect for human rights and promotion of diversity and inclusion

We respect individual personality and seek to build workplaces where our employees perform to their full potentials, regardless of age, gender, educational background, nationality, disability, sexual orientation, gender identity, etc.

Respect for Human Rights

In promoting its corporate activities, the MIRAIT Group respects fundamental human rights and complies with laws and regulations concerning workers’ rights in order to provide a working environment in which every employee can work with enthusiasm. Needless to say, there is no room for child labor or forced labor, and we pay attention to the protection of workers’ rights and pay our employees at least the minimum wage stipulated by law. Even when we faced extremely harsh business conditions in the past, we made every effort to maintain the employment, and to date, there have been no designated dismissals or layoffs.

In addition, we are committed to the prohibition of harassment, etc., through stratified training to raise awareness of human rights and compliance promotion activities, as well as addressing problems by setting up the “Compliance Meetsuki (complaint box)” and the “Nandemo Sodanshitsu (ask anything consultation)” while taking into consideration the protection of whistleblowers.

Labor-Management Relations

The MIRAIT Group strives to build stable labor-management relations by establishing opportunities for regular labor-management consultations in order to develop the company and maintain and improve the working conditions of its employees based on mutual trust between labor and management. In order to conduct productive business operations and ensure the sound development of the company, we regularly hold liaison meetings as well as meetings of the Working Hours Optimization Committee to exchange opinions between labor and management on business plans and other important issues.

Empowering Female Employees

We devise action plans for the purpose of enabling female employees to reach their full potential and pursue their careers in a wide range of arenas and analyze challenges for each group company. We also set targets mainly to increase the ratio of women in new graduates and in managerial positions and to expand occupational fields for women.

In doing so, we are actively promoting work-life balance and supporting those who work as they raise children or nurse family members.

General Employer Action Plans based on The Act on Promotion of Women’s Participation and Advancement in the Workplace (2 Major Companies)

<table>
<thead>
<tr>
<th>Target</th>
<th>MIRAIT Corporation</th>
<th>MIRAIT Technologies Corporation</th>
</tr>
</thead>
<tbody>
<tr>
<td>1) Ratio of women in new graduates: 35%</td>
<td>-</td>
<td>(\frac{1}{2}) Increasing the ratio of women in managerial positions by 35%</td>
</tr>
<tr>
<td>2) Ratio of annual leave taken: 80%</td>
<td>-</td>
<td>Increasing the rate of the use of the system that contributes to flexible workstyle (working from home, annual leave by the hour, etc.) to 30%</td>
</tr>
</tbody>
</table>

Supporting Those Who Work and Nurse Family

So that employees can continue working with a sense of security for a long time, parental leave (available until the child reaches three years of age) and reduced working hours system (available until the child finishes the third year of elementary school, and other plans are available corresponding to major life events such as childbirth, infant care or nursing, and these programs exceed minimum standards stipulated by law. The childcare leave acquisition rate among female employees is 100% with the leave acquisition rate for childcare and other reasons among male employees at over 70%. To ensure employees on childcare leave can return to work smoothly and play an active role in the company, we are working to maintain/improve the childcare leave acquisition rate and are implementing support measures, such as providing information on the developments in the company during their absence and conducting interviews with them before their return.

Received a “Kurumin” Certification

MIRAIT Technologies Corporation was awarded the “Kurumin” certification mark by the Minister of Health, Labor and Welfare for being supportive of those who raise children.

Certified as an “Eruboshi” company

“Eruboshi” is a certification program which awards companies superior in empowering female workers. Companies who formulate and report an action plan to promote women’s performance in the workplace and implement it outstandingly are authorized by the Minister of Health, Labor, and Welfare to use the logo mark. MIRAIT Technologies Corporation met the criteria of all five categories (recruitment, employment continuity, workstyle, ratio of female managers, and variety of career choices) and received the third level of certification, the highest one.

MIRAIT Corporation also satisfies all the criteria for certification.

Support for Elderly Employees

In response to the declining birthrate and aging population in Japan, we have established a reemployment system after retirement with the aim of supporting the active participation of senior human resources who hold qualifications in advanced technologies required for the telecommunications construction industry and have created an environment where applicants can continue to play active roles. We also hold life plan seminars for employees who have reached a certain age and support them with work designing and financial planning after employment extension.

State of Reemployment After Retirement

<table>
<thead>
<tr>
<th>Number of employees subject to mandatory retirement</th>
<th>Number of retired employees</th>
<th>Reemployment rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>101</td>
<td>72</td>
<td>71%</td>
</tr>
</tbody>
</table>

*Average of five operating companies in FY 2020

Promoting the Active Role of Local Personnel in Foreign Countries

The MIRAIT Group currently runs overseas bases in 15 countries and regions mainly in Asia-Pacific area where locally hired personnel takes on important roles. Through mutual support such as dispatch of personnel between overseas bases, we seek to enhance overall technical skills of local employees so that each employee can demonstrate his or her full capabilities.

MIRAIT PHILIPPINES INC. conducts activities to deepen its connection and build trust with local communities such as hosting a Christmas party with children who have disabilities.

Support for Employees During Their Absence

MIRAIT Group's support systems for work life balance

<table>
<thead>
<tr>
<th>Legal requirements</th>
<th>MIRAIT Corporation’s support systems for work life balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maternity leave</td>
<td>Paid for 6 weeks before and after childbirth, unpaid for the portion exceeding 6 weeks after childbirth</td>
</tr>
<tr>
<td>Childbirth leave</td>
<td>Under 3 years old (until turning 3 years old)</td>
</tr>
<tr>
<td>Nursing care leave</td>
<td>Under 1 year old (within 1 year up to 14 months old with Dad and Mom Parental Leave Plus)</td>
</tr>
<tr>
<td>Child nursing leave</td>
<td>Up to 4th grade (Paid leave can be taken by the hour)</td>
</tr>
</tbody>
</table>

Legal requirements

<table>
<thead>
<tr>
<th>Maternity leave</th>
<th>Leave for childbirth of spouse</th>
</tr>
</thead>
<tbody>
<tr>
<td>Paid for 6 weeks before and after childbirth, unpaid for the portion exceeding 6 weeks after childbirth</td>
<td>2 days (paid)</td>
</tr>
<tr>
<td>Nursing care leave</td>
<td>Nursing care for family members, maternity checkups, infertility treatment, childcare associated with the childbirth by a spouse</td>
</tr>
<tr>
<td>Childcare leave</td>
<td>Under 3 years old (until turning 3 years old)</td>
</tr>
<tr>
<td>Child nursing leave</td>
<td>Under 3 years old</td>
</tr>
<tr>
<td>Child nursing leave</td>
<td>Up to 4th grade (Paid leave can be taken by the hour)</td>
</tr>
<tr>
<td>Nursing care leave (short-term)</td>
<td>Before entering elementary school (unpaid)</td>
</tr>
<tr>
<td>Nursing care leave (long-term)</td>
<td>Paid leave taken by the hour</td>
</tr>
<tr>
<td>Nursing care leave (long-term)</td>
<td>Up to 1 year per person</td>
</tr>
<tr>
<td>Nursing care leave (long-term)</td>
<td>Up to 25 days per person (may be divided)</td>
</tr>
</tbody>
</table>

Presented the 2018 Excellence Award of the Mayor’s Prize to a Leading Company Promoting the Active Participation of Women in Osaka City

MIRAIT Technologies Corporation received recognition for its consistent activities as an excellent company working to promote the active participation of women from Osaka City in addition to receiving the Humen Award as a company supporting men to help raise their children.

Legal requirements

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<td>Nursing care leave (long-term)</td>
<td>Paid leave taken by the hour</td>
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<tr>
<td>Nursing care leave (long-term)</td>
<td>Up to 25 days per person (may be divided)</td>
</tr>
</tbody>
</table>
Social responsibilities in the supply chain

We work to promote social responsibilities in the supply chain by considering business partners’ commitment to ESG when evaluating and selecting them.

**ESG as Evaluation Criteria for Business Partners**

As part of the integrated management system, the MIRAIT Group has internal rules for the purpose of evaluating and selecting business partners. The rules allow us to judge the ability of business partners to supply products and services following our requirements, and to ensure procured products conform to the requirements. Both suppliers of materials, semi-finished products, and measurement instruments and service providers are subject to the rules.

The MIRAIT Technologies Corporation uses common items in evaluating and selecting domestic business partners. Items directly relevant to customer satisfaction and those for assessing commitment to ESG are included. We give an overall score on commitment to ESG after interviewing each business partner about their environmental considerations (promotion systems, chemical substance management, reduction of CO2 emission and industrial waste emission) as well as their contributions to local communities (citizenship activities and dialogue with the communities, NPOs and NGOs).

Evaluations are conducted once a year for partners in business relations with us, and as necessary when discussing a new partner. We support corrective actions by partners who were given low scores as a result of evaluation.

**Support for the Tohoku Disaster Area**

The MIRAIT Group endorses the purpose of the Special Olympics Nippon. From FY 2018, we included donations to the organization in the menu for shareholder benefits. This fiscal year, the fourth time, we received the support of 372 shareholders and donated a total of 696,000 yen. We will keep on contributing to the creation of a society where diverse people can live together.

**Communication with Local Communities**

Joining Festivals and Clean-up Activities

- **Toyosu Festa**
  - The MIRAIT Group has participated in the Toyosu Festa held by Koto Ward, Tokyo, every year since our head office moved to Toyosu in 2010. In FY 2019, a total of roughly 65 volunteers from Group companies provided handmade air gun games, balloon art performances and heathy-popcorn.
  - MiratecDrone Corp. participated in a Halloween party held by an English conversation school in the neighborhood of the company’s office in October 2020, offering children a chance to experience flying toy drones and playing games with drones.

- **Volunteer clean-up activities on the banks of the Hirose River in Miyagi Prefecture**

Utilization of Abandoned Fields and Rice Paddies

In many parts of Japan, abandonment of once cultivated fields and rice paddies is increasing, causing damages by weeds, pests, birds and animals to neighboring farmlands. Muryoyna Doken Co., Ltd., one of partner companies of the MIRAIT Group, grows rice in formerly abandoned land in Tokamachi City, Niigata Prefecture, to help the local community. The MIRAIT Group supports this activity and internally recruits volunteers for rice planting and reaping.

**Concepts of ESG Procurement**

The MIRAIT Group has put in place its own procurement guidelines to incorporate considerations about social challenges and the environment into the supply chain. We seek cooperation from our suppliers in operations related to building social infrastructure, particularly telecommunication engineering, our main business. The guidelines in use have focuses on six areas related to ESG: quality, delivery, improvement activities, management stability, environmental protection, and informational resource management.

<table>
<thead>
<tr>
<th>Area</th>
<th>Question</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Environmental considerations</td>
<td>a. Has your company put in place an environmental management system (ISO 14001) that it is continually improving?</td>
</tr>
<tr>
<td></td>
<td>b. Does your company properly manage chemical substances in product and manufacturing processes?</td>
</tr>
<tr>
<td></td>
<td>c. Has your company set targets to reduce CO2 emissions and does it work to establish manufacturing, fabrication, distribution and other processes with a low environmental burden?</td>
</tr>
<tr>
<td></td>
<td>d. Has your company set targets to reduce industrial waste, and does it process that waste appropriately?</td>
</tr>
<tr>
<td>2. Contributions to Local Communities</td>
<td>a. Does your company conduct social contribution activities that contribute to the development of the local community?</td>
</tr>
<tr>
<td></td>
<td>b. Does your company have a system to engage in a regular dialogue with the local residents, NPOs and NGOs?</td>
</tr>
</tbody>
</table>
Enhancing corporate governance

Basic approach

We, at the MIRAIT Holdings Corporation ("the Company"), recognize the importance of management as a socially-responsible company and have put in place organizational structures and systems to ensure transparency and fairness in decision-making. Building relationships founded in trust with all of our stakeholders including shareholders is positioned as the most important aspect of management.

We recognize building relationships founded in trust with all of our stakeholders as indispensable to the realization of effective corporate governance. Therefore, we are enhancing the following to raise effectiveness of our corporate governance:
- Protect shareholder rights and equality among shareholders;
- Collaborate with stakeholders other than shareholders in appropriate ways;
- Deliver on responsibilities, especially that of the board of directors;
- Engage with shareholders

Governance Structure

Overview of Established Corporate Bodies

<table>
<thead>
<tr>
<th>Name</th>
<th>Purpose/Authority</th>
<th>Representative</th>
<th>Members</th>
</tr>
</thead>
<tbody>
<tr>
<td>Board of Directors</td>
<td>Body to determine fundamental management policy for the MIRAIT Group in accordance with laws and regulations as well as the Articles of Incorporation</td>
<td>President and CEO</td>
<td>NAKAYAMA Toshiki</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Directors</td>
<td>YAMAMOTO Yasushi, TOTAKE Yasushi, TEKUMAOTOMaizuru, AZUMA Koji, HIRAMOTO Tatsuya, SEKI Hiroshi, NAKAMURA Chiaki, YAMAMOTO Mayuki, KAWARATANI Shinichi, SASAKI Takao</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Auditors</td>
<td>KOSHIKI Masaaki, KOSHIKI Masaaki, KOSHIKI Masaaki, KOSHIKI Masaaki</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(No. of meetings held in FY 2020)</td>
<td>17</td>
</tr>
<tr>
<td>Nomination and Compensation Committee</td>
<td>Body established as an advisory committee for the board of directors for the purpose of forming the objectivity in matters related to the nomination and compensation of directors</td>
<td>Director (Outside)</td>
<td>SASAKI Takao, HOSOKAWA Masahiro, KOSHIKI Masaaki</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Directors</td>
<td>YAMAMOTO Yasushi, KAWARATANI Shinichi, NAKAMURA Chiaki</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(Established in July 2020)</td>
<td>NAKAYAMA Toshiki</td>
</tr>
<tr>
<td>Board of Corporate Auditors</td>
<td>Body to receive reports as well as discuss and approve important auditing matters</td>
<td>Corporate Auditor</td>
<td>HIRAMOTO Tatsuya</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Directors</td>
<td>YAMAMOTO Yasushi, TOTAKE Yasushi, TEKUMAOTOMaizuru, AZUMA Koji, HIRAMOTO Tatsuya, SEKI Hiroshi</td>
</tr>
<tr>
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<td>Executive Officers</td>
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<td>Auditors</td>
<td>SASAKI Takao, SASAKI Takao</td>
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<td>(No. of meetings held in FY 2020)</td>
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<tr>
<td>Group Presidents' Council</td>
<td>Body to receive reports and deliberate on vital policies about important matters related to management policies (mainly concerning business)</td>
<td>President and CEO</td>
<td>NAKAYAMA Toshiki</td>
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<td></td>
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<td>Directors</td>
<td>YAMAMOTO Yasushi, TOTAKE Yasushi, TEKUMAOTOMaizuru, AZUMA Koji, HIRAMOTO Tatsuya, SEKI Hiroshi</td>
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<td>Executive Committee</td>
<td>Body to receive reports and deliberate on vital policies about important matters related to management policies</td>
<td>President and CEO</td>
<td>NAKAYAMA Toshiki</td>
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<td>Directors</td>
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<td>(No. of meetings held in FY 2020)</td>
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<tr>
<td>Compliance Executive Committee</td>
<td>Body to report and advice on compliance issues of the MIRAIT Group and examine measures, such as raising awareness about compliance.</td>
<td>President and CEO</td>
<td>NAKAYAMA Toshiki</td>
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<td>Directors</td>
<td>YAMAMOTO Yasushi, TOTAKE Yasushi, TEKUMAOTOMaizuru, AZUMA Koji, HIRAMOTO Tatsuya, SEKI Hiroshi</td>
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<td>(No. of meetings held in FY 2020)</td>
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<td>Risk Management Executive Committee</td>
<td>Body to deliberate and determine policies, structure and other matters to drive the effectiveness and efficiency of risk management</td>
<td>President and CEO</td>
<td>NAKAYAMA Toshiki</td>
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<td>Directors</td>
<td>YAMAMOTO Yasushi, TOTAKE Yasushi, TEKUMAOTOMaizuru, AZUMA Koji, HIRAMOTO Tatsuya, SEKI Hiroshi</td>
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<td>(No. of meetings held in FY 2020)</td>
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<tr>
<td>ESG Management Promotion Committee</td>
<td>Body to formulate basic policies and strategies related to the promotion of ESG-oriented management, as well as set key issues and implement various environmental initiatives in order to strengthen our response to the SDGs and ESG and enhance corporate value for sustainable growth</td>
<td>President and CEO</td>
<td>NAKAYAMA Toshiki</td>
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<td>Directors</td>
<td>YAMAMOTO Yasushi, TOTAKE Yasushi, TEKUMAOTOMaizuru, AZUMA Koji, HIRAMOTO Tatsuya, SEKI Hiroshi</td>
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<td>Auditors</td>
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<td>(Established in September 2021)</td>
<td>NAKAYAMA Toshiki</td>
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Status of Accounting Auditor

1. Name of the audit corporation
KPMG AZSA LLC
2. Certified public accountants who performed audit operations
Designated partner, engagement partner, certified public accountant NAGASAKI Yasuyuki
Designated partner, engagement partner, certified public accountant NAKAMURA Chiaki
3. Continuous auditing period
7 years

Governance Structure

We are a company with auditors, overseen by a board of directors, board of corporate auditors, and accounting auditors.

The Company has chosen the current system based on the recognition that, as a holding company, ensuring the transparency and efficiency of management through necessary advice, consultation and other guidance to the MIRAIT Group companies will ensure the realization of effective corporate governance and contribute to building a relationship of trust with all stakeholders, including shareholders.
Building and maintaining a fair and transparent corporate group

ESG

Directors and Auditors

i. Current Directors and Auditors (as of June 25, 2021)
13 men and 2 women

President and CEO
NAKAYAMA Toshiki
FY 2020
No. of Board of Directors meetings attended 17/17

Director
YAMAMOTO Yasuhiro
FY 2020
No. of Board of Directors meetings attended 13/17

Director
TOTAKE Yasushi
FY 2020
No. of Board of Directors meetings attended 13/17

Director and CFO
TSUKAMOTO Masakazu
FY 2020
No. of Board of Directors meetings attended 17/17

Director
AOYAMA Koji
FY 2020
No. of Board of Directors meetings attended 13/17

Director
HIRABARA Toshiyuki
FY 2020
No. of Board of Directors meetings attended 13/17

Director (Outside)
IGARASHI Katsuhiko
FY 2020
No. of Board of Directors meetings attended 13/17

Director (Outside)
BABA Chiharu
FY 2020
No. of Board of Directors meetings attended 13/17

Director (Outside)
KAWARATANI Shinichi
FY 2020
No. of Board of Directors meetings attended 13/17

Director and Advisor
SUZUKI Masatoshi
FY 2020
No. of Board of Directors meetings attended 13/17

Corporate Auditor
KIRIYAMA Manabu
FY 2020
No. of Board of Directors meetings attended 13/17

Corporate Auditor (Outside)
SEKI Hiroshi
FY 2020
No. of Board of Directors meetings attended 11/17
No. of Board of Corporate Auditors meetings attended 11/11

Auditor
HOSOKAWA Masayoshi
FY 2020
No. of Board of Directors meetings attended 13/17
No. of Board of Corporate Auditors meetings attended 11/11

Auditor Curiae
KATSUMARU Chiaki (ISHIKAWA Chiaki)
FY 2020
No. of Board of Directors meetings attended 13/17
No. of Board of Corporate Auditors meetings attended 11/11

Directors and Auditors

ii. Policy and Procedures for the Nomination of Candidates for the Board of Directors and Auditors
In the nomination process of candidates for the board of directors and auditors, the MIRAIT Holdings Corporation selects a wide variety of candidates from both inside and outside of the company, consults with the Nomination and Compensation Committee chaired by an outside director, and determines the candidates who have excellent personalities, superior insights and high managerial capabilities, at the board of directors meetings based on the replies from the Committees.

iii. Effective Use of Outside Directors and Outside Auditors
For outside directors, we appoint individuals who have abundant experience and knowledge across different fields and can carry out their roles and duties with a specialized and objective viewpoint by providing guidance and managerial supervision from the perspective of enhancing the medium- to long-term corporate value of the company. For outside auditors, we appoint those who have abundant experience and knowledge across different fields, and can with independent and objective views properly monitor the board of directors’ managerial decisions, execution of duties, and their observance of laws and ordinances, enhancing transparency of the board and serving greater corporate value.

Outside directors and outside auditors attend meetings of the Board of Directors and the Board of Corporate Auditors to understand the management issues of the Group and receive audit reports from auditors.

In addition, they offer their opinions as necessary from their respective professional and objective viewpoints, and strive to ensure the transparency and efficiency of management by exchanging opinions with other directors and auditors.

* The criteria for determining the independence of outside directors and outside auditors of the Company and the status of their activities are provided in the “Annual Securities Report” and other documents.

Skills Matrix for Directors and Auditors

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<td>HIRABARA Toshiyuki</td>
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<td>IGARASHI Katsuhiko</td>
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<td>HOSOKAWA Masayoshi</td>
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* For brief biographies of directors and auditors, please refer to the Annual Securities Report.
iv. Board Structure that Balances Diversity in Gender, Internationally, etc. and Appropriate Size
As a holding company that operates in various business fields, the Company makes sure that the composition of the Board of Directors is well-balanced by appointing individuals with a wealth of experience and superior knowledge in various specialized fields, such as business strategies, international strategies, finance, and personnel affairs.
In addition, the Company aims to ensure transparency and enhance investor confidence through the promotion of corporate social responsibility initiatives.

v. Efforts to Ensure the Effective Execution of Duties by Directors
In accordance with the "Regulations of the Board of Directors," Board of Directors meetings are held once a month and as needed, and 17 meetings were held during the fiscal year under review.

The Board of Directors meetings deliberate on all matters to be discussed at the Board of Directors meetings in accordance with the internal regulations, and actively exchange opinions on each matter, as well as receive quarterly reports on the status of execution of duties by each director.

In addition, the Board of Directors is evaluated for its effectiveness on an ongoing basis to improve its functioning.

- Appraisal of the Effectiveness of the Board of Directors
At the Board of Directors meetings, we check the execution of duties by directors, including the state of compliance with laws and regulations, the state of risk management and information sharing, and the speed with which issues are resolved, and we also strive to foster the effectiveness of the Board of Directors as a whole by holding meetings between representative directors, outside directors, and auditors.

In addition, once a year, all directors and auditors are subject to a self-assessment of the effectiveness of the Board of Directors with the aim of improving the functioning of the Board of Directors as a whole and sharing awareness of the direction in which our corporate governance is headed.

More specifically, the self-assessment is conducted through an anonymous questionnaire to ensure that candid opinions are heard, and the questionnaire consists of major assessment items asking about the structure, operational status, responsibility and functions of the Board of Directors and the state of the Board of Directors as seen from outside directors and auditors. As for collecting responses, they are collected by an external law office with a duty of confidentiality, and they are analyzed by a third-party organization.

Based on the results of this analysis, our Board of Directors has verified and evaluated the current situation and obtained favorable results, and continues to discuss issues related to the Board of Directors.

Overview of the Effectiveness Assessment for FY 2020

■ [Major opinions]
Discussions should be deepened on matters related to the framework of the new company emerging after the business integration scheduled for early FY 2022, such as the vision and corporate philosophy of the new company, the long-term direction of the group as a whole, and the governance system to realize it, as well as the issues in the number of group companies and the further enhancement in the risk management system and operational aspects with the new company in mind.

■ [Measures]
Efforts are being made to maintain and improve the effectiveness of the Board of Directors on an ongoing basis by further deepening the Board of Directors’ discussions through "Deliberation Forum" (established in FY 2017) where members of the Board of Directors can freely exchange opinions on medium- to long-term business strategies and management issues.

vi. Efforts to Ensure the Effective Implementation of Audits by Auditors
In addition to constantly inspecting approval requests and other documents, auditors attend meetings of the Board of Directors and various committees to gain an understanding of the company’s important decision-making process and the status of business transactions, and they also consult with the President and CEO, the Accounting Auditor, and others and communicate with each other and exchange opinions to ensure that the auditors’ audits are conducted effectively.

vii. Training of Directors and Auditors
We provide an executive officers' training program for directors and auditors to deepen their awareness of their roles and legal responsibilities on a regular basis. The training program covers basic matters such as the significance of corporate governance, insider trading, and the Construction Business Act, as well as case studies on corporate scandals and trouble.

In addition to directors, outside auditors, and others are provided with opportunities including inspections of business establishments of operating companies and construction sites, as appropriate, so that they can deepen their understanding of our business content and current conditions.

ix. Planning and Development of Successors for the CEO, etc.
We appropriately plan and develop successors for the CEO and other senior management based on our management philosophy and business strategies.
When appointing a CEO, the Nomination and Compensation Committee, chaired by an independent outside director, completes its report, and based on its report, the Board of Directors votes on the appointment.

x. Compensation, etc. of Executive Officers
(1) Basic Policy
With regard to the compensation of each director, the total amount (limit) is set by the General Meetings of Shareholders after approval by the Board of Directors, and each director receives compensation in accordance with their roles and responsibilities.

As well, with regard to the policy for deciding the compensation for each director, for the purpose of enhancing objectivity and transparency, the "Nomination and Compensation Committee" (chaired by an independent outside director), which is an advisory body to the Board of Directors and consists of three independent outside directors and the President and CEO, reports the results of its deliberations to the Board of Directors, which then makes decisions based on the report.

Outside directors, who are responsible for supervisory functions, are paid only monthly basic compensation in light of their duties.

- *Details of compensation for executive officers are provided in the "Annual Securities Report."

(2) Introduction of Performance-linked Compensation System
We have introduced the Board Benefit Trust," a performance-linked stock compensation system, for the purpose of clarifying the linkage between the compensation of executive officers and the Company’s business performance and stock value, and heightening awareness about contributions to the improvement in the business performance and corporate value over the medium to long term.

As the indicators for performance-linked compensation, we have chosen consolidated operating income and ROE, which should help heighten awareness about contributions to the improvement in business performance and corporate value of the group companies. The Company grants points calculated by multiplying the standard points set in accordance with the internal regulations on issuing shares to executives by the performance-linked coefficient corresponding to the Company’s consolidated operating income and ROE, and awards one share per point at the time of retirement.

(3) Percentage of the Amount of Monetary Compensation and the Amount of Performance-linked Compensation, etc.

We require executive officers to submit a "Related Party Confirmation Statement" to ascertain whether there are any transactions with related parties, such as themselves, their close relatives, organizations they represent, and organizations in which they hold majority voting rights.

With regard to transactions with major shareholders, in accordance with internal regulations, the person with decision-making authority is required to confirm the appropriateness of the transaction. In the case of Directors, they do not discuss the Company or the common interests of shareholders, and report particularly important transactions to the Board of Directors.

(4) Matters Concerning Delegation of Authority for Determining Compensation, etc. of Individual Directors
For FY 2020, it has been resolved by the Board of Directors to delegate the decision on the amount of basic compensation for each director and the amount of bonuses based on the business performance of each fiscal year would be left to President and CEO NIKAI YAMA TOSHI, assuming that the Nomination and Compensation Committee would be consulted within the range of the total amount approved at the General Meeting of Shareholders, based on the resolution of the Board of Directors on June 24, 2020. The reason for delegating these authorities is that the President and CEO is considered to be the most suitable person to evaluate the execution of duties by each director while having a bird’s eye view of the company’s overall business.

(5) Total Amount of Compensation for Each Executive Class, Total Amount of Compensation by Type, and the Number of Eligible Executive Officers

Executive Class
Total Amount of Compensation (Million Yen)
Total Amount of Compensation by Type (Million Yen)
Number of Eligible Executive Officers (People)

 Directors
(excluding outside directors) 115 90 24 11
Auditors
(excluding outside auditors) 24 — 2
Outside executive officers 39 39 — 5

(6) Total Amount of Consolidated Compensation, etc. for Each Executive Officer
This information is not provided because no executive officer received a total of 100 million yen or more in consolidated compensation.

Transactions with Related Parties
We require that competitive transactions and conflict-of-interest transactions conducted by directors be deliberated and approved by the Board of Directors, and that the status of such transactions be reported to the Board of Directors on a regular basis.

We require executive officers to submit a “Related Party Confirmation Statement” to ascertain whether there are any transactions with related parties, such as themselves, their close relatives, organizations they represent, and organizations in which they hold majority voting rights.

With regard to transactions with major shareholders, in accordance with internal regulations, the person with decision-making authority is required to confirm the appropriateness of the transaction. In the case of Directors, they do not discuss the Company or the common interests of shareholders, and report particularly important transactions to the Board of Directors.
Building and maintaining a fair and transparent corporate group

ESG

Goverance

Messages from Our Outside Directors

It is indispensable that sound corporate governance is an indispensable cornerstone of a company’s business activities. Based on this recognition, the Company has been working to improve its system through repeated discussions at the Board of Directors and its advisory body, the Nomination and Compensation Committee. As for outside directors, following the appointment of our first woman director last year, we have added one more director this year, bringing the total to three. In response to this welcome addition to our team, we have established a regular forum for outside directors to exchange opinions and share awareness of issues with each other. Also, with regard to ESG management, which has been attracting increasing attention recently, the Company has established the ESG Management Promotion Committee, chaired by the President, to establish a management-led promotion system.

Therefore, we believe that the effort for system improvement has steadily borne fruit. Meanwhile, new challenges regarding corporate governance have also emerged, such as the revision of the Corporate Governance Code. In addition, in the coming year, the Company plans to integrate its main subsidiaries, MIRAIT Corporation and MIRAIT Technologies Corporation, in order to make a further leap forward in its business, and we believe that it will be necessary to further improve our corporate governance system to suit these new circumstances. As an outside director, I would like to continue to make a solid contribution.

The term “corporate governance” refers to a system that enables a company to make decisions in a transparent, fair, prompt, and decisive manner, taking into account the position of each stakeholder. The Company has been implementing such a system for some time now, with full awareness of the principles of the Corporate Governance Code to ensure its effective implementation, and the system has proven to be effective. This fiscal year, the number of outside directors was increased again. In order to contribute to substantive discussions at the Board of Directors’ meetings, the Company continues to actively provide outside directors with advanced explanations and site visits, etc., which are even more comprehensive than in the past. The Nomination and Compensation Committee, chaired by an outside director, engages in lively discussions at every meeting. The Company is also working to comply with the revised Corporate Governance Code by disclosing the Skills Matrix for directors and establishing the TDPI. In addition, system development is also underway with a view to further strengthening governance. The Company’s stance, as seen in these efforts, is to be highly commended. Looking ahead to the integration of the three companies and the establishment of the new group in the next fiscal year, we need to create an environment, including system improvement, to ensure that the organizational changes do not result in a decline in group governance, and I believe that this is a challenge. The Company is doing a good job for the earth, and I would like to be of some help as an outside director so that the Company can develop and grow further.

I was appointed as Outside Director in June 2021. The Company is primarily engaged in "creating" and "preserving" information and telecommunications infrastructures, which is the most important foundation for life and business in modern society and will affect the future trend of economic development, and therefore, it recognizes that the establishment of corporate governance is one of its top priorities in order to carry out stable business operations and fulfill its social responsibilities. Focusing on effectively achieving the objectives of the Corporate Governance Code, the Board of Directors has not yet established and operated the Nomination and Compensation Committee chaired by an outside director and appointed a woman outside director, but it is also making various efforts aiming to ensure active and substantive discussions at the Board of Directors meetings. As the Company expands into new business fields for future development and aims to further expand overseas, I believe that one of the challenges will be to build a seamless corporate governance foundation for the MIRAIT Group by working more closely with consolidated companies in Japan and overseas. I will strive to contribute to the Company as an outside director by drawing on my past experience in overseas business and group company management.

Cross-Shareholdings

I. Criteria and Concepts for Classification of Investment Shares

Our group classifies shares that it holds for the following purposes as investment shares for non-pure investment purposes, and shares that it holds for other purposes as investment shares for pure investment purposes.

A. Maintaining and strengthening business relationships with the investee company

B. Maintaining and strengthening cooperative relationships to promote alliance business

C. Cooperating for efficient construction, etc.

ii. Methods of Verifying the Holding Policy and Rationality of Investment Shares Held for Pure Investment Purposes, and Details of Verification by the Board of Directors, etc.

A. Holding policy

Our group holds shares of its business partners when it believes that holding such shares will enhance the Group’s corporate value and benefit its shareholders. After reviewing the purpose of holding shares and the status of transactions, etc., if the holding of such shares is deemed to be of little significance through quantitative and qualitative verification, we will gradually reduce the holdings through divestment, etc.

B. Methods of verifying the rationale of shareholding

We conduct quantitative and qualitative verifications of investment shares held for non-pure investment purposes in terms of medium to long-term economic rationality and future prospects based on return and risk, etc.

C. Details of verification by the Board of Directors, etc. as to whether or not to hold individual issues

With regard to investment shares held by the Group for non-pure investment purposes, we conduct a review of the purpose of holding such shares, the status of transactions, etc., and determine whether or not to continue holding such shares by verifying each individual issue quantitatively and qualitatively once a year at a meeting of the Board of Directors, in terms of whether the returns and risks associated with the holdings are commensurate with the cost of capital, the purpose of the holdings, future business trends, etc.

We are devising shares for which, as a result of the verification, we believe there is little significance in holding, taking into consideration the share price and other factors. In addition, we will manage the status of holding and reduction of investment shares held in the entire Group for non-pure investment purposes through annual verification. Based on the above policy, etc., we divested 18 issues in FY 2020.

Management of Insider Information as well as Timely and Fair Disclosure

The MIRAIT Group discloses accurate information in a timely manner through TDnet and EDINET in accordance with the Disclosure Policy published on the website and in other corporate materials. We also make use of media such as our corporate website (https://www.mirait.co.jp/en) and press releases in an effort to further broaden our dissemination of information. Furthermore, the MIRAIT Group strives to provide beneficial information that is easy for shareholders and other investors to understand, such as materials used in its IR activities.

We fully and properly manage information according to insider trading regulations when in the possession of important information not yet released to the public domain when talking with all shareholders and other investors.

Efforts to Enhance Communication

The IR Office undertakes investor relations activities as the department in charge of investor relations under the supervision of the CFO, who manages responsible for the handling of information. The managers responsible for investor relations handle consultations with all of our shareholders and other investors as much as possible.

The MIRAIT Group holds financial results briefings twice a year for analysts and institutional investors and distributes the briefings on its website, etc. In addition to providing important information in English in a timely manner to overseas institutional investors, we also engage in overseas IR activities in the North American, European and Asian regions. Our representatives also work to explain matters fully at these financial results briefings and in our overseas IR activities to encourage constructive dialogue with all of our shareholders and other investors.

In addition, in order to help people deepen their understanding of our business, we participate in online company information sessions streamed live for individual investors, as well as individual investor information sessions held by securities companies as appropriate.

The opinions of shareholders and investors are provided as a feedback to management at meetings of the Board of Directors and the Group Presidents’ Council. Furthermore, the Group also sends MIRAIT Report booklets that include business performance and topics to all of the shareholders twice a year.

Efforts to Vitalize the General Meetings of Shareholders

With regard to the operation of the General Meetings of Shareholders, we aim to help shareholders understand better, for example, by printing the convocation notice in color and making the board of directors’ business reports available on our website.

The 11th Ordinary General Meeting of Shareholders was held on June 24, 2021 on a reduced scale as a countermeasure against the spread of the new coronavirus. In order to deepen the understanding of shareholders and others who were unable to attend the meeting, the business report was posted in a video format on our website, and the meeting was streamed live on the day of the meeting. For those shareholders who were unable to watch the live broadcast of the General Meeting, the video recording of the meeting was posted on our website for viewing afterwards.

With regard to the operation of the General Meetings of Shareholders, we aim to help shareholders understand better, for example, by printing the convocation notice in color and using video images to present business reports. The convocation notice, reference documents, and reports are also available on our website.

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Thorough Compliance

We have formulated the “MIRAIT Way,” which organizes the Charter of Corporate Ethics that summarizes basic policies and specific conduct guidelines concerning corporate ethics together with the Basic Management Philosophy and Code of Conduct, which are the basis for forming a corporate culture. The MIRAIT Way has been made known to all executive officers and employees of the corporate group.

In addition, we have established conduct guidelines concerning “prohibition of bribery, handling of entertainment and gifts,” “insider trading regulations,” “prohibition of acts of conflict of interest,” and “confrontation with antisocial forces” based on the “Compliance Manual,” and are making efforts to thoroughly prevent corruption.

The “Compliance Executive Committee” deliberates on individual problems within the corporate group and manages the progress of compliance promotion activities. The Committee met twice during the fiscal year under review.

The internal audit section conducts monitoring to verify the effectiveness of compliance promotion activities.

In addition, at MIRAIT Corporation, we not only conduct operational audits, but also appoint compliance promoters in each organization to conduct voluntary checks.

As well, we promote compliance by conducting an annual survey to find out what extent employees understand and are aware of compliance and the risks involved in their daily work.

The MIRAIT Way

The principles that guide the awareness, attitudes, and actions of MIRAIT Group employees and bring their mind together

Charter of Corporate Ethics

Corporate ethics, social norms, CSR

Basic Management Philosophy

Code of Conduct

Compliance Promotion Structure

Auditors

Compliance Executive Committee

Chair:

President

Members:

General Manager of the Corporate Planning Department

General Manager of the Corporate Affairs Department

Others appointed by President

Secretariat

Corporate Affairs Department

Consultation Desk

The MIRAIT Way

In accordance with the “Risk Management Regulations,” we have established a basic policy and promotion system for risk management as a corporate group, and are responding appropriately to various risks based on our risk management plan. The “Risk Management Executive Committee” deliberates on the status of risk management and individual issues within the corporate group, and met twice during the fiscal year under review.

In addition, the internal audit section conducts monitoring to verify the effectiveness of risk management.

As of the end of March 2021, the following are the main risks that we recognize as having the potential to affect our business performance and financial position:

Major risks

Overview

Measures

1. Dependence on specific business partners

Our group’s main business partners are the NTT Group and other telecommunications companies, which account for a large percentage of our sales, and their capital investment trends and technological innovations may affect our group’s business performance.

In addition to accelerating the shift in our business structure from the telecommunications carrier business to the solutions business, we are taking on the challenge of creating new business opportunities that go beyond the framework of conventional business fields and technologies.

2. Safety and Quality

In the event of unforeseen circumstances due to serious accidents or serious quality problems, the Group’s business performance may be affected by loss of trust from business partners, restrictions on sales activities, etc.

Utilizing an integrated management system for safety and quality introduced by operating companies, our group is united in its efforts to manage safety and quality so that we can deliver high quality engineering and services that are trusted and valued by our customers.

3. Management of Important Information

Thorough our business activities, we may obtain technical data, personal information, and other important information from our business partners. In the event that information is leaked due to unforeseen circumstances or is misused, our group’s business performance may be affected by loss of trust from business partners and liability for damages.

We are using the SMS (Information Security Management System) introduced by our operating companies and working together as a group to thoroughly prevent information leaks.

4. Credit Uncertainty of Business Partners

In the event of credit uncertainty in our business partners, we may not be able to collect construction payments or need to delay construction work, which may affect our group’s business performance.

Our group is working to avoid credit uncertainty risk by managing the creditworthiness of our business partners through the use of external investigative agencies, etc., and by having our legal staff review contracts.

5. Holdings

While we hold securities and other assets due to the necessity of business operations, our group’s business performance may be affected by significant fluctuations in their market value.

When we find little significance in holding any securities, etc., through quantitative and qualitative verification, we gradually reduce them to avoid market value fluctuation risk.

6. Natural Disasters, etc.

Our group’s business performance may be affected by unforeseen circumstances, such as direct damage to our employees, collaborators, or facilities caused by a large-scale disaster or an epidemic of infectious diseases, or delays in the delivery of materials and equipment due to a disruption in the supply chain.

In preparation for earthquakes and other natural disasters as well as infectious disease outbreaks, our group has taken various measures, including the formulation of a BCP (business continuity plan), the establishment of an employee safety confirmation system, disaster drills, and a shift to a new work style.

7. Overseas Business

Our group operates in foreign countries, mainly in Asia and Oceania, and our business performance may be affected by significant changes in political and economic conditions, exchange rates, and legal regulations, as well as epidemics of infectious diseases, sharp rises in material prices, and significant increases in unit labor costs in the host countries.

We strive to prevent and avoid such risks by gathering information within the Group, and operating from moderately scattered countries.

Development of Internal Reporting System

Our board of directors has adopted the Basic Policies for the Internal Control System to ensure the appropriateness of operations of the MIRAIT Group. We have also enacted Administrative Regulations for Subsidiary Companies and a Group-wide internal control system in our effort to appropriately manage the Group through specific internal controls at our subsidiary companies.

In addition, we manage important matters that have a significant impact on the entire corporate group by receiving reports from and discussing with subsidiaries, and take necessary measures as a corporate group.

Details of the “Basic Policies for the Internal Control System” adopted by the Board of Directors are provided in the “Annual Securities Report” and other documents.
We strive to maintain a sound financial footing and make accurate financial information promptly available by various means including via our website and brochures. By doing so, we hope that our Group will continue to be a corporate organization that is supported and trusted by society.

*The latest information can be found at our website (https://www.mirait.co.jp/en/)

<table>
<thead>
<tr>
<th>Orders received/Net sales</th>
<th>Gross profit/Gross profit margin</th>
<th>SG &amp; A/SG &amp; A ratio</th>
<th>Dividend per share</th>
<th>Dividend payout ratio</th>
<th>Total return ratio</th>
</tr>
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<tbody>
<tr>
<td>(billion yen)</td>
<td>(billion yen)</td>
<td>(%)</td>
<td>(%)</td>
<td>(%)</td>
<td>(%)</td>
</tr>
<tr>
<td>2017</td>
<td>3,294</td>
<td>4,567</td>
<td>15</td>
<td>45</td>
<td>45</td>
</tr>
<tr>
<td>2018</td>
<td>3,314</td>
<td>4,567</td>
<td>15</td>
<td>45</td>
<td>45</td>
</tr>
<tr>
<td>2019</td>
<td>3,294</td>
<td>4,567</td>
<td>15</td>
<td>45</td>
<td>45</td>
</tr>
<tr>
<td>2020</td>
<td>3,515</td>
<td>4,567</td>
<td>15</td>
<td>45</td>
<td>45</td>
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<table>
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<tr>
<th>Net assets per share</th>
<th>Net income per share</th>
<th>Capital investment/Depreciation</th>
</tr>
</thead>
<tbody>
<tr>
<td>(billion yen)</td>
<td>(billion yen)</td>
<td>(billion yen)</td>
</tr>
<tr>
<td>2017</td>
<td>813</td>
<td>138</td>
</tr>
<tr>
<td>2018</td>
<td>813</td>
<td>138</td>
</tr>
<tr>
<td>2019</td>
<td>813</td>
<td>138</td>
</tr>
<tr>
<td>2020</td>
<td>813</td>
<td>138</td>
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</tbody>
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<tr>
<th>Cash Flow</th>
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</thead>
<tbody>
<tr>
<td>(billion yen)</td>
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<tr>
<td>2017</td>
</tr>
<tr>
<td>2018</td>
</tr>
<tr>
<td>2019</td>
</tr>
<tr>
<td>2020</td>
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</tbody>
</table>
Non-financial Data

The MIRAIT Group also prepares and discloses material non-financial data from its business activities, taking steps to widen its scope.

The latest information can be found at our website (https://www.mirait.co.jp/en/)

Status of Shareholders  As of March 31, 2021

| Total authorized shares | 330,000,000 shares |
| Total outstanding shares | 108,325,329 shares (including 6,482,718 treasury shares) |
| Number of shareholders | 24,955 (excluding treasury shares) |

Major shareholders (top 10)

<table>
<thead>
<tr>
<th>Name</th>
<th>Number of shares held (in hundreds)</th>
<th>Ownership (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Custody Bank of Japan, Ltd. (trust account)</td>
<td>109,363</td>
<td>32.9%</td>
</tr>
<tr>
<td>The Master Trust Bank of Japan, Ltd. (trust account)</td>
<td>96,579</td>
<td>29.4%</td>
</tr>
<tr>
<td>Sumitomo Electric Industries, Ltd.</td>
<td>39,358,572</td>
<td>11.9%</td>
</tr>
<tr>
<td>GOVERNMENT OF NORWAY</td>
<td>39,358,572</td>
<td>11.9%</td>
</tr>
<tr>
<td>Sumitomo Dainippon Pharma Co., Ltd.</td>
<td>24,986</td>
<td>0.1%</td>
</tr>
<tr>
<td>MIRAIT Holdings Employees' Stock Option Plan</td>
<td>19,393</td>
<td>0.1%</td>
</tr>
<tr>
<td>Custody Bank of Japan, Ltd. (trust account)</td>
<td>14,403</td>
<td>0.1%</td>
</tr>
<tr>
<td>Custody Bank of Japan, Ltd. (trust account)</td>
<td>13,651</td>
<td>0.1%</td>
</tr>
<tr>
<td>STATE STREET BANK AND TRUST COMPANY</td>
<td>13,177</td>
<td>0.1%</td>
</tr>
<tr>
<td>Mibun Bank, Ltd.</td>
<td>13,005</td>
<td>0.1%</td>
</tr>
</tbody>
</table>

Share distribution by owner type (excluding treasury shares)

<table>
<thead>
<tr>
<th>Number of shares by owner type</th>
<th>(shares)</th>
<th>ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>National and local governments</td>
<td>100</td>
<td>0.0%</td>
</tr>
<tr>
<td>Financial institutions</td>
<td>39,358,572</td>
<td>38.6%</td>
</tr>
<tr>
<td>Financial instruments business operators</td>
<td>1,059,201</td>
<td>1.0%</td>
</tr>
<tr>
<td>Other corporations in Japan</td>
<td>12,473,583</td>
<td>12.3%</td>
</tr>
<tr>
<td>Foreign corporations, etc.</td>
<td>2,442,569</td>
<td>24.0%</td>
</tr>
<tr>
<td>Individuals/other</td>
<td>23,686,588</td>
<td>23.2%</td>
</tr>
<tr>
<td>Total (excluding shares owned by the company)</td>
<td>101,842,611</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

© Disclosed from FY 2020
* If there is no disclosed from MIRAIT Corporation's data.

About the Numerical Data: Not indicated in the table for MIRAIT Holdings Corporation, MIRAIT Corporation, MIRAIT Technologies Corporation, TTK Co., Ltd., SOURCELINK and SOLUTIONS Co., Ltd. - the six companies

1) Non-consolidated (MIRAIT Corporation only)
2) Non-consolidated (MIRAIT Technologies Corporation only)
3) Total for MIRAIT Holdings Corporation, MIRAIT Corporation and MIRAIT Technologies Corporation - the three companies

Share distribution by owner type (excluding treasury shares)