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CSR Report 2016

Make you smile with MIRAIT: Mirai (future) + IT

The MIRAIT Group—Comprehensive engineering & services company

Our IT and Technological Excellence Are Creating the Communications and Lifestyles of the Future

Basic Management Philosophy

1. Strive to be a leading Japanese corporation that realizes the highest levels of customer satisfaction and trust as a "comprehensive engineering & services company" that continually creates new value centered on the field of information and telecommunications.
2. Contribute to the realization of an enriched and comfortable society by placing value on safety and quality and offering the highest level of services.
3. Continue to be an enterprise that coexists and mutually prospers with people and society as a company that fulfills its corporate social responsibility and always respects human beings.

Code of Conduct

1. Always deliver services that meet and exceed customers' expectations
2. Further enhance reliability and trust with our frontline capabilities
3. Take a step forward with wisdom and courage
4. Always follow the basic principle of integrity and fairness
5. Demonstrate strong teamwork to create a bright future

Charter of Corporate Ethics

Charter of Corporate Ethics of the MIRAIT Group

1. Basic policy on legal and regulatory compliance
2. Basic policy on customers
3. Basic policy on shareholders and creditors
4. Basic policy on business partners
5. Basic policy on employees and workplace
6. Basic policy on society and the environment
7. Basic policy on the protection of personal information, customer information, and intellectual property

The Group's Basic Management Philosophy, Code of Conduct, and Charter of Corporate Ethics are structured as below to form the MIRAIT Way.

The MIRAIT Way

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

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Editorial policy

The MIRAIT Group CSR Report 2016 provides an overview of the Group's policies and activities toward helping to create a sustainable society. To fulfill our priority missions, which we have selected to actively address various social issues, we engage in business activities that contribute to social sustainability as well as in a variety of non-business activities for the benefit of our stakeholders.

In this Report, these activities are summarized in the Special Feature, "Creation and Safeguarding," while detailed policies and activities for each category are described in the reporting section.

Disclosure of CSR information

We publish the MIRAIT Group CSR Report each year in the form of booklet that gives an at-a-glance overview of activities conducted during the year under review. Information on our CSR activities is also available on our website, along with detailed corporate information and information on our businesses and investor relations.

Website

CSR	http://www.mirait.co.jp/csr/
Corporate information	http://www.mirait.co.jp/company/
Businesses	http://www.mirait.co.jp/service/
IR	http://ir.mirait.co.jp/index.html

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Guidelines referred to

ISO 26000 (guidance on social responsibility)

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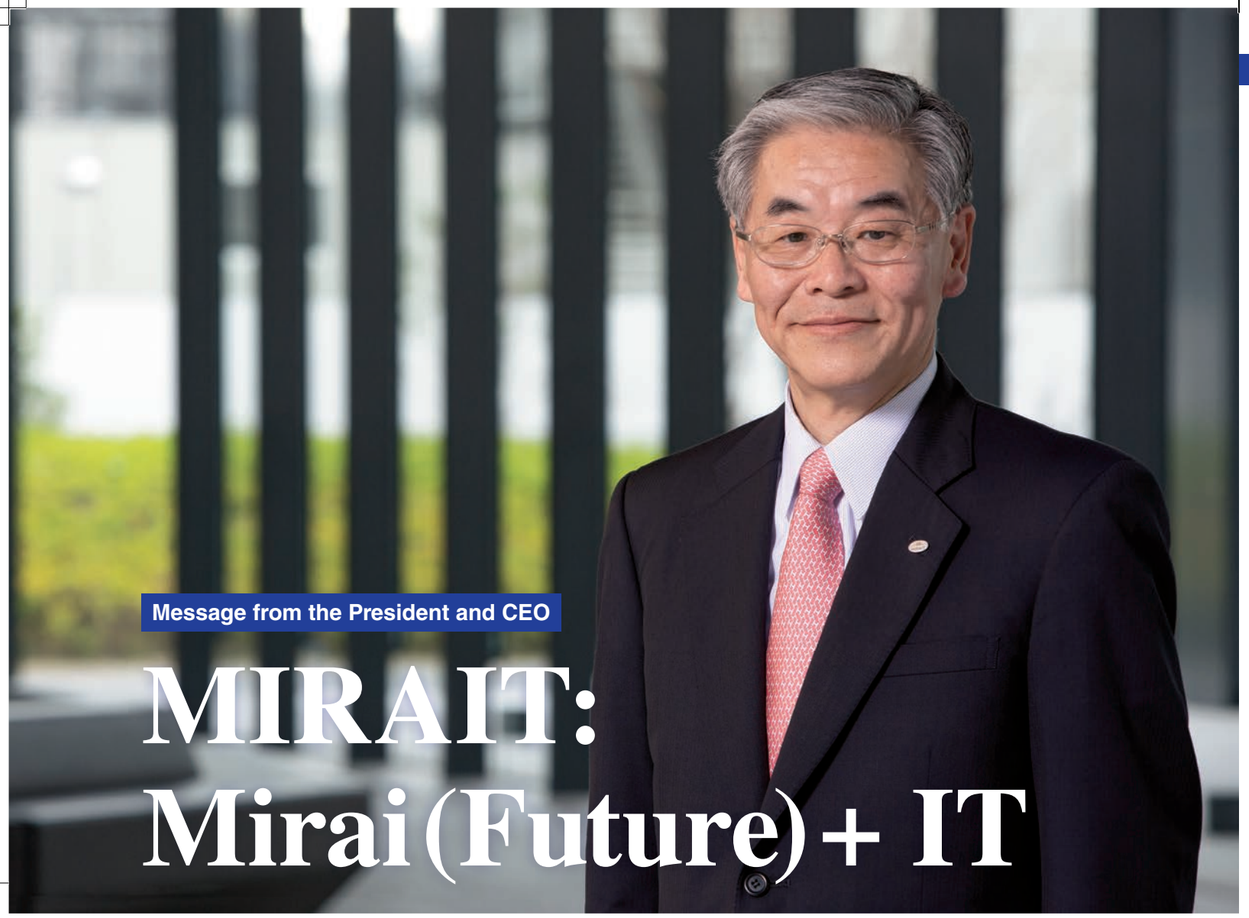


Message from the President and CEO

MIRAIT: Mirai (Future) + IT

Meet Changing Needs of Society with Our Comprehensive Strength in Engineering & Services

Masatoshi Suzuki
President and Chief Executive Officer
MIRAIT Holdings Corporation

Fulfilling our corporate responsibility through business activities in the rapidly growing information and communications market

It has been six years since the former Daimei Telecom Engineering Corporation, Commuture Corporation, and TODENTSU Corporation integrated their management to establish the MIRAIT Group.

Each of our three predecessor companies was established soon after World War II to help restore and develop telephone lines throughout Japan. Thereafter, the companies expanded their business steadily, in step with Japan's rapid economic development. In October 2010, they decided to consolidate their respective strengths as a new corporate group named MIRAIT, the name coined from the terms *mirai* (meaning "future" in Japanese) and IT (information/integration technology). As the name indicates, MIRAIT aspires to aggressively tackle and solve emerging and future societal issues as a "comprehensive engineering & services company" that offers strong engineering and service capabilities based on innovative information and communication technologies (ICT), which have been accumulated over many years in the areas of communications infrastructure and power supply facilities.

The MIRAIT Group has been working tirelessly to develop businesses that meet the needs of society while keeping pace with the rapidly growing information and communications market. Fulfilling our corporate responsibilities through our business activities has been our priority from the beginning.

Tackling new issues and new areas of business to meet the needs of a changing society

As of recently, the business environment surrounding the MIRAIT Group has been undergoing drastic change.

In the area of information and communications, new business models are emerging for the Internet of Things (IoT) and globalization is progressing. The energy environment is also changing due to the liberalization of the retail electricity and gas markets and diversification of energy sources. Meanwhile, social infrastructure is being re-built for the 2020 Tokyo Olympics and Paralympics. These changes, as well as increasing demand for IoT cloud and office solutions, are prompting the need for social innovation, giving rise to new and promising markets.

To meet these social trends, the MIRAIT Group is further strengthening its ability to propose solutions to actively expand its business in various promising fields, such as cloud computing, stock (as opposed to flow), environment and energy, and global business, as well as to increase the productivity and operational efficiency of its existing businesses. These two approaches for new and existing businesses are each indispensable and act as two wheels that drive our business forward.

Against this background, in fiscal 2015, air-conditioning facility and electricity storage system works in the Environmental & Social Innovation Business segment increased. At the same time, revenues from the Mobile Network segment decreased due to the decline in the number of construction works of base stations. Meanwhile, the software development business in the ICT Solutions segment was sluggish, resulting in a significant decrease in profit for the first time since the establishment of the Group. We intend, however, to remain a company that fulfills its corporate responsibilities by resolutely responding to social demands. In order to do this, we will continue to take a long-term perspective as we work to produce specific achievements to solve social issues in our new areas of business, while promoting the reform of our business structure to regain stable revenue growth.

Promoting diversity to leverage the strength of each employee and make the best use of available expertise

Whether the MIRAIT Group can become and continue to be a "comprehensive engineering & services company" depends on the strength of each individual employee. We therefore regard our employees as our most important management resource.

Partly due to the recent rapid development of technological innovations in industry, embodying the needs of customers now requires us to maintain and enhance our high-level expertise in the areas of engineering and services at all times. At the MIRAIT Group, human resources development initiatives are systematically integrated into our corporate activities. Moreover, it is ensured that our ICT—our core technologies—and our wealth of experience, specialized knowledge, and accumulated technologies (mainly in our communications infrastructure and power supply facility businesses) are passed on and shared across the organization to make such assets part of our collective strength.

To ensure that our expertise is passed on and shared, we also attach importance to diversity. We provide the necessary environment and support to enable talented individuals with the expertise and skills required to drive our business forward to reach their full potential regardless of gender, age, or affiliation. This encourages diverse and talented workers to join us and gives us diverse perspectives. By promoting workplace diversity, including from highly experienced workers to young workers for whom we have great expectations for the future, as well as by establishing systematized human resources development, we will realize sustainable growth and live up to public demands of us as a company.

In line with the above, the MIRAIT Group received the "Kurumin" certification[*1] as a company supporting childcare in fiscal 2015 and is working to promote the active engagement of female employees in response to the Act of Promotion of Women's Participation and Advancement in the Workplace.

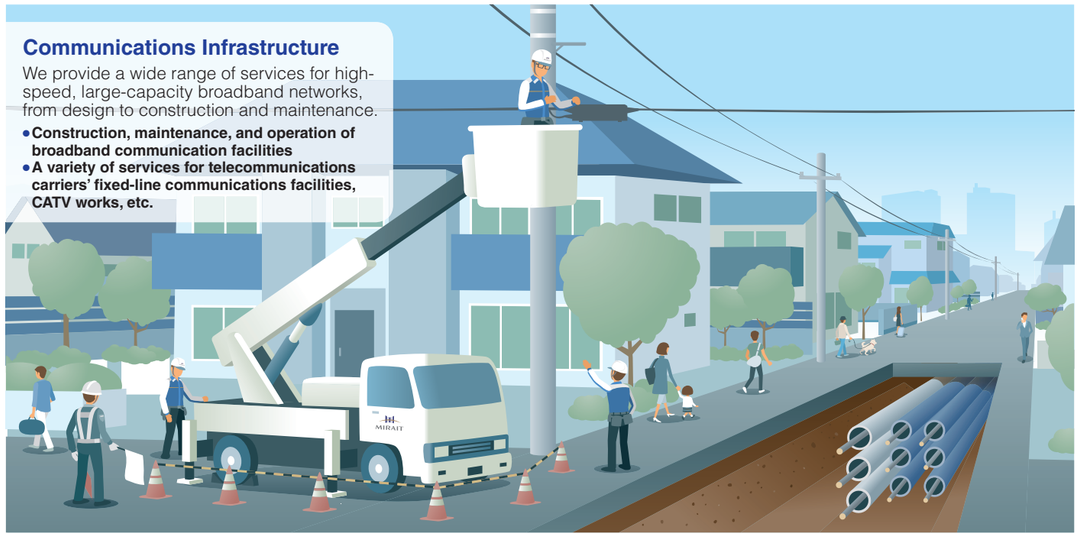
*1 "Kurumin" certification: Given to companies certified by the Minister of Health, Labour and Welfare as supporting childcare. See page 27 for details.

Continuing to be "your company," a company trusted by society

A corporate enterprise that contributed to the urbanization of Japan through the construction of telephone lines at the time of its establishment, the MIRAIT Group has ever since been expanding its business scope to match contemporary needs. This scope now includes electricity storage system and other new energy and environmental businesses as well as new community planning businesses for revitalization in the earthquake-stricken Tohoku region.

As we complete each of our tasks and projects in a safe, high-quality, and efficient manner, we gain more customer trust. This, in turn, leads us to another business opportunity. By emphasizing the MIRAIT Group as "your company" (as opposed to "our company"), we signal to stakeholders that "the MIRAIT Group is managed on your behalf." In order to enhance corporate responsibility throughout the Group, we will work together with stakeholders toward becoming a company that is trusted and needed by society, and a company where employees strive to enhance the quality of their work while keeping the issues of governance and compliance at the forefront of their minds.

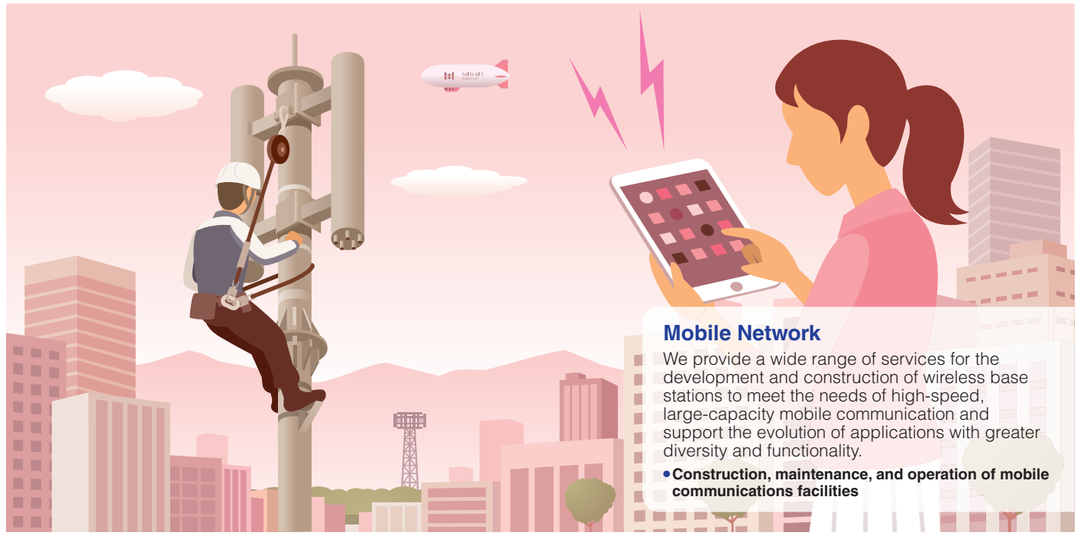
Through these efforts, as well as through further increasing the transparency of every corporate activity undertaken by the MIRAIT Group—the first step of which is to communicate the specific details of what we do as a "comprehensive engineering & services company"—we will continue to be a trusted company with a view to achieving sustainable growth.



Communications Infrastructure

We provide a wide range of services for high-speed, large-capacity broadband networks, from design to construction and maintenance.

- **Construction, maintenance, and operation of broadband communication facilities**
- **A variety of services for telecommunications carriers' fixed-line communications facilities, CATV works, etc.**



Mobile Network

We provide a wide range of services for the development and construction of wireless base stations to meet the needs of high-speed, large-capacity mobile communication and support the evolution of applications with greater diversity and functionality.

- **Construction, maintenance, and operation of mobile communications facilities**

Special Feature

MIRAIT Group's Businesses and Social Responsibility

The social responsibility of the MIRAIT Group is to create systems and others that enhance convenience, meet social needs, and safeguard the safety of people's lives by leveraging the experience and technologies we have built up over many years.

Creation and Safeguarding

ICT Solutions

We provide ICT infrastructure and high-quality solutions for business use.

- **Data-based/voice-based communications facilities**
- **Development of ICT systems**

Environmental/Social Innovation

Telecommunication and power supply facilities are essential social infrastructure undergirding people's lives and industry. We construct highly reliable infrastructure to sustain public lifelines.

- **Construction, maintenance, and operation of facilities for environmental conservation and alternative energy**
- **Development of social infrastructure**
- **Construction, maintenance, and operation of power supply and air-conditioning facilities for companies**

Creation

Construction of Infrastructure

**The MIRAIT Group undertakes projects to construct important infrastructure for energy, telecommunications, and other lifelines in and outside Japan.
Through these projects, which we conduct by capitalizing on our accumulated experience and expertise, we aim to contribute to building an environmentally friendly and convenient society that we can pass on to future generations.**

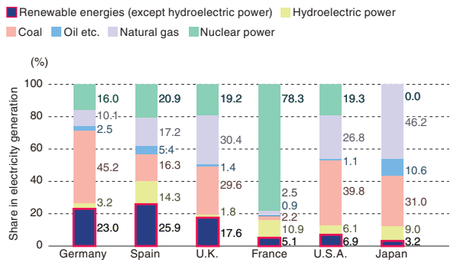
Development of Next-generation Energy Infrastructure

Clean energy is essential for our future

The development and introduction of different types of sustainable energy is a social issue attracting global attention. Fossil fuels have been used as an energy source for many years. When combusted, however, fossil fuels generate CO_2, a cause of global warming, and will be depleted sooner or later if we continue to use them. Climate abnormalities, rising sea level, the destruction of ecosystems, and other problems have been caused by global warming and are worsening on a global scale. In addition to these problems, in Japan, energy shortage has emerged as a serious concern since the 2011 Great East Japan Earthquake. Despite this, the share of renewable energy in electricity generation is still low in Japan compared with other major developed countries.

Of renewable energies currently being developed, including solar, wind, hydroelectric, geothermal, and biomass, solar power generation has been introduced most widely in recent years. The MIRAIT Group is actively engaged in solar and wind power generation facility projects with a view to developing these sustainable, next-generation energies and passing on a better environment to future generations. We will leverage our technological prowess, which we have nurtured over many years, in various areas of business in and outside Japan to help create a society in harmony with nature.

■ International comparison of the share of renewable energy in electricity generation



Source: Agency for Natural Resources and Energy, "Outline of Electric Power Development" (FY 2014 actual data), IEA Energy Balance of OECD Countries (2014 estimated data) [2015 edition]

Development of a solar power plant
—DREAM Solar Shunan Shikuma—

MIRAIT Technologies Corporation is engaged in the engineering, procurement, and construction (EPC) of solar power plants. As an EPC contractor, the company undertakes all activities from design and procurement to completion of power plants.

One of the most recent examples of our work is DREAM Solar Shunan Shikuma located in Yamaguchi Prefecture, where the intensity of solar radiation is strong, particularly in areas along the Seto Inland Sea. Before installing 1.5 MW solar panels we had to flatten land with a height difference of 22 meters to prepare an approximately 2.8 ha site. Our role in this project was to support the clean energy business of the customer (project owner) in terms of engineering. The project required comprehensive engineering capabilities on our part, including the design of the entire facility, site preparation planning, procurement of solar panels and electric equipment, and construction. We drew upon our vast experience and expertise to complete and put the power plant into commission in February 2016, with no accidents occurring at any stage of the project.

DREAM Solar Shunan Shikuma

Not stopping at "creation"
—Operation and maintenance services and our solar power plant business—

The MIRAIT Group is becoming increasingly involved in solar power plant projects as an EPC contractor, but we do not stop at "creation." We also provide operation and maintenance services after the completion of power plants, and are even engaged in electricity power sales.

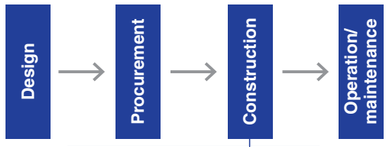
The MIRAIT Technologies Solar Power Operation Center, a MIRAIT Technologies' facility specializing in the operation, maintenance, and monitoring of solar power plants, supervises plant operations 24/7/365. In the event of trouble, personnel are dispatched to the plant immediately for recovery.

The MIRAIT Tochigi Onodera Solar Power Plant was commissioned by MIRAIT Corporation in Shimotsuga District, Tochigi Prefecture in March 2014 as part of the company's electric power sales business. The amount of electricity generated at the plant reaches approximately 1.55 million kilowatts per year, providing a stable supply of electric power since its commission.

By providing comprehensive support for the generation of perpetual clean energy through these efforts, we continue to contribute to the realization of an environmentally considerate, sustainable society.

Quality inspection conducted by MIRAIT

■ Flow of solar power business



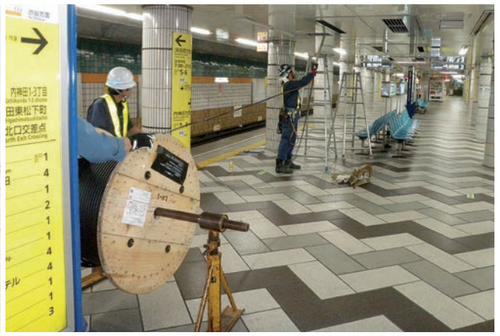
Shunsuke Tsujii
Civil Works Department,
Civil Works Business Unit
MIRAIT Technologies

After I joined the company, I was in charge mainly of underground construction works for telecommunications carriers and electricity cable undergrounding works as a civil engineer, but in recent years I have been involved in solar power system construction works as a field representative.

In the DREAM Solar Shunan Shikuma project, which was completed in February 2016, as a field representative I was responsible for basic design, procurement of equipment, consultation with the electric power company, construction, testing, and maintenance. The climate of Yamaguchi Prefecture in which the site is located is said to be mild with a relatively low number of natural disasters, yet during this project the prefecture was hit directly by a typhoon and a record-breaking monster storm. We were able to respond to and survive these unexpected difficulties thanks to the meticulous drainage plan and construction schedule control, and experienced no accidents. This is something I am very proud of.

Going forward, I want to try various construction works by making the most of my experiences working on solar power system projects. My motto since I joined the company has been to "create something beneficial for the world" and I will continue embracing this motto for the future as well as improving my technical and team leadership skills to become an engineer who can contribute to the development of society.

Opening a broadband network



Eliminating a blind spot at a subway station

Development of Social Infrastructure in Japan

Social infrastructure is evolving along with the advent of new technologies and changes in society. In the modern world, environments that enable information to be transmitted and received in real time are indispensable both in our private and business lives, and due to the spread of smart devices, efficient mobile communications need to be provided regardless of location, whether in a building or subway train or in the mountains.

To help create environments where high-speed, stable communications are available at all times in Japan through improved communications infrastructure and mobile networks, the MIRAIT Group undertakes, among others, the building of optical networks as well as the extension of existing mobile communications facilities to support the rapidly increasing amount of data traffic. We maintain a high level of technological innovation and quality by offering integrated services that encompass everything from design to construction and maintenance to bring greater comfort and convenience to people's lives.

Development of Social Infrastructure Overseas

The MIRAIT Group utilizes technologies, experience, and know-how accumulated through business in Japan for the development of communications infrastructure overseas as well. We have a track record of undertaking communications facility construction and other works in more than 90 countries since the 1970s.

In 2011, when Australia launched its National Broadband Network (NBN) project as a government initiative, we made a full-scale entry into the market. Since then we have developed—mainly through the local Group company—a business structure that allows us to conduct sales activities and construction works across the country and have thereby established a solid business base. Our ICT engineering services are contributing to the sophistication of the communications infrastructure in Australia.

In Myanmar, where rapid economic growth is expected, we have been engaged in a project of laying approximately 2,500 kilometers of optical cables throughout the country since February 2015. A catastrophic flood in August 2015 carried away worksite camp buildings of a local business partner and caused other damage. The disaster could have delayed the progress of construction significantly, but thanks to support from our Group company MIRAIT Philippines Inc. and others, the damaged worksites have been restored and a total of about 6,000 workers are currently working hard to push the project forward at a rate of 60 kilometers per week on average.

At the same time as this project was undertaken, MIRAIT Technologies also established MIRAIT Technologies Myanmar Co., Ltd. Before this, we had worked in Myanmar on a project-by-project basis, but the establishment of this local subsidiary is expected to allow us to contribute to the development of infrastructure in Myanmar in an ongoing manner and to nurture locally hired workers to become engineers. We will continue putting our comprehensive engineering capabilities to best use to support the development of overseas countries.

Connecting optical lines in Australia

Undergrounding a communications conduit in Myanmar

Creating Convenience in Everyday Life

Creating environments with greater network connectivity: Wi-Fi solutions

The rapid spread of smart phones and tablets, the growth of social network services, and the expanded use of photos, video, and other visual contents have increased mobile data traffic drastically. With this trend as a backdrop, Wi-Fi is attracting attention as the "third access" after fixed and mobile access.

The MIRAIT Group has a track record of conducting a large number of Wi-Fi installation works, realizing anytime, anywhere access to networks. Our comprehensive support ranges from the development of infrastructure to facilities operation and maintenance. Our infrastructure development work includes the selection, procurement, and installation of optimal network devices for particular environments and uses, such as popular tourist spots and amusement parks visited by tens of thousands of people.

Outdoor Wi-Fi device

Creating environments with easier access to information: PONTANA

The MIRAIT Group has developed the PONTANA, a new digital information kiosk from which users can select digital contents from those displayed, bookshelf-like, on a large screen and download them to their smart devices using an app. The downloaded content can be carried and accessed via users' devices anytime, anywhere. These kiosks have been installed in large commercial facilities and public institutions, and were even adopted as an information provision tool for use during the 2016 G7 Ise-Shima Summit, offering multilingual digital contents to overseas media personnel and playing an important role in PR activities of Mie Prefecture.

Creating comfortable business environments: ImageGate®

The MIRAIT Group has developed ImageGate®, a business solution app for smart devices designed to increase work efficiency. ImageGate® assists out-of-office users working in remote places, where data transfer is difficult and returning to their offices for reporting requires extensive travel time, allowing them to accomplish tasks and submit reports more efficiently. Drawings, photos, and other data can be imported into smart devices so that they can be shared with others and additional data added even where network access is not available. The timely sharing of data realized by this app makes even challenging tasks in remote places easier.

Safeguarding

Recovery and Maintenance of Social Infrastructure

**Electricity, communications, and water supply are indispensable infrastructure for modern life.
If this infrastructure sustains heavy damage due to an accident or natural disaster,
people's lives can be severely impacted.
The MIRAIT Group monitors, maintains, and, when necessary, repairs important infrastructure to
safeguard people's personal safety and comfort.**

Prompt Recovery of Infrastructure after a Disaster

Recovery works after the Great East Japan Earthquake

For companies involved in social infrastructure, safeguarding the secure and continuous use of physical infrastructure is one of the most important social responsibilities.

In the event of a typhoon, earthquake, or other serious natural disaster or an accident, communications are even more crucial than usual. However, even communications networks that have been designed with all possible safety precautions can be disrupted, and therefore prompt recovery becomes the key to maintaining networks. In the case of such a disaster or accident, all the MIRAIT Group companies work closely together toward realizing a prompt recovery.

The Great East Japan Earthquake of March 2011 was an unprecedented catastrophe. The MIRAIT Group recovery team was formed and dispatched to the devastated areas immediately after the disaster. Because emergency repairs for fixed and mobile communication networks was needed urgently, the initial recovery team sent to the areas consisted mainly of cable engineers, who connect cables, and mobile network engineers, who build mobile phone base stations. Five years on from the earthquake, the areas once devastated are now in the reconstruction stage. The MIRAIT Group is still working on projects in the areas to ensure the safety and comfort of local residents.

As well as responding to earthquake damage, the MIRAIT Group is also engaged in the recovery of areas hit by typhoon, heavy snowfall, tornado, or other type of natural disaster throughout Japan.

We will continue our efforts to safeguard communications and other critical infrastructure as well as the lives of people sustained by such infrastructure.

Recovery from a storm disaster in Joso City, Ibaraki Prefecture

Torrential rain caused by a typhoon in September 2015 inflicted tremendous damage on the northern Kanto region and the Tohoku region. The areas in and around Joso City, Ibaraki Prefecture sustained particularly severe damage, with part of the dike along the Kinugawa river having collapsed on September 10, causing a massive flood. The considerable amount of water tilted utility poles, cut cables, and flooded communications facilities, causing various communications services to stop functioning simultaneously.

MIRAIT Corporation, whose service area covers Joso City, responded quickly and worked together with NTT East and other companies to implement emergency repairs for prompt recovery of the services. We also joined volunteer activities to help local residents in Joso City, such as removing debris from and cleaning their houses. We will focus our activities on the permanent recovery of infrastructure by relocating power supply facilities and emergency generator engines in flooded buildings to higher floors that are unlikely to be affected by flooding.

In this way, the MIRAIT Group works hard to safeguard the lives of people through business, local volunteer activities, and various other means.

Reconstruction of lost towns—Great East Japan Earthquake reconstruction projects

Social infrastructure recovered after the Great East Japan Earthquake will be further improved in the reconstruction stage according to the urban plan of each municipality. The MIRAIT Group is engaged in a wide range of works in the coastal areas of Miyagi and Iwate prefectures that were devastated by the earthquake and subsequent tsunami, including raising the height of land to a level able to withstand tsunami impacts, relocating national roads, moving communications facilities from their original locations to where seawalls are to be built, and conducting electrical work for rebuilt buildings and post-disaster public housing.

One specific example of a facility that we helped reconstruct is the Minamisanriku Town Regional Wholesale Market located at the Shizugawa fishing port in Minamisanriku Town, Miyagi Prefecture, which had been destroyed by the tsunami. To revitalize fisheries, the town's main industry, in order to accelerate reconstruction of the town, it was decided that the new wholesale market would be rebuilt on the same site. MIRAIT Corporation took charge of the design and construction of electrical facilities for the market. The market was completed in June 2016 and is expected to serve as the center of the town's fishery and marine industry and restore its vitality.

The MIRAIT Group is thus cooperating with local municipalities in their reconstruction efforts to support the lives of the affected residents.

Minamisanriku Town Regional Wholesale Market

Takahiro Obara
Integrated System Engineering Department
Tohoku Branch
MIRAIT Corporation

Reconstruction is what results from me fulfilling my duty

I was the Project Manager for the Minamisanriku Town Regional Wholesale Market in Miyagi Prefecture.

While "reconstruction" is called for loudly by the public, I actually have never consciously thought of "contributing to reconstruction." In my view, what I need to do is accomplish my task as an on-site leader. It then follows as a matter of fact that everything I do in the Tohoku region leads to reconstruction.

The coastal area of Minamisanriku Town was destroyed by the tsunami but is gradually beginning to regain vitality. The rebuilt Regional Wholesale Market is expected to play the central role in the town's revitalization.

I will just continue fulfilling my duty because I believe the outcome of this will be what people call "reconstruction."

Stringing a cable

Sewage Pipe Renewal (SPR) method

Renewal of Aging Social Infrastructure

Many of the roads, bridges, tunnels, and other types of physical infrastructure in Japan were built intensively during the country's rapid economic growth and their aging is now posing tremendous concern. The percentage of social infrastructure that has reached the 50-year mark is expected to increase significantly within the next 20 years and the country is facing the issue of how these simultaneously deteriorating facilities can be maintained or renewed.

The MIRAIT Group is playing an important role in maintaining social infrastructure by taking part in the renewal of utility poles, sewage, and other aging facilities.

■ Present status of aging social infrastructures

Percentage of social infrastructures that have been built for 50 years or longer

	March 2013	March 2023	March 2033
Highway bridges [approx. 400,000 bridges (of approx. 700,000 bridges having a bridge length of 2 m or longer)]	18%	43%	67%
Tunnels [approx. 10,000 tunnels]	20%	34%	50%
River management facilities (such as water gates) [approx. 10,000 facilities]	25%	43%	64%
Sewer pipes [total length: approx. 450,000 km]	2%	9%	24%
Port and harbor quays [approx. 5,000 facilities (4.5 m deep or deeper)]	8%	32%	58%

Source: Whitepaper on Land, Infrastructure, Transport and Tourism in Japan, 2016, page 38
http://www.mlit.go.jp/hakusyo/mlit/h27/hakusho/h28/pdf/np101200.pdf

Replacement of utility poles

Many of Japan's power and communications lines are overhead lines built along roads, with about 35 million utility poles installed nationwide.

Although the undergrounding of lines is progressing in major cities due to the need for disaster preparedness and enhancement of urban landscapes, the rate of undergrounding still remains low compared with that of major cities overseas, and existing utility poles continue to play an important role in Japan. The MIRAIT Group is engaged in the replacement of utility poles as well as the undergrounding of lines to help maintain reliable information and communications networks.

Replacing utility poles on privately owned land

Renewal of aging sewage pipes

The MIRAIT Group uses the Sewage Pipe Renewal (SPR) method as a technique to renew aging sewage pipes. This method rehabilitates old sewage pipes, turning them into strong and solid composite pipes by the insertion of rigid PVC profile. Construction work can be done without stopping the water flow inside pipes and all the necessary equipment and materials can be placed through existing manholes, requiring no road excavation. Existing pipes can also be made earthquake-resistant with no need for replacement. Because of these many advantages, the method is used widely for the renewal of agricultural and industrial irrigation pipes, among others, as well as sewers.

The standard life cycle of sewage pipes is 50 years and the service life of pipes built during the rapid economic development era in Japan is about to expire. The SPR method, with which pipes can be renewed without replacing them, is expected to be employed even more broadly as a solution to the problem.

The MIRAIT Group will continue working on the renewal of social infrastructure by mobilizing its comprehensive engineering capabilities to safeguard people's safety and comfort.

Safeguarding Safe and Secure Lives

Safeguarding the security of communities: Surveillance camera solutions

Among communities, demand is increasing for surveillance cameras to monitor schools, routes to and from school, parks, and other public facilities in order to prevent crime.

To meet this need, the MIRAIT Group offers integrated surveillance camera solutions encompassing everything from design consulting to field inspection, construction, and maintenance for indoor surveillance for shared facilities in condominiums, large stores, and other locations used by the public, as well as for outdoor surveillance.

In this way, we play an important role in safeguarding the security of communities.

Safeguarding business environments: Customer System Support Center

The MIRAIT Group's Customer System Support Center (CSSC) offers a one-stop service providing all available network-related solutions, including proposal, design, development, maintenance, and operation to flexibly meet the needs of customers.

CSSC is a support center available 24 hours all year round. It responds to the network breakdowns by dispatching technicians within two hours from 120 CSSC service locations nationwide.

Safeguarding important information: Next-generation firewall

Network security is a particularly important part of the IT infrastructure that supports business activities. The MIRAIT Group offers Clavister, a next-generation firewall (NGFW) created by Clavister AB, which effectively protects customers' important information.

Clavister uses proprietary firmware with minimum vulnerability to ward off attacks and spam e-mails from third parties. Clavister is also highly durable as it does not require a hard disk or cooling fan. The MIRAIT Group offers total support from design consultation to installation and maintenance.

CSR of the MIRAIT Group

The MIRAIT Group is promoting CSR across the Group based on the MIRAIT Way, the principles that guide the conduct and activities of Group employees. To be an enterprise that coexists and mutually prospers with both people and society, the MIRAIT Group establishes effective corporate governance while fulfilling its CSR through its business and other activities.

Basic CSR Policy

(1)

Continue operating our businesses in a manner that fulfills the requests and expectations of society and earns longstanding trust from stakeholders.

(2)

Incorporate social issue and environmental issue management into our business operations and become a company with a tremendous capacity to adapt to change.

(3)

Contribute to creating a sustainable society and establish a strong brand as an admired and valued company.

CSR Priority Activities

Environment	Increasing environmental risk is a major issue that undermines the sustainability of planet Earth, making it an important social issue not just for Japan but for the entire global community. The MIRAIT Group positions environmental and social innovation as one of the focuses of its medium-term management plan. Referring to ISO 26000 and other guidelines, the MIRAIT Group, as a socially aware public company that seeks to address social issues, will carry out environmental initiatives while contributing to the establishment of environmentally friendly social infrastructure through its business activities.
Community vitalization	Rural and regional communities, important building blocks of society, are facing various issues, including stagnating economies and depopulation. The MIRAIT Group's business is built upon its close relationships with local communities and is therefore closely connected to these social issues. The MIRAIT Group will maintain close communications with government organizations, its residential neighbors, and other related parties in promoting the development of social infrastructure for everyday life and town development to contribute to community vitalization.
Human resources	A shortage of workers in the construction industry is having a serious impact on society. To ensure it has the flexibility to cope with new social issues emerging in recent years, the MIRAIT Group will develop human resources with the skills required for driving the Group's business, including the installation of social infrastructure, and will promote diversity in the workplace so as to make the best use of individual expertise.

Major CSR efforts

ISO 26000 core subjects	Major issues	Results in fiscal 2015	Objectives for fiscal 2016
Organizational governance	▸ Addressing important Group issues	• Development of effective organizational systems and mechanisms • Practice of the Corporate Governance Code and continued improvement efforts	• Reinforcement of Group collaboration • Practice of the Corporate Governance Code and continued improvement efforts
Human rights	▸ Promotion of diversity	• Recruitment of Group company employees, global human resources, and older workers • Recruitment of people with disabilities • Increase in the number of women among new graduate hires	• Promotion of workforce diversity and expansion of business areas • Upgrading human rights education • Promotion of women's participation and advancement in the workplace
Labor practices	▸ Development of next-generation leaders and other human resources ▸ Promotion of work-life balance	• Expansion of career paths, implementation of job rotation • Introduction of system for annual paid leave by the hour	• Development of human resources through group-wide efforts (Increase in the number of workers qualified to implement operations in rapidly growing areas of business) • Provision of flexible work style options
The environment	▸ Reduction of burden upon global environment ▸ Promotion of environmental business	• Expansion of environmental business, e.g., solar power generation and storage battery systems • Promotion of commercial electric vehicles • Upgrading of buildings used for consolidated business hubs to environmentally considerate ones • Reduction of waste	• Expansion of environmental business to include the realization of smart homes, smart offices, and smart towns • Promotion of energy saving at each office • Reduction of waste and energy consumption
Fair operating practices	▸ Thorough risk management and compliance ▸ Reinforcement of information security	• Continued promotion of awareness raising and maintaining the enhanced awareness through training • Identification of priority risk issues and addressing them through PDCA	• Continued promotion of awareness raising and maintaining the enhanced awareness through training • Further sophistication of BCP
Consumer issues	▸ Improvement of service quality	Implementation of measures to establish MIRAIT quality • Improvement of risk sensitivity through risk simulation training and other means • Introduction of fall prevention tools	• Promotion of safety quality improvement activities to establish MIRAIT quality
Community involvement and development	▸ Promotion of community-based business activities ▸ Promotion of social innovation business	• Implementation of community-based business and social innovation business at each site • Participation by respective offices in local events	• Further expansion of businesses for the development and social innovation of communities (undergrounding of utility cables, renewal of aging infrastructure, local area anti-disaster radio communication systems, etc.) • Implementation of group-wide measures that contribute to communities

Corporate Governance and Internal Control

Corporate Governance

Basic approach

MIRAIT Holdings Corporation recognizes the importance of management as a company with social responsibilities, implements organizational structures and mechanisms for ensuring transparency and fairness in decision-making, and positions the creation of relationships of trust with all stakeholders including shareholders to be one of the most important issues in management.

We aim to improve our corporate value and achieve sustainable growth as a "comprehensive engineering & services company" by maintaining effective corporate governance and making continued improvement efforts.

Corporate governance structure

As a company with a corporate auditors system as defined by the Japanese Companies Act, we have a Board of Directors, Board of Corporate Auditors, and accounting auditors to supervise the execution of business.

The Board of Directors includes two independent outside directors. The Board of Corporate Auditors, internal audit unit, and accounting auditors also conduct their respective, independent audits while collaborating with each other as necessary.

Policies and procedures in the appointment of directors and corporate auditors (*kansayaku*)

In the nomination of director and corporate auditor candidates, candidates are selected from an extensive pool inside and outside the company, and the Board of Directors decides upon candidates with excellent personal attributes and knowledge in addition to a high level of management skills.

In particular, independent outside directors are nominated based on their ability to fulfill their roles and responsibilities from an expert and objective perspective, such as having abundant experience and knowledge in their respective fields, and providing advice and supervision from the perspective of medium- to long-term enhancement of corporate value. Moreover, independent outside corporate auditors are nominated based on their ability to increase transparency of the Board of Directors and enhance corporate value by appropriately monitoring the state of compliance with laws, regulations, and the Articles of Incorporation regarding management decisions and execution of operations by directors with abundant experience and knowledge in their respective fields.

The reasons for the election of individual directors and corporate auditors are described in Notices of the General Meeting of Shareholders.

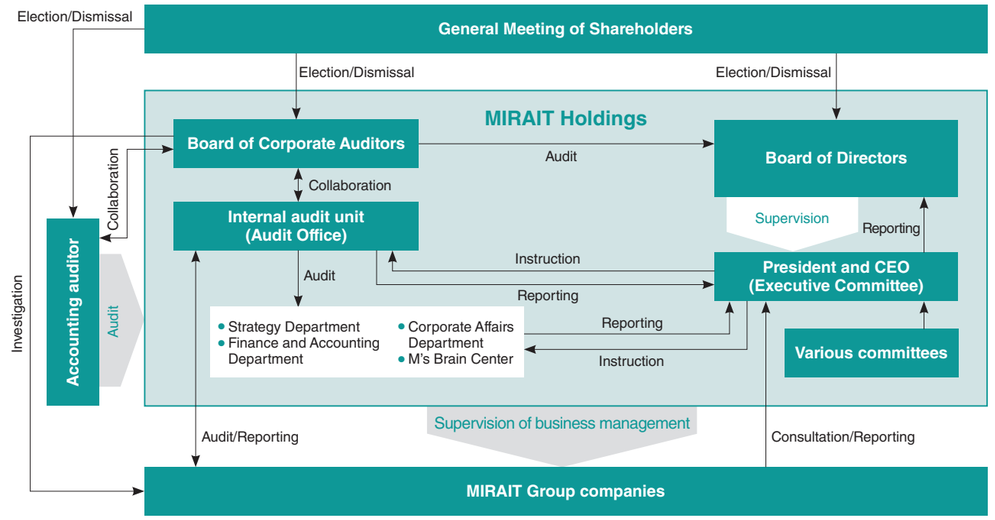
Effective use of independent directors

The company has elected several independent outside directors since it was established in 2010 with the expectation that they will provide advice on promoting the sustained growth of the company and enhance the corporate value in the medium to long term, in addition to presenting opinions based on comments from stakeholders such as shareholders in meetings of the Board of Directors.

At present, the company has two independent outside directors, and an effort is made to provide sufficient information such as providing explanations in advance depending on the matter.

The independent outside directors have a good rate of attendance to meetings of the Board of Directors, and they actively comment on management policies and management improvements in addition to supervising the management of the company based on their respective knowledge.

Corporate governance structure



Note: For more details on corporate governance, please refer to our Corporate Governance Report available on our website and the Tokyo Stock Exchange website.

■ Reason for election of outside officers

Masaharu Kimura (outside director)

Masaharu Kimura has abundant experience in senior management of IT companies such as IBM Japan, Ltd. It was determined that he is suited to independently executing the supervision of management from an objective perspective due to his knowledge and expertise as well as his independence from management performing the execution of business. It is expected that his contribution will help enhance the transparency and supervisory functions of the Board of Directors.

Eiji Ebinuma (outside director)

Eiji Ebinuma has served in a key position at Mizuho Bank, Ltd., has experience and knowledge as an attorney at law, and is independent from management performing the execution of business. It was determined that he is suited to independently executing the supervision of management from an objective perspective based on a legal viewpoint. It is expected that his contribution will help enhance the transparency and supervisory functions of the Board of Directors.

Masao Matsuo (outside corporate auditor)

Masao Matsuo has abundant management experience and knowledge, such as due to his involvement in the management of NTT Advertising, Inc. He is expected to provide supervision of overall management and effective advice from an objective and independent perspective.

Hiroshi Daikuya (outside corporate auditor)

Hiroshi Daikuya is registered as a certified public accountant and has abundant management experience and knowledge, such as serving as the representative director of management consulting firm @Stream Corporation. He is expected to provide supervision of overall management and effective advice from an objective and independent perspective.

Internal control system

Aiming to establish a system to ensure appropriate business operations by our Group companies, we have formulated a Basic Policy for the Internal Control System as per the resolution of the Board of Directors. We have also formulated Subsidiaries Management Regulations specifying the operation framework of internal control at our subsidiaries in order to establish an internal control system for the MIRAIT Group and thus ensure appropriate management.

Internal auditing

Primarily through the Audit Office, we check that internal audits across the Group are performed properly based on the unified standard to ensure that internal control is developed and operated satisfactorily throughout the Group and business operations are improved wherever necessary.

Compliance

To ensure strict compliance with laws and regulations, the Compliance Regulations were formulated in March 2011. The Compliance Committee, chaired by the president and CEO, discusses specific related issues and supervises the progress of compliance promotion activities. To ensure full awareness of and commitment to good corporate ethics among employees, the Compliance Manual is distributed across the Group.

Risk management

Various risks are managed in an appropriate manner across the Group according to our Risk Management Regulations, which specify the basic policy and procedures for risk management for the Group. The Risk Management Committee, chaired by the president and CEO, discusses specific issues related to risk management.

We also make group-wide efforts to ensure the security of important information and protect our information assets by implementing an information security management system based on the ISO/IEC 27001 standard.

Basic policy against anti-social forces

The MIRAIT Group Charter of Corporate Ethics calls for employees to steadfastly refuse any association with anti-social forces posing a threat to the order and safety of civil society. At the same time, it encourages interaction with the local communities in which we operate and which form the basis of our business activities. We observe the principles of not giving money to, not having any relationship with, and not fearing anti-social forces, and maintain our firm stance against them.

Investor Relations

IR activities are important for achieving high levels of trust and gaining positive evaluations from investors as well as for ensuring our sustainable growth and the mid- to long-term improvement of our corporate value as a “comprehensive engineering & services company.” We carry out IR activities on an ongoing basis in line with our disclosure policy.

At our financial results briefings and for investor relations outside Japan, the president and CEO of the Group usually presents our financial results in person in order to promote constructive discussions with shareholders and investors.

Timely disclosure

We publish important information through TDnet (Timely Disclosure network) and EDINET (Electronic Disclosure for Investors’ NETwork) for appropriate and timely disclosure. For broader information disclosure, we also use our website (http://www.mirait.co.jp/en/) and press releases. Reference materials for financial results briefings and IR activities are prepared in such a way as to ensure that they are as easy as possible to understand and as helpful as possible to shareholders and investors.

Initiatives to enhance communication

We hold financial results briefings twice a year for analysts and institutional investors. Videos of the briefings are also distributed via our website. For institutional investors outside Japan, important information is provided in English in a timely manner. We also send out the MIRAIT Report, a booklet covering our performance and other topics, to all shareholders twice a year.

For individual investors, we participate in briefings organized by securities companies or others to explain our business and performance.

Inquiries and comments received from shareholders and investors at financial results briefings, interviews, and other occasions are reported as feedback to key related personnel within the MIRAIT Group.

Insider information management

To prevent the unfair release of insider information in interviews with shareholders or investors, we ensure effective information management according to the Insider Trading Regulations. To prevent the leaking of financial results and maintain fairness, we designate two weeks prior to the announcement of financial results (including quarterly results) as a “silent period,” during which we refrain from responding to any comments or questions about financial results.

Annual shareholders’ meeting

To encourage lively discussions at annual shareholder meetings and to facilitate the exercising by shareholders of their voting rights, we send convocation notices to shareholders as early as possible and are introducing online voting and preparing English (digest) versions of notices.

Messages from outside directors

Continue expanding into new business domains based on proper risk management and swift decision-making

Masaharu Kimura

Outside director

April 2000: Managing Director for Asia Pacific e-Business Solutions, IBM Japan, Ltd.

January 2001: Managing Director and Vice President of Asia Pacific Distribution Business, IBM Japan, Ltd.

October 2002: President and CEO, IBM Business Consulting Services (currently IBM Japan, Ltd.)

June 2004: Managing Director and General Manager of Sony Enterprise Division, IBM Japan, Ltd.

June 2007: President and CEO, ACCA Networks (currently SoftBank Corp.)

April 2010: Director, National Center for Child Health and Development (to present)

June 2014: Director, MIRAIT Holdings Corporation (to present)

The MIRAIT Group has been developing at a steady pace in the communications engineering field. The Group, however, needs to continue further its efforts to expand into new business domains that will address yet other emerging social issues. These new domains include cloud services, environment and energy, and social innovation, demand for which is currently growing fast to meet the needs of globalization and the Internet of Things (IoT). The MIRAIT Group is expected to advance into these new domains by making the most of its strengths (solid technological capabilities that sustain communications infrastructure and a nationwide service network).

However, expanding into new business domains inevitably entails risk. Taking a risk does not just mean actively investing in a new business. Attempting to make correct decisions based on accurate estimation of the impacts of risk and calculation of long-term return on investment also involves risk. This risk management is indispensable for the perpetual growth of companies. In these new business domains, where competition is rapidly intensifying, swift decision-making is also an important factor. From these perspectives, as an outside director, I intend to contribute to swift and correct decision-making by capitalizing on my experiences at a global IT company to realize, among others, the Group’s growth in the new domains, enhancement of governance, and promotion of diversity.

As a gatekeeper of corporate governance

Eiji Ebinuma

Outside director

April 2002: Assistant Manager of Human Resources Division Planning Team, Mizuho Bank, Ltd.

April 2003: Manager of President’s Office and Manager of General Planning Office, Olympic Co., Ltd.

December 2008: Registered as attorney at law

April 2010: Part-time teacher at Sophia Law School (to present)

January 2013: Partner of Tanabe & Partners (to present)

April 2014: Member of Toranomon Hospital Clinical Review Board (to present)

June 2014: Director, MIRAIT Holdings Corporation (to present)

June 2016: Director, Rakuten Bank, Ltd. (to present)

In May 2015, the government enforced the amended Companies Act of Japan, and in June 2015, the Tokyo Stock Exchange introduced Japan’s Corporate Governance Code applicable to listed companies. As far as I understand, these were enforced and introduced due to the realization that corporate governance was not working sufficiently in Japanese companies and that this was causing low profitability and stagnant stock prices among such companies compared to their foreign counterparts.

In Principle 4.7 of Japan’s Corporate Governance Code, the roles and responsibilities of independent directors are defined as:

(i) Provision of advice on business policies and business improvement based on their knowledge and experience with the aim to promote sustainable corporate growth and increase corporate value over the mid- to long-term [sic];
(ii) Monitoring of the management through important decision-making at the board including the appointment and dismissal of the senior management;
(iii) Monitoring of conflicts of interest between the company and the management or controlling shareholders; and
(iv) Appropriately representing the views of minority shareholders and other stakeholders in the boardroom from a standpoint independent of the management and controlling shareholders.

As an outside independent director with a legal background, I have all these roles and responsibilities in mind whenever I attend meetings of the Board of Directors.

Working Together with Communities for a Prosperous Future

In order for the entire Group to contribute to the realization of a more affluent and comfortable society, we are committed to fulfilling our social responsibilities, respecting human rights at all times, and coexisting and mutually prospering with both people and society.

Planting trees in Miyagi Prefecture

Nine Prefectures and Cities Joint Emergency Drill

Antenna for regional government's emergency radio communications system

Participation in reconstruction volunteer activities

Miyagi Electrical Construction Association volunteer activities support reconstruction following the Great East Japan Earthquake

We participated in Miyagi Electrical Construction Association volunteer activities conducted in Iwanuma City, Miyagi Prefecture in May 2015, planting trees to rebuild a tidal wetland forest that had been destroyed by the tsunami that followed the earthquake.

The MIRAIT Group has joined the activities of the association for five consecutive years since they were first launched in 2011, taking part in such tasks as creating flowerbeds at temporary shelters and removing debris from farmland.

Supporting communities in their efforts to address issues

Comprehensive emergency drill in Okegawa City, Saitama Prefecture (Nine Prefectures and Cities Joint Emergency Drill)

We participated in a comprehensive emergency drill in Okegawa City, Saitama Prefecture in August 2015, which was conducted as part of the Nine Prefectures and Cities Joint Emergency Drill.

The Nine Prefectures and Cities Joint Emergency Drill is conducted by nine prefectures and cities in the Tokyo metropolitan area every year with the aim of enhancing local residents' awareness of the importance of self-help and mutual aid at the time of a disaster as well as arming them with necessary knowledge. The August 2015 drill simulated a scenario where communications facilities are damaged in a disaster. Engineers dispatched from MIRAIT Technologies demonstrated how they could restore an optical cable connection.

Regional governments' emergency radio communications system

The emergency radio communications systems of regional governments communicate evacuation alerts and other emergency messages from the prefecture/municipality to residents through street speakers in the event of a natural disaster or other emergency situation. The systems are currently being converted from analog to digital throughout Japan to meet the diversification and increasing sophistication of communication-related needs and allow the systems to also be used for distributing non-emergency information to residents.

The MIRAIT Group undertakes works for the development of emergency radio communications systems for municipalities and prefectures to support them in securing efficient means of collection and communication of information during times of disaster.

Utilization of abandoned farmland

The increasing amount of abandoned farmland has recently become a social problem for Japan as weeds, harmful insects, and wild animals from such land inflict damage on neighboring farmland. MURAYAMA CONSTRUCTION CO., LTD., a business partner of the MIRAIT Group, grows rice in abandoned paddy fields in Tokamachi City, Niigata Prefecture as one of the company's community activities. The MIRAIT Group supports this activity by sending volunteers from among its employees to the paddy fields to plant and harvest rice.

Harvesting rice

Communication with communities

Participation in a project aimed at encouraging children to dream big

The MIRAIT Group promotes and supports sports. In November 2015, we sent women's high jumper and member of MIRAIT Technologies' track and field club Ms. Yuki Watanabe to an elementary school in Suita City, Osaka to give a lesson on high jumping as part of the city's project aimed at encouraging children to dream big. Ms. Watanabe won the women's high jump at the Japan National Championships in 2014 and 2015.

In addition to the lesson, Ms. Watanabe also delivered a talk on why having dreams for the future is so important and how children can realize their dreams.

Participation in NIPPON IT Charity EKIDEN (Relay Race)

While the IT industry is becoming increasingly important for the growth of the Japanese economy, it is reported that many workers in the industry are suffering from depression or are socially withdrawn due to economic and mental stress.

The NIPPON IT Charity EKIDEN (Relay Race) is a charity event aimed at raising money to help such people who have dropped out of the workforce to return to work. The MIRAIT Group has co-sponsored the event for six consecutive years since its launch, while 70 employees (14 teams) from the Group who are motivated to help their peers in the same industry took part in the race this year.

Participation in the Toyosu Festa

To work together with local residents to build an even better community, the MIRAIT Group has participated in the Toyosu Festa, an event organized by Koto City, every year since relocating our Head Office to the city in 2010.

In fiscal 2015, we offered an air gun game, balloon art demonstrations, popcorn, and others attractions to create opportunities to enhance our communication with local residents.

Lesson on high jumping

NIPPON IT Charity EKIDEN

Toyosu Festa

Enhancing Customer Service

To earn customer satisfaction and trust, we strive to continuously improve the quality of our services and provide our customers with the best possible services as a "comprehensive engineering & services company."

Policy on Quality

We will efficiently conduct standardized production and service activities to provide customers with high-quality products and services that meet their expectations and earn their trust.

- We will promptly respond to customer requests and adopt applicable legislation and regulations.
- We will seek to enhance product and service quality as well as construction quality under the "customer first" principle for greater customer satisfaction and more efficient production and service operations.
- We will reduce quality risk to maintain and improve QCD (quality, cost, and delivery).

Tokyo metropolitan area meeting of local business partners and operating companies

Quality Management System

All of our Group companies are ISO 9001-certified for their quality management system, each of which constitutes a part of our Integrated Management System. Based on the recognition that safety, reliability, and trust are the foundation of our business, we ensure that our construction work and other services are of high quality in accordance with our Policy on Quality.

Initiatives Taken with Business Partners and Suppliers as well as within the Group

Standardized selection of suppliers

To ensure the quality of engineering works and enhance customer satisfaction, suppliers supplying materials, machinery, and tools used for engineering works are selected and supervised in accordance with the Quality Management System Regulations.

Suppliers are also evaluated every year from various aspects including on-time delivery, quality of products, financial stability, information security, and environmental sustainability.

Communication with business partners

For the purpose of strengthening understanding and communication between our operating companies and business partners, the Partner Association comprising about 200 business partners was formed to support their sound management. With the headquarters along with three divisions, respectively in charge of safety, training of engineers, and gathering and sharing of management information, the association conducts a variety of activities including sharing of information, deliberation on various matters, and planning and implementation of safety measures.

We also divide Japan into nine regions and hold periodic meetings in each region for our local operating companies and business partners to share business plans, information, and others.

Implementation of effective group management

We implement group management in such a way as to enhance the corporate value of the entire Group, develop business across the Group, and disclose information in a timely and appropriate manner to shareholders and other major stakeholders.

We hold a liaison meeting of the corporate administration staff every year to share information on such matters as accounting, legal affairs, and internal control. M's Brain Center within MIRAIT Holdings undertakes all the accounting and payroll operations of the Group companies. The MINCS (MIrait the NuCleus business system for producing Synergy) has also been introduced to enable centralized oversight of accounting, labor management, and other Group administrative operations and increase their efficiency.

Continuous Improvement of the Quality of Services

KAIZEN Convention

We promote KAIZEN activities and total quality management (TQM) to actively collect employee findings and opinions regarding frontline operations and reflect them in our efforts to increase operational efficiency and quality.

As part of these activities, we organized the MIRAIT Group KAIZEN Convention in October 2015, where 15 teams made presentations on various subjects such as the improvement of safety, quality, and operational efficiency.

Continuous Improvement of Technological Capabilities

Training of engineers

The Technical College, a training program for employees selected by each Technology Center and Quality Assurance Center, is implemented once a month to further improve participants' skills for the construction of communications facilities and share the latest technologies. Employees who have completed the training are expected to fulfill the role of core engineers at their respective workplaces and share and pass on their skills and knowledge acquired through the training to their colleagues.

Nurturing reliable Project Managers

Project Manager* training is provided to newly appointed Project Managers and Assistant Project Managers to develop them into core professionals capable of driving projects.

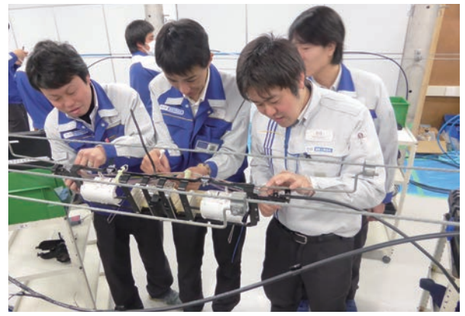
Engineering works are rapidly increasing in number, decreasing in scale, and diversifying. These trends are boosting the need for Project Managers responsible for the on-site completion of each project to learn various skills and knowledge required to accomplish a wide variety of missions. The ultimate objective of the training is to develop trainees' ability to view the overall progress of the project from a broad and multi-level perspective for solid management. The training provides both lecture-style and practical exercise sessions. The former includes study of the Project Manager Handbook, which was created by experienced Project Managers based on their actual experiences, as well as of the Construction Business Act, cost control, and budgeting, while the latter includes role-playing for negotiations, problem-solving, and safety management.

* Project Manager: a supervisory position established by the MIRAIT Group for the management of each project

Commendation from the Minister of Land, Infrastructure, Transport and Tourism

In fiscal 2015, Hiroshi Takao from the Kanagawa Branch Office of MIRAIT Corporation was publicly honored by the Minister of Land, Infrastructure, Transport and Tourism for excellence in construction engineering. This honor goes to construction engineers who engage directly in construction on-site, demonstrate remarkable skills, and contribute significantly to the fostering of younger engineers. Takao is the 10th in the MIRAIT Group to be awarded the honor, following another employee honored in fiscal 2014.

KAIZEN Convention



Technical College

Project Manager training

Commendation from the Minister of Land, Infrastructure, Transport and Tourism

Commitments toward Environmental Protection

While striving to reduce our energy consumption and recycle construction materials, we also actively participate in environmental conservation activities and promote environmental businesses with the goal of preserving a healthy, sound planet for future generations.

Policy on the Environment

As an upstanding corporate citizen, we will pursue activities for protecting the global environment through our daily operations and contribute to the creation of a more affluent and comfortable society.

- We will comply with legislation and regulations regarding environmental protection, such as the Act on the Rational Use of Energy and the Waste Management and Public Cleansing Act, and work to reduce our impact on the environment and prevent pollution.
- We will implement appropriate risk assessment measures to reduce environmental risk and conduct effective environmental activities.
- All MIRAIT Group employees will seek to increase their awareness of environmental protection and actively endeavor to pass on a healthy global environment to future generations.

Recyclable drums

Kurumatsukuri Forest

Environmental Management System

All of our Group companies are ISO 14001-certified for their environmental management system. We conduct various environmental conservation activities at each location to minimize our impact on the global environment.

Reduction of Environmental Impact

Energy conservation at Technology Centers

Electricity constitutes a large part of the energy used at offices. We therefore exert group-wide efforts to save electricity.

MIRAIT Corporation's Tochigi Technology Center converted its lighting systems to LED, while MIRAIT Technologies' new Takasaki and Kumagaya Technology Centers established in 2015 are equipped with a rooftop solar power generation system and an electricity demand monitoring system as well as LED lighting fixtures as part of their efforts to save electricity.

Systematic environmental management

We measure, among others, the quantities of paper and non-industrial and industrial waste generated; the volume of electricity, gasoline, light oil, and other fuels consumed; and the amount of money spent for green purchasing every month, and use these data in our efforts to reduce waste and energy consumption.

In summer and winter, when the consumption of electricity increases, we conduct an energy-saving campaign that calls for each workplace to set and work toward achieving a target.

Recycling of steel strand wire rope drums

The telecommunications industry is promoting the recycling of steel strand wire rope drums, which have heretofore been disposed of after use in construction works.

The MIRAIT Group is supporting this industry-wide effort by converting from wooden drums, which have traditionally been discarded after use and therefore have been posing a problem in terms of environmental impact and disposal costs, to recyclable drums. This has been a gradual effort starting in 2008. We have mostly completed the conversion, with the exception of some drums of certain sizes.

Environmental Conservation Activities

Participation in greening programs

We have been participating in the activities of Osaka Green Trust since 2003 to protect *satoyama* (traditional rural landscapes of Japan) by soliciting volunteers from the Group and its business partners. In 2015, we also took part in a project to protect trees that have been planted in the Kurumatsukuri Forest in Ibaraki City, Osaka, which involves mowing bamboo grass and thinning the forest. Through these activities, we contribute to the conservation of natural biodiversity as well as to the creation of lush and pleasant environments.

Community cleanup

The MIRAIT Group conducts clean-up activities in various communities as part of its efforts for environmental conservation and the betterment of communities.

These activities include clearing of garbage and waste washed ashore on the Inage-no-Hama artificial beach within the Inage Seaside Park in Chiba Prefecture, as well as cleanups in areas along the Meguro river in Shinagawa City, Tokyo, which we have been doing every year since 2003.

Our Group company Daimei Tusan Corporation designates the 23rd of every month as 23 ("tu-san") Day (where "23" can be read as "tu-san" in Japanese) and cleans up the areas around its Head Office in Koto City, Tokyo on that day. We also conduct cleanups at many of our other locations to conserve the local environments.

Environmental Businesses

Participation in a Micro Mobility demonstration test

During the period under review, we participated in a Micro Mobility demonstration test conducted as part of Koto City's Toyosu Green Eco-Island low-carbon urban development plan. In the demonstration test, we adopted Micro Mobility electric vehicles, a new means of short-distance transportation that is considered effective for reducing CO_2 emissions, as company cars used by employees. We are currently examining potential business opportunities by analyzing data from the vehicle loan management system and GPS as well as questionnaire results.

Residential storage battery systems

We provide storage battery systems for use in detached houses that store electricity at night and use it during the daytime to reduce the household electricity bill. The systems can be linked to an electric company's grid or to rooftop solar panels and used as an emergency backup power source. A maintenance service that monitors the conditions of each system 24/7/365 through our network is also available.

Participation in a wide-area wireless sensor network demonstration test

The development of a new wide-area wireless network system that uses a frequency in the 280 MHz band is currently in progress in Japan to meet the growing demand for Internet of Things (IoT) and Machine-to-Machine (MtoM) technologies, which are expected to expand rapidly in the near future. Because the system allows for the coexistence of multiple sensor networks, it is expected that it will lead to lower cost services and facilitate the utilization of data from smart meters for utilities such as electricity, gas, and water.

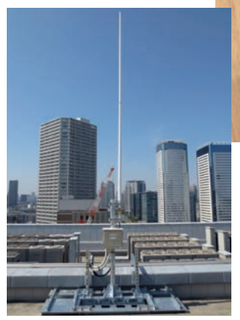
We started a demonstration test on the new system in Koto City, Tokyo in May 2015, and also started a demonstration test on smart meters for water in 2016 in partnership with Kobe City, NTT West, and Sensus Japan. We aim to play our role as a provider of engineering and services for the success of sustainable "smart town" projects featuring various environmental considerations such as effective energy conservation and enhanced energy efficiency based on home energy management systems (HEMS).

23 Day cleanup

Micro Mobility

A house equipped with a storage battery system

Water smart meter



280 MHz band demonstration test antenna

Creating Workplaces Where Employees Can Work with Enthusiasm
—Promotion of Diversity

We create and maintain safe and comfortable workplaces while promoting the development of a corporate climate where individuality is respected and all employees can play an active part by exercising their abilities to the fullest.

Occupational Safety and Health Management System

All of our Group companies are OHSAS 18001-certified for their occupational safety and health management systems. Regarding safety, reliability, and the trust of our customers as forming the foundation of our business, we formulated the Policy on Occupational Safety and Health to create a safe and comfortable work environment.

Policy on Occupational Safety and Health

We will place top priority on safety while seeking to secure the safety and health of all MIRAIT Group employees and providing a comfortable work environment.

- We will comply with applicable legislation and regulations regarding occupational safety and health.
- We will promptly reduce or eliminate occupational safety and health risks in our business operations by effectively assessing current risks and anticipating potential risks.
- All MIRAIT Group employees will strive to learn about occupational safety and health from each other and work in concert to ensure workplace safety and security.

Promotion of Safety and Health at Workplaces

MIRAIT Group Safety Convention

During National Safety Week in July as designated by Japan's Ministry of Health, Labour and Welfare, we hold the MIRAIT Group Safety Convention every year to enhance employees' safety awareness. In fiscal 2015, we held the convention on July 8 in Osaka and on July 23 in Tokyo, in which the Group's safety policy and employees' safety management activities were presented and a safety lecture was given by a guest speaker.

MIRAIT Group Safety Convention

Ensuring employees' safety in the event of a disaster

To prepare for an earthquake and other large-scale disasters and raise our employees' awareness on disaster preparedness, all employees are provided with a pocket manual that covers emergency action principles, how to confirm the safety of each other, how to gather information about the disaster, and other tips.

To keep employees alert to the possibility of disaster at all times, we also call for them to confirm with their family how to contact one another and to investigate walkable routes home before a disaster occurs. We also conduct training on the use of our system to confirm the safety of employees.

Risk simulation training

Falls are the greatest cause of fatal construction accidents in Japan, accounting for about 40% of the total every year. With the aim of reducing fall accidents to zero, the MIRAIT Group provides risk simulation training to employees of the Group and its business partners using facilities that allow them to have simulated experiences of various types of accidents. Through experiencing fall accidents, for example, trainees can learn basic necessary preventive actions and reaffirm the importance of using fall protection devices, thereby raising their safety awareness. In fiscal 2015, the training was conducted in eight locations. We are planning to expand the training to more locations and to include more types of accidents.

Training simulating a wet roof in rainy conditions

Healthcare of employees

As part of our efforts to help employees maintain their health, we provide periodic health checkups for all employees and "Ningen Dock" complete medical checkups for employees of certain ages, as well as heath consultation services, so that employees can understand their health condition, prevent lifestyle diseases, and discover any hidden diseases.

We also offer opportunities for personal refreshment at our recreation facilities located in various places in Japan as well as for health improvement through walking rally and other events organized by our health insurance society.

Mental health

The Stress Check Program was established by the Ministry of Health, Labour and Welfare in December 2015 to mandate all workplaces with 50 or more employees to assess the level of mental stress of each employee at least once a year. Intended to serve as the primary prevention measure for (and proactive measure against) mental disorders before they occur, its aim is to improve employee health and make workplaces more comfortable. The MIRAIT Group conducted stress checks in November 2015 before they were mandated and improved consultation services to systematically address the issue of employee mental health.

Development of Human Resources Capable of Promoting Our Business Transformation

Solidification and vitalization of our human resources foundation

The MIRAIT Group positions human resources development as one of its key themes. Based on this stance, we have introduced a new human resources development system comprising a career field-specific training program, which helps employees improve their expertise required for their respective areas of business, and a position-specific training program, which helps employees acquire necessary skills and knowledge according to their current role or career stage. The system is used to support the growth of individual employees in order to systematically solidify our human resources foundation to produce individuals capable of promoting our future business development.

Enhanced training environment

The MIRAIT Group's human resources development starts with induction training for new recruits and thereafter offers a wide range of training for different job grades up to the executive level to help employees acquire necessary skills and knowledge according to their current role or career stage. Our training program geared toward new recruits is designed in such a way that they can develop their capabilities regardless of their career path, whether engineering, clerical, or administrative. The career field-specific training program supports trainees to obtain various qualifications and even offers monetary incentives depending on the level of difficulty.

Well-equipped training facilities

Our training centers such as the Ichikawa Training Center in Ichikawa City, Chiba Prefecture and the Kansai Hyper Techno Port in Kobe City, Hyogo Prefecture are equipped with a variety of training equipment used for engineer training and development of technical skills. In these facilities, new recruits as well as experienced workers strive day after day to develop their technological expertise and ability to propose solutions that match the needs of customers, so as to contribute to meeting the requirements of society and the times.

Employee performance review

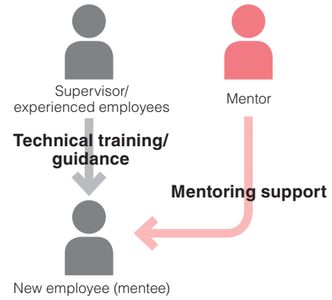
Our new performance-based employee evaluation system takes into account the expected role of each employee in business operations, the degree to which the role is fulfilled, and specific activities performed during the process.

The employee performance review attaches importance to communication between employees and their supervisors. Each employee has a discussion with their supervisor to set their targets based on a full understanding of how they are positioned in the organization and why achieving the targets is so important for them. Each employee is thus motivated to achieve the targets and guided to be creative and autonomous in their work and continuously improve themselves, while their progress is monitored using standardized procedures.

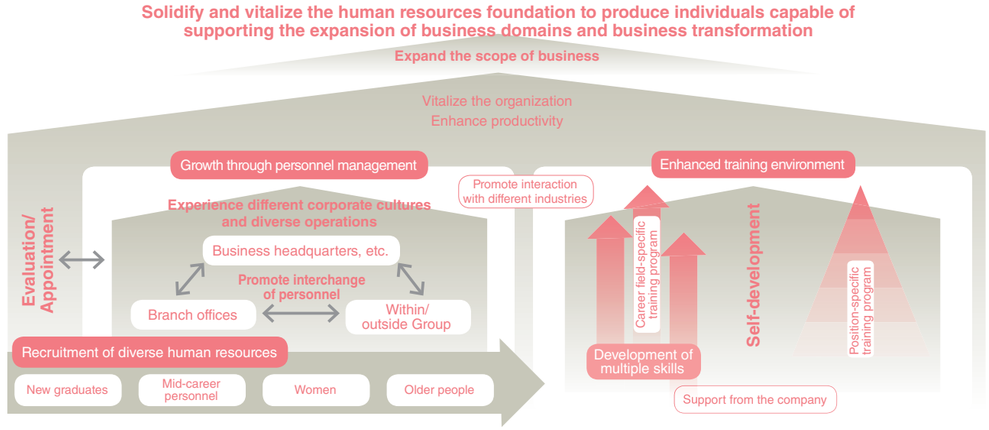
Mentoring program

For each new employee, an experienced co-worker who is not the new employee's supervisor is appointed as a mentor. The mentor offers guidance and consultation, gets the mentee to learn about their work through dialogue, and gives advice in such a way as to promote the mentee's autonomous growth. More specifically, the mentor gives feedback to the mentee upon receiving a periodic report and meets the mentee every month. This mentoring program works not only for the growth of the mentee but also helps develop the leadership skills of the mentor.

■ Mentoring support



■ Human resources development at the MIRAIT Group



Creating Workplaces Where a Diverse Group of Workers Can Play an Active Role

We are promoting the development of a corporate climate where individuality is respected and all employees can work to their full potential, regardless of age, gender, nationality, or disability.

The empowerment of female employees is a particularly important focus for us, and we are enhancing working environments and providing various career paths and opportunities for women so that they can play a more active role in their workplaces.

Empowerment of female employees

We are creating opportunities for female employees to work to their full potential in a wide range of business areas and develop their career by formulating and implementing action plans. While analyzing the issues that need to be addressed, each Group company has set its own goals, most of which involve increasing the percentage of women among new recruits and among employees in managerial positions, as well as expanding job categories for women. We are also making efforts to create workplace environments that are amenable to all, even those with young children and those needing nursing care, and to improve work-life balance.

Opportunities to work for mature and retired personnel

As Japan is facing the two issues of a declining birthrate and an aging population, we have raised the retirement age to 62 and offer reemployment to those who wish to work after retirement in order to retain experienced, qualified personnel with high-level telecommunications construction skills.

We also offer life planning seminars for employees above a certain age to give tips on how to work during employment extension periods, how to create a financial plan, and other matters.

Global development of human resources

The MIRAIT Group currently operates five overseas business locations, mainly in the Asia Pacific region, employing enthusiastic locally hired personnel. To ensure that all local employees can work to their full potential, we make various efforts including enhancing overall technical skills through mutual support among the overseas locations, such as dispatching trainers, as well as offering Japanese language classes to improve their language skills for working at a Japanese company.

Engineer training at the local subsidiary in Australia

Work-life balance

The MIRAIT Group promotes work-life balance to realize environments where employees can fully enjoy both their work and private life and to elicit their best possible performance. These efforts include the designation of “no overtime days” and encouraging employees to leave work on time, and are aimed at not just promoting work-life balance but also supporting employees’ health management and accelerating the empowerment of female employees. We are also working to increase the operational efficiency of employees through KAIZEN activities at each workplace in order to reduce overall working hours.

In fiscal 2015, we conducted an employee satisfaction survey targeted at all employees. We are currently examining measures for improvement based on the analyzed results of the survey. We also started inviting outside experts in various areas to give lectures to employees to introduce diverse role models and promote networking among participants.

Balancing career with childcare/family care

To allow employees to work with peace of mind for many years, we offer various support systems that can be used for childbirth, childcare, family care, and other personal life needs, such as childcare leave and short working hours for parents with children up to three years old and up to third grade, respectively. The systems offered by us are more generous than the legal requirements. As of the end of March 2016, a full 100% of female employees have taken childcare leave since the MIRAIT Group was established in October 2012.

In September 2015, MIRAIT Corporation was awarded the “Kurumin” mark, a certification provided by the Ministry of Health, Labor and Welfare in recognition of the company’s efforts to support child rearing by employees.

Kurumin

■ Childbirth and childcare support system

Pre-childbirth period
- Hospital visits for medical checkups (half-day or one-day basis)
- Short working hours (reduced by up to 2 hours a day)

Maternity leave
Before childbirth: 6 weeks After childbirth: 8 weeks
<Paid leave period>
Before childbirth: 6 weeks After childbirth: 6 weeks

Spouse’s childbirth leave
2 days at the time of the employee’s spouse’s childbirth (available for employees of the Group and its business partners)

Childcare leave
Available for employees with a child up to 3 years old

Short working hours for childcare
Available for employees with a child up to third grade (reduced by up to 2 hours a day)

Babysitter subsidy
Discount coupons for babysitter costs available for employees with a child up to third grade upon request

Sick/injured childcare leave
Available for employees with a child up to fourth grade (up to 5 days [10 days for employees with 2 or more children] a year)

Note: Employees on childcare leave are informed of updates about their company regularly and given opportunities to meet with their supervisor and other employees who have returned to work after childcare leave in order to ensure their smooth reinstatement.

■ Family care leave and other support systems

System	Details
Long-term family care leave	Employees with one or more family members requiring nursing care may take leave for a period of one month to one year per such family member.
Family care leave	Employees who need to care for a family member requiring nursing care may take paid leave for up to 5 days a year in the case of one such family member, or for up to 10 days a year in the case of 2 or more such family members, on a half-day basis.
Paid leave reserve system	Employees may reserve their unused annual paid leave up to 5 days a year so that they can use it to participate in volunteer activities, take care of a family member who is injured or ill or requires nursing care, have a maternity medical checkup, receive fertility treatment, look after a child while their wife gives birth to another child, or for other certain purposes.
Annual paid leave by the hour system	Employees may take annual paid leave by the hour for up to a maximum of 5 days out of their total number of annual paid leave days.

Enjoying having both a career and a child

Thanks to the support from everyone surrounding me, I can feel a kind of work-family synergy. I want to contribute to society as well as to the company by making the most of both my work and family experiences.

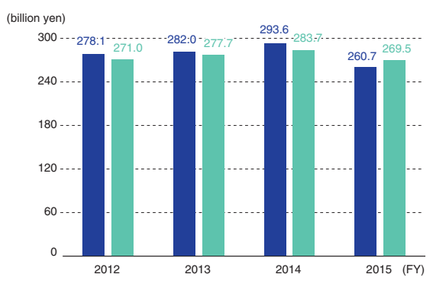
Sachie Tominaga
Manager
Office System Division
System Integration Business Headquarters
MIRAIT Corporation

I’m in charge of installation, operation, and management of internal systems. I took maternity and childcare leave four years ago. It was around the time I was appointed to a managerial position, and while I was eager to continue pursuing my own self-development and supporting younger workers in their skills development to contribute even more to the company, I was very concerned about whether I could really balance a career and family. But thanks to the company’s support systems and cooperation from my co-workers, I was able to return to work and am working as I did before. I normally leave the office on time to pick up my child from daycare and sometimes have to take a day off when my child becomes ill suddenly. So I try to do my work as efficiently as possible when in the office—and utilize remote access when necessary—in order to achieve a balance between work and family. The available systems, such as annual leave by the hour, which I use when I need to take my child to hospital, are generous and useful. But above all is the kindness and cooperation of my supervisor and co-workers: among other things, they try to keep meetings short and make schedule adjustments for me. They are very supportive and I truly appreciate them. Going forward, I want to contribute to society as well as to the company in a wide range of aspects by making the most of my experiences gained through my interaction with people in the different situations and standpoints I have come to as a mother.

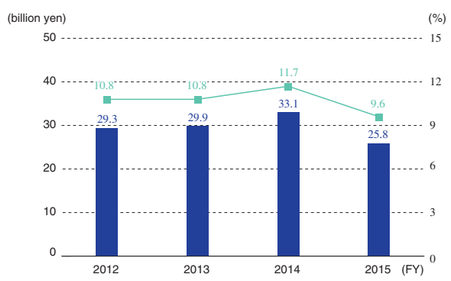
Financial Data

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.

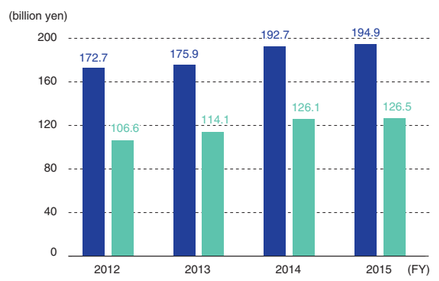
Orders received/Net sales



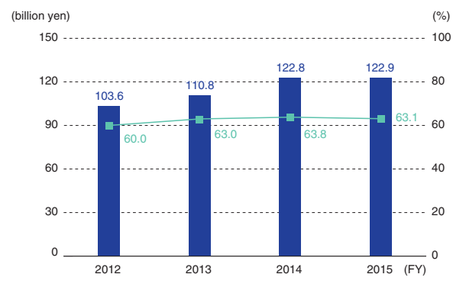
Gross profit/Gross profit margin



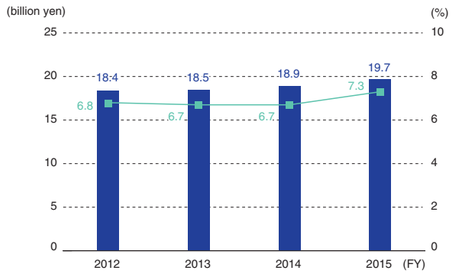
Total assets/Net assets



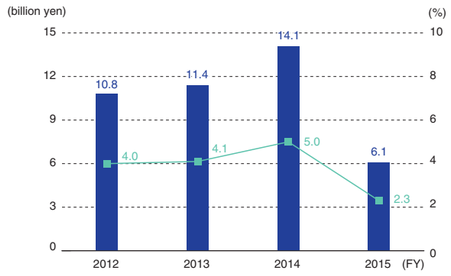
Own capital/Capital-to-asset ratio



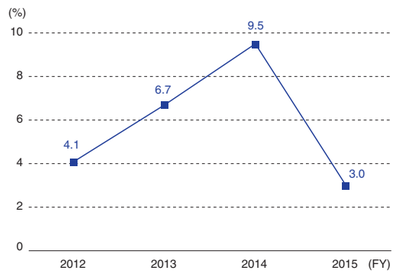
SG&A/SG&A ratio



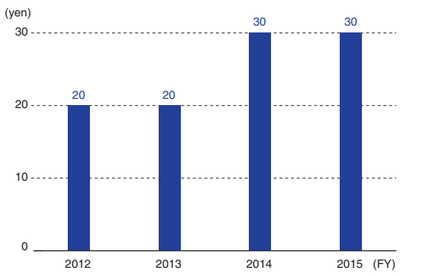
Operating income/Operating income ratio



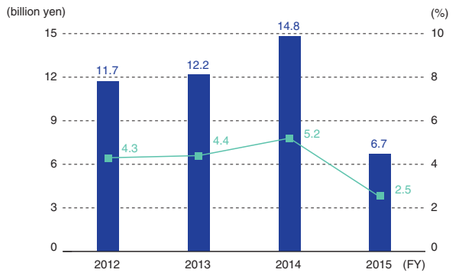
Return on equity (ROE)



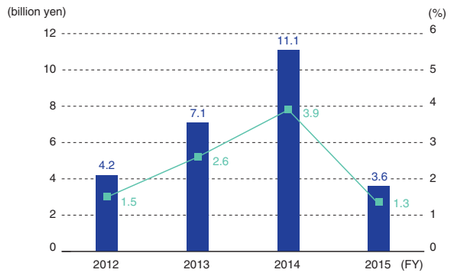
Dividend per share



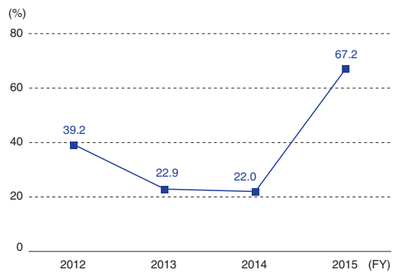
Ordinary income/Ordinary income ratio



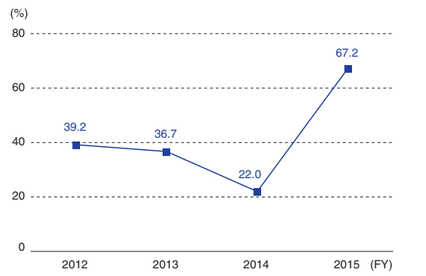
Net income/Net income ratio



Dividend payout ratio

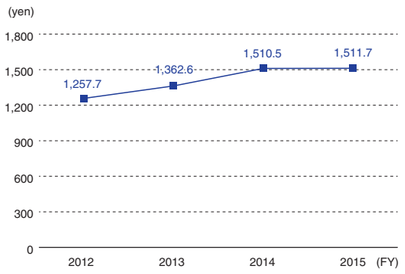


Total return ratio

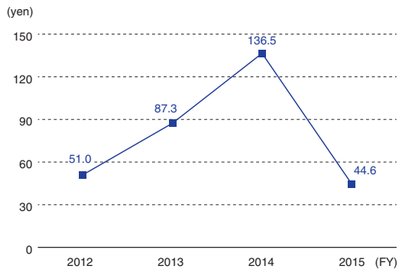


Note: Please see our website (http://www.mirait.co.jp/en/) for the latest information.

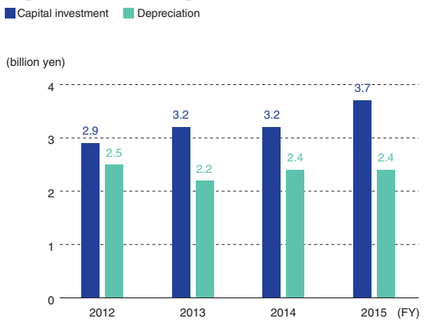
Net assets per share



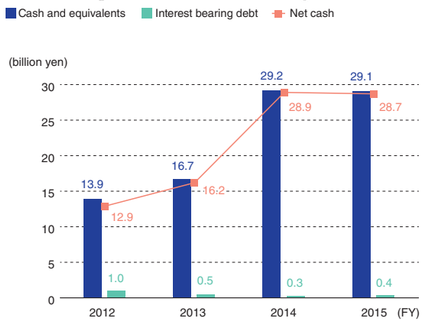
Net income per share



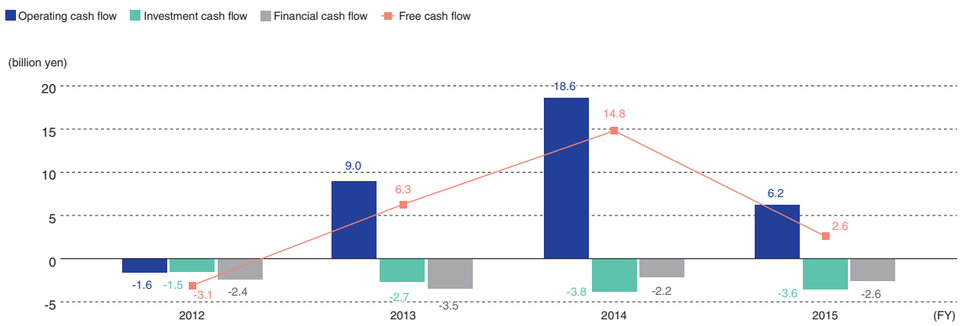
Capital investment/Depreciation



Cash and equivalents/Interest bearing debt



Cash flow



Shareholders

As of March 31, 2016

Shares

Total authorized shares	330,000,000
Total outstanding shares	85,381,866 (including 4,050,696 treasury shares)
Number of holders of shares (excluding treasury shares)	24,055

Major shareholders

Name	Number of shares held (in hundreds)	Ownership (%)
Sumitomo Electric Industries, Ltd.	162,360	19.96
The Master Trust Bank of Japan, Ltd. (Trust Account)	31,367	3.86
Japan Trustee Services Bank, Ltd. (Trust Account)	27,593	3.39
Sumitomo Densetsu Co., Ltd.	24,886	3.06
CBNY-GOVERNMENT OF NORWAY	21,137	2.60
BBH FOR FIDELITY LOW-PRICED STOCK FUND (PRINCIPAL ALL SECTOR SUBPORTFOLIO)	16,758	2.06
STATE STREET BANK AND TRUST COMPANY 505001	13,555	1.67
THE BANK OF NEW YORK, TREATY JASDEC ACCOUNT	13,370	1.64
MIRAIT Holdings employee stock option plan	12,593	1.55
Japan Trustee Services Bank, Ltd. (Trust Account 9)	12,473	1.53

Notes
1. Ownership is calculated by excluding 4,050,696 treasury shares.
2. Number of shares held is rounded down to the nearest 100, while ownership is rounded off to two decimal places.

Share distribution by owner (excluding treasury shares)

Number of shares by owner	(Shares)	(%)
Financial institutions	18,468,418	22.7
Financial instruments business operators	755,509	0.9
Other corporations in Japan	25,238,618	31.0
Foreign corporations, etc.	20,624,808	25.4
Individuals/other	16,243,817	20.0
Total	81,331,170	100.0

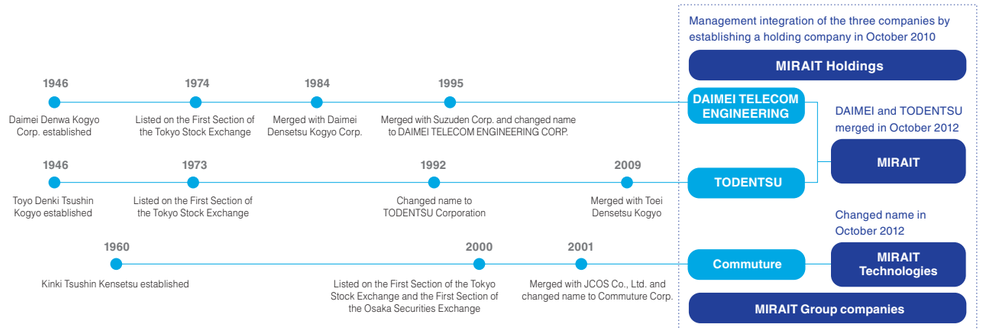
Number of shares by owner	(Persons)	(%)
Financial institutions	44	0.2
Financial instruments business operators	29	0.1
Other corporations in Japan	318	1.3
Foreign corporations, etc.	185	0.8
Individuals/other	23,479	97.6
Total	24,055	100.0

Overview of the Group

Overview of MIRAIT Holdings

Date of establishment	October 1, 2010
Capital	7 billion yen
President and Chief Executive Officer	Masatoshi Suzuki
Total outstanding shares	85,381,866
Stock Listing	1st Section of Tokyo Stock Exchange (Security code: 1417)
Ratings	Rating and Investment Information, Inc. (R&I): A- Japan Credit Rating Agency, Ltd. (JCR): A
Location	5-6-36, Toyosu, Koto-ku, Tokyo
Number of consolidated subsidiaries (as of March 31, 2016)	35
Number of employees (as of March 31, 2016)	Consolidated: 7,295 MIRAIT Holdings: 102 MIRAIT: 4,333 (consolidated), 2,583 (non-consolidated) MIRAIT Technologies: 2,860 (consolidated), 916 (non-consolidated)
Term-end	March 31

■ Milestones of the MIRAIT Group



The meaning behind our name

We aspire to become a comprehensive engineering & services company that continues to grow with our customers. We hope our metaphorical light of hope will shine brightly, illuminating the way ahead, and will continue traveling toward the future. Such aspiration is expressed in a simple and straightforward way in our corporate name, MIRAIT—the combination of MIRAI (future) and IT (information technology).

MIRAIT > Future

MIRAIT > Information Technology
> Integration Technology

Corporate mark

The three bold lines symbolize our Three Objectives. The gold arch stretching across the lines represents the global reach of our high-quality businesses. The overall mark forms the letter "M." The mark is a symbol that represents the direction of the MIRAIT Group, which is cultivating our "Mirai" (future).

MIRAIT

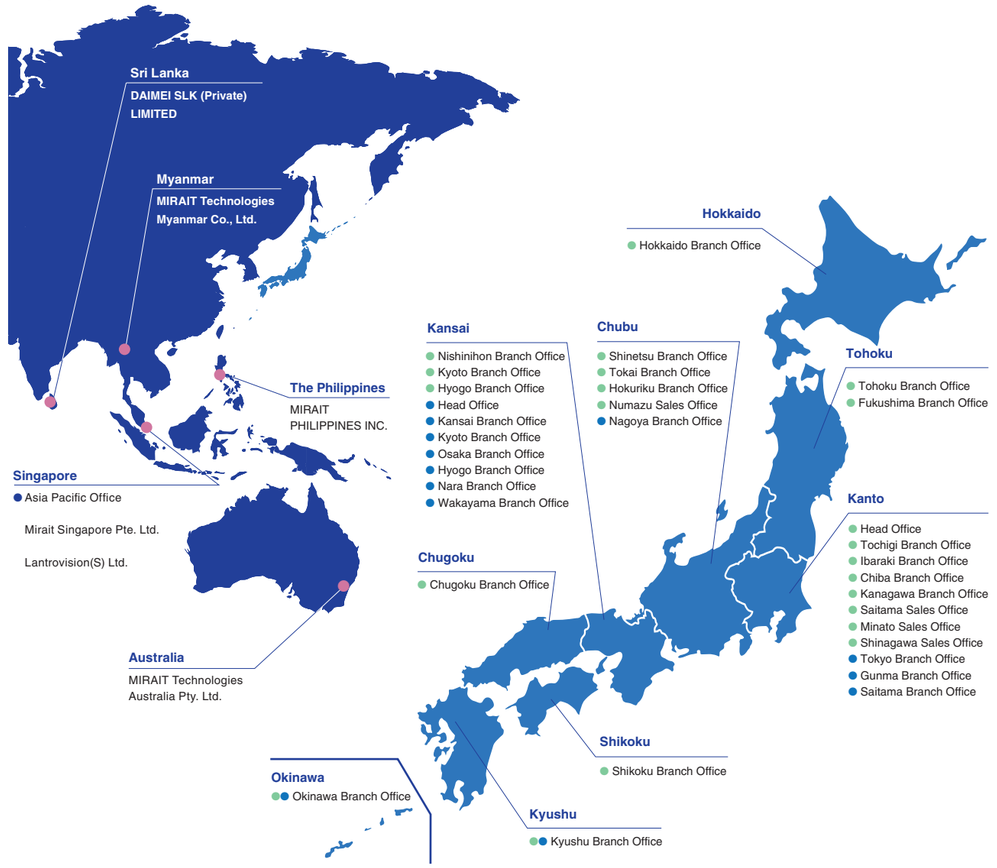
Three Objectives

❶ Expanding the breadth of our business
> Expanding to cover upstream to downstream (planning and design, construction, maintenance and operation, etc.)

❷ Expanding the depth of our business to the greatest extent possible
> Proposing a total solution covering NI, upper layers, and lower layers

❸ Developing new business fields
> Contributing to the creation of future social infrastructure which integrates electricity, the environment, energy, and other fields

Major business locations



Group companies

Consolidated subsidiaries and overseas subsidiaries

MIRAIT Holdings Corporation

MIRAIT Corporation
M's Frontier Corporation
DAIMEI TECHNO CO., LTD.
KOKKO SYSTEMS CO., LTD.
Tohoken System Engineering Corp.
Meisei Correspondence Co., Ltd.
IP Nisshin Tsuko Co., Ltd.
DAIMEI NETWORK CO., LTD.
DAIMEI TSUSAN CORP.
SINKO ELECTRIC CORP.
DAIMEI BUSINESSMATE CORP.
MIRAIT-X Corporation
DAIMEI SLK (PVT) LIMITED
Todentsu Access Corp.
TODENTSU Network Corp.
Nissetsu Co., Ltd.
Okisokou Co., Ltd.
Libnet Corporation
TIMETEC Co., Ltd.
Trust System Corporation

MIRAIT Technologies Corporation
AST-ENG Corp.
Ligare Co., Ltd.
COTONET ENGINEERING Co., Ltd.
Comlead Co., Ltd.
MIRAIT Information Systems Co., Ltd.
Ground Create Co., Ltd.
Agility RISE Co., Ltd.
Fucom Corp.
Lapisnet Co., Ltd.
MIS Kyushu Corp.
KATAKURA CONSTRUCTION Co., Ltd.
Nara Kensetsu Co., Ltd.
Practical Solutions Inc.
ACTIS Corporation
Kinki Denki Corp.
MIRAIT Technologies Australia Pty. Ltd. (Australia)
MIRAIT Technologies Myanmar Co., Ltd. (Myanmar)
MIRAIT PHILIPPINES INC. (Philippines)

Mirait Singapore Pte. Ltd.
Lantrovision(S) Ltd. (Singapore)
(20 Lantrovision(S) Ltd. group companies)

As of July 31, 2016