



Kazuichi Shimada
Representative Director, Group CEO,
Group COO and President Executive Officer

Kenji Kawada
Director (Outside Director)

What is the current state of governance in the MIRARTH HOLDINGS Group and what is your assessment of its evolution to date?

Shimada I think there are many areas where the MIRARTH HOLDINGS Group's governance needs to be strengthened further. Previously, we had worked to enhance governance of Takara Leben as a single operating company, but with the transition to a holding company structure in October 2022, we clarified management responsibilities for each business portfolio. Through restructuring, we aim to improve the efficiency of Group management, set a direction for the development of each business, and raise the awareness of each director.



Kawada The recent restructuring was a landmark reorganization that lays out a vision for Group management going forward. Looking back at the changes that have taken place since I became an outside director in 2017, I have

seen considerable efforts to strengthen governance.

Shimada As the Group expands in the years to come, we intend to implement stronger forward-looking governance. From your vantage point as an outside director, how do you feel in particular about the changes in governance?

Kawada There has always been an atmosphere conducive to free and vigorous discussion, but I think that previously many of the topics discussed were about individual business promotion. Currently, outside directors are aware that they play a role in providing positive stimulus to the organization by using their respective expertise to weigh in on themes for solving social issues and pursuing the ideal form of corporate governance. From their own perspectives, outside directors freely express their opinions on social and environmental issues faced by the MIRARTH HOLDINGS Group and its responses to changing business conditions, while asking questions and making proposals about the establishment of internal control systems. I think it has been difficult for internal directors who have carried out the duties invested in them, as more things must be considered and discussions have become more in-depth. I get the sense that the stimulus that outside directors provide is enabling internal directors and the Board of Directors as whole to grow.

What kind of discussions did the Board of Directors have before setting the vision of becoming a Future Environment Design Company?

Kawada The restructuring was a critical decision made by top management amid increasing Group earnings. As any company's business portfolio becomes more diversified, directors increasingly tend to focus on their own mandates. If this goes too far, discussions that examine the entire group are lacking, leading to a dysfunctional Board of Directors.

Shimada I agree. To avoid this, we decided to restructure the Group in an effort to advance beyond the Takara Leben brand—which we have expanded and disseminated to date—to become a company that can contribute to social issues in more creative ways. MIRARTH is a combination of the words Mirai (future in Japanese) and Earth. This new company name embodies the Company's will to evolve into a company that makes a happier future for the Earth and its people by contributing to all communities everywhere. In order to spread this management vision Group-wide, steps were taken to redefine the MIRARTH HOLDINGS Group's purpose (Our Purpose) and values (Our Values), while the Board of Directors spent time discussing how to incorporate these ideas into each department.

Kawada You are referring to MIRARTH HOLDINGS' purpose, to design sustainable environments for a happier future for both people and our planet. The decision to adopt a holding company structure clearly expresses this mission to each Group company. Presenting a grand design throughout the Company is a management priority, and in that sense, I am confident that you have the management sensitivity to accomplish this. Outside directors have provided advice and recommendations on how to crystalize and incorporate the MIRARTH HOLDINGS Group's purpose and values.

Shimada I think that the discussions during Board meetings led to everyone's satisfaction, as each director gained

an understanding of the issues that need to be resolved. These discussions also helped us to formulate a corporate vision for Group companies. From top management of each company down to employees, we want to instill the Group's purpose and values so that they can work freely and rewardingly.

Kawada It is worth noting that we have also clearly presented a vision for each Group company. In doing so, I believe that we have laid the foundation for strengthening and evolving the governance of each Group company and for the entire Group based on the newly defined purpose, values, and vision. It was the perfect time for each operating company to reaffirm its role and make a fresh start. Now, we are about to enter a crucial phase.

Shimada Exactly. In order to realize our vision, we are currently engaging in discussions with the Group Corporate Planning Department about a growth story that extends to financial areas. Corporate Planning presented the story to the Board of Directors, which has begun considering and discussing how the directors of each Group company can contribute to the overall growth story of the MIRARTH HOLDINGS Group.



What skills do directors need and what challenges do you face toward realizing the vision?

Shimada Directors of the holding company and Group companies need to enhance both their practical skills honed in pursuing each company's operations and their

managerial skills to maximize performance. This is the most important means to enable growth of the Group. To this end, each director must also be strongly motivated to



achieve the set goals, with an emphasis on further self-improvement and training as an entrepreneur, as well as on compliance. This is what we expect of all directors. We also expect each director to maximize the strengths of employees as they carry out their duties and support their individual growth.

Kawada It is often said that a company never grows beyond its top management. This is a wise saying, and directors play an important role in encouraging

What is your assessment of the MIRARTH HOLDINGS Group's human resources initiatives and what challenges do you see going forward?

Shimada At the MIRARTH HOLDINGS Group, we view employees as human assets. We provide training opportunities at all levels as well as on-the-job training of course. The entire management team is focused on improving themselves, and I feel that younger employees are highly motivated to study. In addition, I hope that providing employees with opportunities to challenge themselves in a variety of positions will enable them to take the initiative to develop and advance their careers within the Group to grow as employees.

Kawada On the other hand, I see issues with a lack of human resources capable of handling the energy and asset management businesses, which are poised to become the second and third pillars of the MIRARTH HOLDINGS Group, even with its focus on real estate. Just because one has worked at an electric utility company does not mean

self-improvement and leading the organization. In terms of corporate culture, I believe that the formation of a learning organization is essential for corporate growth, and we should take the initiative and challenge ourselves. The most important duty of directors is to put the Company on a growth trajectory, and it is their mission as entrepreneurs to improve and implement what one has learned on the job.

Shimada Adopting a holding company structure has significantly changed the composition of MIRARTH Holdings' Board of Directors, with outside directors now accounting for 67% of the Board. As the Company's business domains expand, directors are required to have a wide range of skills and incorporate highly specialized opinions from third-party perspectives to strengthen governance. I intend to make further use of the knowledge that outside directors possess.

Kawada The Board of Directors has changed a lot with the current crop of outside directors. Outside directors play an active role in Board meetings since they read and fully grasp preliminary explanatory materials beforehand. I think the variety of opinions expressed has helped the Board's decision-making.

one can operate an energy business, and there is a shortage of talent in the energy industry as a whole. We need people who have an overarching grasp of energy policy.

Shimada In particular, to seize business opportunities, we intend to actively secure personnel with knowledge of bio-mass power generation, not only through in-house training, but also through mid-career hires externally. We will also focus on operating human resources systems that reward those who work hard and achieve results.

In order for our employees to grow, we need a corporate culture that is upbeat and open to discussion. Behavioral economist Daniel Kahneman said people learn best when they recognize that they do not know what they do not know. We encourage employee growth by fostering a culture of openly telling people what they do not know and asking them to tell us what they do not know.

Kawada While it is a given that people acquire experience and knowledge on the job, the key to carrying out one's duties naturally is to look beyond logic and focus on one's emotional state as a means of becoming more satisfied. Athletes and sports teams are said to be in the zone when they are in a state of peak performance. Ideally, organizations should be in the zone. This requires all employees, starting with directors, to be mindful, while human resource development efforts must be further brushed up.

Shimada Another important thing is education that focuses on people's emotions. This is known as employee happiness (EH), and I think the challenge is to raise the level of emotional satisfaction of all employees including managers. Promoting women empowerment in the workforce must also be raised. The percentage of women in management is not that high, so we are still a long way from having an internal female director. Rather than forcing an increase, I would like to encourage women's participation with the hope that the number will



increase naturally over the long term.

Kawada There are many talented female managers out there getting things done, so having an internal female director may not be that far off.

Finally, what should the MIRARTH HOLDINGS Group do to sustain growth for the next 50 to 100 years?

Shimada We must make efforts that all stakeholders agree with to build a sustainable corporate organization. To start, we must complete our Medium-Term Management Plan through fiscal 2024, but we will also take on the challenge of resolving practical issues through such measures as ESG initiatives and DX promotion rather than merely paying them lip service. Taking on the challenge of solving management and social issues will also generate new businesses. We will ceaselessly dare to enter new business fields and foster a corporate culture that embraces challenges but also tolerates failures along the way.

Kawada I consider you to be a perceptive manager. Such a manager makes and implements decisions in a deeply insightful manner that transcends knowledge of business management and corporate governance theory. Mastery of these theories is essential, but it is not the only way to manage a business. Sensitivity is required. For the sustainable growth of the MIRARTH HOLDINGS Group, we share the management philosophy of raising the

expectations and satisfaction of all stakeholders as we move forward together.

Shimada Thank you very much for your reassuring words. Work should be fun, and I want to work with the diverse array of people in our organization to foster a sense of excitement when starting something new, which means creating a MIRARTH team.

Toward realizing the sustainable growth of the MIRARTH HOLDINGS Group, Team MIRARTH will continue its efforts to raise the expectations and satisfaction of all stakeholders based on the Group's purpose and values.