



# Corporate Report 2019



**MIRAIT Holdings Corporation**

CSR Office

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Overview of MIRAIT Holdings Corporation

**Date of establishment**  
October 1, 2010

**Head office**  
5-6-36, Toyosu, Koto-ku, Tokyo 135-8111, Japan

**Representative**  
SUZUKI Masatoshi, President and Chief Executive Officer

**Capital**  
7 billion yen

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

**Total outstanding shares**  
108,325,329

**Ratings**  
Rating and Investment Information, Inc. (R&I) A-  
Japan Credit Rating Agency, Ltd. (JCR): A

**End of fiscal year**  
March 31

**Number of employees (consolidated)**  
12,704 (as of September 30, 2019)\*

**Number of consolidated subsidiaries**  
75 (as of November 1, 2019)

\*Simple tabulation of all companies

List of Group Companies

▶ **MIRAIT Corporation**  
M's Frontier Corporation / DAIMEI TECHNO CO., LTD. / KOKKO SYSTEMS CO., LTD.  
Tohoken System Engineering Corp. / Meisei Correspondence CO.,LTD. / Nissin Tsuukou Co.,Ltd.  
DAIMEI NETWORK CO., LTD. / DAIMEI TUSAN CO.,LTD. / SINKO ELECTRIC CORP.  
MIRAIT-X Corporation / TODENTSU Access Corporation / TODENTSU NETWORK Co.,Ltd  
Nissetsu Co., Ltd. / Okisokou Co., Ltd. / Libnet CO., LTD. / TIMETEC Co., Ltd.  
Trust System Corporation / HOPE NET Co., Ltd. / Line Connect Corporation  
Toei Electric Telecommunication Co.,Ltd. / Tokaikoei Inc. / Miyakokensetsu Corporation  
NIPPON Sangyo Corporation / NIPPON TOYOCOM Co.,Ltd  
DAIMEI SLK (PRIVATE) LIMITED (Sri Lanka)

▶ **MIRAIT Technologies Corporation**  
AST-ENG Corp. / Lapisnet Co., Ltd. / COTONET ENGINEERING Co., Ltd. / Ligare Co., Ltd.  
Agility RISE Co., Ltd / Comlead Co., Ltd. / Nishinihondenko Corporation  
Ground Create Co., Ltd. / KATAKURA CONSTRUCTION Co., Ltd.  
MIRAIT Information Systems Co., Ltd / ACTIS Corporation / CREIST Inc. / Fucom Corp.  
Kinki Denki Corp. / MIRAIT Technologies Australia Pty. Limited (Australia)  
MIRAIT Technologies Myanmar Co., Ltd. (Myanmar) / MIRAIT PHILIPPINES INC. (Philippines)

▶ **TTK Co., Ltd.**  
Toubu Denwakoji Corporation / Hokubu Densetsu Corporation / Morioka Denwakoji Corporation  
Hakkou Tsushinkensetsu Corporation / Sensyu Tsushinkensetsu Corporation  
Yamagata Tsushinkoji Corporation / Fukushima Denwakoji Corporation / TTK Techno Co.,Ltd. /  
Tsukada Electrical Construction Co., Ltd

▶ **SOLCOM Co.,Ltd.**  
SOLCOMMEISTER Co.,Ltd. / Yuwakogyo Corporation / Seikenkogyo Co.,Ltd.  
Solcom Business Survice Corporation / Chugokutsushinshizai Corporation / Dentsushizai Corporation

▶ **Shikokutsuken Co., Ltd.**  
Ochidenki Corporation

▶ **Lantrovision (S) Ltd. (Singapore)**  
Lantro (S) Pte Ltd / Lantro (Malaysia) Sdn Bhd / Lantro (HK) Limited  
VRnet (S) Pte Ltd / Lantro (Taiwan) Ltd / Lantrovision Korea Co. Ltd  
Lantro (Shanghai) Co. Ltd / Hangzhou Lantro Co. Ltd / Appsilan Asia Pte Ltd  
Infilan Pte Ltd / Lantro Phils. Inc. / Lantro (Penang) Sdn Bhd  
ADNOS SOLUTIEN Pte Ltd / Lantro Myanmar Co. Ltd  
Lantro Technologies India Private Limited  
Innovative Energy Systems & Technology Pte. Ltd. / Altro Solutions Pte Ltd  
Lantrovision Inc. / Lantro (Thailand) Co. Ltd / Lantro (Vietnam) Co. Ltd  
Lantro (Cambodia) Co. Ltd

Including consolidated subsidiaries and overseas subsidiaries (as of November 1, 2019)

Editorial Policy

This report outlines the policies, plans, activities, and achievements of the MIRAIT Group to create value in the short, medium and long term. The business and direction of the MIRAIT Group outlined at the beginning of this report explains initiatives to enhance the capital that supports our businesses. In the next section, we include information about the progress of ESG management addressed in the new mid-term management plan by each priority theme. We also work to provide a concise yet comprehensive report about information that includes the management structure as well as the financial and non-financial performance which the organization is striving to strengthen.

Boundary

In this report, we report on the MIRAIT Group as a whole. Please note that numerical data and some of the information published in this report are of the boundary for which such data or information is available at the time of publishing this report, as indicated in the text or in supplementary notices.

Reporting Period

FY 2018  
(April 1, 2018 to March 31, 2019)

Note: This report contains some data outside the above period so far as it complies with the editorial policy.

Guidelines Referenced

International Integrated Reporting Framework issued by the International Integrated Reporting Council

Date of Publication

January 2020

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Related Information on our website

**CSR Information**  
<https://www.mirait.co.jp/csr/>  
(note: previous reports are also available)

**Corporate Information**  
<https://www.mirait.co.jp/en/company/>

**Business Information**  
<https://www.mirait.co.jp/en/service/>

**IR Information**  
<https://ir.mirait.co.jp/en/>

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**SUZUKI Masatoshi**

MIRAIT Holdings Corporation  
President and Chief Executive Officer

## We support smart society as a comprehensive engineering and services firm centered upon greater regional coverage as well as the integration of business fields and technology around a new mid-term management plan.

### Building Infrastructure for a Future Smart Society

I pay close attention to the three “Ds” - digitalization, decarbonization and demographic change – as the global megatrends. Japan is currently standing in an era where it faces aging society with its birthrate declining faster than most countries in the world, while social infrastructure of the next stage is to be built using smart technologies.

The dawn of commercialization for 5th generation mobile communications systems (5G) is encouraging the provision of new services and has brought the IoT era into full swing. At the same time, much of the social infrastructure that was developed in the post-war period has aged and is in need of renewal. There is a demand of not just simply renewing this infrastructure, but of redeveloping it with a future vision in mind. A new form of city and society is being sought with 2020 as a milestone, when the Tokyo Olympics and Paralympics will be held. Furthermore, grave outlooks over climate change are accelerating worldwide decarbonization trends and companies are expected to contribute through their businesses.

At the MIRAIT Group, we focus on engineering that gives specific shape to the various conceptions as our primary business founded in ICT technology. While Japan has almost fully implemented an optical fiber network throughout the country, the telecommunications infrastructure faces the challenge of massive energy consumption. The utilization of new technology such as the high-capacity network, renewable energy, 5G, IoT, AI, and cloud computing facilitates infrastructure of a smart society. In anticipation of the ever-changing needs of society, I hope we can contribute in fields related to smart cities and smart life evolution as professionals in engineering.

The new MIRAIT Group mid-term management plan announced in May 2019 has brought forward greater regional coverage as well as the integration of business fields and technology as approaches to foster new business opportunities. We work to overcome the challenges faced by customers and revitalize local communities from a point of view that goes beyond the conventional business, service and technology frameworks. The MIRAIT Group will also live up to expectations for the development of smart social infrastructure in the future.

### Furthering Challenges to Grasp New Business Opportunities

We have been amassing various technologies through our businesses including telecommunications, civil engineering, construction; electrical, power, switching; wireless and broadcasting. In addition to these fields that we have cultivated technologies in, we are recently building on ICT-related technologies. We are also working on projects in regions where further future growth is expected according to the needs of society. The MIRAIT Group is furthering challenges to grasp new business opportunities in aging infrastructure countermeasures, data center operations, maintenance and other stock businesses as well as new business opportunities in environmental, energy and many other global business fields. However, the specific content has been changing extremely quickly due to the diversification of social needs.

For example, the construction of solar power generation facilities which has been a primary business in the energy field in recent years is currently seeing requirements expand further with new frameworks in light of the fight against climate change and trends of decarbonization, such as the use of renewable energy today. Needs for storage batteries and emergency power sources are also increasing. We strive to accumulate the necessary technological capabilities to participate in the construction, operation and maintenance of these new efforts. In the future, the technology we have cultivated primarily in the Kanto and Kansai areas up until now will help us take on challenges to expand to even broader areas.

The approach that is indispensable as we challenge to grasp new business opportunities is to first try engaging in new jobs while returning to the drawing board when confronted by problems. A little courage to take the first step builds up in the organization each day to alleviate fear and promote business.

### Improving Comprehensive Corporate Capabilities by Expanding the Group

The MIRAIT Group has aimed for further value creation and sustainable growth as a comprehensive engineering and services firm up until now, which has expanded and strengthened our business domains. The

MIRAIT Group gained three new business companies through a successive management integration of TTK Co., Ltd. (Head Office: Sendai City) on October 1, 2018, SOLCOM Co., Ltd. (Head Office: Hiroshima City) on January 1, 2019 and Shikokutsuken Co., Ltd. (Head Office: Imabari City). The management integration of these three companies drove the scale of sales for the MIRAIT Group by approximately 30% year-on-year in fiscal 2018. However, I am more focused on improving our comprehensive corporate capabilities through this Group expansion. By incorporating the history and track record of these three enterprises known as the local powerhouses in communications construction, the various capital gained by the MIRAIT Group from the intangible social capital to relational capital, including the human capital cultivated over many years in each area and the trust earned from customers and local communities, broadens Group corporate capabilities.

The MIRAIT Group has always worked to build a national service system throughout Japan. By establishing Group companies in Tohoku, Chugoku and Shikoku that cooperate closely, we further agile, autonomous management that puts the customer first, while at the same time being able to expand the experience, expertise and technology gained through all the previous work in the Kanto and Kansai areas. We will aim to improve our comprehensive corporate capabilities through these efforts.

### Transforming Work Styles and Views on Work

As the number of working population in Japan began to decline, how we can actively reform work styles and create workplaces attractive for young people would gravely impact the sustainability of our businesses. I believe that we need to tackle these challenges from the perspective of changing the structure of how we work. Building an organization where each employee's quality is respected while the collective efficiency is heightened is a major challenge in both the short term as well as the medium and long term, while what we do and what each of us do changes over time.

We also have to invest more efforts in raising awareness of the mystique of engineering that gives concrete shapes to various ideas and conceptions. The job of creating social infrastructure with our own hands will surely help bring about genuine motivation. While the traditional image of "construction" still persists in people's minds, we are eager to create a future image of engineering through cooperation in the entire industry. This is underpinned by the unified reforms to the Act on Promoting Quality Assurance in Public Works, Construction Business Act, and the Act for Promoting Proper Tendering and Contracting for Public Work that encourage measures, such as work-style reforms, enhanced productivity and local contributions in times of disasters.

### Business Performance and Shareholder Returns

The net sales and operating income in fiscal 2018 (the year ended March 31, 2019) were, impacted by the management integration at 375.9 billion yen (up 63.0 billion yen year-on-year) and 20.6 billion yen (up 3.9 billion yen year-on-year), which are both higher than ever before. The operating



income ratio was 5.5% (up 0.2 points). Orders received also increased 66.3 billion yen year-on-year to 392.6 billion yen. Results such as the total amount of extraordinary profit due to the management integration also markedly increased the net income to 25.7 billion yen (up 14.2 billion yen year-on-year) with an ROE of 15.4% (up 6.6 points). In determining shareholder returns, it is our policy to make a judgment from broad considerations including paying dividends consistently, keeping to the general target of total shareholder returns target of more than 30%, and considering such factors as our business results and cash position, among other factors. In fiscal 2018, the year-end dividend was increased by 5 yen from the previous fiscal year, for a total of 40 yen in an annual dividend per share (interim: 20 yen; year-end: 20 yen). In fiscal 2019, we forecast net sales of 430 billion yen and operating income of 21.5 billion yen. A major factor for the significant increase in net sales is a result of including the annual business performance from three new participating companies. As for shareholder returns, we expect an ongoing year-end dividend of 40 yen per share to be sustained. We are also acquiring a total of 10.4 billion yen of treasure stock (as of September 30, 2019).

### Nurturing People and Contributing to the future as "Your Company"

I often use the phrase "Your Company" to communicate the corporate posture which the MIRAIT Group should keep to "a company managed for you". We believe that becoming a company that contributes to the future through responding to social needs creates future job and opens a new path. We will consider global trends and contribute in reaching the SDGs\*1, global targets for realizing sustainable society, as an entire group and also accurately respond to the risks and opportunities in business from a wider perspective for strengthening ESG\*2.

As society changes in the pursuit of its future form, our future and the future of society overlap. Therefore, human resources who support these efforts are vital to endeavor in new fields. We strengthen the human resource foundation by sharing the line-up of solutions at each Group company and bringing our experience from a broad track record in construction as well as our expert human resources. I hope to flexibly work to build an environment that cultivates people, even by creating a place for global human resources proficient in overseas businesses to actively participate in Japan.

The MIRAIT Group will take each and every step to grow with society. I ask for your all of your ongoing guidance and support.

\*1 Sustainable Development Goals (SDGs)  
Adopted at the UN Sustainable Development Summit in September 2015

\*2 ESG  
Stands for Environment, Social and Governance. A concept of placing weight on the three factors when considering corporate management and growth.

# Building and Maintaining

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

### NTT Operations

The MIRAIT Group builds, maintains and operates the NTT Group's fixed-line communication facilities throughout every region in Japan for both NTT East and NTT West. We are currently involved in multiple construction projects to advance the Hikari Collaboration Model as the optical fiber networks driven by the NTT Group become even more prevalent. When disaster strikes, our emergency repairs and reconstruction safeguard these communication networks.

### Multicarrier

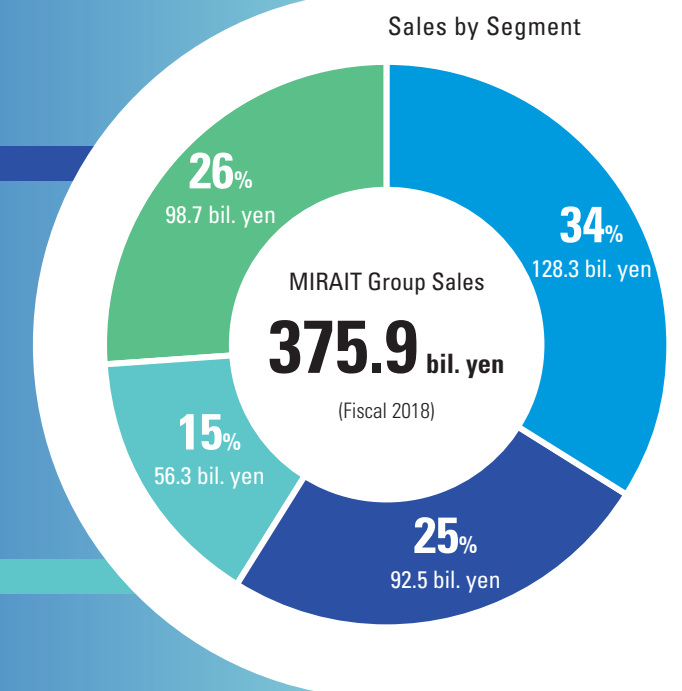
The MIRAIT Group builds, maintains and operates mobile communications facilities to support the increasing speed and capacity of mobile networks. We are currently involved in the construction to advance 4G networks while participating in trials for 5G networks. Our Group also builds and maintains fixed-line communications facilities for communication carriers, conducts CATV, and builds and maintains fixed-line and mobile communications facilities overseas (Australia, Philippines, Myanmar, and Sri Lanka).

### Environmental and Social Innovation

The MIRAIT Group builds, maintains and operates solar power generation systems, EV charging stations and storage battery systems to make new energy infrastructures more accessible. We also undertake electrical and HVAC engineering works including undergrounding of utility poles, wiring and cables as well as installation of LED lamps, contributing to building next-generation environmental and social infrastructures.

### ICT Solutions

The MIRAIT Group provides high-quality solutions through ICT technologies that address wide-ranging social and business challenges, such as introducing LAN and Wi-Fi, ensuring security, advancing building management and promoting operational efficiency. We have begun building and operating data centers and using drones to further expand the breadth of these solutions.



# Foundation of Our Business

The MIRAIT Group consciously utilize its financial and non-financial capitals in running its business operations.

We strive to enhance non-financial capital to heighten medium- to long-term financial performance.

The data is for fiscal 2018 (as of March 31, 2019)

## Human Capital

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

### Major Capitals

- Engineers/skilled workers with a high level of problem-solving skills
- Trusted worksite supervisors
- Sales staff who nurture good relationships with customers

### Development Initiatives

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

Personnel with qualifications

Approx. **9,000**

(Up 3,600 from Previous Fiscal Year)

Mid-career Employees

**103**

(Up 38 from Previous Fiscal Year)

The number of qualifications

Approx. **17,000**

(Up 6,000 from Previous Fiscal Year)

## Engineering Capital

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

### Major Capitals

- Construction equipment (aerial work platform vehicles, etc.)
- Network/cloud service infrastructure
- Internal information systems

### Development Initiatives

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

\*1 System to link with leased data centers through underground cables

\*2 Operational automation through robotics



## Intellectual Capital

The technical capabilities of the MIRAIT Group are a factor affecting its market competitiveness that often remains unseen. We invest our efforts in transforming tacit knowledge into explicit knowledge which can then be shared and succeeded.

### Major Capitals

- Telecommunications construction and other engineering expertise
- Knowledge in specialized relevant fields
- Research and development or processes and techniques of value engineering
- Quality control, occupational safety and health, environmental conservation and other expertise

### Development Initiatives

- Operation of various management systems
- Strengthening of construction management capabilities (Use and ongoing revisions of the Worksite Supervisor Handbook)
- KAIZEN Suggestion Activity (reforms and development of articles and methods via suggested improvements)
- Adoption of the latest technology

Number of KAIZEN suggestions

**18,379**

(Up 1,585 from Previous Fiscal Year)

## Organizational Capital

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

### Major Capitals

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

### Development Initiatives

- Expansion and deepening of regional coverage
- Strengthening of Group operation systems
- Collaboration meetings and regional cooperation meetings with business partners
- CSR sourcing

Number of Group Companies

**55** in Japan **19** Overseas

Number of partner companies with Ongoing Business

Over **1,000**

Sales Sites Lantrovision is Expanding Throughout Asia

**13** Countries and Regions **28** Cities

## Social and Relationship Capital

The trusted relationships with our stakeholders are an "unseen foundation" of the MIRAIT Group's businesses.

### Major Capitals

- The brand based on confidence and trust from customers
- Long lasting relationships with telecommunications carriers
- Collaboration with municipalities and government agencies
- Support from local communities

### Development Initiatives

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

Number of Users of Information and Communication Facilities Supported by the MIRAIT Group (Japan)

Approx. **41,000,000**

Number of hotels and rooms for which "ee-TaB" Information Distribution Service has been adopted

**26** Hotels Approx. **5,000** Rooms

Track Record of Building Communications Facilities Worldwide by the MIRAIT Group

Over **100** Countries

Number of Sites Using "Casting Table 3.0" Contact Center Solutions

**280** Sites of **74** Companies

Generation Capacity of Solar Power Plants (Built by MIRAIT Group/Cumulative)

**348** MW

(Up 87 MW from Previous Fiscal Year)

EV Charging Stations

Approx. **1,300** Stations



# Unfolding the Mid-term Management Plan

The MIRAIT Group developed a new three-year mid-term management plan that began in fiscal 2019. It seizes on opportunities brought by changes in the business environment and leverages the management integration executed in fiscal 2018.

## Business Environment and Main Challenges

The business environment surrounding the MIRAIT Group is at a turning point. In the information and telecommunications sector, we are witnessing changes in the business models of telecommunication carriers, which are the Group's main customers. In addition, new services are expected to emerge with the creation of fifth-generation mobile telecommunication systems (5G). Moreover, the business environment for the MIRAIT Group is expected to continue to change dramatically with the rise in demand for new solutions using Wi-Fi, sensors, cloud and

other technologies in light of the full-fledged era of IoT, and the acceleration of the rebuilding of social infrastructure created during Japan's high-growth period.

Against this backdrop, the MIRAIT Group must aggressively expand its business in growth areas (the "frontier domains") such as stock, environment/energy and global businesses. The Group must also generate synergies with the newly integrated companies, implement measures to enhance construction work capabilities, strengthen the customer base and improve profitability, and

continue to promote profit-oriented business operations.

Furthermore, in response to the aging society and the issue of shortage of labor, the MIRAIT Group must engage in further initiatives to establish a comfortable and safe working environment for all staff, including those at subcontractors, in order to secure human resources. The Group should also be proactive in efforts to change workstyles, such as by leveraging ICT.

### Business Environment

- Upcoming era of 5G and advanced mobile services
- Development of new ICT technologies and IoT(cloud, use of drones, etc.)
- Building of leading-edge/ advanced infrastructure in light of the 2020 Tokyo Olympics/ increase in inbound tourists.
- Progress in labor-saving and automation to resolve issue of shortage of labor
- Increase in new energy-related facilities and social infrastructure

### Tailwind for the MIRAIT Group

### Main Challenges

#### (1) Expand new "frontier domains"

- Improve profitability by adopting stringent standards to select profitable projects and by expanding into upstream businesses.
- Win more business with direct clients and cultivate new users.
- Establish an efficient work system and a nationwide network with the cooperation of subcontractors.

#### (2) Enhance management efficiency and improve productivity of existing businesses

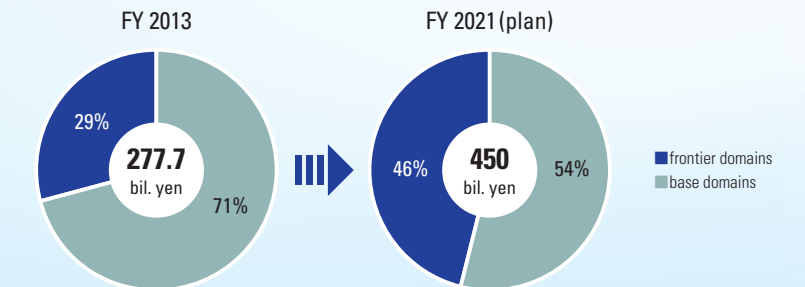
- Improve profitability by smoothing workload and assessing cost structures.
- Revisit group operations with subsidiaries and subcontractors by eliminating administrative overlap and by reviewing the division of roles and responsibilities.
- Streamlining operations by using systems and other operational tools.

## New Mid-term Management Plan

As the business environment undergoes significant changes, the Group believes it is necessary to improve efficiency of management and further increase the productivity of existing businesses by integrating the management of the three companies, in addition to enhancing corporate value and ensure sustained growth as a "Comprehensive Engineering & Services Company" by becoming more competitive in many growth areas (frontier domains) such as stock business, environment & energy, and global. To achieve this, the Group has

established a three-year medium-term management plan starting in FY2019, and aims to attain the targets therein. Moreover,

the ratio of sales made up by frontier domains was 41% in fiscal 2018. This new plan aims to expand this to 46% by fiscal 2021.



### Themes

Our goal is to become an enterprise with higher market competitiveness that supports a smart society as the business environment changes through new services and other means made possible by the dawn of the 5G generation, evolution of IoT and fusion of technologies.

### Key Initiatives

#### Generating new business opportunities

- Support regional development by leveraging the expanded regional coverage achieved through management integration
- Facing the challenge of new business opportunities transcending the conventional framework of business areas and technologies

#### Acceleration of transformation of business structure

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

#### Improvement of productivity and streamlining of business operation costs

- Ensuring operation of construction work through stronger ties with partner companies
- Sharing of systems and consolidation of common operations

#### Strengthening of human resources

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

#### Promotion of ESG management and improvement of safety and quality

- Accurately perceiving business in terms of both risk and opportunity from the perspective of strengthening ESG
- Establishment of the MIRAIT Group brand responding to customers' needs for peace of mind and reliability in "improvement of safety and quality"

#### Capital policy

- Maintaining a sound financial standing
- Management conscious of capital cost
- Purchase of treasury stock aimed at realization of ROE of 8% or more

### Management Indicators with Targets (FY 2021 Targets)

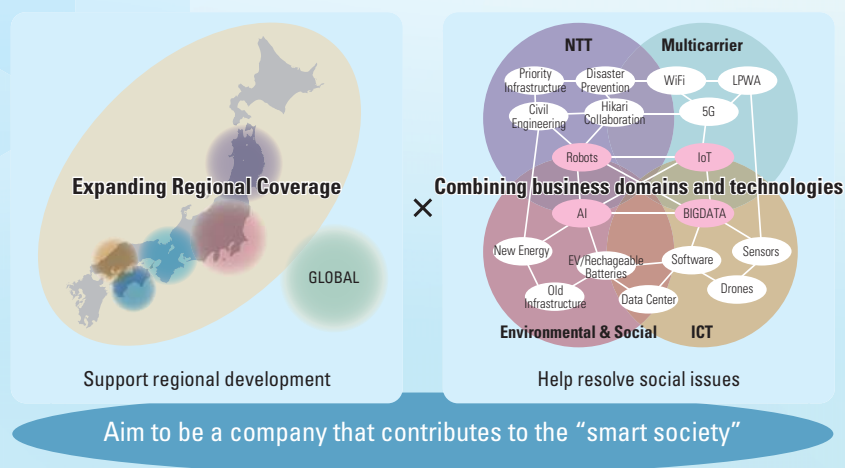


## Unfolding the Mid-term Management Plan

### Generating New Business Opportunities

The MIRAIT Group will utilize the greater regional coverage brought by the management integration with TTK Co., Ltd., SOLCOM Co., Ltd., and Shikokutsuken Co., Ltd. to provide more rapid and comprehensive support from sales and service perspectives. We will also assist the revitalization of each local community.

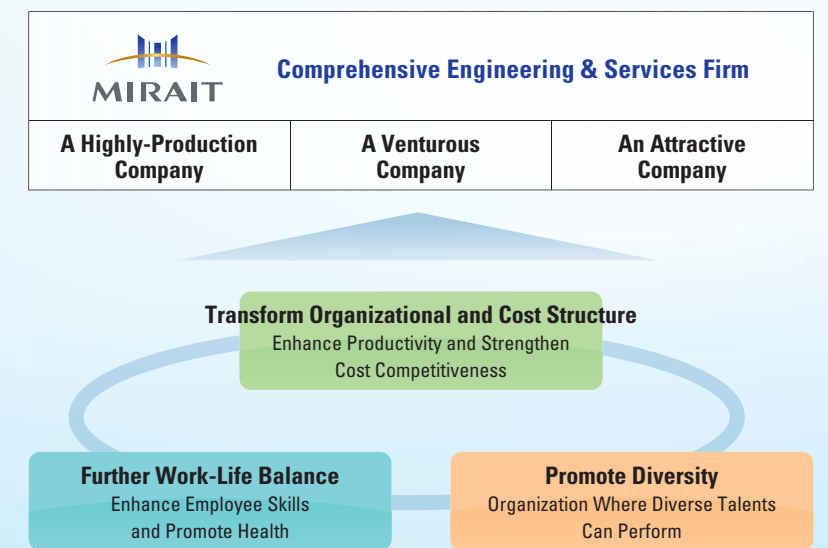
In addition, the MIRAIT Group will encourage flexible combination of technologies by looking across business fields to identify ones in use. Through such technological fusion, we will help solve societal challenges of diverse magnitude.



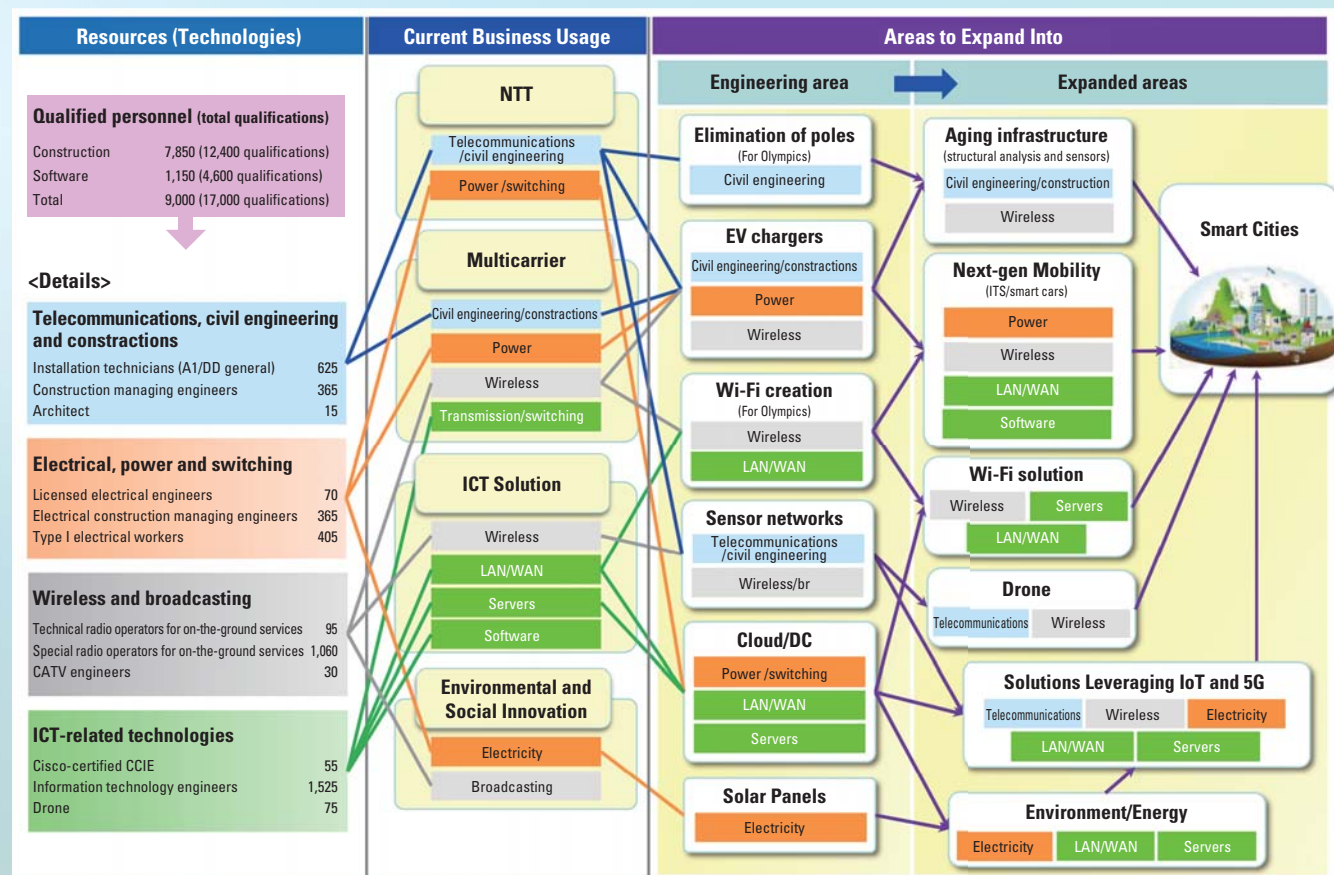
### Strengthening human capital

The MIRAIT Group aims to become an attractive and worthwhile enterprise to work where each and every employee can find their own motivation and reach their full potential. We also maximize the organizational capabilities of the team while providing an invigorating workplace for both the body and mind in which everyone can see themselves grow.

We will also strengthen the human capital that realizes a highly productive, venturesome, and attractive company through enhancing work-life balance, promoting diversity, and furthering the shift in the organizational culture and cost structure.



Expansion of Business Areas Utilizing Technologies (as of March 31, 2019)



### Promoting ESG in Management

The MIRAIT Group has promoted Corporate Social Responsibility (CSR) activities based on the MIRAIT Way, which is made up of the Basic Management Policy, Conduct Guidelines, and The Corporate Ethics Charter. We will win long-term trust from stakeholders by continually engaging in business activities that respond to

social demands and expectations is also fundamental to the MIRAIT GROUP. In addition, we addressed the concept of "ESG\*1 management" focused on the impact on medium- to long-term financial affairs together with the announcement of the mid-term management plan in May 2019. We

will contribute to the Sustainable Development Goals (SDGs)\*2 through all our business activities. We will also work to identify risks and opportunities for our business from a wider perspective and to effectively respond to them, strengthening our ESG.

#### Priority Themes and Issues: "Building and Maintaining a Bridge to the Future"

Priority Themes	Priority Issues	Relevant SDGs
Building and Maintaining a Comfortable Society - Business Operations -	<ul style="list-style-type: none"> <li>Construction/maintenance/reform of social infrastructure</li> <li>Smart life evolution</li> <li>Disaster resistant town planning</li> </ul>	
Building and Maintaining Safe, Reliable Technical Capabilities - Safety, Quality and Human Resources -	<ul style="list-style-type: none"> <li>Reinforcing technical development capabilities and engineering strength / employee training</li> <li>Continuous improvement of quality and safety</li> <li>Diversity promotion</li> <li>Work-style reforms = work-life balance</li> </ul>	
Building and Maintaining the Trust of Society - Environmental Protection, Local Communities and Governance -	<ul style="list-style-type: none"> <li>Corporate governance</li> <li>Environmental efforts in business operations</li> <li>Issues of labor, safety, environment and human rights in the supply chain</li> <li>Revitalization of local communities</li> </ul>	

\*1 ESG: Stands for Environment, Social and Governance. A concept of placing weight on the three factors when considering corporate management and growth.

\*2 Sustainable Development Goals (SDGs): Adopted at the UN Sustainable Development Summit in September 2015

# Building, Maintaining and Renewing Social Infrastructure

The MIRAIT Group builds, maintains and renews social infrastructure across a wide range of fields from telecommunications environments (fixed line and mobile) to water, sewage, electric and lighting equipment, roadway equipment, solar power generation systems, battery storage systems, and EV charging stations. We envision and realize each ideal of society tomorrow while supporting the daily life expected of society today. Our Group strives to contribute to the development of each region by leveraging deeper local coverage provided by the three-company management integration.

## Advancing Telecommunications Environments

Telecommunications environments are truly critical social infrastructure as every activity in society are increasingly dependent on networks. Their functionality and reliability have extensive impacts. The MIRAIT Group has kept on bearing the responsibility of maintaining high-quality telecommunications environments in Japan, Asia and Oceania.

We have built and are maintaining and operating the NTT Group's fixed line communication facilities in the entire area of eastern and western Japan. Our involvement has also played a major role in laying optical fiber networks all over Japan. In addition, the MIRAIT Group handles the building, maintenance and operation of mobile communications facilities throughout Japan. Through carrier aggregation\*<sup>1</sup>, MIMO\*<sup>2</sup> and other techniques, we are not only advancing the mainstream 4th generation (4G) systems but also working to expand the frequency band.

The MIRAIT Group, in preparation for the next stage, has been participating in trials for 5th generation (5G) systems for which practical implementation is scheduled by 2020. 5G features ultra high-speed communication (up to 10 Gbps, 100 times the current speed) and simultaneous connection of multiple terminals in addition to ultra-low delay (minimal time lag). This next-generation network is certain to drastically revolutionize industry and daily life as the foundation of the IoT era, which connects all things on the Internet. The total capital investment from the four mobile communications carriers in Japan (NTT DOCOMO, KDDI, Softbank and Rakuten Mobile) between 2019 to 2024 is forecast to

reach approximately 1.6 trillion yen.

Overseas, we have utilized our experience and technology accumulated in Japan to build telecommunications infrastructure in more than 100 countries up until now. Our Group is also currently in charge of building and maintaining fixed-line and mobile communications facilities in Australia, Philippines, Myanmar and Sri Lanka. We are

involved in laying an optical fiber network in all four countries. In Myanmar, the MIRAIT Group is building the backbone lines for mobile communications as a "main artery" of the country's infrastructure.

\*1 Carrier aggregation: Technology to combine and handle singles of multiple frequency bands.

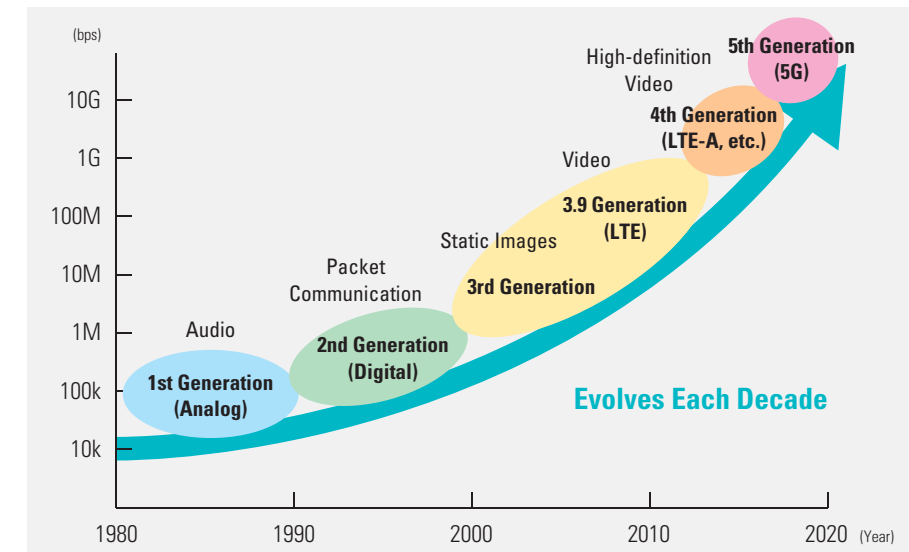
\*2 MIMO: Multiple-Input and Multiple-Output technology to install multiple transmission and receiving antennas to segment and send data simultaneously.

### Wireless Society in 2020

(Prepared based on the initiatives of the Ministry of Internal Affairs and Communications (MIC) to realize the fifth-generation mobile communications system (5G) in 2020)



Changes in Mobile Communication Systems



Source: Created internally based on information published by the Ministry of Internal Affairs and Communications

## Keeping Telecommunications Infrastructure in good shape

Maintaining existing telecommunications infrastructure in good conditions is a vital mission of the MIRAIT Group. For fixed lines, we conduct area-based and daily inspection on suspension wires, utility poles, conduit lines and manholes, and propose equipment renewal to customers when any issue is

discovered, carrying it out once approved. We also work to drive inspection quality and operational efficiency by using an automated tool for judging inspection results by means of drones and image analysis technologies.

We also take on operation of fixed-line facilities. NTT West commissions us with

handling the on-site customer maintenance\*<sup>3</sup> of office buildings in western Japan. The three-company management integration helped us expand our on-site maintenance area throughout fiscal 2018 and fiscal 2019.

\*3 On-site maintenance: Maintenance of lines and equipment housed in customers' homes and buildings

## Enhancing the Network Service Environment

The MIRAIT Group is in the process of paving the way to allowing various organizations and individuals to effectively use telecommunications infrastructure in each region.

We have been preparing service environments to accommodate major needs of Wi-Fi (wireless network) from foreign tourists at hotels, commercial complexes and stadiums (sports arenas) in addition to conventional places such as subways, convenience stores, and educational and public facilities. The MIRAIT Group will provide Stadium Wi-Fi for the 2020 Tokyo Olympics and Paralympics. Our system installs access points with a smaller

coverage area than normal ones in high density to secure smooth internet use even under high traffic. Stadium Wi-Fi was first installed at the MetLife Dome, which is home to the Saitama Seibu Lions, before adoption at other large-scale arenas in many areas of Japan. In addition to providing Wi-Fi access, the MIRAIT Group also takes on such roles as ensuring network security and installing surveillance systems to prevent crimes.

Going beyond wireless networks, we install and maintain wired LANs which continue to be vital telecommunications infrastructure of facilities, in Japan and abroad. The MIRAIT Group has been incorporating ICTs into the

facilities which will be used for the Tokyo Olympics and Paralympics, on the basis of the LAN environment.

We also develop and operate data centers which is a key infrastructure that supports cloud services.



# PROJECT REPORT



Exterior View of the 1st Osaka Data Center

## Starting Services at the 1st Osaka Data Center

The demand on data centers is growing with cloud computing and cloud services becoming widespread, business continuity plans being developed, and energy consumption being revisited. The MIRAIT Technologies Corporation has leveraged its expertise in the telecommunications engineering business to build, maintain and operate facilities and networks of data centers since 2011.

We went on to construct our own data center since October 2016, which started its services on June 1, 2018. This “1st Osaka Data Center” is the largest one in Osaka City. It provides cutting-edge facility and its operation with superior cost performance, allowing flexible changes to various equipment and operation specifications; in short, it offers next-generation data center services of “high quality” at “low cost” with “flexibility”.

By directly connecting with the Internet exchange point in the Osaka Dojima

district, a network HUB of the Kansai area, using optical fibers, the data center provides carrier-free network connection with high-speed, high capacity, high quality and reliability equal to that of the Osaka Dojima district.

The equipment adopted for the data center has leading power efficiency (PUE1.4 as the design value) in Japan and has specifications against various disasters. We also provide a comfortable work environment from permanent customer (user company) stations and parking lots to napping and showering rooms as well as lounges.

## Cultivating New Business via the Construction and Operation of Data Centers

Data centers hold massive power and air conditioning systems to safely and stably run tens of thousands of servers entrusted from client users, for which high quality is demanded. All the works for 1st Osaka Data Center including designing and construction,

concluding a service contract with a foreign provider as we negotiate over specifications, drawing up operation rules for which we launched a structure were invaluable learning opportunities for our members involved. I believe this will cultivate new business opportunities for the MIRAIT Group, such as construction and operation of data centers owned by client organizations. We will fulfill our roles and responsibilities with even more focused efforts as we draw on the experiences and skills gained through this project.

### GOKOU Yasunori

Data Center Business Division, Alliance Promotion Unit  
MIRAIT Technologies Corporation



Project Member

## Building a Wide Range of Core Infrastructure

Social infrastructure for which The MIRAIT Group works goes beyond telecommunications. We renew and develop such core infrastructure with a long history as water supply and sewerage systems, electric and lightning equipment, and roadway equipment, with latest technologies. For roadway equipment with growing demands, our scope of work has widened to include installation and construction of street LEDs serving energy savings and crime prevention (for municipalities), installation of speed guide lights for preventing accidents, renewal of lighting equipment, and construction of ETC stations.

The MIRAIT Group also takes on the vital role of building, operating and maintaining

new energy infrastructure (solar power generation systems, battery storage systems, EV charging stations) in response to changing social needs. We completed construction work of mega-solar power stations (30 MW generation capacity in total) at seven locations in fiscal 2018 and construction is underway at 12 locations in Japan (195 MW generation capacity in total) as of the end of this fiscal year. Operation and Maintenance (O&M) services to ensure optimal efficiency of existing solar power generation systems have grown to encompass 15 plants as of the end of this fiscal year. We also have a plan for providing one-stop services, from planning to operation and maintenance, for EV chargers. We have installed EV chargers at roughly 1,300

stations, with the shortage of charging stations on highways and growing business needs to promote renewable energy as the backdrop.

The MIRAIT Group is also participating in the DOCOMO 5G Open Partner Program organized by NTT DOCOMO for disseminating 5G. Since its inception in February 2018, this program has provided information about 5G technologies and specifications to partner companies and associations and venues for 5G partnership workshops where partners exchange ideas. By joining this program, we have been able to work on development and testing of services employing 5G in anticipation of 2020; we are now developing construction solutions that utilize 3D images for telecommunications.

## Participating in the DOCOMO Open House

The MIRAIT Corporation participated as an exhibitor in the DOCOMO Open House 2018 held by NTT DOCOMO (December 6th and 7th, 2018 at Tokyo Big Site). MIRAIT set up a booth under the theme of future telecommunications construction in the section “5G Experience”, where visitors can try such applications as remote operation of robots and construction machines, remote medical diagnosis, remote ultra-reality concerts, and next generation mobility. These were pilot cases worked on by NTT DOCOMO and its collaboration partners to put 5G services in practice.

Our exhibition was titled *A New Generation of Construction through 3D x 5G*. The integration of 3D scanners, drones and high-speed, high-capacity 5G communication aims to remotely acquire and manage 3D data of buildings in real time. Such approaches as sharing images of facility installations with owners, meticulously grasping the position and size of equipment installation, identifying hazards, and detecting damaged or degraded parts caused by aging or natural disasters, allow users to use the solution effectively at each step of consulting, design, installation and maintenance on construction sites of telecommunication facilities. Our booth presented service images, through scanning experience of using a handy scanner, of “agile construction solutions in a 5G era” proposed by MIRAIT.

This solution serves Goal 9: *Build Resilient Infrastructure, promote inclusive and sustainable industrialization and foster innovation* and Goal 11: *Make cities and human settlements inclusive, safe, resilient and sustainable* in the Sustainable Development Goals (SDGs).



## Smart Life Evolution

The MIRAIT Group is developing and providing various solutions linked to the realization of smart cities and smart lives, with the social infrastructure it builds and operates as a foundation. We are making special efforts in utilizing IoT technology and are developing solutions using LPWA\*1 and services using drones as “moving sensors”.

### Making Society Smarter with IoT Technology

The MIRAIT Group strives to broaden its business domains by making use of its technologies toward becoming a “comprehensive engineering and services firm”. These new fields such as aging infrastructure, next-generation mobility, and environmentally sound energy, all of which make society smarter, lead to smart cities and smart lives.

One of the key technologies making society smarter is IoT (Internet of Things) which connects all things to the Internet around the world. Considering the growing social needs for IoT, the MIRAIT Group works to develop and utilize communication technology which supports large quantities of data transmission

among devices with wide area coverage, at low power consumption, in efficient ways, and for low costs. With particular attention to LPWA\*1, we conduct field testing of solutions to check the status of usage and aging of equipment and devices as well as location of mobile bodies, validating their usefulness.

One primary example is the automatic metering by smart water meters, which MIRAIT Technologies Corporation has been working on since 2015. To advance efficient facility operation and handing down of technical expertise in the water business, the MIRAIT Group worked with NTT West and The Kobe City Water Supply Service to conduct field trials for practical application of

automated metering through the use of LPWA.

Drones, applied in a widening range of fields, can also be used as IoT devices by equipping sensors. The MIRAIT Technologies Corporation proposes solutions to challenges faced in a broad range of fields in anticipation of drones serving as “mobile sensors”. Today, we are providing services in fields that include facility inspections for telecommunications carriers, progress management of civil engineering sites, rice growth surveys, and roof inspections of buildings.

\*1 Low Power, Wide Area (LPWA): Technology to realize low power, long distance communication.

### Smart Community Building Project Using IoT (Namie, Fukushima)

The MIRAIT Corporation has been commissioned to build solar power plants for public housing for disaster victims in Namie Town, Fukushima Prefecture, through the Project for Promoting the Adoption of Smart Communities in the Reconstruction of Namie. This project adopts LoRaWAN as the IoT technologies developed in part by MIRAIT for the communication method of smart metering in each household for Home Energy Management Systems (HEMS), which is part of this project. LoRaWAN is one of the LPWA network standards for wireless communication technology that covers a wide area with minimal power consumption.

The MIRAIT Corporation has installed solar power plants (3 kw) and lithium-ion storage batteries (11 kWh), and HEMS in each of 85 homes and one new assembly hall wing. The intelligible display of power generation and consumption promotes energy-saving actions. Each household sends data on its power consumption and solar power generation to Namie Town Hall via the assembly hall to deliver self-sustaining power using renewable energy and to put Community Energy Management System (CEMS) into practice in the future.



Left: Townscape of a Smart Community Right: LoRaWAN Gateway Pole

## Making Cities Disaster Resistant

The MIRAIT Group works through a multifaceted approach for making cities disaster-resistant. This not only involves the construction and management of telecommunications infrastructure able to withstand natural disasters but also measures against aging infrastructure and undergrounding of utility poles in cities. We also strive for rapid recovery response in times of large-scale disasters and further the strength of Group operations for smooth emergency response while conducting regular disaster prevention drills in preparation.

### Building Telecommunications Infrastructure Able to Endure Natural Disasters

A telecommunications network functioning normally is essential for the daily life of citizens and industrial activities. The MIRAIT Group has also been consistently striving to build and operate telecommunications infrastructure able to stand up against storms and floods,

earthquakes and other natural disasters.

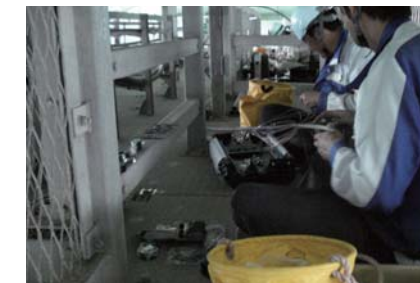
In recent years, we have been working to bury electrical cables to prevent utility poles from toppling in earthquakes or typhoons. We lay the cables underground by digging routes as ducts to accommodate electrical cables

while keeping safe water supply and sewerage tubes and gas tubes. The project in Ponto Town, Kyoto City, completed in fiscal 2018, adopted multiple new construction methods in combination because of the narrow roads and many tourists in the area.

### Minimizing the Impact of Disasters and Accidents

Recovery response when a disaster or accident strikes is a vital role for the MIRAIT Group as a guardian of the communication and network environments.

In the flooding that hit west Japan in July 2018, we took action to recover communication base station facilities afflicted by the disaster. Recovery work was extremely difficult due to broadness and severity of the damages, but we managed to quickly restore customer services without incidents. In particular, we completed vast amounts of work in a short period of time for NTT DOCOMO and KDDI Engineering that requested urgent recovery construction, maintenance and refueling on a 24-hours-a-day basis, and inspection, immediately after being hit by the flooding. This was made possible by



Recovery of Communications Facility After Damage to the Bridge Connecting Kansai International Airport (Typhoon Jebi)



Recovery of the Aerial Communications Facility Stopped Due to Fallen Trees (Typhoon Jebi)

broad support from each MIRAIT branch office in west Japan.

When Typhoon Jebi struck Japan fiercely in September 2018, the bridge connecting the Kansai International Airport was devastated due to the impact of a tanker, which severed communication cables of NTT West by the

misaligned bridge girder. The MIRAIT Technologies Corporation successfully completed the difficult task of reconnecting the cables that were severed within 55 hours from the discovery of the loss of communication to meet the schedule to resume operations of domestic flights.

### TTK Net Fencing Certified as Miyagi Sugure Mono

The TTK Belt-Type Second Cut Net Fencing developed by TTK Co., Ltd. offers superior durability and weather resistance by combining resin belts in a grid pattern. This fencing is primarily intended for anti-wind, anti-snow and anti-sand measures. Loads for workers were reduced by its reduced weight through the use of resin nets and aluminum fixings. Its landscape-friendly design and rich variations are also advantages. At the 11th Miyagi Sugure Mono certification ceremony, it was certified as an official product for its safety, landscape affinity, and cost performance.



Belt-type Second Cut Net Fencing

## Pursuing Quality

We work to meet customers' expectations and trust with high-quality service and solutions by devising mechanisms, developing people who run them, and creating environments where people can exert their potentials.

### Quality Management

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

Our Quality Policy, the foundation of our quality management system, has three pillars: rapid responses to legal regulations and customer demands; raising customer satisfaction by improving the quality of products and services as well as construction (while making operations efficient); and reducing quality risks. Our internal regulations clarify concrete processes, procedures and criterion. We have also clarified the quality

standards to be complied with for both internal operations and for procurement from our partner companies.

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

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

### Sharing Safety Awareness Authorization of workers for high elevation work safety

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

Number of new candidates for authorization of workers for high elevation work safety (fiscal 2018)

Access system **107**  
Network system **44**

### Improving Technical and On-site Capabilities

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

#### Strengthening Construction Management Capabilities

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

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

learning and problem-solving by adopting discussions and role-playing.

#### Training Specialized Technicians

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

At the mobile skill training, basic knowledge and know-how as well as keys to safe

construction are learned according to the skill and operational duties of each trainee, in 4 groups according to competencies. Trainees can join across the boundaries of business departments. Since 2010 when the training began, a total of 1,129 people have participated and improved their skills.

\*Worksite supervisor is one of the supervisory positions to oversee individual works appointed by the MIRAIT Group.

In October 2018, FUJII Motofumi at the West Japan Business Division, NTT Business Unit MIRAIT Technologies Corporation, received the Minister of Land, Infrastructure and Transport Award for Outstanding Engineering. This Award is given to engineers directly engaged in manufacturing who have superior skills and technical ability and greatly contribute to guiding and training next generations. The MIRAIT Group consistently improve and inherit technical skills which would help us work effectively at recovering from disasters growing in numbers over recent years.



## Occupational Safety and Health

We introduce and continually improve safety measures with safety as the top priority in operations as our basic policy. The MIRAIT Group also supports employees in maintaining both physical and mental health.

### Occupational Safety and Health Management

The companies of the MIRAIT Group operate an occupational safety and health management system certified under the OHSAS 18001. We work in concert to comply with laws and regulations as well as occupational safety and health requirements, reduce and eliminate occupational safety risks through risk assessment and activities to anticipate danger, in addition to raising awareness through educational exchanges in accordance with the Policy on Occupational Safety and Health, which clearly names safety as the highest priority in operations. We continuously improve our performance by setting all actions that lead to accidents resulting in injury or death, traffic accidents and other seriously unsafe incidents as supervision check-points.

#### Striving Toward the Eradication of Accidents and Improvement of Safety Quality

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

#### Ensuring Safety in a Large-scale Disaster

In response to social needs, we have distributed a Pocket Manual for Major Earthquakes and other Disasters to employees in case of major contingencies. It contains a collection of information regarding principles of action to be taken and safety confirmation methods when a disaster occurs. We also call on employees to check routes to walk home, and organize trainings of using the safety confirmation system.

For on-site workers to better understand safety, we prepare materials such as operational safety handbooks, conduct safety trainings and review results, and make videos of accident scenes and visual presentations of relevant laws and regulations. Fostering safety communication with them, senior managers including the president diligently visit workplaces to raise each worker's awareness of safety.



Danger Simulation Training (Reproducing Rooftop work under Rainy Weather Conditions)

#### MIRAIT Group Safety Convention

In conjunction with "National Safety Week" in July, we hold annual "MIRAIT Group Safety

Convention" in two locations, east and west, with not only group companies but also partner companies taking part, to reconfirm safety awareness and share knowledge on safety measures. (The number of attendants 818 members participated in the Tokyo meet and 596 members in the Osaka meet.) In fiscal 2018, we held presentations from each Group company about examples of safety measures as well as lectures by third-party instructors to raise safety awareness even further.

#### Danger Simulation Training

Aiming to eradicate falling and slipping accidents which account for approximately 40% of all fatal accidents in construction industry, the MIRAIT Group holds danger simulation training for employees (including those of partner companies) at a facility where trainees can experience simulated accidents. Experience helps trainees better understand the importance of basic actions and safety appliances. We expanded the branch offices to join the training and training items, and had more than 168 trainees in fiscal 2018.

#### Support of Health Management

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

#### Mental Health

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

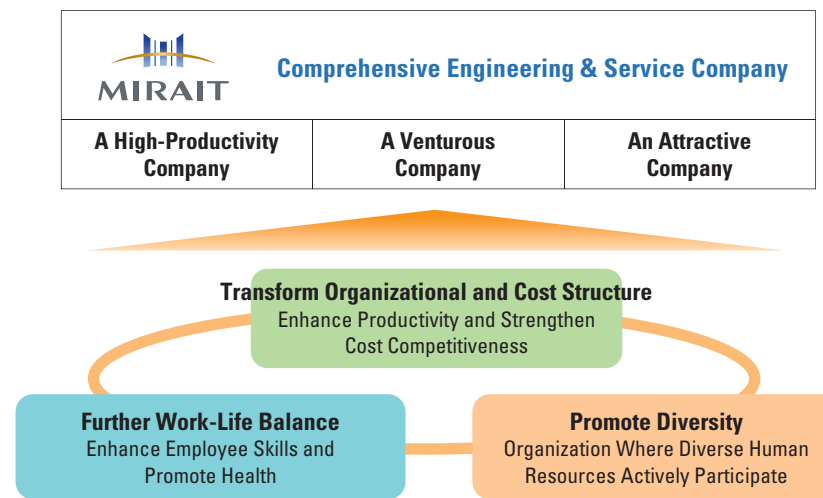
# Work-style Reforms

We strive to provide attractive and worthwhile places to work where every employee with self-discipline can find motivation, perform to their full potential, keep on working with physical and mental health, and feel their own growth, while the organizational capabilities of our teams are exerted to the maximum.

## Advancing Efforts Towards Work-style Reforms

The MIRAITS Group announced its “Work-style Reform Declaration” by the President to reform work-styles throughout the Group to cultivate sustainable growth as a “comprehensive engineering and services firm” that responds to future changes in the labor market and business environment.

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



## Initiatives

### Realizing Diverse and Alternative Work Styles

With the revised Labor Contract Act and Part-time Employment Act going into effect, we have been making necessary changes to our policies to encourage diverse people to perform to their potentials. We have established a limited area employment policy where non-regular employees who are subject to limitations on where to work but are still expected to perform well can become regular employees.

### Optimizing Overtime Work and Promoting Employees to Take Leave

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

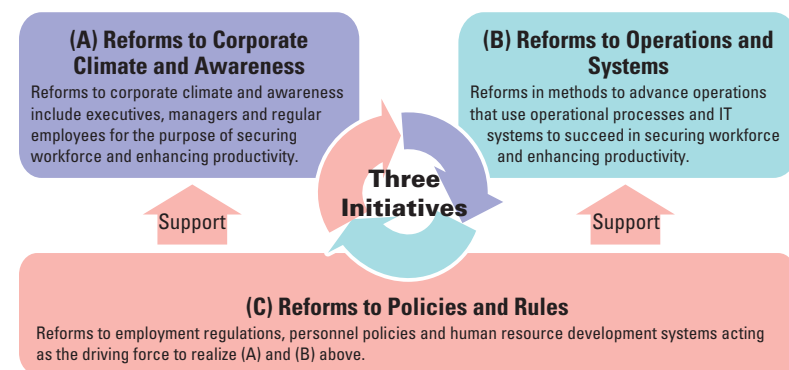
We pursue to reduce total working hours by heightening operational efficiency through promoting KAIZEN (improvement) activities and ICT use at each workplace, and by monitoring suitable working hours with a PC log system.

### Empowering Diverse People Through Flexible Work Styles

We are building workplaces where all the

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

We actively participated in “Telework Days 2019” organized by the Japanese government.



# Diversity

We respect individual personality and seek to build workplaces where our employees perform to their full potentials, regardless of age, gender, nationality, or handicap.

## Empowering Female Employees

We devise action plans and analyze challenges for each group company so that female employees can reach their full potential and pursue their careers in a wide range of arenas. We set targets chiefly on the female ratio of those hired as new graduates and of those in managerial positions, and occupational fields for female employees, striving to increase all these.

In doing so, we seek to promote work-life balance and support those who work as they raise children or nurse family members.

### Supporting Those Who Work and Nurse Family

So that employees can continue working with a sense of security for a long time, parental leave (available until the child reaches three years of age) and reduced working hours system (available until the child finishes the third year of elementary school), plans are available corresponding to major life events such as childbirth, infant care or nursing that exceed levels stipulated by law. Since the MIRAITS

Group started the plan in October 2012 until March 2018, the rate of maternity leave taken by female employees is 100%. The rate for male workers is more than 70%, which we seek to raise. We are enhancing support for those on leave to smoothly return to work and perform well.

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

### Certified as an “Eruboshi” company

“Eruboshi” is a certification program which awards companies superior in empowering female workers. Companies who formulate and report an action plan to promote women’s performance in the workplace and implement it outstandingly are authorized by the Minister of Health, Labor, and Welfare to use the logo

mark. MIRAITS Technologies Corporation met the criteria of all five categories (recruitment, employment continuity, work style, ratio of female managers, and variety of career choices) and received the third level of certification, the highest one. MIRAITS Corporation also satisfies all the criteria for certification.

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

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

## Support for Elderly Employees

In response to Japan’s decreasing birthrate and aging population, to support the participation of elderly employees who have qualification for advanced technologies vital for telecommunication construction industry, we have set the retirement age to 62 and have established a re-employment program to maintain an environment where those who desire to work can continue taking an active role.

We also hold life plan seminars for employees who have reached a certain age and support them with work designing and financial planning after employment extension.

## Promoting the Active Role of Local Personnel in Foreign Countries

The MIRAITS Group currently runs overseas bases in 14 countries and regions mainly in Asia-Pacific area where locally hired personnel takes on important roles. Through mutual support such as dispatch of personnel between overseas bases, we seek to enhance overall technical skills of local employees so that each employee can demonstrate his or her full capabilities.

MIRAITS Philippines Inc., conducts activities to deepen its connection and build trust with local communities such as hosting a Christmas party with children who have disabilities.



# Human Resource Development

We support each employee's growth from broad perspectives to systematically reinforce human capitals that will underpin our future.

## Personnel Training System

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

Our human resource development system has been designed for employees to learn skills and knowledge tailored to the role expected of them at each level and stage of their career, from trainings for those who just joined us to those for senior managers. Especially rich programs have been developed for new employees so that they can perform well irrespective of their academic background. Our interview program encourages employees to make daring challenges for professional qualifications as they put in practice goals and

career ambitions through discussions with their supervisor. A bonus system that rewards different degree of employees' challenges also accommodate their positive attitude.

## Internship Program

We hold an annual internship program for students in August with the primary aim of supporting the working life of the future generation of Japan. Through a short internship of about one week, students have the opportunity to cultivate their occupational perspectives and learn about their aptitude through such experiences as connecting telecommunication cables, operating drones, and visiting construction sites.

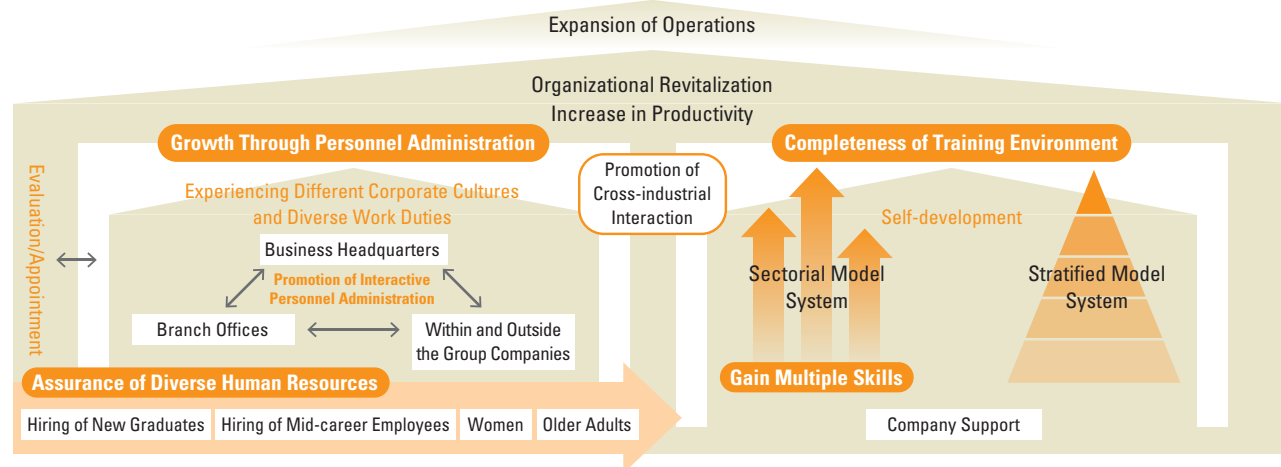


Students Operating Drones



New employee training

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



## Preparing the Training Environment

At such places as Ichikawa Training Center (Ichikawa City, Chiba Prefecture), Kansai Hyper Techno Port (Kobe City, Hyogo Prefecture), the Expert Center (Sendai City, Miyagi Prefecture),

and the Technical Center (Hiroshima City, Hiroshima Prefecture), various equipment has been installed for full-blown skills training and technology development. From new employees

to veterans, we all are improving our technological and proposing capabilities to give concrete shapes to our customers' and society's needs of the time.

## Improving Technical Capabilities

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

### Technical and Skill Training

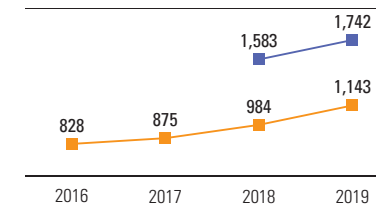
- Broad technical training for multiple skills
- Support for Qualification
- Goals for professional qualifications set every year at interviews with the supervisor
- Monetary incentives for acquiring designated qualifications

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

We actively develop capabilities in the telecommunications, electrical engineering, and

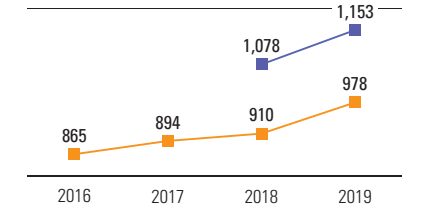
ICT fields. We also seek to train drone pilots for the expansion of drone-related businesses. We have become a qualified training body that provides skill certification, with our name listed on the website of the Ministry of Land, Infrastructure, Transport and Tourism.

Electrical workers (Type 1/Type 2)



■ MRT, MTC ■ All Employees of MRT, MTC, TTK, SOLCOM, and Shikokutsuken Corporation

Technical Radio Operators for On-the-ground Services (Type 1)  
Special radio operators for on-the-ground services (Type 1)



■ MRT, MTC ■ All Employees of MRT, MTC, TTK, SOLCOM, and Shikokutsuken Corporation

## Training programs at overseas operations

The MIRAIT Group conducts various training programs for employees hired at their overseas bases. DAIMEI SLK (PRIVATE) LIMITED, the MIRAIT group company based in Sri Lanka, provides services focused upon internal and external construction of optical stations including civil engineering for major telecommunications firms and major communications equipment vendors. Because much of the construction is carried out by partner companies, training programs for them

are just as vital for our employees. Programs are comprehensive and elaborate, from technical training (classroom lectures or OJT) to safety measures (classroom lectures, morning meetings, on-site inspections before operations, etc.).

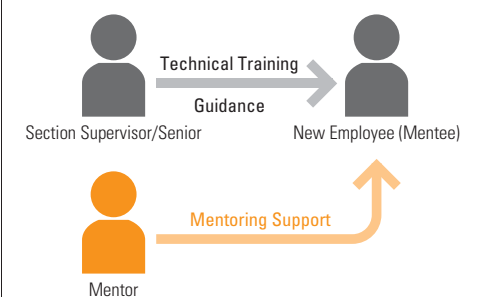
In addition to trainings, we also award best practices of maintaining service quality and safety. We strive in our daily work to maintain trust from customers and to secure safety of all those involved with our operations.



## Mentoring Program

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

### Idea behind the Mentoring Program



# Protecting the Environment

We have steadily been reducing energy use, CO<sub>2</sub> emissions and waste in our daily business operations. We also seek to control environmental impacts throughout the life cycle of infrastructure we develop and environmental footprints of our supply chain.



Solar Power Generator of the Kobe Technical Center



ECO Drum

## Environmental Management

The MIRAIT Group has acquired EMS (Environmental Management System ISO 14001) certification for our domestic group companies. We have also put in place and run environmental management systems in line with this at overseas group companies one by one.

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

We conduct regular audits. One internal and one external audit are held once a year at our

business base with ISO 14001 certification.

Over the four years from 2014 to 2017, the number of our violation of environmental laws, accidents or pollution that would cause environmental problems, and environmental complaints were all zero (at the domestic group companies).

### Environmental Goals and Achievement Status

Target	Fiscal 2018 Results
Reducing CO <sub>2</sub> emissions by more than 1% from the previous year	±0 compared to FY 2017

<Boundary> MIRAIT Corporation and MIRAIT Technologies Corporation (from the use of electricity, heat and steam supplied by other companies)

### Sharing Results

We aggregate actual values of our main performance indicators for environmental protection activities (CO<sub>2</sub> emission, electricity consumption, consumption of fuels such as gasoline and kerosene, emission of paper waste, household waste and industrial waste, and green purchasing payments) and monitor and analyze them to promote our activities.

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

## Mitigating Climate Change

### Saving and Creating Energy at Construction Centers

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

Annual electrical power output of solar power generators at 13 offices of MIRAIT Corporation and MIRAIT Technologies Corporation (fiscal 2018)

**363** thousand kWh

### Promoting Power Saving

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

### Improving Fuel-efficiency of Vehicles

We work to raise company-wide awareness and energy efficiency by introducing low-emission, fuel-efficient vehicles, and by

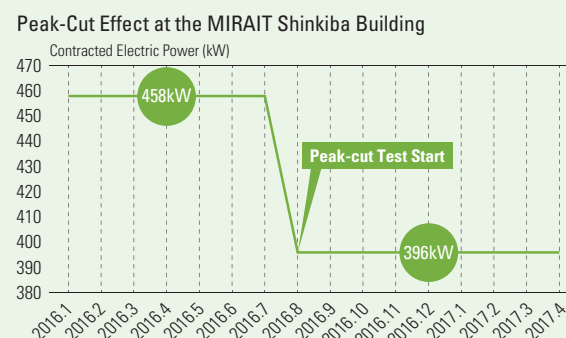
encouraging eco-driving for less environmental impacts and fewer traffic accidents.



Company Car with Eco-Drive Sticker

## Saving Energy and Reducing CO<sub>2</sub> Emissions through Building Energy Management

In 2012, a cloud-based building energy management system was introduced at the Shinkiba Building of the MIRAIT Corporation. This system reduces power consumption by automatically controlling the indoor temperature at a set point while controlling the CO<sub>2</sub> concentration of the indoor space at an appropriate level. Furthermore, in 2016, we added peak-cut control function so that when the building's consumed power exceeded the threshold, the air conditioning (outdoor air processing unit), which accounts for a significant ratio of consumed power, is turned off. We were thus able to reduce contracted power from 458kW to 396kW for an approximately 14% reduction.



## Contributing to Circular Society

### Recycling of Construction By-products

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

telecommunications construction industry program – starting in 2008 and, except for a few sizes, use only ECO drums.

### Promoting Recycling Construction Spent Products

We promote recycling by collecting uniforms and helmets after they have been used and

using a thermal processing (used as heat) by contracting a specialized company.

### Reducing Paper Use

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

## Comprehensive Environmental Protection Measures

### Green Development Guidelines

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

### Environmental Standards for Evaluating and Selecting Business Partners

In evaluating and selecting business partners, the MIRAIT Group considers their approaches to CSR. We ask about environmental considerations (promotion systems, chemical substance management, CO<sub>2</sub> emission reduction, and industrial waste reduction) as a basis for our decision (see p. 27).

### Green Purchasing

We purchase office supplies and paper based on the recommendations of GPN\* green purchasing guidelines as much as practicable. The green purchasing ratio for MIRAIT Corporation and MIRAIT Technologies Corporation was 85.7% and 80.0% respectively in fiscal 2018.

\*A list of items (per product category) to consider from environmental viewpoints upon making purchasing decisions, prepared by the GPN (Green Purchasing Network).

## Biodiversity Conservation

### Rural Area and Neighborhood (Satoyama) Conservation Activities

Since 2003, we have participated in satoyama conservation activities organized by the Osaka Green Trust, recruiting volunteers both internally and from partner companies.

In fiscal 2018, we joined pruning and thinning in the Kurumatsukuri Forest of Ibaraki City in metropolitan Osaka as in the previous year to restore and maintain its favorable conditions. We worked to conserve nature and biodiversity and create green and pleasant environments.



Works in the Kurumatsukuri Forest

## Businesses to Serve Environmental Protection

### Direct and Indirect Contributions

We contribute directly to creating energy infrastructure needed for a low-carbon society through design, construction, operation and maintenance of power generators that utilize renewable energy (especially solar power),

installation and maintenance of LED lighting, installation and maintenance of EV charging stations, and provision of energy management systems and battery systems.

We are also taking an active part in initiatives toward realizing high-efficiency

smart energy systems and smart cities, by such approaches as developing broadband wireless sensor network systems and next-generation mobility.

# Social Responsibilities in the Supply Chain

We work to promote social responsibility in the supply chain by considering commitment to CSR when evaluating and selecting business partners.

## CSR as Evaluation Criteria for Business Partners

As part of the integrated management system, the MIRAIT Group has internal rules for the purpose of evaluating and selecting business partners. The rules allow us to judge the ability of business partners to supply products and services following our requirements and to ensure procured products conform to the

requirements. Both suppliers of materials, semi-finished products, and measurement instruments and service providers are subject to the rule.

The MIRAIT Technologies Corporation uses common items in evaluating and selecting domestic business partners. Items directly

relevant to customer satisfaction and those for assessing commitment to CSR are included. We give an overall score on commitment to CSR after interviewing each business partner about their environmental considerations (promotion systems, chemical substance management, reduction of CO<sub>2</sub> emission and industrial waste emission) as well as their contributions to local communities (citizenship activities and dialogue with the communities, NPOs and NGOs). Evaluations are conducted once a year for partners in business relations with us, and as necessary when discussing a new partner. We support corrective actions by partners who were given low scores as a result of evaluation.

The MIRAIT Corporation uses a similar system to conduct comprehensive evaluations of business partners.

### Evaluation Items of Business Partners: MIRAIT Technologies Corporation

Item	Overview
Manufacturing certifications	Either the acquisition of the ISO 9001 certification, JIS certification, or establishment of a quality assurance system
Quality (1)	Conformity of products for purchase to company plans
Quality (2)	Any inconsistencies found in receiving inspections
Level of cooperation	Approach in cooperating with requests for product information
Supply capabilities	Availability of manufacturing facilities and inventory
Delivery	No major impact on construction projects due to delayed delivery
Price	Level of compliance with company expectations
CSR	Active introduction of CSR efforts *Comprehensive evaluation through the questions in the table below



### Area and Questions to Ask Partner Companies about CSR Activities

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

## Concepts of CSR Procurement

The MIRAIT Group has put in place its own procurement guidelines to incorporate considerations about social challenges and the environment into the supply chain. We seek cooperation from our suppliers in operations

related to building social infrastructure, particularly telecommunications engineering, our main business.

The guidelines in use have focuses on six areas related to CSR: quality, delivery,

improvement activities, management stability, environmental protection, and informational resource management.

# Helping Local Communities

As a member of local communities, we actively and consistently plan and carry out programs to make communities more livable and lively.

## Support Problem-solving in Local Communities and Society as a Whole

### Support for the Tohoku Disaster Area

We participated in the community service activities being carried out in Iwanuma City, Miyagi Prefecture by the Miyagi Dengyo Association (disaster volunteers). The MIRAIT Group continues to be part of these activities that began in 2011, and has built flower beds near the temporary housing, removed debris from farmlands, and planted trees for restoring tsunami control forests.

### Donations to Three Prefectures Afflicted by Torrential Rain July 2018

In fiscal 2018, Japan was struck by multiple disasters from flooding caused by typhoons to large-scale earthquakes. In particular, the torrential rain in July 2018 caused massive damages recorded in many parts of Japan, especially in the west. The MIRAIT Group donated 3 million yen to the people in Okayama, Hiroshima and Ehime which were hit particularly hard, 1 million yen to each prefecture.

### Shareholder Benefit Option to Donate to the Special Olympics Nippon

The MIRAIT Group endorses the purpose of the Special Olympics Nippon. From fiscal 2018, we included donations to the organization in the menus for shareholder benefits. This fiscal year, the second time, we received the support of 236 shareholders and donated a total of 494,000 yen. We will keep on contributing to the creation of a society where diverse people can live together.

### Utilization of Abandoned Fields and Rice Paddies

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



Harvesting "MIRAIT Rice"



NTT Chiba Group Inage Beach Clean-up Activities



Goryo Shrine Summer Festival



Toyosu Festa

## Communication with Local Communities

### Joining Festivals and Clean-up Activities

Traditional festivals around Japan is becoming increasingly difficult to survive as social structures change. The MIRAIT Group companies encourage employees to join local festivals, sometimes as a bearer of mikoshi shrine.

We also continuously take part in local clean-up activities.

### Participation in the Toyosu Festa

The MIRAIT Group has participated in the Toyosu Festa held by Koto Ward, Tokyo, every year since our head office moved to Toyosu in 2010. In fiscal 2018, a total of roughly 60 volunteers from Group companies provided handmade air gun games, balloon art performances and freshly-made popcorn.

# Corporate Governance and Internal Control

## Basic Approaches to Corporate Governance

The MIRAIT Holdings Corporation recognizes the importance of management as a socially-responsible company and has put in place organizational structures and systems to ensure transparency and fairness in decision-making. Building relationships founded in trust with all of our stakeholders is positioned as the most important aspect of management.

We recognize building relationships founded in trust with all of our stakeholders as indispensable to the realization of effective corporate governance. Therefore, we are enhancing the following to raise effectiveness of our corporate governance:

- Protect shareholder rights and equality among

shareholders;

- Collaborate with stakeholders other than shareholders in appropriate ways;
- Disclose information in appropriate ways and secure transparency;
- Deliver on responsibilities, especially that of the board of directors;
- Engage with shareholders.

## Corporate Governance Structure

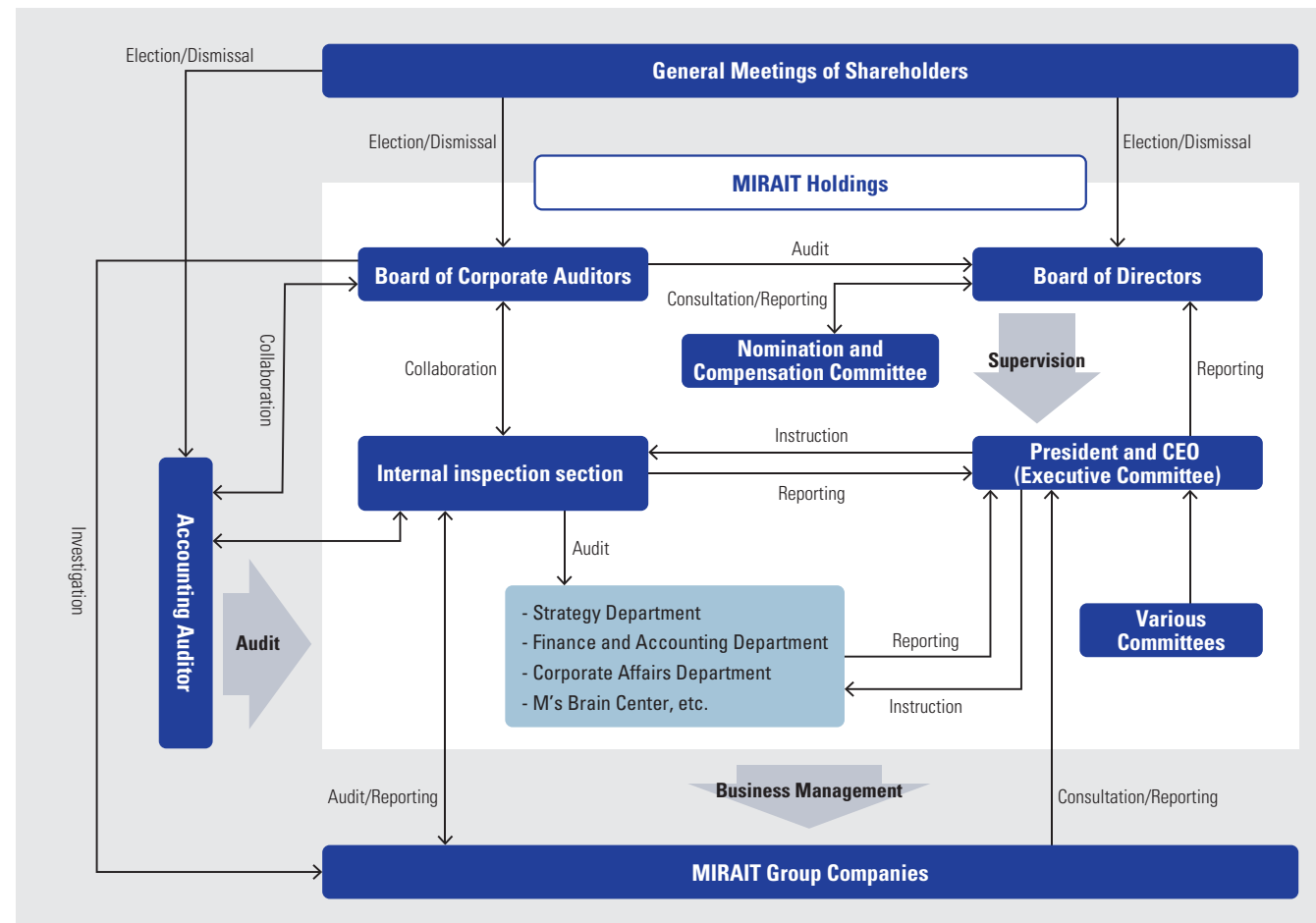
We are a company with auditors, overseen by a board of directors, board of corporate auditors, and accounting auditors.

As of June 26, 2019, the MIRAIT Holdings Corporation has 11 directors, two of whom are

outside directors. We put a more effective and efficient system in place by sufficiently functioning as a holding company while having some board members serve core subsidiary companies as well.

Additionally, we have set up a system for reciprocal cooperation where the board of corporate auditors together with an internal audit section and accounting auditors each perform independent inspections.

### Governance Structure



## Policy and Procedures for the Nomination of Candidates for the Board of Directors and Auditors

In the nomination process of candidates for the board of directors and auditors, the MIRAIT Holdings Corporation established a Nomination and Compensation Committee chaired by an independent outside director to select a wide variety of candidates from both inside and outside of the company in December 2018. Candidates who have superior personality, judgment and high management skills are chosen by the board of directors under the guidance and findings of this committee.

In particular, outside directors who have abundant experience and knowledge across different fields can nominate individuals from the perspective of enhancing the medium- to long-term corporate value of the firm by providing guidance and managerial supervision, and who can carry out their roles and duties with a specialized and objective viewpoint. Moreover, as outside directors we appoint those who have abundant experience and knowledge across different fields, and can with

independent and objective views properly monitor the board of directors' managerial decisions, execution of duties, and their observance of laws and ordinances, enhancing transparency of the board and serving greater corporate value.

The rationale for selection of each director and auditor is outlined in the notice of general meeting of shareholders.

### Overview of Established Corporate Bodies

Name	Purpose/Authority	Representative	Members	
Board of Directors	Body to determine fundamental management policy for the MIRAIT Group in accordance with laws and regulations as well as the Articles of Incorporation	President and Chief Executive Officer SUZUKI Masatoshi	Directors	TAKAHATAKE Kouichi, NAKAYAMA Toshiki, HARA Ryuichi, YAMAMOTO Yasuhiro, TOHTAKE Yasushi, TSUKAMOTO Masakazu, DOI Mikio, HIRABARA Toshiyuki, EBINUMA Eiji, BABA Chiharu
			Auditors	KIRIYAMA Manabu, SEKI Hiroshi, HOSOKAWA Masayoshi, KATSUMARU Chiaki (ISHIKAWA Chiaki)
Nomination and Compensation Committee	Body established as an advisory committee for the board of directors for the purpose of heightening the objectivity in matters related to the nomination and compensation of directors	Director (Outside) BABA Chiharu	Directors	EBINUMA Eiji, SUZUKI Masatoshi
Board of Corporate Auditors	Body to receive reports as well as discuss and approve important auditing matters	Corporate Auditor KIRIYAMA Manabu	Auditors	SEKI Hiroshi, HOSOKAWA Masayoshi, KATSUMARU Chiaki (ISHIKAWA Chiaki)
Executive Committee	Body to receive reports and deliberate on vital policies about important matters related to management policies	President and Chief Executive Officer SUZUKI Masatoshi	Directors	TAKAHATAKE Kouichi, NAKAYAMA Toshiki, HARA Ryuichi, YAMAMOTO Yasuhiro, TOHTAKE Yasushi, TSUKAMOTO Masakazu, DOI Mikio, HIRABARA Toshiyuki
			Managing Executive Officer	MITSUYA Takaaki, KATSUKURA Tomoho
			Operating Companies	ABE Takeshi
Compliance Executive Committee	Body to report and advise on compliance issues of the MIRAIT Group and examine measures, such as raising awareness about compliance.	President and Chief Executive Officer SUZUKI Masatoshi	Directors	TAKAHATAKE Kouichi, NAKAYAMA Toshiki, HARA Ryuichi, YAMAMOTO Yasuhiro, TOHTAKE Yasushi, TSUKAMOTO Masakazu, DOI Mikio, HIRABARA Toshiyuki
			Auditors	KIRIYAMA Manabu, SEKI Hiroshi
			Operating Companies	KADOIKE Kiyotaka, ITO Fuminori, WATANABE Yuji, MORIOKA Torao, AKASE Kaoru
Risk Management Executive Committee	Body to deliberate and determine policies, structure and other matters to drive the effectiveness and efficiency of risk management	President and Chief Executive Officer SUZUKI Masatoshi	Directors	TAKAHATAKE Kouichi, NAKAYAMA Toshiki, HARA Ryuichi, YAMAMOTO Yasuhiro, TOHTAKE Yasushi, TSUKAMOTO Masakazu, DOI Mikio, HIRABARA Toshiyuki
			Auditors	KIRIYAMA Manabu, SEKI Hiroshi
			Operating Companies	KADOIKE Kiyotaka, ITO Fuminori, WATANABE Yuji, MORIOKA Torao, AKASE Kaoru

Note: 1 EBINUMA Eiji and BABA Chiharu are outside directors. 2 SEKI Hiroshi and KATSUMARU Chiaki (ISHIKAWA Chiaki) are outside auditors.



### Policy and Process to Determine Compensation for Directors

The compensation system for directors first approves the compensation for directors at the Board of Directors' meeting before determining the total amount (the total limit) at the General Meetings of Shareholders. The individual director compensation is determined according to the role and responsibilities of each executive officer. The ratio of performance-linked compensation and fixed compensation for the compensation of directors is approximately 20% for the former and 80% for the latter.

The Nomination and Compensation Committee made up of two independent outside directors and the President and Chief Executive Officer was also established in December 2018 as an advisory body to the board of directors for the purpose of enhancing objectivity and transparency of decisions about the compensation for directors. This committee reports the results of deliberations about such matters as policies for determining how to calculate compensation of executive officers, to assist in decision-making by the Board of

Directors based on those findings.

The total amount of compensation for directors and other remuneration was set as no more than 300 million yen per year (no more than 30 million yen for outside directors, etc.) at the 1st General Meeting of Shareholders held June 28, 2011. In addition, the 6th General Meeting of Shareholders held on June 28, 2016 approved a performance-linked stock-based compensation plan (Board Benefit Trust) as a separate framework from the above compensation for directors, which provides benefits to executive officers upon retirement in accordance with the regulations on issuing shares to executive officers determined by the Board of Directors.

The introduction of this system further clarifies the link between compensation, corporate performance, and share price so that directors and shareholders not only share the benefits of rising share prices but also the risk of falling share prices. The purpose of this plan is to further heighten awareness about contributions to enhance medium- to long-term business

performance and corporate value another level.

For fiscal 2018, we chose consolidated operating income, which should help heighten awareness about contributions to the business performance and corporate value of Group Companies, as the indicator for performance-linked compensation. Also, the Board Benefit Trust award points, calculated from the results of the consolidated operating income, in accordance with the internal regulations on issuing shares to executives.

The consolidated operating income target in the initial business plan for fiscal 2018 was also set at 16.5 billion yen (18.5 billion yen in the revised plan) while the actual operating income was 20.6 billion yen.

The Board of Benefit Trust contributes at least the fixed ratio of monthly compensation and purchases company stock through an executive shareholding association. We pursue to set the company stock-based compensation at an adequate level, with the performance-linked benefit trust also in mind.

Total Amount of Compensation for Each Executive Class, Total Amount of Compensation by Type, and the Number of Eligible Executive Officers (FY 2019)

Executive Class	Total Amount of Compensation (Million Yen)	Total Amount of Compensation by Type (Million Yen)		Number of Eligible Executive Officers (People)
		Fixed Compensation	Performance-linked Compensation	
Directors (excluding outside directors)	115	84	30	8
Auditors (excluding outside auditors)	24	24	—	2
Outside executive officers	33	33	—	7

### Appraisal of the Effectiveness of the Board of Directors

The MIRAIT Holding Corporation conducts self-assessments once a year for the effectiveness of the board of directors for all directors and auditors.

More specifically, we conduct a self-assessment through an anonymous questionnaire to primarily evaluate items from the structure and operational status of the board of directors in addition to its responsibility and functions to the state of the board of directors as seen from the point-of-view of outside directors and corporate auditors. The responses to these questions are collected by an external law office with a duty of confidentiality and analyzed by a third-party

organization. We verify and assess the current state of the board of directors based on the results of this analysis and continually discuss any problems.

In fiscal 2018, the management integration expanded the business scope and the number of matters to deliberate on grew. We added items to gain feedback in our questionnaire about discussion matters and discussion criteria at the Board of Directors. According to the results of a self-assessment, we made the necessary revisions to the discussion criteria. Challenges related to the operation of the Board of Directors were being addressed, such as the consistency of the document format for

discussions, prior provision to outside directors and auditors, and earlier briefings before the meetings. Furthermore, feedback has shown the need for more comprehensive deliberation about the challenges faced in the new Group structure after the management integration. We are working to further deepen discussions at meetings of the Board of Directors while sustaining and enhancing ongoing effectiveness through discussion outlets such as the deliberative assembly (set up in fiscal 2017) as a place for a free exchange of ideas about medium- to long-term management strategy and management challenges by members of the Board of Directors.

### Directly Participating in the Formulation and Execution of Plans for the Chief Executive Officer and Other Successors as well as Strategically Cultivating Future Candidates

The MIRAIT Holding Corporation appropriately cultivates plans for future management executives, such as the Chief Executive Officer based on the management policy and other

management strategies.

The Board of Directors debates the selection of the Chief Executive Officer based on the advice and findings of the Nomination and

Compensation Committee chaired by an outside director.

Members of the Board of Directors (As of June 26, 2019)



## Internal Control System

Our board of directors has adopted the Basic Policies for the Internal Control System to ensure the appropriateness of operations of the MIRAIT

Group. We have also enacted Administrative Regulations for Subsidiary Companies and a Group-wide internal control system in our effort to

appropriately manage the Group through specific internal controls at our subsidiary companies.

## Collaboration between the Corporate Auditors, Accounting Auditors, and the Internal Audit Section

As of June 26, 2019, the Board of Corporate Auditors at MIRAIT Holdings Corporation is made up of four corporate auditors, two of whom are outside corporate auditors. Including one outside corporate auditor, two of these board members are full-time corporate auditors. No dedicated staff has been assigned to the corporate auditors.

Our corporate auditors draft auditing plans to define auditing policies, divide the responsibilities of each corporate auditor, and audit the execution of duties by directors from attendance at Board of Directors and other important meetings to the review of important approval documents through measures that include an exchange of views with the President and feedback from each director. In addition, we

regularly assemble the accounting auditors as a supervision and verification activity to determine methods for accounting audits by accounting auditors and determine relevant results. We also work to improve the effectiveness of auditing through close mutual cooperation in auditing and assessment for the purpose of determining the appropriateness of the accounting methods and results by accounting auditors, which includes receiving reports and explanations of the preparation of internal control related to financial reports and the progress of building systems to ensure adequate execution of duties by accounting auditors as well as the assessment of the state of operations.

As of June 26, 2019, the internal audit

section of the MIRAIT Holdings Corporation is made up of six members. The internal audit section conducts audits of the MIRAIT Holdings Corporation and Group companies with focus on operational audits after assessing the overall internal control systems. We also are strengthening internal control functions such as thoroughly checking the progress of implementing improvements such as auditing guidelines and suggestions.

The corporate auditors and the internal audit section work through mutual collaboration, such as exchanging views about auditing plans, the progress of audits, and problems found in the results of audits by assembling as necessary.

## Risk Management

Establishing the fundamental approaches of managing risks for the Group in the Risk Management Regulations, we work to perform effective control over various risk factors, and the Risk Management Executive Committee – with the President at its chair – reviews issues

regarding risk control.

Regarding information security, the group has introduced Information Security Management Systems (ISMS; ISO/IEC 27001) and will work painstakingly to prevent informational leaks and safeguard assets. When an accident, including

information security accident, occurs, “0 Report” is immediately shared with management. To be prepared for a resourceful response, we have set up an in-company accident bulletin reporting system.

## Compliance

With the Compliance Regulations in place, the Compliance Executive Committee – with the President as its chair – deliberates on individual problems of the Group as well as manages the

progress of promotion activities. We have also distributed our Compliance Manual within the Group to share awareness of business ethics throughout the organization.

## Due Payment of Taxes

The MIRAIT Group observes all laws and regulations concerning taxation practices in all countries and regions where it operates, consistently working to maintain and raise its standards of taxation compliance.

## Management of Insider Information as well as Timely and Fair Disclosure

The MIRAIT Group discloses accurate information in a timely manner through TDnet and EDINET in accordance with the Disclosure Policy published on the homepage and in other corporate materials. We also make use of mediums such as our corporate homepage

(<https://www.mirait.co.jp/en/>) and press releases in an effort to further broaden our dissemination of information. Furthermore, the MIRAIT Group strives to provide beneficial information that is easy for shareholders and other investors to understand, such as materials used in its IR

activities.

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

## Efforts to Enhance Communication

The Investor Relations Office undertakes investor relations activities as the department in charge of investor relations under the supervision of the Chief Financial Officer, who is the manager responsible for the handling of information. The managers responsible for investor relations handle consultations with all of our shareholders and other investors as much as possible.

The MIRAIT Group holds financial results briefings twice a year for analysts and institutional investors and releases videos, such

as those on its website, to provide a look at these briefings. In addition to providing important information in English in a timely manner to overseas institutional investors, we also engage in overseas IR activities in the North American, European and Asian regions. Our representatives also work to explain matters fully at these financial results briefings and in our overseas IR activities to encourage constructive dialogue with all of our shareholders and other investors.

In addition, the MIRAIT Group participates

accordingly in presentations to individual investors and other events held by brokerage firms.

We also provide feedback such as the opinions and views received through venues such as financial results briefings and individual consultations as well to the primary parties concerned with the Group.

Furthermore, the Group also sends MIRAIT Report booklets that include business performance and topics to all of the shareholders twice a year.

## Efforts to Vitalize the General Meetings of Shareholders

The MIRAIT Holdings Corporation actively endeavors to ensure vitalization of the General Meetings of Shareholders and smooth voting practices on matters through visualization and

early dissemination of convocation notices, online voting, and the creation of English convocation notices (abridged editions) among other measures. We also set up venues to get to know all of our

shareholders after the General Meetings of Shareholders and work to have a broad exchange of views.

## Message from Our Outside Director

The Board of Directors is a corporate body required by the Companies Act to make decisions about the business execution of the company. The corporate governance advocated for listed companies by the Tokyo Stock Exchange states: Given its fiduciary responsibility and accountability to shareholders, in order to promote sustainable corporate growth and the increase of corporate value over the medium-to long-term and enhance earnings power and capital efficiency, the board should appropriately fulfill its roles and responsibilities, including: (1)Setting the broad direction of corporate strategy; (2)Establishing an environment where appropriate risk-taking by the senior management is supported; and (3)Carrying out effective oversight of directors and the management (including shikkoyaku and so-called shikkoyakuin) from an independent and objective standpoint. The MIRAIT Holdings Corporation is steadily achieving measures that include the introduction of a performance-linked stock-based compensation plan, the adoption of effective assessment of the Board of Directors, the establishment of a deliberative assembly for directors to debate medium- to long-term management challenges, the establishment of a Nomination and Compensation Committee, and the appointment of certified female public accounts as outside corporate auditors in order to properly fulfill the role and responsibilities of the Board of Directors. We will continue to make every effort to live up to the expectations of shareholders.

December 2008  
Registered as an attorney at law  
April 2010  
Part-time teacher at Sophia Law School (to present)  
January 2013  
Partner of Tanabe & Partners (to present)  
June 2014  
Director of MIRAIT Holdings Corporation (to present)  
June 2016  
Outside Director, Rakuten Bank, Ltd. (to present)  
March 2019  
Audit & Supervisory Board Member<Outside>, SymBio Pharmaceuticals Limited (to present)  
June 2019  
Outside Auditor of TOKO ELECTRICAL CONSTRUCTION CO., LTD. (to present)

Outside Director  
EBINUMA Eiji



In addition to the advancements of technological innovation in the information and communications field, the environment around management continues to dramatically change, such as the amendments to the corporate governance code that requires even further expansion of corporate governance. The MIRAIT Group has been pushing forward clear business strategy and corporate governance, such as drafting the new mid-term management plan and setting up a Nomination and Compensation Committee, as a means to adapt to these changes. As a response to these important issues, the MIRAIT Group has been praised for its efforts to sufficiently deepen discussions in decision-making at the Board of Directors. These efforts include the ongoing engagement of members of the Board of Directors in discussions at the deliberative assembly, which was established as a place for prior discussions. We also create opportunities for outside directors to meet with representative directors and other executive officers as well as facilitate prior discussions and an exchange of ideas with presiding departments. In the future, suitable governance tailored to each diversifying business domain with a widening business scope due to the management integration is vital toward succeeding in the new mid-term management plan. I hope to actively utilize my knowledge and experience in my efforts as an outside director.

April 2005  
Deputy President (Representative Director), Mizuho Trust & Banking Co., Ltd.  
June 2007  
Corporate Auditor (Full-time), Japan Energy Corporation (currently JXTG Nippon Oil & Energy Corporation)  
June 2012  
Corporate Auditor (Full-time), JX Nippon Mining & Metals Corporation  
June 2015  
Outside Director, Saitama Resona Bank, Limited  
Outside Corporate Auditor, Tohoku Electric Power Co., Inc.  
June 2017  
Outside Director (Member of Audit Committee), Resona Holdings, Inc. (to present)  
June 2018  
Director of MIRAIT Holdings Corporation (to present)  
Outside Director and Corporate Auditor, Tohoku Electric Power Co., Inc. (to present)

Outside Director  
BABA Chiharu

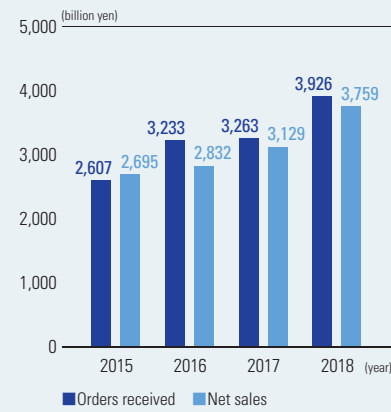


# Financial Data (Consolidated)

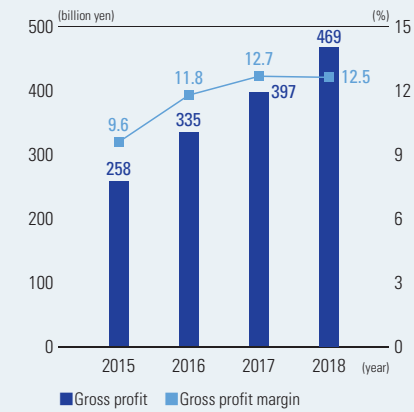
We strive to maintain a sound financial footing and make accurate financial information promptly available by various means including via our website and brochures. By doing so, we hope that our Group will continue to be a corporate organization that is supported and trusted by society.

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

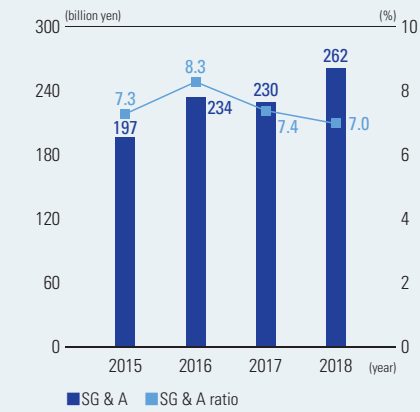
Orders received/Net sales



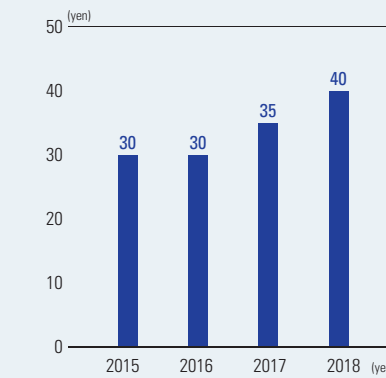
Gross profit/Gross profit margin



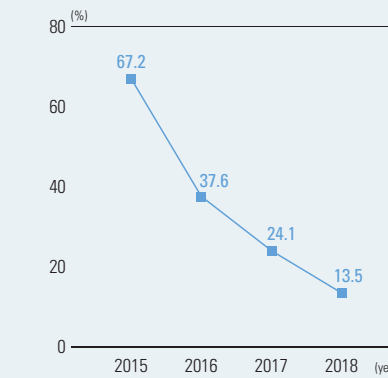
SG & A/SG & A ratio



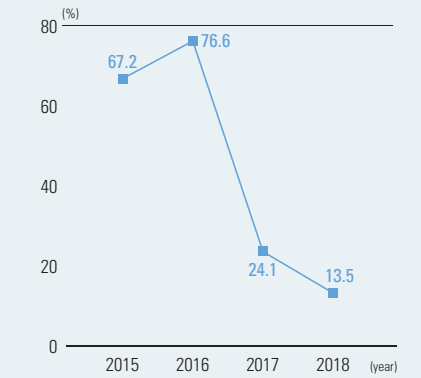
Dividend per share



Dividend payout ratio



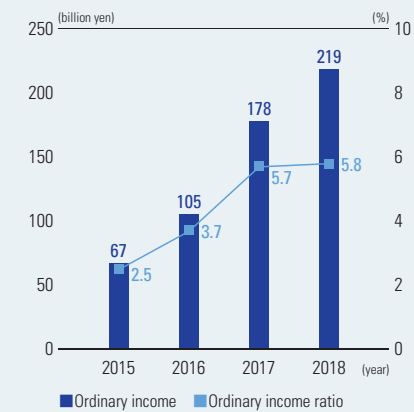
Total return ratio



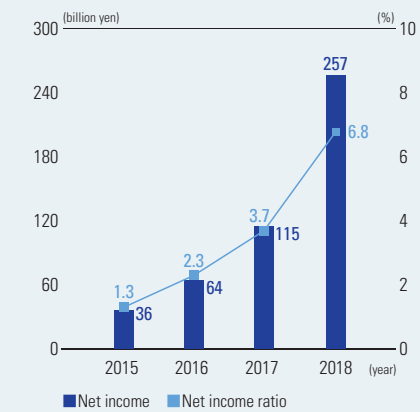
Operating income/Operating income ratio



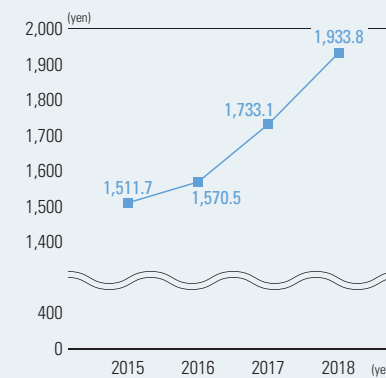
Ordinary income/Ordinary income ratio



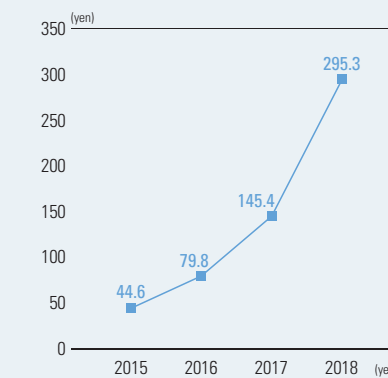
Net income/Net income ratio attributable to owners of parent



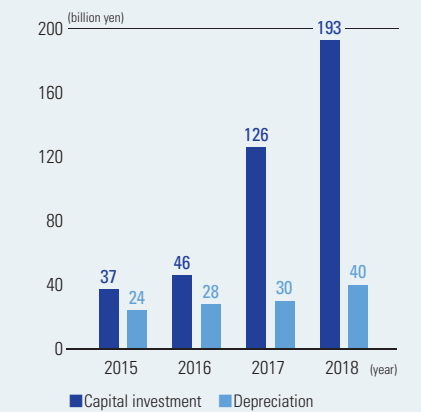
Net assets per share



Net income per share



Capital investment/Depreciation



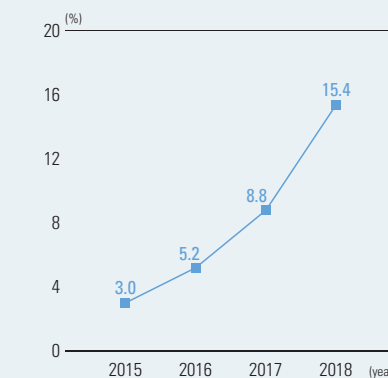
Total assets/Net assets



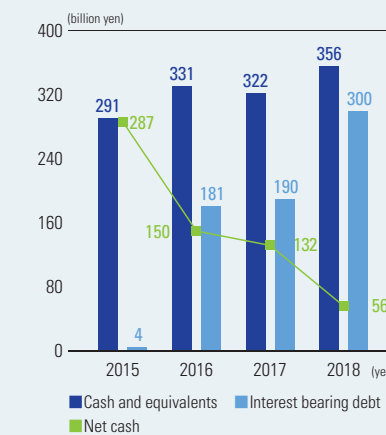
Own capital/Capital-to-asset ratio



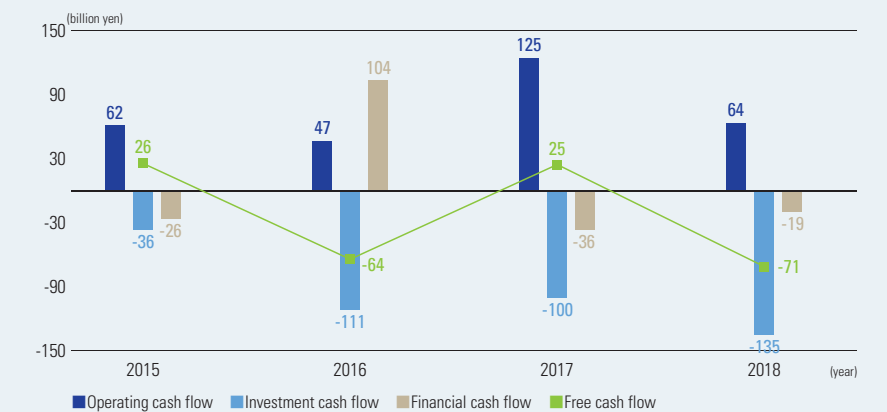
Return on equity (ROE)



Cash and equivalents/Interest bearing debt



Cash Flow

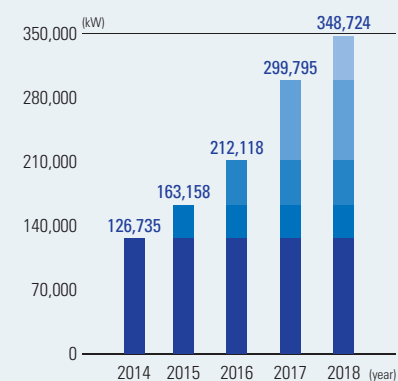


Net income attributable to owners of parent in fiscal 2018 includes extraordinary profit (10 billion yen) that accrues from the management integration.

## Non-financial Data

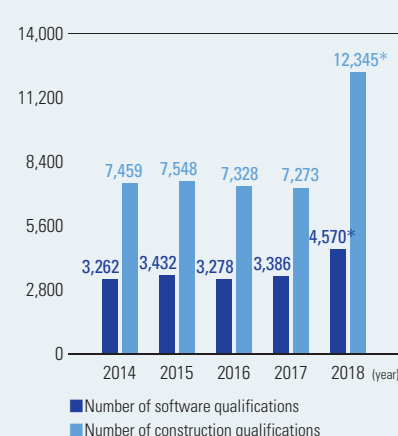
The MIRAIT Group also prepares and discloses material non-financial data from its business activities, taking steps to widen its scope.

### Provision of renewable energy\*\*\*

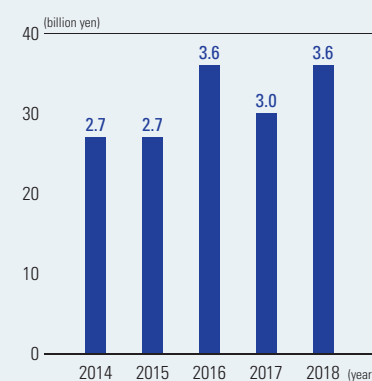


\*Generation capacity (cumulative total) of our group construction facilities

### Number of Qualifications\*



### Corporate citizenship spending



### Occupational Safety and Health

	Fiscal 2014	Fiscal 2015	Fiscal 2016	Fiscal 2017	Fiscal 2018
Occupational accident frequency rate**	0.33	0.00	0.18	0.19	0.00

### Diversity

	Fiscal 2014	Fiscal 2015	Fiscal 2016	Fiscal 2017	Fiscal 2018
Ratio of women in new graduate hires	13.0%	19.5%	23.9%	24.6%	16.7%*
Ratio of women in managerial positions	1.8%	2.1%	2.7%	2.9%	2.7%*
Female directors (officers) and number of outside directors	1	1	1	1	2
Rate of parental leave taken by female employees**	100%	100%	100%	100%	100%
Rate of annual paid leave	49.5%	53.8%	53.3%	57.1%	64.7%

### Environment

	Fiscal 2014	Fiscal 2015	Fiscal 2016	Fiscal 2017	Fiscal 2018
CO <sub>2</sub> emissions (t-CO <sub>2</sub> )***	7,298	7,117	7,095	8,359	8,868

#### About the Numerical Data

Not indicated: Value is the total for MIRAIT Holdings Corporation, MIRAIT Corporation, and MIRAIT Technologies Corporation – the three companies

\*: Value is the total for MIRAIT Holdings Corporation, MIRAIT Corporation, MIRAIT Technologies Corporation, TTK Co.,Ltd., SOLCOM Co.,Ltd. And Shikokutsuken Co.,Ltd. - the six companies

\*\* : Non-consolidated (MIRAIT Corporation only)

\*\*\*: Total for MIRAIT Corporation and MIRAIT Technologies Corporation

## Status of Shareholders As of March 31, 2019

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

Total authorized shares: 330,000,000

Total outstanding shares: 108,325,329 shares (including 1,632,965 treasury shares)

Number of shareholders: 20,644 (excluding treasury shares)

### Major shareholders

Name	Number of shares held (in hundreds)	Ownership (%)
Sumitomo Electric Industries, Ltd.	145,605	13.65
Japan Trustee Services Bank, Ltd. (trust account)	100,070	9.38
The Master Trust Bank of Japan, Ltd. (trust account)	49,819	4.67
Sumitomo Densetsu Co., Ltd.	24,886	2.33
SOLCOM Co.,Ltd.	22,688	2.13
STATE STREET BANK AND TRUST COMPANY 505001	18,898	1.77
Japan Trustee Services Bank, Ltd. (trust account 9)	16,224	1.52
Shikokutsuken Co., Ltd.	15,744	1.48
Japan Trustee Services Bank, Ltd. (trust account 5)	14,859	1.39
Mizuho Bank, Ltd.	13,005	1.22

\*1 The ratio of shares held is calculated after subtracting the treasury shares (5,840,584).

\*2 The number of shares held shown is rounded down to the nearest 100 shares and the ownership is calculated by rounding off to two decimal places.

### Share distribution by owner (excluding treasury shares)

Number of shares by owner	(shares)	ratio	Number of shares by owner	(shares)	ratio
Financial institutions	33,658,569	31.6%	Financial institutions	57	0.3%
Financial Instruments business operators	1,117,942	1.0%	Financial Instruments business operators	44	0.2%
Other corporations in Japan	29,287,385	27.5%	Other corporations in Japan	314	1.5%
Foreign corporations, etc.	18,058,157	16.9%	Foreign corporations, etc.	208	1.0%
Individuals/other	24,570,311	23.0%	Individuals/other	20,021	97.0%
<b>Total</b>	<b>106,692,364</b>	<b>100%</b>	<b>Total</b>	<b>20,644</b>	<b>100%</b>