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Stock Exchange Listing: TSE 1st Section
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Corporate Governance Report

The status of Company's corporate governance is as follows.

I. Basic Approach to Corporate Governance

1. Basic Approach

The Company recognizes the importance of management as a company with social responsibilities, implements organizational structures and mechanisms for ensuring transparency and fairness in decision making, and positions the creation of relationships of trust with all stakeholders including shareholders to be one of the most important issues in management. For this reason, the Company aims to enhance corporate value and achieve sustained growth through the implementation and constant improvement of the following Corporate Governance Code.

[Reason for not Implementing the Principles of the Corporate Governance Code]

The Company has implemented all the principles of the Corporate Governance Code revised in June 2021.

[Disclosure Based on the Principles of the Corporate Governance Code]

◆ Establishing an environment for electronic exercise of voting rights [Supplementary Principle 1-2-4]

The Company has been adopting the electronic voting platform for institutional investors operated by ICJ, Inc. since the 1st Ordinary General Meeting of Shareholders held on June 28, 2011.

The Company is in the process translating the convocation notice into English, and is enhancing efforts to facilitate the exercise of voting rights by overseas investors.

◆ Strategic shareholdings (Principle 1-4)

1. Standard of and Approach to Classification of Shares for Investment

If the purpose of investment is:

- (1) maintaining or strengthening business relationships with the Company in which shares are held;
- (2) maintaining or strengthening cooperative relationships for the promotion of alliance operations; or
- (3) coordination for efficient construction work, etc.,

the Group classifies such investments as strategic shareholdings. Investments made for other purposes are classified as pure investments.

2. Method of examining the policy on cross-shareholdings and the rationality of shareholdings, and details of examination on whether the holding of specific shares is appropriate by the Board of Directors, etc.

(1) Policy on holding shares

The Group holds shares when it is thought that holding the shares of a business partner will lead to the improvement of the Group's corporate value or the interests of shareholders. The Company checks the objectives of shareholding and the state of trading, and gradually reduces shares for which the meaning of shareholding is found to have diminished through quantitative and qualitative verification, by their sale, etc.

(2) Method of examining the rationality of shareholdings

The Group performs quantitative and qualitative examination of the medium- to long-term economic rationality and future outlook of strategic shareholdings based on factors such as the risks and returns.

(3) Details of examination on whether the holding of specific shares is appropriate by the Board of Directors, etc.

The strategic shareholdings held by the Group are subject to investigation of the purpose of holding the shares and the status of transactions. Once every year, the Board of Directors performs quantitative and qualitative examination of each issue regarding whether the risks and returns are commensurate with the capital cost, the purpose of holding the shares and future business trends, etc. to determine whether holding the shares is appropriate.

Shares which are thought to have “little meaning to be held” as a result of a review are sold as needed while considering factors such as the share price. Furthermore, the strategic shareholdings of the Group as a whole and the condition of the reduction thereof are managed through annual reviews.

In FY2021, 9 stocks were sold in accordance with the above policy.

3. When exercising voting rights for shares it holds, the Company checks each proposal and makes comprehensive decisions based on whether they contribute to the enhancement of the Group’s medium- to long-term corporate value through dialogue with the company (department) in control of transactions with the business partner and verification of the Company’s Strategy Division.

◆ Responses to intentions to sell cross-shareholdings (Supplementary Principle 1-4-1)

When a company that holds the Company’s shares indicates that it intends to sell its shares, the Company does not hinder the sale.

◆ Transactions with cross-shareholders (Supplementary Principle 1-4-2)

The Company does not engage in transactions with cross-shareholders which are not economically rational.

◆ Related party transactions (Principle 1-7)

The Company requires that competing transactions and transactions in conflict of interest by directors are deliberated and resolved by the Board of Directors, and reports on the status of transactions are periodically made to the Board of Directors.

Board members are required to submit a “Confirmation of Related Parties” to ascertain whether there are any transactions with related parties such as the board members themselves, their close relatives, organizations they represent and organizations in which they hold a majority of voting rights.

The Board of Directors receives reports on transactions with major shareholders periodically and as required, and provides supervision to ensure the common interests of shareholders are not harmed.

◆ Ensuring internal diversity including promotion of activities of women [Supplementary Principle 2-4-1]

In order for the Company to fulfill the social responsibilities as a company and attain sustainable growth and development, the Company considers that it is important to recruit diverse human resources, including mid-carriers with various work histories, regardless of gender or nationality. In order to utilize diverse perspectives and senses of value in corporate management, the Company has set up a specialized organization to promote diversity, and is boosting efforts such as establishing a work environment to maximize the characteristics and abilities of each worker and training of the management staff. In particular, the Company recognizes that promoting activities of women is indispensable, and in order to increase the ratio of female employees in the Group, the Company has set up a goal that the ratio of females among new graduates hired by operating companies shall be 30%, and the ratio of females in managerial positions shall be increased (an increase of 30% compared with April 2020), and is involved in boosting an action plan to enhance promotion of women to managerial positions, as well as in enhancing an institutional support such as a telecommuting system and a childcare leave system that meets at least the legal requirements. The Company strives to expand the range of occupations in which diverse human resources can be successful.

◆ Exhibiting functions as a corporate pension asset owner (Principle 2-6)

For the corporate pension, the Company has consolidated, since October 2020, the defined benefit corporate pension plan of each of MIRAITS Corporation, MIRAITS Technologies Corporation, SOLCOM Co., Ltd. and Shikokutsuken Co., Ltd. into an association defined benefit corporate pension plan called “MIRAITS Group Defined Benefit Corporate Pension Plan” (hereinafter referred to as the “MIRAITS Group DB”), and has been operating the MIRAITS Group DB, in order to integrally manage toward reinforced governance.

(Note) TTK Co., Ltd. has implemented a defined contribution corporate pension plan, and does not have a defined benefit corporate pension plan.

With regard to its operation, a governance system has been established by establishing the Pension Committee

made up of the members such as officers in charge of personnel affairs and finance at MIRAITS Holdings Corporation in addition to the officers or general managers in charge of personnel and general affairs and finance in operating companies and employee representatives. The Pension Committee conducts asset and liability management (ALM), has established the appropriate composition of strategic assets in the “Basic Policy on Management of Pension Assets” based on basic approach of long-term investment with acceptable risk, and conducts monitoring of the state of management each quarter while obtaining information as appropriate from the master trustee company as an external expert to ensure appropriate management of pension assets.

Furthermore, appropriate personnel have been assigned in MIRAITS Holdings Corporation to serve as the personnel responsible for pensions, and efforts are being made to develop personnel by providing opportunities to learn and appropriately update specialized knowledge by dispatching them to external seminars on corporate pensions and through workshops conducted by external experts.

Note that Seibu Construction Co., Ltd. as a new subsidiary also operates a defined benefit corporate pension plan. The Pension Committee of Seibu Construction Co., Ltd. checks the operating status of the defined benefit corporate pension plan so as to carry out its proper operation.

◆ Company objectives, business strategies and business plans (Principle 3-1-1)

The Company has established its management philosophy as follows, and aims to be a leading Japanese corporation as a “Comprehensive Engineering & Services Company.”

[Management philosophy]

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

[Management plan]

The Group aims to evolve into a corporate group contributing more than ever to solving of various social problems in wide social infrastructure areas, as a “Comprehensive Engineering & Services Company”. In order to remain a reliable corporate group that keeps “creating and supporting” future social infrastructures, the Group has formed ‘MIRAITS ONE Group Vision 2030’ and the Fifth Medium-term Management Plan of five years starting with fiscal 2022 as a business vision toward 2030.

[MIRAITS ONE Group Vision 2030 and New Medium-term Management Plan]

1. Management Strategy in the MIRAITS ONE Group Vision 2030

The MIRAITS ONE Group Vision 2030 is centered on five changes as a new growth strategy based on the key word that we will change and the future will change.

◇ Change 1: People-centric management

- MIRAITS College: “Driving force of business structure reform” providing learning and connection
- “Health management” creating a friendly working environment and protecting the physical and mental health of employees
- MIRAITS ONE work style reforms living with COVID-19

◇ Change 2: Acceleration of business growth

- Clearly redefining growth areas as “MIRAITS Domains” and injecting resources (promotion of business structure reform to a full-value model)
 - Urban development and regional development business (regional redevelopment business), and acceleration of corporate DX and promotion of green operations
 - Entry into the green power generation business contributing to decarbonization
 - Strengthening of SI business contributing to customers’ DX (strategic consolidation)
 - Strengthening of global business promoting overseas data center related business and infrastructure sharing
- Strengthening of customer base of existing business (responding to expansion of customers and growth of customers)

◇ Change 3: Top-class profitability

- Strengthening of management foundation through concentration and improvement of efficiency by integrating

the three companies

- Improvement of efficiency through the fundamental revision of operations and utilization of data insight
- Review of existing operations and costs through promotion of group coordination

◇Change 4: Management based on data insights

- Establishment of knowledge-based data environment and optimization of sales approach (aggressive DX)
- Value chain reform, smart construction, utilization of BPO/RPA/robotics (defensive DX)
- Development of experts and core personnel, improvement of companywide literacy (development of DX personnel)

◇Change 5: Strong foundation for ESG management

- Initiatives aimed at the achievement of greenhouse gas reduction targets (science-based targets)
- Creation of social value through the MIRAIT ONE Partner Association
- Enhancement of audit system and strengthening of audit functions through third line of defense
- Strengthening of corporate governance through new Group management system

2. Medium-term Management Plan

The Group has adopted, as objective indicators used to determine the attainment status of management goals called Key Performance Indicators (hereinafter referred to as KPIs) of the Fifth Medium-term Management Plan, Sales, Ratio of Mirai Domains (*), Operating Income (Rate), ROE (Return on Equity) and EPS (Earnings per Share), and specified, as goals in fiscal 2026, a Sales of at least 720 billion yen, a Ratio of Mirai Domains of at least 40%, an Operating Income (Rate) of at least 7.5%, an ROE of at least 10%, and an EPS-CAGR of at least 10%.

(*) Ratio of sales of Mirai Domains (areas aiming at business growth) in Total Sales

The reason these KPIs have been adopted is because of the recognition that they are important indicators for all stakeholders including shareholders to understand the Group's management policies and management strategies, in addition to enabling the evaluation of their progress and feasibility.

Operating income and ROE have also been adopted as indicators for the calculation of points granted in the Board Benefit Trust performance-linked stock compensation scheme it has implemented to raise awareness of the contributions to performance of Group companies and enhancement of corporate value.

(Note) These figures for these KPIS are based on reasonable judgments according to circumstances, etc. that can be forecast as of the date of the submission of this report, and do not constitute a guarantee of their achievement.

◆ Basic views and guidelines on corporate governance (Principle 3-1-2)

The Company recognizes that the realization of effective corporate governance is essential for the creation of relationships of trust with stakeholders. To this end, the Company will increase the effectiveness of corporate governance by:

1. Ensuring the rights and equality, etc. of shareholders;
2. Appropriately collaborating with stakeholders other than shareholders;
3. Ensuring appropriate disclosure and transparency;
4. Performance of responsibilities of the Board of Directors, etc.; and
5. Dialogue with shareholders.

Furthermore, the Charter of Corporate Ethics has been established as the basic policy of corporate ethics and a specific code of conduct, and is published on the Company's website (<https://www.mirait.co.jp/en>)

◆ Board policies and procedures in determining the remuneration of the senior management and directors (Principle 3-1-3)

These are stated in "II. Status of Corporate Management Organizations and Other Corporate Governance Systems Related to Management Decisions, Execution and Supervision 1. Matters Pertaining to Organization Composition and Organization Management, etc. [Directors' Remuneration]".

◆ Policies and procedures in the appointment of directors and corporate auditors, and explanations of nominations (Principles 3-1-4 and 3-1-5)

When nominating candidates for director and corporate auditor, the Company selects a wide variety of candidates from inside and outside the Company, consults with the Nomination and Compensation Committee chaired by an independent outside director and decides in the Board of Directors the candidates who have excellent character and knowledge along with a high level of management capability based on the committee's responses.

In particular, independent outside directors are nominated based on their ability to fulfill their roles and responsibilities from an expert and objective perspective, such as having abundant experience and knowledge in

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

The reasons for the election of the individual directors and corporate auditors are described below in the “Notice of the General Meeting of Shareholders.”

◆ Promotion of disclosure in English [Supplementary Principle 3-1-2]

The Company has translated into English: the financial statements, convocation notices (abstract translations), integrated reports, corporate governance reports, IR materials, video distribution of financial results briefings, timely disclosure materials and the like. The Company strives to provide important information in English to overseas institutional investors and shareholders in a timely manner.

The Company strives to provide a wider range of information disclosure of materials translated into English, by utilizing TDnet and the Company’s website (<https://www.mirait.co.jp/en>). Additionally, the Company carries out overseas IRs in North America, Europe, and Asia more than once a year.

◆ Enhancement of sustainability information disclosure [Supplementary Principle 3-1-3]

The MIRAIT Group has been building communication and electrical infrastructure foundations such as 5G facility establishment, EV station construction, and renewable energy business, by taking advantage of on-site and technical forces that the Company has cultivated so far.

The Company strives to solve customer, social, and environmental issues through the operations of the Group. The Group has established the “ESG Management Promotion Committee” with an aim to improve the corporate value toward contribution to SDGs and sustainable growth and has been formulating strategies and solving challenges related to ESG management in general. Full discussion has been made at the committee, in consideration of customer and employee questionnaires, opinions from stakeholders, important social issues extracted from international guidelines regarding social responsibilities, and so on. The materiality has been found after deliberation by the management meeting and the Board of Directors.

The Group is a company that is based around working staff, and exists by virtue of daily work of employees and collaborators of the Company. As well as boosting “safety management” to protect the safety of employees and collaborators and “health management” to protect their physical and mental health. Through efforts to nurture human resources by way of “smart work and work style reform while coexisting with coronavirus” and a new in-house university “Mirai College” to be established in the Company, the human-centered management will be carried forward. Please visit the Company’s website for the above specific efforts.

(Integrated report: https://www.mirait.co.jp/en/pdf/e_miraitcsr.pdf)

The Group disclosed in May 2022, in support for the recommendations of TCFD in October 2021, the Governance, Risk Management, Strategy (Scenario), Goals, and Achievements based on our analysis on the risks and opportunities due to the effects of climate change on the business of the Group (refer to the Group’s website: <https://www.mirait.co.jp/en/pdf/tcfd2022.pdf>). In addition, the Group has been involved in collection of environmental related data of the entire supply chain and submitted, to the “SBT Initiative”, a commitment letter toward acquisition of certification of greenhouse effect gas emission reduction goal with an application for certification of the goal (target values are those aligned with the decarbonization level necessary for keeping the global temperature rise within 1.5°C as compared with before Industrial Revolution). The Group will continue to disclose proper non-financial indicators, take action toward decarbonization, and contribute to the entire community through our business, including solving general environmental problems.

◆ Overview of scope of the matters delegated to the management (Supplementary Principle 4-1-1)

The Company has established a Board of Directors as an organ for making decisions and supervising management, a Group Presidents’ Council and an Executive Committee as a system for executing business.

The Board of Directors makes decisions on group management policies and other important matters, in addition to matters specified by laws, regulations and the articles of incorporation, while also overseeing the execution of duties of directors by receiving periodic reports from directors on the status of the execution of their duties.

The Group Presidents’ Council and the Executive Committee are chaired by the president, and made up of full-time directors and others nominated by the president. In addition to playing a role as an organ for deliberating important matters concerning the management strategies and execution of business of the Company and group, it summarizes and discusses topics in advance to ensure active discussion in meetings of the Board of Directors. Corporate auditors also attend as observers to swiftly detecting and addressing issues and problems. Executive

officers are responsible for the execution of business in the divisions they oversee.

◆ Proactive engagement by the Chief Executive Officer, etc. in the establishment and implementation of the successor plan and planned development of successor candidates (Supplementary Principle 4-1-3)

The planning and development of successors to management executives such as the Chief Executive Officer are carried out appropriately based on the Company's management philosophy and management strategy. The Nomination and Compensation Committee chaired by an independent outside director is consulted on the election of the Chief Executive Officer, and the Board of Directors passes a resolution on this based on the committee's responses.

◆ Establishing risk management system [Supplementary principle 4-3-4]

The Board of Directors Rules stipulates on internal audits that the Board of Directors resolves the annual business audit plan and the scope of internal control of J-SOX, and reports the results of business audits and the effectiveness evaluation of internal control.

Further, by holding the Compliance Committee and Risk Management Committee chaired by the President and CEO twice a year, the Company has provided a system to manage and share risks for the entire MIRAIT Holdings Group, including each operating company.

The Company considers that the helpline plays an important role in nurturing a sound corporate culture and obtaining social trust as a company. Major companies are striving to improve the helpline to enhance the function to detect a fraud. Three contacts have been set up, that is, the "Compliance Comment Box" for consultations on compliance cases, the "Ask Anything Consultation Room" for accepting any consultation, and the external consultation desk carried out by lawyer's offices, so as to allow a person asking for advice to make a choice in accordance with his/her wishes. The Company is operating to satisfy the purpose of the Whistleblower Protection Act, including reception of anonymous consultations and protection of consulters.

The Board of Directors is regularly held once a month in principle. Matters stipulated by laws and regulations or the Articles of Incorporation as well as important management issues are resolved and reported in accordance with relevant laws and regulations, the business decision rules, and the duty of care of a good manager. Even under the influence of the new coronavirus, the WEB conference system is used to hold the meeting remotely from the viewpoint of risk management. Assuming a situation that require urgent action, the Company has clarified the rules by maintaining the provisions of the Board of Directors Rules.

◆ Roles and responsibilities of corporate auditors and board of corporate auditors [Principle 4-4]

The board of corporate auditors is composed of four corporate auditors (including two external corporate auditors), and each corporate auditor plays the role of auditing, and carries out responsibilities to audit the execution of duties of directors from an independent and objective position, taking into account fiduciary duty to shareholders, and actively and proactively exercises their authority, and gives proper opinions to the Board of Directors and the Management.

Each corporate auditor regularly exchanging opinions and information with the president and CEO, accounting auditor, and internal control department, and holds a meeting with directors of major subsidiaries and corporate auditors and the like as required, thereby effectively carrying out audits of a corporate auditor.

◆ Effective Use of Independent Outside Directors (Principle 4-8)

The Company has elected several independent outside directors since it was established in 2010 with the expectation that they will provide advice on promotion of sustained growth of the Company and enhance corporate value in the medium- to long-term, in addition to presenting opinions based on comments from stakeholders such as shareholders in meetings of the Board of Directors. Currently, there are three independent outside directors out of 9 directors in the Company as of the end of the 2022 Ordinary General Meeting of Shareholders. Opinions from those independent outside directors from an objective and independent position can be reflected in the corporate management.

The independent outside directors have a good rate of attendance to meetings of the Board of Directors, and they make active comments on management policies and management improvements in addition to supervising management based on their respective knowledge, adequately fulfilling the roles expected of them by the Company.

The Company is scheduled to absorb its affiliated companies MIRAIT Corporation and MIRAIT Technologies Corporation through an absorption-type merger, with the Company as a surviving company, on July 1 this year, and make transition to a company with audit and supervisory committee, and have independent outside directors occupying at least one third of all the directors.

◆ Independence standards and qualifications of independent outside directors (Principle 4-9)

See “1. Matters Pertaining to Organization Composition and Organization Management, etc. [Independent Directors]” in “II. Status of Corporate Management Organizations and Other Corporate Governance Systems Related to Management Decisions, Execution and Supervision” for information on independence standards in the Company.

◆ Establishment and utilization of Nomination and Compensation Committee [Supplementary Principle 4-10-1]

Among 9 directors of the Company, three are independent outside directors (including one female), which members do not reach the majority of the board of directors, but the composition of the directors considers the knowledge, experience, abilities, diversity and skills of independent outside directors. Each independent outside director has a high level of expertise and experience, and the Company had secured a system for strengthening the supervisory function and advice, such as opinions based on their carriers, from the viewpoint of improving the medium-to-long-term corporate value.

The Nomination and Compensation Committee has been set up as an independent optional organization, chaired by an independent outside director and consisting of four members, that is, three independent outside directors and the president and CEO. The majority of the committee members are independent outside directors, so that the committee is fully independent.

The committee receives inquiries as to matters related to proposals of the general meeting of shareholders for the appointment and dismissal of directors, matters related to the executive compensation system, and the like. The committee submits a report for discussions of the proposal at the Board of Directors, which resolves the above matters based on the report.

◆ Prerequisites for ensuring the effectiveness of the Board of Directors and the board of corporate auditors [Principle 4-11]

The Board of Directors is composed of 9 directors (8 males and one female) and four corporate auditors (three males and one female) including three outside directors at the Ordinary General Meeting of Shareholders at the end of 2022. (Please refer to Supplementary Principle 4-11-1 for the concept of the composition of the Board of Directors.)

The Company has appointed persons who have appropriate experience and ability and necessary knowledge of finance, accounting and legal affairs as corporate auditors. In particular, the Company has appointed two people who have sufficient knowledge of finance and accounting.

The Company evaluates the effectiveness of the Board of Directors every year to confirm its effectiveness is guaranteed so as to continuously improve the functions. (For details, please refer to Supplementary Principle 4-11-3)

◆ Composition of Board of Directors balancing diversity including gender and international experience, etc. with appropriate size (Supplementary Principle 4-11-1)

The Company gives consideration to a balance of personnel in the composition of the Board of Directors, and elects directors with abundant experience and excellent knowledge in their respective fields of management strategy, global strategy, finance and human resources as a holding company overseeing a variety of areas of business.

Furthermore, independent outside directors participate in the Board of Directors with outside perspectives of people with years of practical experience in corporate management, experts in business law and finance, and academic experts, ensuring transparency and leading to the enhancement of corporate value.

The Company has made the Board of Directors an effective and efficient framework by enabling sufficient functionality for a holding company and having certain officers concurrently serve on the boards of major subsidiaries.

The Company has appointed two women as officers including one director and one corporate auditor.

[Reference] Director and Corporate Auditor Skill Matrix

In order to fulfill the roles and responsibilities of the Board of Directors, it comprises personnel with adequate knowledge and experience in their respective areas related to business management, regardless of whether inside or outside the Company.

The expertise and experience required of the Directors and Corporate Auditors are as follows.

	Corporate management and business strategy	Sales and marketing	Construction and operation of economic areas and other facilities	Technology, innovation, ITC	Global business	Development of new business	Development of human resources	Personnel affairs, labor affairs and business insurance	Financial accounting and finance	Legal affairs, risk management, compliance and governance
NAKAYAMA Toshiki	○	○			○	○	○			
YAMAMOTO Yasuharu	○	○					○			○
TOTAKE Yasushi	○		○	○			○			
TSUKAMOTO Masakazu	○	○			○			○		○
AOYAMA Keiji	○	○	○	○	○	○				
IGARASHI Katsuhiko	○		○	○						
BABA Chiharu	○				○				○	○
YAMAMOTO Mayumi										○
KAWARATANI Shinichi	○	○			○	○				
KIRIYAMA Masabu	○							○		○
SEKI Hiroshi	○	○					○			○
HOSOKAWA Masayoshi	○	○	○	○		○				
KATSUMARU Chiaki (ISHIKAWA Chiaki)								○		○

* The above list does not represent all of the knowledge and experience of each person.

◆ State of concurrent positions of outside directors and outside corporate auditors (Supplementary Principle 4-11-2)

The positions concurrently held by the Company's outside officers in listed companies are as follows.

- Outside director Chiharu Baba also serves as an outside director, chairperson of audit committee of Resona Holdings, Inc. which are listed on Prime Section of the Tokyo Stock Exchange.
- Outside director Mayumi Yamamoto also serves as outside corporate auditor of Morinaga Milk Industry Co., Ltd., and outside director of JCU Corporation which is listed on Prime Section of the Tokyo Stock Exchange.
- Outside corporate auditor Chiaki Katsumaru (Ishikawa) also serves as an outside corporate auditor of Anabuki Kosan Inc., which is listed on Standard Section of the Tokyo Stock Exchange.

◆ Disclosure of the results of analysis and evaluation of the effectiveness of the Board of Directors as a whole (Supplementary Principle 4-11-3)

The Company endeavors to conduct sound and efficient management by checking the execution of duties of directors in meetings of the Board of Directors, such as compliance with laws and regulations, risk management, sharing of information, and the speed of resolution of issues.

Furthermore, once per year, all directors and corporate auditors have conducted self-evaluations concerning the effectiveness of the Board of Directors to improve the function of the Board of Directors as a whole, and to share a common awareness concerning the intended direction of the Company's corporate governance.

Specifically, the self-evaluations were performed in the form of an anonymous survey enabling the hearing of unreserved opinions on the composition of the Board of Directors, the state of operation of the Board of Directors, the responsibilities and functions of the Board of Directors and the state of the Board of Directors from the perspective of outside directors and corporate auditors. The survey was collected by an external law firm with an obligation of confidentiality, and the collected survey content was analyzed by a third-party organization. Based on the results of the analysis, the Company's Board of Directors obtained good results when it examined and evaluated the current state, and also continued to discuss the issues related to the Board of Directors.

Answers to the questionnaire include comments that discussions should be deepened, in line with launch of the newly merged company in July 2022, about the composition of the Board of Directors, roles of the Nomination and Compensation Committee, as well as re-building and effective operation of the risk management system of the entire group. The long-term direction of the Group as a whole and the governance structure, and further enhancement of the risk management system and operating aspects assuming an increase in Group companies and the new company, and efforts will be made to conduct more in-depth discussion and continually maintain and enhance the effectiveness of the Board of Directors through discussion of medium- to long-term management strategies and management issues in the "Deliberation Forum" established in FY2017 as a place for members of the Board of Directors to freely exchange opinions.

Outside directors and outside corporate auditors are given opportunities to tour the offices of operating companies and construction sites as appropriate to provide a deeper understanding of the Company's business details and current condition.

◆ Collaboration between the Internal Audit Department and Directors/Corporate Auditors [Supplementary Principle 4-13-3]

Internal audits are stipulated in the Rules on the Board of Directors, and the Board of Directors resolves the annual business audit plan and the scope of internal control of J-SOX. The results of business audits and the results of evaluation of the effectiveness of internal control are reported. To the corporate auditors, the internal audit department directly reports the audit results and receives various advice, so that there is a close collaboration between them. By way of these mechanisms, the Company can conduct audits and the like based on the instructions of outside directors and outside corporate auditors, and provide necessary information at right timing.

Each operating company has the same rules as the MIRAIT Holdings, and a system has been established whereby the board of directors resolves an annual business audit plan for the entire group and reports the business audit results to the board of directors and the corporate auditors.

◆ Training Policy for Directors and Corporate auditors (Supplementary Principle 4-14-2)

The Company periodically conducts officer training for directors and corporate auditors to provide a deeper understanding of their roles and legal responsibilities, etc. The training spans basic topics such as corporate governance, insider trading and the Construction Industry Act, in addition to case studies on corporate scandals and incidents.

Furthermore, outside directors and outside corporate auditors are given opportunities to tour the offices of operating companies and construction sites as appropriate to provide a deeper understanding of the Company's business details and current condition.

◆ Policy for constructive dialogue with shareholders (Principle 5-1)

1. Director responsible for overseeing dialogue with shareholders

The Company positions dialogue with shareholders and investors ("IR activities") as a means to ensure appropriate corporate valuation and trust, and contribute to sustained growth and medium- to long-term enhancement of corporate value, and continually implements such IR activities.

IR activities are supervised by the Director and General Manager of the Finance and Accounting Department. The Investor Relations Office, which is the responsible department, endeavors to provide timely and appropriate disclosure of information in accordance with the "Disclosure Policy" published elsewhere. Individual interviews with shareholders/investors are carried out by a person in charge where possible, but to the reasonable extent, directors including outside directors, and corporate Auditors, may attend the interviews in consideration of the interests of shareholders/investors, and so on.

Furthermore, in principle, the CEO directly provides explanations at the earnings briefings held twice each year and the overseas IR meetings held several times each year.

2. Cooperation between internal departments

The Company has created a "timely disclosure system" and is making an effort to provide timely and appropriate disclosure of important information through cooperation between departments to ensure IR activities are constructive and meaningful. In addition, the Public Relations Office also cooperates to actively disclose a wide range of information by utilizing the Company's website in addition to TDnet and EDINET. Meetings between the CEO, the Finance and Accounting Department, the Strategy Department and personnel responsible for each business are conducted on numerous occasions to review the materials used in IR activities such as earnings briefings, in an effort to provide materials that are easy to understand and useful for shareholders and investors.

3. Increasing opportunities for dialogue aside from individual meetings

The Company holds two earnings briefings each year (for the 2nd and 4th quarters) for analysts and institutional investors. Videos of the earnings briefings are provided on the website, etc. The Company endeavors to provide important information to overseas institutional investors in English in a timely manner.

The Company also sends the "MIRAIT Report" summarizing the Company's performance and topics to all shareholders twice each year.

Materials disclosed by the Company are published on the Company's website (<https://www.mirait.co.jp/en>).

In addition, online company briefings are held for individual investors, and the company also participates in briefings hosted by securities companies and other events as needed to explain the Company's business performance, etc.

4. Feedback of shareholders' views and concerns

The Company periodically reports to directors, senior management and other relevant personnel in the Group on comments and concerns received from shareholders and investors by the Investor Relations Office, and also implements appropriate feedback as required on the results of overseas investor relations.

5. Measures to control insider information when engaging in dialogue

The Company has established "Rules on the Regulation of Insider Trading" and conducts appropriate management of information in accordance with these rules if insider information is possessed when meeting with shareholders and investors to prevent such information from being communicated. In addition, there is a two-week quiet period before the announcement of earnings (including quarterly earnings) to prevent information on earnings being leaked, and no comments on earnings or responses to inquiries are provided during this period. However, if it is found that a difference compared with the performance forecast arising during the quiet period is a fluctuation subject to timely disclosure rules, the information is disclosed appropriately.

◆ Establishing and disclosing business strategies and business plans (Principle 5-2)

The Company already bases all of its decisions and actions in the establishment of Mid-term Management Plans, judgements on strategic investment and evaluations of fiscal year-end financial results on understanding and consideration of the Company's capital cost, and will continue to endeavor to determine and verify management policies and strategies conscious of capital cost.

◆ Clarification of the status of the business portfolio [Supplementary Principle 5-2-1]

The basic policy regarding the business portfolio and the status of the review of the business portfolio are carried in the medium-term management plan (2022-2026). Please visit the Company's website (<https://www.mirait.co.jp/en/>).

2. Capital Structure

Percentage of Foreign Shareholders	20% to less than 30%
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[Status of Major Shareholders]

Name/ Company Name	Number of Shares Owned	Percentage (%)
The Master Trust Bank of Japan, Ltd. (trust account)	14,665,500	14.76
Custody Bank of Japan, Ltd. (trust account)	10,515,400	10.58
Sumitomo Electric Industries, Ltd	3,668,725	3.69
Sumitomo Densetsu Co., Ltd.	2,488,640	2.50
GOVERNMENT OF NORWAY	2,110,458	2.12
MIRAIT Holdings Employee's Stock Option Plan	1,958,683	1.97
STATE STREET BANK AND TRUST COMPANY 505001	1,608,257	1.62
Mizuho Bank, Ltd.	1,300,508	1.31
STATE STREET BANK WEST CLIENT - TREATY 505234	1,277,000	1.29
THE BANK OF NEW YORK, TREATY JASDEC ACCOUNT	1,270,000	1.28
Controlling Shareholder (Except for Parent Company)	—	
Parent Company	None	

Supplementary Explanation

- The status of major shareholders as of March 31, 2022 is shown below.
- The ratio of the number of shares owned is calculated by deducting 8,971,121 treasury stocks.
- While the large shareholding report (change report) that was made available for public inspection on September 6, 2021, describes that Sumitomo Mitsui Trust Bank, Limited and its co-owners have the following shares as of August 31, 2021, the number of actually owned shares as of March 31, 2022 cannot be confirmed,

so that the number of the following shares is not included in the status of the above major shareholders. The details of the large shareholding report (change report) are as follows.

Name/ Company Name	Number of Shares Owned	Percentage (%)
Sumitomo Mitsui Trust Bank, Limited	210,300	0.19
Sumitomo Mitsui Trust Asset Management Co., Ltd.	4,543,850	4.19
Nikko Asset Management Co., Ltd.	1,854,000	1.71

3. Corporate Attributes

Listed Stock Market and Market Section	Tokyo Stock Exchange , Prime Section,
Fiscal Year End	March
Type of Business	Construction
Number of Employees (Consolidated) as of the End of the Previous Fiscal Year	More than 1,000
Sales (Consolidated) as of the End of the Previous Fiscal Year	100 billion yen to less than 1 trillion yen
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	50 to less than 100

4. Policy on Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholder

—

5. Other Special Circumstances Which May Have a Material Impact on Corporate Governance

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II. Status of Corporate Management Organizations and Other Corporate Governance Systems Related to Management Decisions, Execution and Supervision

1. Matters Pertaining to Organization Composition and Organization Management, etc.

Structure of Organization	Company with corporate auditors
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[Directors]

Maximum Number of Directors Stipulated in Articles of Incorporation	11
Term of Office Stipulated in Articles of Incorporation	2 Years
Chairperson of the Board	President
Number of Directors	9
Appointment of Outside Directors	Appointed
Number of Outside Directors	3
Number of Independent Directors	3

Outside Director's Relationship with the Company (1)

Name	Attribute	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k

BABA Chiharu	From other company											△			
YAMAMOTO Mayumi	Lawyer														
KAWARATANI Shinichi	From other company														

*Selection items regarding the relationship with the Company

*When the person corresponds to an item currently or recently, add an open circle (○); when he/she corresponded to the item previously, add an open triangle (△).

*When a close relative corresponds to an item currently or recently, add a solid circle (●); when he/she corresponded to the item previously, add a solid triangle (▲).

a Business executor of a listed company or its subsidiary

b Business executor or non-business executive director of the parent company of a listed company

c Business executor of a brother company of a listed company

d A person whose main business partner is a listed company or its business executor

e Major business partners of a listed company or its business executors

f Consultants, accounting professionals, or legal professionals who obtain a large amount of money or other assets from a listed company in addition to officer's remuneration

g Major shareholder of a listed company (when the major shareholder is a corporation, the business executor of the corporation)

h Business executor (the person only) of a listed company's business partner (those that do not fall under any of d, e, and f)

i Business executor (the person only) of a party with which there is a mutual appointment of outside directors

j Business executor (the person only) of a party to which a listed company makes a donation

k Other

Outside Director's Relationship with the Company (2)

Name	Independent Officer	Supplementary Explanation of Compliant Items	Reason for Election
BABA Chiharu	○	- Former Deputy President and Representative Director of Mizuho Trust & Banking Co., Ltd. (until 2007)	<p>He has abundant corporate management experience and extensive knowledge of financial accounting, risk management and management in general, and has fulfilled his role as an outside director. His insight and knowledge are suitable for the supervision of management, and he has been nominated for re-election as outside director to improve transparency of the Board of Directors and strengthen its supervisory functions.</p> <p>Furthermore, he is expected to fulfill the role of improving governance of the Board of Directors and enhancing its supervisory functions, and has appropriately fulfilled this role by providing comments on topics such as the governance systems and internal control of the Group as a whole in meetings of the Board of Directors and the Nomination and Compensation Committee which he chairs.</p> <p>He has been designated as an independent officer because he satisfies the independence standard specified by the Tokyo Stock Exchange and the Company's independence standard.</p>

YAMAMOTO Mayumi	○	—	<p>She has advanced specialized knowledge and abundant experience concerning corporate legal affairs as an attorney at law, has served as a member of government councils such as the Central Labour Relations Commission, and she has been nominated for re-election as outside director to improve transparency of the Board of Directors and strengthen its supervisory functions because she is suitable for executing monitoring of the Company's management from an objective and specialized perspective.</p> <p>Furthermore, she is expected to have a role in risk management, etc. related to business from a legal perspective, and has appropriately fulfilled this role through actions such as actively providing advice from this perspective in meetings of the Board of Directors and the Nomination and Compensation Committee.</p> <p>She has been designated as an independent officer because she satisfies the independence standard specified by the Tokyo Stock Exchange and the Company's independence standard.</p>
KAWARATANI Shinichi	○	—	<p>He has been involved in business investment and the development of new businesses in the area of information and communications for many years, and has insight into the management of an information and communications company based on his experience as representative director and president of a company providing IT solutions. Furthermore, he has worked on the creation of a variety of new businesses in Japan and abroad as the CEO of his own venture capital company, and has extensive business experience overseas such as in the United States. His insight and knowledge of creating and developing new business in Japan and abroad, in addition to corporate management of a global business make him suitable for the supervision of management of the Group, and because he can be expected to fulfill this role, he has been nominated for re-election as outside director to improve transparency of the Board of Directors and strengthen its supervisory functions.</p> <p>He has been designated as an independent officer because he satisfies the independence standard specified by the Tokyo Stock Exchange and the Company's independence standard.</p>

Voluntary Establishment of Committee(s) Corresponding to Nomination Committee or Compensation Committee	Established
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Status of establishment, composition and attributes of chairman of voluntary committees

Name of Committee	Total members	Standing members	Inside directors	Outside director	Outside experts	Other	Chairman
Nomination and Compensation Committee	4	0	1	3	0	0	Outside director

Supplementary explanation

In order to improve the objectivity and transparency of decisions on remuneration of directors, the Nomination and Compensation Committee was established in December 2018 as an advisory organ to the Board of Directors, and the Committee held seven meetings in the current fiscal year (from the conclusion of the Ordinary General Meeting of Shareholders held in June 2021 until the Ordinary General Meeting of Shareholders held in June 2022).

The Nomination and Compensation Committee comprises four members including three independent outside directors and the President and CEO as of the date of filing this report (June 15, 2022). The Committee reports the results of deliberation on nomination of candidates for director and policy, etc. related to decisions on the method of calculation of officer remuneration to the Board of Directors, which makes decisions based on those reports.

[Corporate auditors]

Establishment of the Board of Corporate auditors	Established
Maximum Number of Corporate auditors in Articles of Incorporation	5
Number of Corporate auditors	4

State of coordination between corporate auditors, the accounting auditor and the internal audit unit

As of the date of submission of this report (June 15, 2022), the Board of Corporate Auditors comprised four members including two outside corporate auditors, and there were two full-time corporate auditors including one outside corporate auditor. No dedicated staff members are assigned to corporate auditors, but various organizations provide support as needed.

The Board of Corporate Auditors holds meetings monthly in principle, and also hold meetings as necessary. Eleven meetings were held in the current fiscal year. Each of the corporate auditors attended all eleven meetings (100% attendance rate), and conducting resolutions, reports and deliberations, etc. throughout the year.

The Board of Corporate Auditors considered the formulation of audit plans, preparation of audit reports, selection of the accounting auditor, consenting to the compensation for the accounting auditor, and auditing of the content of proposals submitted to the Ordinary General Meeting of Shareholders.

Corporate auditors attended meetings of the Board of Directors, audited the operation of proceedings and the content of resolutions, and provided opinions as needed. The attendance rate of corporate auditors at meetings of the Board of Directors was 100%. Furthermore, they periodically met and exchanged opinions with the representative director.

Full-time corporate auditors attended other important meetings, coordinated with the internal audit unit, viewed important approval documents, conducted hearings of directors, communicated with the directors and corporate auditors, etc. of subsidiaries, and shared information on the status of audits with part-time corporate auditors in meetings of the Board of Corporate Auditors.

Auditing of the state of execution of duties by directors by was carried out through these activities.

Corporate auditors periodically exchanged information with the accounting auditor on audit plans, quarterly review results, audit results and quality management systems, and closely worked with the accounting auditor to perform monitoring and review activities for determining the suitability of accounting audit methods and results.

As of the submission date of this report (June 15, 2022), The MIRAIT HD Group has established an internal audit department in each operating companies and carries out an audit such as an operation audit on the Company and the subsidiaries of the Group, based on evaluation of the corporate-wide internal control. The MIRAIT HD Group strives to strengthen the internal control function, for example, thorough checkup of the status of

improvement/fulfillment of matters indicated or proposals made in the audit as well as sharing of information on the audit status and the indicated matters between internal audit departments of the operating companies.

Corporate auditors and the internal audit unit coordinate with each other by meeting when necessary to exchange information on audit plans, the state of implementation of audits and problems identified as a result of auditing.

Appointment of outside corporate auditors	Appointed
Number of outside corporate auditors	2
Number of Independent outside corporate auditors	2

Outside Corporate Auditor's Relationship with the Company (1)

Name	Attribute	Relationship with the Company*												
		a	b	c	d	e	f	g	h	i	j	k	l	m
SEKI Hiroshi	From other company							△			△			
KATSUMARU Chiaki (ISHIKAWA Chiaki))	Certified public accountant													

*Selection items regarding the relationship with the Company

*When the person corresponds to an item currently or recently, add an open circle (○); when he/she corresponded to the item previously, add an open triangle (△).

*When a close relative corresponds to an item currently or recently, add a solid circle (●); when he/she corresponded to the item previously, add a solid triangle (▲).

a Business executor of a listed company or its subsidiary

b Business executive director or accounting counselor of a listed company or its subsidiary

c Business executor or non-business executive director of the parent company of a listed company

d Auditor of the parent company of a listed company

e Business executor of a brother company of a listed company

f A person whose main business partner is a listed company or its business executor

g Major business partners of a listed company or its business executors

h Consultants, accounting professionals, or legal professionals who obtain a large amount of money or other assets from a listed company in addition to officer's remuneration

i Major shareholder of a listed company (when the major shareholder is a corporation, the business executor of the corporation)

j Business executor (the person only) of a listed company's business partner (those that do not fall under any of f, g, and h)

k Business executor (the person only) of a party with which there is a mutual appointment of outside directors

l Business executor (the person only) of a party to which a listed company makes a donation

m Other

Outside Corporate Auditor's Relationship with the Company (2)

Name	Independent Officer	Supplementary Explanation of Compliant Items	Reason for Election
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SEKI Hiroshi	○	- Former General Manager of Tochigi Branch, Nippon Telegraph and Telephone East Corporation (until 2010) - Former Executive Vice President and General Manager of Marketing Headquarters, NTT TownPage Corporation (until June 2018)	He has abundant experience in various areas in the telecommunications industry including corporate sales in the business operations of Nippon Telegraph and Telephone East Corporation and its group companies, and he has been nominated for re-election as outside corporate auditor because he is a suitable choice for supervising the execution of the duties of directors from a neutral and objective perspective. He has been designated as an independent officer because he satisfies the independence standard specified by the Tokyo Stock Exchange and the Company's independence standard.
KATSUMARU Chiaki (ISHIKAWA Chiaki)	○	—	She has served as a certified public accountant for many years, and has rich career and a high level of expert knowledge concerning corporate finance and accounting in major audit firms and accounting companies, and she has been nominated for re-election as outside corporate auditor because she is a suitable choice for supervising the execution of the duties of directors from a neutral and objective perspective. She has been designated as an independent officer because she satisfies the independence standard specified by the Tokyo Stock Exchange and the Company's independence standard.

[Independence standard]

Number of Independent Directors/Corporate auditors	5
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Matters relating to Independent Directors/Corporate auditors

The Company believes outside directors and outside corporate auditors (“outside officers”) must have sufficient independence to ensure the objectivity and transparency required for appropriate governance. The Company has established the following independence standard for outside officers of the Company, and deems that an outside officer (including candidates; the same applies below) does not have sufficient independence for the Company if any of the followings applies.

1. Formerly worked in the Company or a consolidated subsidiary of the Company (“the Group”) ^{*1}
2. A major shareholder of the Company ^{*2}
3. An executive of any of the following companies, etc.
 - (1) Major trading partner of the Group ^{*3}
 - (2) Major lender to the Group ^{*4}
 - (3) Company in which the Group holds 10% or more of shares on the basis of voting rights, etc.
4. A certified public accountant who work for the auditing firm that is the Group's accounting auditor
5. An expert such as a consultant, accountant, tax accountant, attorney at law, judicial scrivener or patent attorney who has received a large sum ^{*5} of money or other property from the Group.
6. A person who has received a large donation from the Group ^{*6}
7. An executive of a company that is in a relationship of mutually appointing outside officers ^{*7}
8. A person whose close relative ^{*8} is any of those listed in items 1 through 7 above (limited to important personnel ^{*9} except in the cases of items 4 and 5)
9. A person to who any of items 2 through 8 has applied in the past three years
10. Notwithstanding the provisions of the preceding items, a person for whom it is otherwise found there are special grounds for a conflict of interests with the Company

- *1: Meaning a current executive director, executive officer or other similar person or employee (“executive”) or an executive who has ever belonged to the Group.
- *2: A major shareholder refers to a shareholder who holds 10% or more of shares on the basis of voting rights in his/her own name or in the name of another person at the end of the current business year. If a major shareholder is an organization such as a corporation or an association, this refers to an executive of said organization.
- *3: A major trading partner refers to a customer or supplier of the Group for whom annual transactions account for more than 3% of the Company's consolidated net sales or the trading partner's consolidated net sales.
- *4: A major lender refers to a financial institution from which the Group is borrowing, and for which the outstanding loans payable thereto exceed 2% of the Company's consolidated total assets or the financial institution's consolidated total assets and the end of the current business year.
- *5: Large sum refers to the following amounts according to the expert's involvement in the services provided.
 - (1) If the expert provides services to the Group as an individual, a large sum is when the consideration received from the Group exceeds 10 million yen per year.
 - (2) If the organization to which the expert belongs provides services to the Group, a large sum is when the total amount of consideration received from the Group by the organization exceeds 2% of the organization's annual sales or total revenue. However, even if 2% is not exceeded, if the annual amount received by the organization as consideration for services provided in which the expert is directly involved exceeds 10 million yen, this amount shall be deemed to be a large sum.
- *6: This refers to a person who receives annual donations from the Group exceeding 10 million yen. If the part receiving donations is an organization such as corporation or an association, this refers to a person who belongs to the organization and is directly involved in the research, education or other activity related to the donations.
- *7: This refers to a relationship in which an executive of the Group is an outside officer of another company, and an executive of the other company is an outside officer of the Company.
- *8: Close relative refers to a spouse or a relative of the second degree or less.
- *9: Important personnel refers to directors and executive officers.

[Incentives]

Implementation status measures related to granting of an incentive to a director	Introduction of performance-linked remuneration system
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Supplementary explanation

In accordance with the resolution of the 6th Ordinary General Meeting of Shareholders held on June 28, 2016, the “Board Benefit Trust” performance-linked stock-based remuneration system for the Group’s officers was implemented from September 30, 2016 with the objective of clarifying the connection between the remuneration of directors and the Company’s performance and share price, and raising awareness of contributions to the improvement of medium- to long-term performance and corporate value.

Through the system shares of the Company are acquired through a trust using funds contributed by the Company, and provided to directors upon retirement from their positions as officers in accordance with the Officer Stock Benefit Rules stipulated by the Boards of Directors.

The ratio of performance-linked remuneration and fixed remuneration is generally around 1:4.

The Company’s consolidated operating income was chosen for the indicator for performance-linked remuneration in FY2021 as an indicator that can easily be used to raise awareness of the performance of Group companies and contributions to the enhancement of corporate value, and the number of points calculated from the results of the Company’s consolidated operating income and ROE based on base points granted according to the positions of officers were granted to officers in accordance for the Board Benefit Trust. with the Officer Stock Benefit Rules

The consolidated operating income target in the initial business plan for the current fiscal year was 30.5 billion yen. The actual result was 32.8 billion yen with ROE of 10.7%.

Persons to whom a stock option is to be granted	
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Supplementary explanation

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[Directors' Remuneration]

Disclosure status (of an individual director's remuneration)	Individual remuneration is not disclosed
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Supplementary explanation

Because there are no persons whose total amount of consolidated remuneration, etc. per officer exceeds 100 million yen, individual remuneration is not disclosed. Total amount of remuneration, etc. of all directors is disclosed in the securities report and business report.

Policy to determine the amount of remuneration or its calculation method is present or not	Present
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Details of disclosure of the policy to determine the amount of remuneration or its calculation method

1. Basic policy

The total amount (limit) of directors' remuneration is specified in the General Meeting of Shareholders after being approved by the Board of Directors, and the remuneration of individual directors uses a remuneration system based on the roles and responsibilities of each position.

Furthermore, the policy on determination of the content of remuneration of individual directors is deliberated upon by the "Nomination and Compensation Committee" (chaired by an independent outside director) comprising three independent outside directors and the President and CEO as an advisory body to the Board of Directors to improve objectivity and transparency and the results are reported to the Board of Directors, which determines the policy based on the report.

Outside directors who provide supervisory functions are only paid monthly base remuneration considering their duties.

2. Policy on determination of the amount of individual remuneration for base remuneration (monetary remuneration) (including the policy on determination of the timing or conditions of granting remuneration, etc.)

The total amount (limit) of directors' remuneration is specified in the General Meeting of Shareholders after provisions being approved by the Board of Directors, and the base remuneration of individual directors (excluding outside directors) is fixed monthly remuneration of which the amount is obtained by dividing the annual salary based on the roles and responsibilities of each position by 15.

An amount equivalent to three months of fixed remuneration is the standard bonus (however, this is the amount remaining after deduction of 30% allocated to the Board Benefit Trust performance-linked stock compensation scheme mentioned in 3.), and the number of months is variable based on comprehensive consideration of the Company's performance in the previous fiscal year, the performance outlook for the current fiscal year and the state of payment of special allowances to employees, and is determined by the President and CEO on the assumption that the Nomination and Compensation Committee is consulted.

The standard bonus is paid once annually in summer.

The percentages of fixed remuneration and variable remuneration are generally around 80% (12/15) for the former and 20% (3/15) for the latter.

3. Policy on determination of the content of performance-linked remuneration and non-monetary remuneration, and the method of calculation of the amount or number thereof (including the policy on determination of the timing or conditions of granting remuneration, etc.)

With regard to performance-linked remuneration and non-monetary remuneration, a Board Benefit Trust performance-linked stock compensation scheme has been introduced in order to clarify the connection between the remuneration of officers the Company's performance and share price, and to raise awareness of contributions to the improvement of corporate value. Up to 74 million yen for the Company's directors is contributed to the trust as

funds for the trust to acquire the shares required for each period of three fiscal years in advance, and the maximum number of shares granted per fiscal year is equivalent to 28,000 shares (resolution of the 6th Ordinary General Meeting of Shareholders held on June 28, 2016).

The Company's consolidated operating income and ROE have been chosen as indicators for performance-linked remuneration that can easily be used to raise awareness of the performance of Group companies and contributions to the enhancement of corporate value, and the number of points granted is calculated by multiplying the base points set to allocate 30% of three months of monthly remuneration by the performance-linked coefficient based on the Company's consolidated operating income and ROE, and one share is granted for each point at the time of retirement.

4. Policy on determination of the percentages of the amount of monetary remuneration and the amount of performance-linked remuneration, etc. or the amount of non-monetary remuneration in relation to the amount of individual directors' remuneration

Of the annual salary specified according to the roles and responsibilities of each position of directors (excluding outside directors), the percentages of the amount of monetary remuneration and the amount of performance-linked remuneration, etc. are around 80% fixed remuneration and 20% variable remuneration, and 30% of the variable remuneration is allocated to the Board Benefit Trust performance-linked stock compensation scheme, which is a form of non-monetary remuneration.

(Note) In consideration of insider trading regulations, etc., all directors (excluding outside directors) are required to contribute 10% or more of their monthly remuneration to the officers' shareholding association in order to increase awareness as management and awareness of the common goal of enhancing shareholder value. Therefore, these percentages are effectively 72% fixed remuneration, 28% variable remuneration and 14% non-monetary remuneration (share-based remuneration).

5. Matters related to determination of the content of remuneration, etc. of individual directors

The determination of remuneration of individual directors is left to the discretion of Toshiki Nakayama, President and CEO, based on the assumption of consultation with the Nomination and Compensation Committee, to the extent of the total amount resolved by the General Meeting of Shareholders based on a resolution of the Board of Directors.

The President and CEO entrusted with the decision prepares proposals for individual remuneration based on the content of the policy on determination of the content of remuneration of individual directors resolved by the Board of Directors, consults with the Nomination and Compensation Committee, and determines the content with the consent of the Committee.

[Support system for outside directors (outside corporate auditors)]

In holding the Board of Directors meeting, in order to contribute to the enhancement of deliberations on the agenda items of the Board of Directors, related departments will explain the necessary matters agenda items in advance to outside directors and outside corporate auditors.

[Status of persons who have retired from the position of President and Chief Executive Officer, etc.]

Names of advisors, counselor, etc. who are former presidents and Chief Executive Officer, etc.

Name	Job title/Position	Business details	Work style/conditions (Full-time/Part-time, with or without remuneration, etc.)	Retirement date of the president, etc.	Term of office
SUZUKI Masatoshi	counselors	Performing commissioned business	Part-time with remuneration	June 14, 2020	Internal rules on upper limit of term are specified

Total number of advisors, counselors, etc. who each are a former president and Chief Executive Officer

1

Other matters

—

2. Matters related to functions such as business execution, audit/supervision, nomination, and remuneration determination (outline of the current corporate governance system)

The Company is one with corporate auditors and has a board of directors, a board of corporate auditors, and an accounting auditor.

As for directors, the Company has appointed independent outside directors.

As of the date of submission of this report (June 15, 2022), there are 9 directors, 3 of whom are outside directors. This is a more effective and efficient system by having some officers concurrently serve as major subsidiaries while fully demonstrating the function of a holding company.

In addition, a system has been established in which the Board of Corporate Auditors, the internal audit department, as well as the accounting auditor conduct independent audits and they cooperate with each other.

[Overview of Established Corporate Bodies]

1. 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

Representative : President and CEO NAKAYAMA Toshiki

Members – Directors : YAMAMOTO Yasuhiro, TOTAKE Yasushi, TSUKAMOTO Masakazu, AOYAMA Koji, IGARASHI Katsuhiko, BABA Chiharu, YAMAMOTO Mayumi, KAWARATANI Shinichi

– Auditors : KIRIYAMA Manabu, SEKI Hiroshi, HOSOKAWA Masayoshi, KATSUMARU Chiaki (ISHIKAWA Chiaki)

2. 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

Representative : Director (Outside) BABA Chiharu

Members – Directors : YAMAMOTO Mayumi, KAWARATANI Shinichi, NAKAYAMA Toshiki

3. Board of Corporate Auditors

Body to receive reports as well as discuss and approve important auditing matters

Representative : Corporate Auditor KIRIYAMA Manabu

Members – Auditors : SEKI Hiroshi, HOSOKAWA Masayoshi, KATSUMARU Chiaki (ISHIKAWA Chiaki)

4. Group Presidents' Council

Body to receive reports and deliberate on vital policies about important matters related to management policies (mainly concerning business)

Representative : President and CEO NAKAYAMA Toshiki

Members – Directors : YAMAMOTO Yasuhiro, TOTAKE Yasushi, TSUKAMOTO Masakazu, AOYAMA Koji, IGARASHI Katsuhiko

– Managing Executive

Officers : OHASHI Daiki, MITSUYA Takaaki, KATSUKURA Tomoho, SAITO Yoshihiro, FUKUDA Makoto, MITAKE Yasuhiro, OTOMO Jiro

- Operating

Companies : TAKAGI Yasuhiro, TAKAHASHI Masayuki, ITO Fuminori, NAGAMATSU Noriyuki, TAKAYA Yoichiro, MIYAZAKI Tatsumi, SASAKI Takao, KAJI Akio, TAKEDA Yoshibumi, TSURUMI Yasuo, OCHI Yasuyuki, MINOWA Yoshiaki, SATO Makoto, SEKIGUCHI Norihiko

5. Executive Committee

Body to receive reports and deliberate on vital policies about important matters related to management policies

Representative : President and CEO NAKAYAMA Toshiki

Members – Directors : YAMAMOTO Yasuhiro, TOTAKE Yasushi, TSUKAMOTO Masakazu,

AOYAMA Koji, IGARASHI Katsuhiko

– Managing
Executive

Officers : OHASHI Daiki, MITSUYA Takaaki, KATSUKURA Tomoho, SAITO Yoshihiro,
FUKUDA Makoto, MITAKE Yasuhiro, OTOMO Jiro

– Operating

Companies : TAKAGI Yasuhiro, SATO Makoto

6. Compliance Executive Committee

Body to report and advice on compliance issues of the MIRAIT Group and examine measures,
such as raising awareness about compliance

Representative : President and CEO NAKAYAMA Toshiki

Members – Directors : YAMAMOTO Yasuhiro, TOTAKE Yasushi, TSUKAMOTO Masakazu,
AOYAMA Koji, IGARASHI Katsuhiko

– Auditors : KIRIYAMA Manabu, SEKI Hiroshi

– Operating

Companies : SASAKI Takao, KOBAYASHI Makoto, OISHI Nobuya,
OCHI Yasuyuki, KASUYA Yoshihiko

7. Risk Management Executive Committee

Body to deliberate and determine policies, structure and other matters to drive the effectiveness
and efficiency of risk management

Representative : President and CEO NAKAYAMA Toshiki

Members – Directors : YAMAMOTO Yasuhiro, TOTAKE Yasushi, TSUKAMOTO Masakazu,
AOYAMA Koji, IGARASHI Katsuhiko

– Auditors : KIRIYAMA Manabu, SEKI Hiroshi

– Operating

Companies : SASAKI Takao, KOBAYASHI Makoto, OISHI Nobuya,
OCHI Yasuyuki, KASUYA Yoshihiko

8. ESG Management Promotion Committee

Body to formulate basic policies and strategies related to the promotion of ESG-oriented management,
as well as set key issues and implement various environmental initiatives in order to strengthen our response
to the SDGs and ESG and enhance corporate value for sustainable growth

Representative : President and CEO NAKAYAMA Toshiki

Members – Directors : YAMAMOTO Yasuhiro, TOTAKE Yasushi, TSUKAMOTO Masakazu,
AOYAMA Koji, IGARASHI Katsuhiko

– Operating

Companies : TAKAHASHI Masayuki, ITO Fuminori, MIYAZAKI Tatsumi, SASAKI Takao,
TAKEDA Yoshibumi, OHASHI Daiki, TSURUMI Yasuo,
TAKAGI Yasuhiro, OCHI Yasuyuki, SATO Makoto, MINOWA Yoshiaki,
KAJI Akio, NAGAMATSU Noriyuki, TAKAYA Yoichiro,

[Other matters concerning corporate governance]

1. Outline of the details of the liability limitation contract

Based on Article 427, Paragraph 1 of the Companies Act, the Company has entered a contract that limits liability
for damage under Article 423, Paragraph 1 of the Companies Act between the Company and a director (excluding
one who is an executive director, etc.) or a corporate auditor. The maximum amount of liability for damage that is
based on the contract is the amount stipulated by laws and regulations. The limitation of liability is permitted only
when the director or the corporate auditor is in good faith and without gross negligence in performing the duties
that have caused the liability.

2. Number of directors

The Company stipulates in the Articles of Incorporation that the number of directors of the Company shall be 11
or less.

3. Requirements for resolution to appoint directors

The Company stipulates in the Articles of Incorporation that the resolution to appoint directors shall be made with attendance of shareholders accounting for at least one-third of the voting rights of shareholders entitled to exercise voting rights and shall require a majority of such votes cast in favor, and that the resolution shall never be via cumulative voting.

4. Matters to be resolved at the General Assembly of Shareholders that can be resolved by the Board of Directors

The Company stipulates in the Articles of Incorporation that the following matters can be resolved by the Board of Directors among the matters to be resolved at the general meeting of shareholders:

- Based on the provisions of Article 165, Paragraph 2 of the Companies Act, regarding the acquisition of treasury stock, it is possible to acquire treasury stock through market transactions, etc. by a resolution of the Board of Directors. This aims to enable agile capital policy implementation in response to changing economic conditions.
- For the purpose of increasing opportunities for profit distribution to shareholders, an interim dividend can be paid every year with September 30 as record date by a resolution of the Board of Directors pursuant to the provisions of Article 454, Paragraph 5 of the Companies Act.
- In accordance with the provisions of Article 426, Paragraph 1 of the Companies Act, the Company shall exempt compensation responsibilities of directors (including those who were directors) and corporate auditors (including those who were corporate auditors) for damages due to neglect of duties to the extent of laws and regulations.

5. Special resolution requirements of general meetings of shareholders

Regarding the special resolution requirements of the general meeting of shareholders stipulated in Article 309, Paragraph 2 of the Companies Act, the Company stipulates in the Articles of Incorporation that a special resolution of the general meeting of shareholders can be made with attendance of shareholders accounting for at least one-third of the voting rights of the shareholders entitled to exercise voting rights, and with two-thirds of such votes cast in favor. This is intended to provide smooth operation of the general meeting of shareholders by relaxing the quorum of special resolutions at the general meeting of shareholders.

6. Transactions between related parties

Described in ◆Related party transactions [Principle 1-7] under “1. Basic Concept [Disclosure Based on the Principles of the Corporate Governance Code]” of “1. Basic Approach related to Corporate Governance, Capital Structure, Corporate Attributes and Other Basic Information”.

[Audit status]

1. Status of audit by corporate auditors

Described in “(3) Corporate auditors under 1. Matters Pertaining to Organization Composition and Organization Management, etc.” of “2. Status of Corporate Management Organizations and Other Corporate Governance Systems Related to Management Decisions, Execution and Supervision”.

2. Internal audit status

Described in “(3) Corporate auditors under 1. Matters Pertaining to Organization Composition and Organization Management, etc.” of “2. Status of Corporate Management Organizations and Other Corporate Governance Systems Related to Management Decisions, Execution and Supervision”.

3. Accounting audit status

(1) Name of audit corporation

KPMG AZSA LLC

(2) Continuous audit period

8 years

(3) Certified accountant who executed the business

Designated limited liability partner, business execution partner, certified public accountant, NAGASAKI Yasuyuki

Designated limited liability partner, business execution partner, certified public accountant, HARUYAMA Naoki

Designated limited liability partner, business execution partner, certified public accountant, NAKAMURA Kohei

(4) Composition of assistants involved in accounting audit work

Certified public accountant 6 people

Accountant exam passers, etc. 7 people

Other 14 people

(5) Policy and reason for selecting an audit corporation

At the Company, the Board of Corporate Auditors examines the appropriateness, independence and quality control system, etc. of accounting auditors, and selects accounting auditors by comprehensively determining the audit achievements and the degree of understanding of the business.

The Board of Corporate Auditors determines details of a proposal regarding dismissal or non-reappointment of an accounting auditor, based on their determination on the necessity of such action, for example the accounting auditor has trouble in executing his/her duties. The Board of Directors submits the proposal to the general meeting of shareholders. When the accounting auditor falls under Article 340, Paragraph 1 of the Companies Act, the accounting auditor will be dismissed by the agreement of all the corporate auditors at the Board of Corporate Auditors, and the fact of dismissal and its reason will be reported at the first general meeting of shareholders convened after the dismissal.

(6) Evaluation of audit corporations by corporate auditors and the board of corporate auditors

The Board of Corporate Auditors has collected information on the appropriateness and independence of accounting auditors, as well as the audit system, and audit implementation status and audit quality, etc., and based on examination using the evaluation criteria established by the Board of Corporate auditors, has acknowledged the method and results of an accounting auditor described above and has determined that reappointment is appropriate.

3. Reasons for selecting the current corporate governance system

The Company has selected the current system based on the following recognition: ensuring, as a holding company, the transparency and efficiency of management through necessary advice, arrangement and other guidance to each MIRAIT Group company will support achievement of effective corporate governance, and contribute to establishing a good relationship of trust with all of the stakeholders including stockholders.

From July 1 on, taking the opportunity of consolidation of three companies integrated by way of merger with the Company as a company surviving absorption-type merger and with MIRAIT Corporation and MIRAIT Technologies Corporation as companies absorbed in absorption-type merger, the new company will make transition to a company with audit and supervisory committee in order to further strengthen the governance system.

III. Implementation Status of Measures Related to Shareholders and Other Stakeholders

1. Actions to Activate the General Meeting of Shareholders and Facilitate the Exercise of Voting Rights

	Supplementary explanation
Early sending notice of convocation of general meeting of shareholders	The notice of convocation of the 12th Ordinary General Meeting of Shareholders held on June 14, 2022 was sent on May 30, 2022, 15 days before the date of the meeting. The same information was announced electronically on the Tokyo Stock Exchange site and the Company's website on May 20, 2022 (25 days before the date of the general meeting of shareholders) before the convocation notice was sent. Additional information is disclosed as appropriate on the Company's website.
Setting of General Meeting of Shareholders to avoid conflicts with other shareholders' meetings	The 12th Ordinary General Meeting of Shareholders was held on June 14, 2022, avoiding June 29, 2022, as the first concentrated day.
Exercise of voting rights via electromagnetic method	Considering the convenience of shareholders, voting rights can be exercised via the Internet from a PC or smartphone.
Participation in the Electronic Voting Rights Platform and Other Efforts to Improve the Environment for Institutional Investors to Exercise Voting Rights	The first voting rights electronic exercise platform for institutional investors operated by ICJ Co., Ltd. has been continuously adopted since the first ordinary general meeting of shareholders that was held on June 28, 2011.

Provision of convocation notice (summary) in English	A convocation notice (summary) in English has been prepared and provided on the Tokyo Stock Exchange site and the Company's website (English site).
Other	<p>The Company aims to operate the general meeting of shareholders that is easily understood by shareholders, for example, via colorization of the convocation notice and offering video-based business reports. Convocation notices, reference documents and reports are also posted on the Company's website.</p> <p>This year, as well as last year, the Company held the general meeting of shareholders in a reduced scale as a countermeasure against new coronavirus infections. A video of business report was posted in advance on the Company's website and broadcasted a live video of the general meeting of shareholders on that day so as to help shareholders who were absent deepen their understanding. In addition, a video of the progress of the general meeting was posted on the Company's website after the event for shareholders who could not watch the live video.</p>

2. Status of activities related to IR

	Supplementary explanation	Whether explanation by the representative is provided
Creation and publication of disclosure policy	<p><Overview of disclosure policy> The Company will disclose important information about the Group in a timely and appropriate manner in order to promote the understanding of all stakeholders, including shareholders and investors, and to enable proper assessment of the Group.</p> <p>◆Criteria for information disclosure The Company will disclose information in a timely manner while observing transparency, fairness, and continuity in accordance with various laws and regulations such as the Financial Instruments and Exchange Act and the timely disclosure rules established by the stock exchanges on which the Company's securities are listed. Moreover, the Company will disclose, in a timely and fair manner, any important information that does not fall under laws and regulations and the timely disclosure rules but is considered to influence investment decisions or is considered useful for deepening the understanding of the Company.</p> <p>◆Information disclosure method Important company information will be disclosed via appropriate methods such as the timely disclosure information transmission system (TDnet) of the Tokyo Stock Exchange, the Electronic Disclosure for Investors' NETwork system (EDINET) of the Financial Services Agency, press releases, and the Company's website.</p> <p>◆Enhancement of communications As well as timely disclosure and information dissemination by way of the Company's website, the Company makes efforts to enhance communications with shareholders and investors by holding various briefings and responding to daily inquiries from shareholders and investors. Opinions received from shareholders and investors will be shared</p>	

	<p>internally and used as a reference for corporate management toward an enhanced corporate value.</p> <p>◆ Setting of the silence period</p> <p>In order to prevent leakage of financial information and ensure fairness, the Company has set a silent period of two weeks before the announcement date of financial results (including quarterly financial results), and during this period, the Company will not respond to comments, questions and the like related to financial results. However, when it is clear that the difference from the earnings forecast which difference occurred during the silence period is within the fluctuation range that falls under the timely disclosure rules, information will be disclosed as appropriate by way of press releases and so on.</p>	
Holding regular briefing sessions for individual investors	As well as holding online company briefing sessions for individual investors, the Company participates in briefing sessions for individual investors hosted by securities companies or the like in a timely manner.	No
Holding regular briefing sessions for analysts and institutional investors	The Company holds a financial results briefing for analysts and institutional investors twice a year when the final financial results and the second quarter financial results are announced. Additionally, the Company posts the financial results briefing materials and video or audio distribution of the progress of the briefing session on the Company's website.	Yes
Holding regular briefings for overseas investors	The Company conducts overseas IRs in North America, Europe, and Asia. Further the Company participates, as appropriate, in conferences in Japan hosted by securities companies.	Yes
Posting of IR materials on the Company's website	Posted on the Company's website are financial information, timely disclosure materials except financial information, financial results briefing materials, video or audio distribution of the progress of briefing sessions, and other press release materials.	
Establishment of a department (person in charge) related to IR	The Company has set up an IR office that is in charge of IR.	

3. Efforts related to respect for the position of stakeholders

	Supplementary explanation
Specification regarding respect for Stakeholders' Positions by Internal Rules, etc.	The "MIRAIT Group Corporate Ethics Charter" and "Compliance Rules" specify the basic stance toward stakeholders.
Implementation of environmental conservation activities, CSR activities, etc.	The Company intends to take proactive action on the recognition that tackling environmental problems is a challenge common to humanity and is an essential condition for the existence and activities of an enterprise. The Company has prepared an integrated report and disclosed it on the Company's website.
Formulation of policies related to provision of information to stakeholders	The "MIRAIT Group Corporate Ethics Charter" stipulates that corporate information are to be disclosed positively and fairly.

IV. Matters Related to Internal Control System, etc.

1. Basic Concept Related to Internal Control System and its Maintenance Status

1. System to ensure that the execution of duties of directors and employees complies with laws and regulations and the Articles of Incorporation, and other systems to ensure the appropriateness of the business of the Company and the business of the corporate group consisting of the Company and its subsidiaries.

Details of the resolution of the Board of Directors as a system to ensure the appropriateness of business by the Company are as follows, and the Company is continuously making efforts to improve and enhance the operation of the Company.

(1) System to ensure that the execution of duties of directors and employees of a corporate group consisting of the Company and its subsidiaries complies with laws and regulations and the Articles of Incorporation.

(A) The Company has established action guidelines as a code of conduct that regulates the officers and employees of the entire corporate group consisting of the Company and its subsidiaries (hereinafter referred to as the “corporate group”), disseminates the action guidelines to all officers and employees of the corporate group and regulates their conduct.

Regarding directors, the “Rules on the Board of Directors” ensure proper management, of the Board of Directors, smooth communications, and monitor mutual business execution. Concerning important matters, it is intended to prevent a possible violation of laws and regulations and the Articles of Incorporation and enhance supervision of management functions by receiving opinions or advice from external experts (such as corporate lawyers).

When a director has found a fact of conduct by another director that is suspected to constitute a violation of laws and regulations and the Articles of Incorporation, he/she shall promptly report it to the Board of Corporate Auditors and the Board of Directors to prevent or correct a possible violation.

(B) In the Corporate Ethics Charter, etc., the Company shall strive to eliminate any relationship with antisocial forces by decidedly confronting antisocial forces and behaving with a resolute attitude.

(C) A compliance committee chaired by the president and CEO shall be set up, and each company in the corporate group shall assign promoters or the like to permeate, maintain, and establish compliance awareness.

(D) For the purpose of ensuring the reliability of financial reports, the Company shall build an appropriate internal control system by observing the Financial Instruments and Exchange Act and related laws and regulations to maintain, evaluate and correct the financial reports.

(E) Each company in the corporate group shall establish a corporate helpline (declaration/consultation contact) and make efforts to maintain and operate appropriate information transmission, in order to foster a more open corporate culture.

(F) With an intent to enhance the monitoring of effectiveness evaluation related to the establishment and operation status of the legal compliance system, the internal audit department shall be expanded and appropriate audit work shall be in practice. The evaluation results shall be reported to the president and corporate auditors, etc.

(2) System to store and manage information related to the execution of duties of directors

(A) Storage and management of information related to the execution of duties of directors shall primarily contribute to proper and efficient business operations, and the following measures shall be taken.

(a) Establishing “Document Handling Rules”, “Information Security Management Rules”, and the like, which stipulate necessary matters regarding storage and management of documents (including electromagnetic records; hereinafter referred to as “documents”) and other information.

(b) The storage (retention) period of documents shall be specified for each type of document in the “Document Handling Rules” unless otherwise specified by laws and regulations.

(B) When a director or corporate auditor has requested browsing of a document or the like, the document or the like shall be submitted without delay.

(3) Rules and other systems related to management of a risk of loss

(A) Basic risk management items shall be specified, and “Risk Management Rules” shall be established for proper and efficient business operations.

(B) A risk management committee chaired by the president and CEO shall be established to ensure the effectiveness of the risk management system.

- (C) The Business Audit Office shall perform monitoring or the like of the effectiveness evaluation of the maintenance and operation status of the risk management system. The evaluation results shall be reported to the president and corporate auditors, etc.
- (4) System to ensure efficient execution of duties of directors
- (A) As a basis for ensuring the efficient execution of duties of directors, the Board of Director is held regularly once a month in principle. On top of the matters stipulated by laws and regulations or the Articles of Incorporation, deliberation of importance matters related to management shall be determined and reported in accordance with relevant laws and regulations, principle of management decisions, and duty of care of a good manager.
- (B) For commissioning of business to directors, thorough organizational management by appropriate responsibility sharing, and efficient business operations are being targeted based on internal rules such as the “Organization/Business Allocation Rules” that define the organizational structure and scope of business and the “Responsibility Rules” that define responsibilities and authorities.
- (C) The duties of outside directors who are independent, and the like, are arranged to be executed efficiently at the Board of Directors, and the monitoring function for the execution of duties of other directors is enhanced.
- (5) System to ensure the appropriateness of business in the corporate group
- The Company carries out transactions between companies of the corporate group in accordance with laws and regulations, and further takes the following measures in order for the corporate group to properly operate the business and contribute to its growth and development:
- (a) Establishing a system to report, to the Company, matters related to the execution of duties of directors of subsidiaries or the like.
- (b) Establishing a system to manage the risk of loss of a subsidiary and a system to contact the Company in the event of a risk.
- (c) Establishing a system to ensure efficient execution of duties of directors of subsidiaries or the like.
- (d) Establishing a system to ensure that the execution of duties of directors or the like and employees of subsidiaries complies with laws and regulations and the Articles of Incorporation.
- (6) Matters concerning the employee when a corporate auditor has requested that an employee to assist their duties should be assigned.
- Upon request from a corporate auditor, a assistant to a corporate auditor shall be assigned.
- (7) Matters concerning the independence of employees in the previous item from directors.
- When an assistant to a corporate auditor is to be assigned, rules regarding personnel-related matters such as appointment, dismissal, and personnel reshuffle of assistants shall be established to ensure their independence.
- (8) Matters concerning ensuring the effectiveness of the instructions given to the employees in item (6).
- An assistant to a corporate auditor is assigned, the assistant to the corporate auditors shall be placed under the command and order of the corporate auditor.
- (9) System for the directors and employees of the Company to report to corporate auditors
- (A) The directors and employees of the Company shall promptly report to corporate auditors each time they have grasped a fact regarding important matters that may influence the business or business performance of the corporate group and matters stipulated by laws and regulations.
- (B) Regardless of (A) above, a corporate auditor may request reports from directors or the like at any time as appropriate.
- (10) System with which any person who has received a report from a director, a corporate auditor or an employee of a subsidiary reports to the corporate auditors of the Company.
- (A) A director, a corporate auditor or an employee of a subsidiary or those who have received a report from any of these persons shall promptly report to the corporate auditors of the Company each time they have grasped the fact regarding important matters that may influence the business or business performance of each company and matters stipulated by laws and regulations.
- (B) Regardless of (A) above, a corporate auditor of the Company may request a report from the directors of a subsidiary at any time as appropriate.
- (11) System to ensure that the person who has submitted a report described in item (9) or (10) is not treated unfairly because of the report.
- Ensure that the person who has submitted a report described in item (9) or (10) is not be treated unfairly because of the report.

- (12) Procedures for prepayment or redemption of expenses incurred in the execution of duties by a corporate auditor and other matters related to policies regarding the processing of expenses or debts incurred in the execution of such duties.

The Company will properly process payments for expenses and debts incurred in the execution of duties by a corporate auditor.

- (13) Other systems to ensure that an audit by a corporate auditor is conducted effectively
- (A) A corporate auditor browses major approval documents and other important documents related to business execution, and as appropriate, a director or the like responds promptly when requested to give explanations.
 - (B) A corporate auditor attends major meetings in order to understand the important decision-making process of the company and the status of business execution.
 - (C) A corporate auditor exchanges opinions and information with the President and CEO, the Accounting Auditor, and the Internal Audit Department on a regular or on-demand basis to communicate with each other.

2. Operational Status of the System to Ensure the Business Appropriateness

The Company operates in accordance with the above systems, and the major efforts made in this fiscal year are as follows:

- (1) Status of efforts to ensure that the execution of duties complies with laws and regulations and the Articles of Incorporation

The “Corporate Ethics Charter” that summarizes the basic policy and concrete action guidelines regarding corporate ethics, together with the “Basic Management Philosophy” and “Action Guidelines” that are the basis for nurturing the corporate culture, has been systemized as “MIRAIT WAY” and is disseminated among all officers and employees of the corporate group.

The “Compliance Rules” stipulate basic matters related to the Company’s compliance promotion activities, and the Company also conducts compliance training for all officers and employees to raise awareness of compliance.

The “Compliance Committee” deliberates on individual issues in the corporate group and manages the progress of compliance promotion activities. The “Compliance Committee” is held twice this fiscal year.

In addition, the internal audit department carries out monitoring to confirm the effectiveness of compliance promotion activities.

- (2) Status of efforts related to management of risk of loss

The Company has established, by way of the “Risk Management Rules”, the basic policy and promotion system regarding risk management as a corporate group, and based on the risk management plan, responds appropriately to various risks.

The “Risk Management Committee” deliberates on the status of risk management and individual issues in the corporate group. The “Risk Management Committee” is held twice this fiscal year.

Additionally, the effectiveness of risk management is confirmed by carrying out monitoring by the internal audit department.

- (3) Status of efforts to ensure efficient execution of duties of directors

The Board of Directors is held once a month and as required based on the “Rules on the Board of Directors”. The Board of Directors was held 20 times in the current fiscal year.

The Board of Directors deliberates on all matters to be submitted to the same based on the internal rules, actively exchanges opinions on each concern, and reports on the status of execution of duties of directors on a quarterly basis.

Further, the Company also conducts an effectiveness evaluation of the Board of Directors to improve its functions.

In addition, based on the Corporate Governance Code, the Company has established a voluntary advisory committee, the Nomination and Compensation Committee, under the Board of Directors in order to improve the objectivity regarding nomination and remuneration. In the current fiscal year, the Committee was held seven times.

Independent outside directors hold regular meetings with the CEO to enhance the monitoring function for the execution of duties of directors.

- (4) Status of efforts to ensure the appropriateness of operations in the corporate group

According to the “Subsidiary Management Rules” and the like, the Company strives to establish a system to ensure the appropriateness of the business of the corporate group, and receives reports on its operational status.

The Company conducts monitoring by the internal audit department.

The Company manages important projects that have a significant impact on the entire corporate group upon receipt of reports from a subsidiary and subsequent discussions. At the same time, necessary measures are taken as a corporate group.

Moreover, a whistleblowing system has been set up in the corporate group to directly grasp and take early action when any problem has occurred, and report the result to the “Compliance Committee”.

(5) Status of internal audit efforts

Based on the internal audit plan, the internal audit department performs internal audits of all organizations and subsidiaries of the corporate group and monitors the appropriateness of operations. The results are reported to the Board of Directors and the like.

(6) Status of efforts to ensure effective audits by corporate auditor

Corporate auditors constantly browse the approval documents and the like, and attend the Board of Directors and various committees and the like to understand the important decision-making process and business execution status of the company. The corporate auditors, the President and CEO, the accounting auditors and the like exchange opinions to communicate with each other thus ensuring that the audit by the corporate auditors are conducted effectively.

2. Basic Concept Toward Eliminating Antisocial Forces and its Maintenance Status

The “MIRAIT Group Corporate Ethics Charter” specifies that the Company should actively communicate with a local community which is the foundation of the Company's existence, and decidedly confront antisocial forces that threaten the order and safety of civil society. The Company intends to act resolutely with basic principles “do not pay”, “have no relationship”, and “not be afraid” in mind.

V. Other

1. Adoption of Anti-takeover Measures

Adoption of Anti-takeover Measures	Not adopted
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Supplementary explanation

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2. Other Matters Concerning Corporate Governance System

<Outline of timely disclosure system>

The MIRAIT Group considers that timely disclosure is to provide information in a timely manner to all stakeholders, including shareholders and investors, and fulfills the social corporate responsibilities and urges sound corporate management by ensuring appropriate corporate evaluation and trust by investors in the market.

Accordingly, the Company makes efforts to disclose detailed qualitative information used to more accurately understand the actual management status of the company as well as quantitative information on financial conditions and business results, in an easy-to-understand fashion, thereby attaining timely and appropriate provision of information to stakeholders.

The detailed status of efforts for timely disclosure is described below.

1. The Company has established and is operating the code of conduct regarding the management of inside information and the buying and selling of stocks of the Company in the "Rules for Insider Trading Regulations" and "MIRAIT Group Company Management Rules". Further, in the light of the Financial Instruments and Exchange Act, other relevant laws and regulations and the timely disclosure rules established by the stock exchange, when the information is determined to be timely disclosure information, the information shall be announced without delay once the resolution of the Board of Directors or the approval of the CEO is obtained.

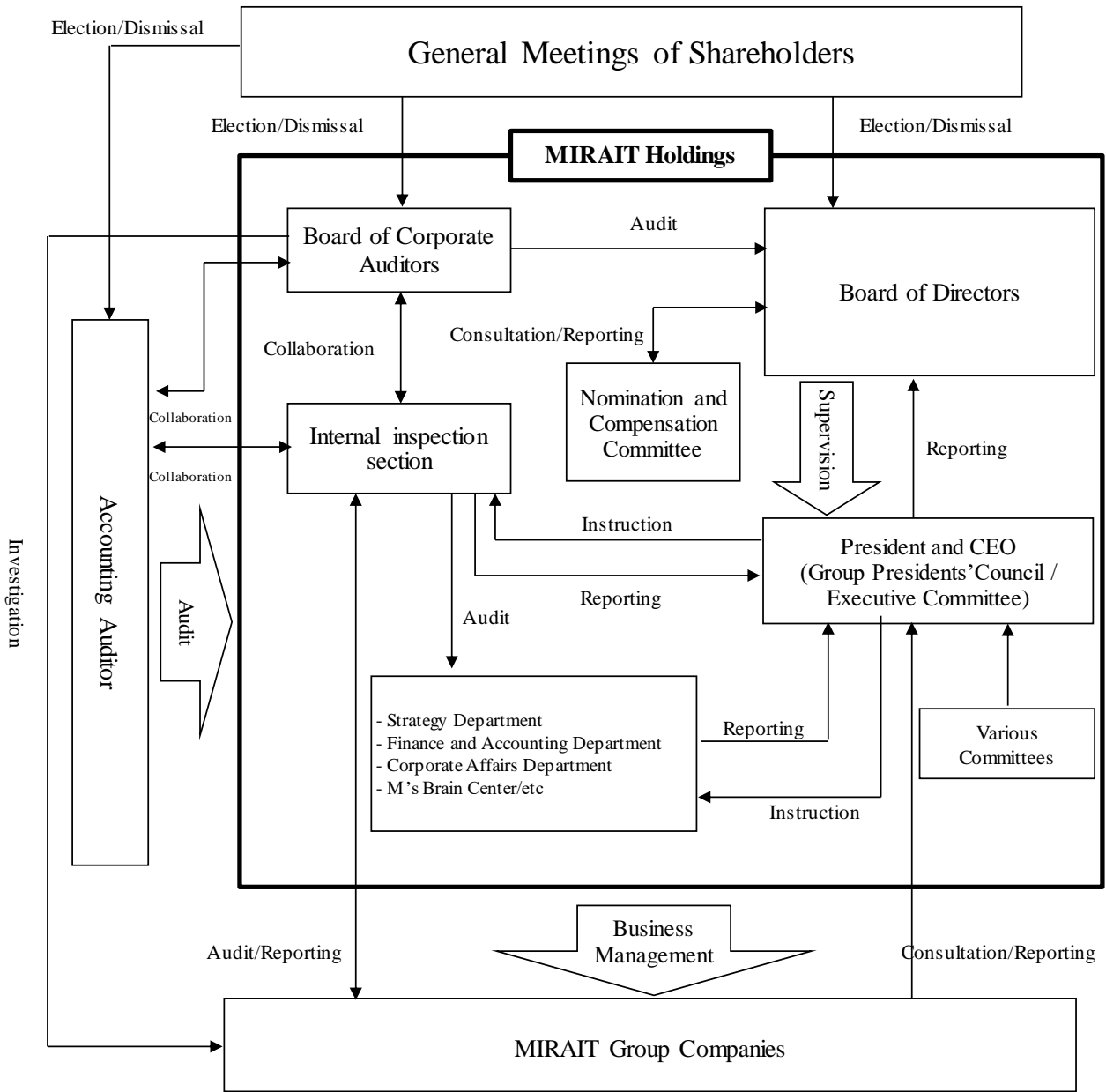
2. The person in charge of information handling (general manager of the finance department) collaborates with each department controlling internal information such as the corporate strategy department and the general affairs and personnel department, participates in important management meetings and the like, receives reports on important matters, or conducts an interview and the like to organize and verify important information and check the information to prevent omissions.

3. In addition to disclosing information to the Tokyo Stock Exchange through TDnet, the Company strives to build a system that takes advantage of opportunities to broaden common ground with each stakeholder by way of various types of information media and means such as IR briefings, the Company's website and a variety of printed matters, thus readily obtaining disclosed information.

4. In order to ensure continuous disclosure, the Company has established a system to communicate management-related information as described in the reference material "2. Timely Disclosure System", which system allows prompt reporting of proper information.

(Reference materials)

1. Governance Structure



2. Timely disclosure system

