



Mitsubishi
Research Institute
Group Report
2022

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Note on editorial policy and forward-looking statements

This report was written to provide information about our ongoing activities as a company dedicated to value creation through the solution of societal issues under our vision of “envisioning the future, leading change”, and the relationship of those activities to our growth strategies, business results, financial position, and other aspects of business. The report also describes our environmental, social, and governance (ESG) initiatives, which are vital to our sustainable growth, as part of our integrated value creation story.

We compiled this report with reference to various standards, including the standards of the IFRS Foundation, the International Integrated Reporting Council (IIRC) framework and the Ministry of Trade, Industry, and Economy’s Guidance for Collaborative Value Creation.

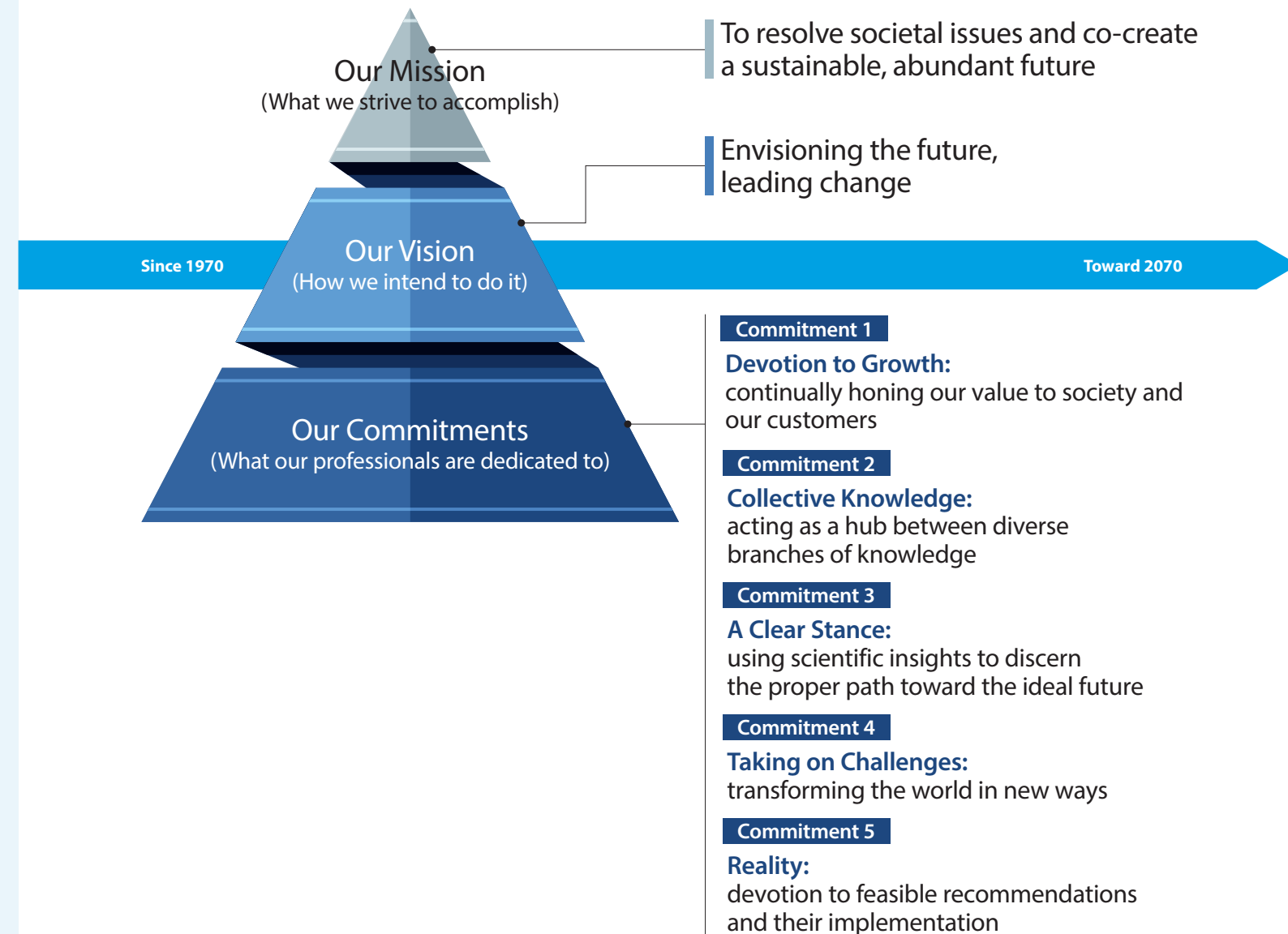
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Period covered

In principle, this report covers fiscal 2022 (October 2021–September 2022). However, it also includes some information pertaining to fiscal 2023 (October 2022–September 2023).

Our Guiding Principles

On the occasion of the 50th anniversary of the founding of the Mitsubishi Research Institute (MRI) in September 2020, we formulated new Guiding Principles as an expression of our determination to continue our legacy of achievement as a think tank by pursuing bold, positive transformations over the next 50 years. As a pioneering company dedicated to resolving societal issues, we will work with stakeholders to realize our mission (what we strive to accomplish), our vision (how we intend to do it), and our commitments to stakeholders (what our professionals are dedicated to) through the creation of a sustainable society for an era in which world population reaches 10 billion and 100-year life spans are commonplace.



I Value Creation by the MRI Group



Our Mission
(What we strive to accomplish)

Our Vision
(How we intend to do it)

Since 1970

Our Commitments
(What our professionals are dedicated to)

Toward 2070

Envisioning the future, leading change

Our mission is to remain focused on an ideal future, to create businesses that will drive societal transformation, and to implement solutions in society. One of our management pillars in doing this is our ability to pioneer societal change thanks to a diverse array of advanced knowledge. The training of our professionals, who produce this knowledge, is a top priority.

We create solutions for a variety of societal issues by using our networks within and beyond the Group

as co-creation infrastructure. Through dialogue with a wide range of stakeholders, we have been able to: identify material issues and growth areas; and enhance our environmental (E), social (S), and governance (G) performance—the basis for sustainability management to achieve both sustainable growth for the Group and a prosperous, sustainable society.

Outlined on the following page are our business model and progress to date.

Our activities (FY9/22)

Diverse and highly-skilled professionals capable of contributing to the solution of societal issues

- Researchers **1,047** (total for MRI and MRA)

- Qualified IT professionals **1,174**

Recommendations for resolving societal issues **23** (recommendations issued via news release)

Total number of projects targeting societal issues **1,215** (Public sector: 481 Private sector: 734)

Collaborative structures for resolving societal issues **545** (122 corporations 173 startups 143 local governments 107 research entities and government agencies)

Examples of our approach to social value creation

Human resources
Elimination of job mismatch: turnover ratio **5%** (2021) → **10%** (2030)

Energy
Building a decarbonized society: renewable energy ratio **18%** (2019) → **36–38%** (2030)

Healthcare
Gap between average life expectancy and healthy life expectancy
Reduction of 0.5 years (2030 target compared with actual result for 2021)

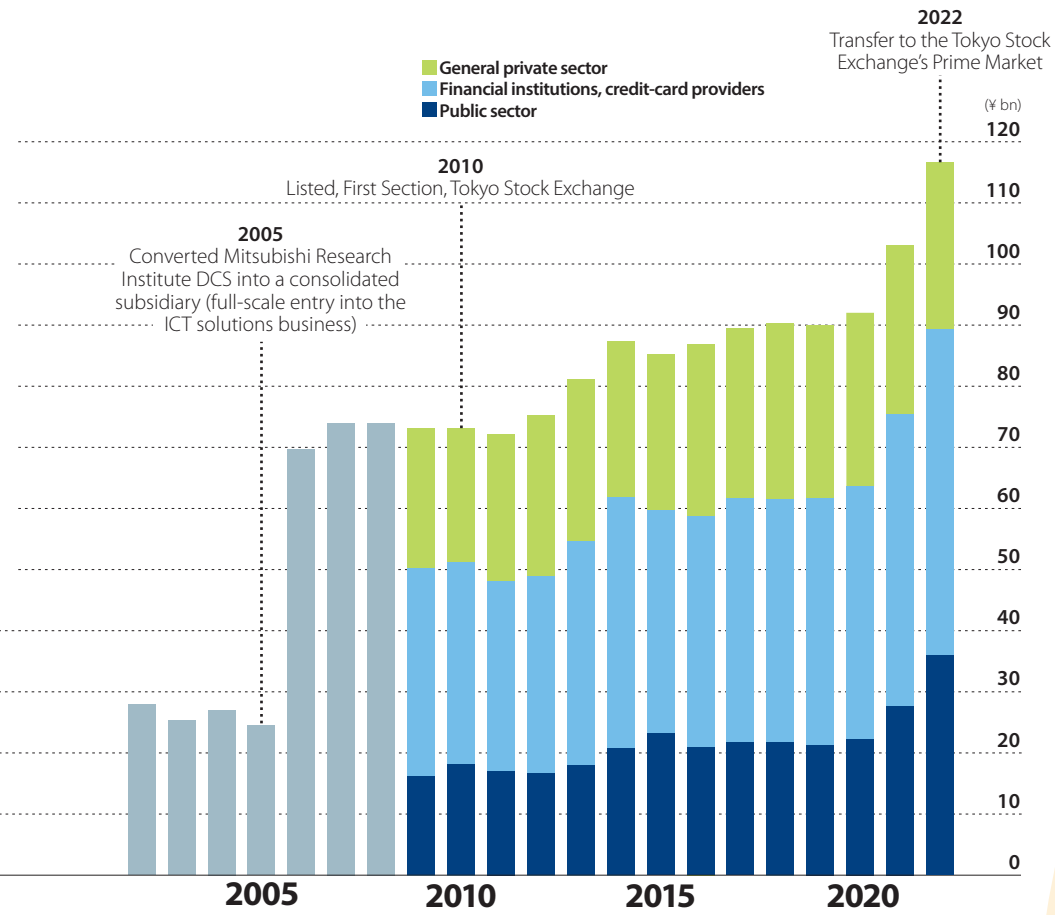
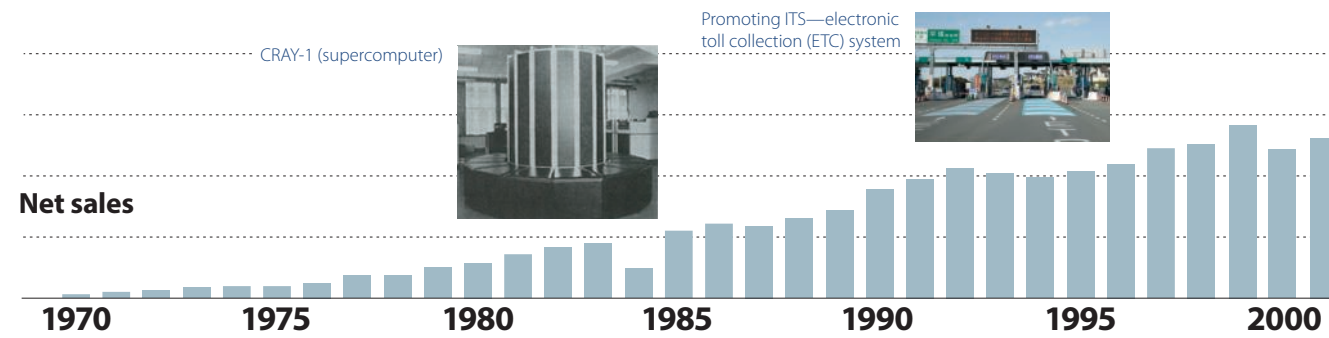
Food & Agriculture
Maintaining and enhancing food supply capacity:
• Value of domestic agricultural production **¥9 trillion** (2020)
→ **Maintaining about 90%** of the 2020 level (2050)
• Area under commercial cultivation **3.25 million ha** (2020)
→ **Maintaining about 90%** of the 2020 level (2050)

We are evolving from a future-oriented think tank into a company dedicated to building a sustainable future through the solution of societal issues

Mitsubishi Research Institute (MRI) was founded in 1970 as the information society was beginning to evolve on a significant scale. In the 1980s we established a reputation as an independent, multidisciplinary, future-oriented think tank, and in the 1990s we built a solid position as a provider of support for public policy development. In 2005, we entered the ICT solutions business in full by acquiring Mitsubishi Research Institute DCS as a consolidated subsidiary. MRI was listed on the Second Section of the Tokyo Stock Exchange in 2009 and promoted to the First Section the following year. Recently, we have accelerated collaboration between our Think Tank & Consulting

Services segment and our IT Services segment.

We have strengthened our presence as a societal solution company by working with partners at all stages of our value creation process: from research and recommendations to analysis and conceptualization, design and testing, and societal implementation. In 2020 we commemorated the 50th year since MRI's founding by renewing our guiding principles. We are strengthening our sustainability management as the basis for the sustainable growth of society and the Group through a cycle of social value creation leading to non-financial and financial value.



Mega Solar Power Plant in the Yatsuda District of Namie Town, Fukushima Prefecture



Publication: 3X—Kakushinteki na tekunoroji to komyuniti ga motarasu mirai [The Future Being Created by Innovative Technology and Communities]



Diversification of business functions

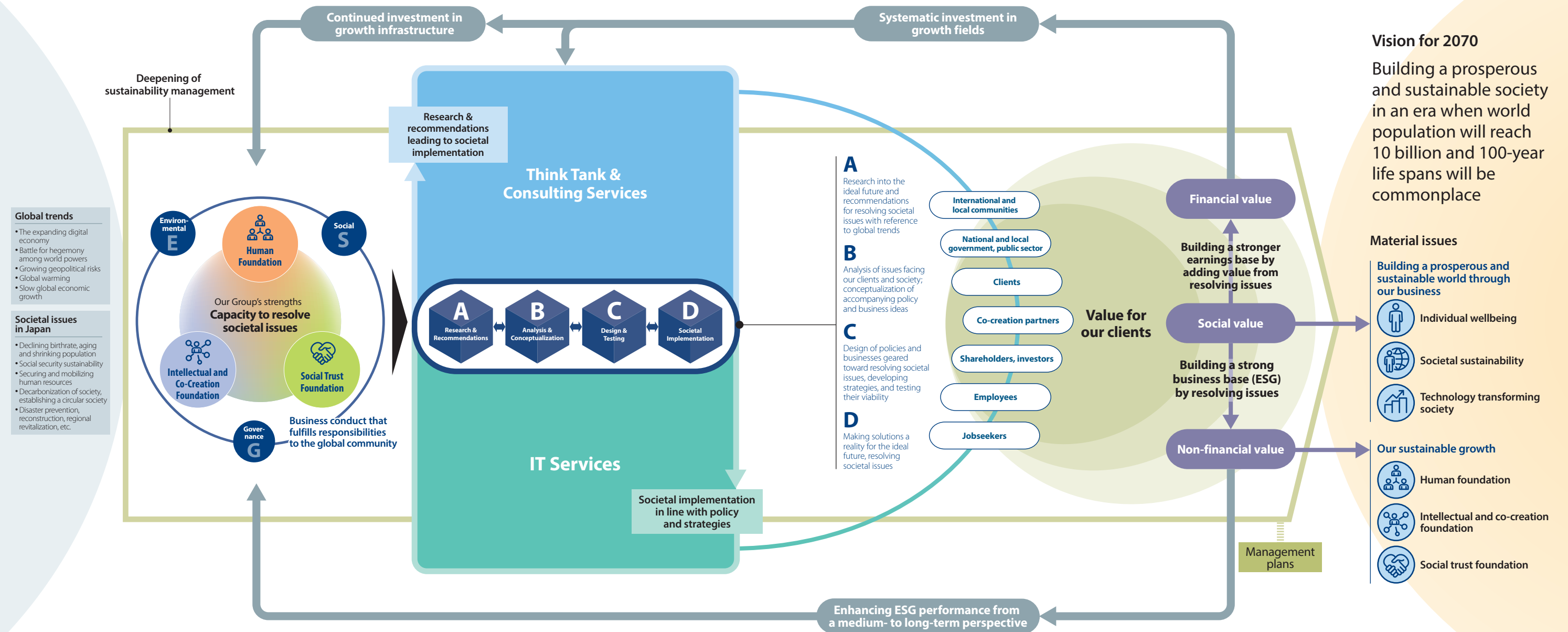
■: Key event ●: Key project

- ### 1970s
- Start of multidisciplinary surveys and research as a lodestone for successive eras
- Established Mitsubishi Research Institute
 - Established Diamond Computer Service (now Mitsubishi Research Institute DCS)
 - Founded Technology & Economy Information Center (now MRI Business, Inc.)
 - Made international policy recommendations (joint research with Japanese, U.S., and European think tanks)
 - Began using NASTRAN, a large-scale linear structural analysis program developed by NASA
 - Launched permanent multi-customer macroeconomic project
 - Developed global supply-demand models for food and ships
- ### 1980s
- Participation in major projects in Japan and overseas
- Founded System 21 (now MRI Research Associates, Inc.)
 - Introduced the CRAY-1 supercomputer into Japan
 - Implemented planning study to design Suez Canal operation management system
 - Advocated for and participated in setting up the Global Infrastructure Fund (GIF)
 - Carried out R&D on artificial intelligence and expert systems
 - Launched information service as exclusive agent of U.S. National Technical Information Service
- ### 1990s
- Expansion of policy proposal, design, and testing services for government agencies
- Set up Research Laboratory for Advanced Science and Technology to carry out experimental research
 - Set up Global Environmental Research Center
 - Set up Safety Engineering Research Center
 - Conducted study on advancing intelligent transport systems (ITS)
 - Carried out studies and research on policy measures to counter global warming
 - Provided support for development of systems for utilizing GPS data

Vision for 2070
Building a prosperous and sustainable society in an era when world population will reach 10 billion and 100-year life spans will be commonplace

- ### 2000s
- Full-scale commitment to the future co-creation solutions business
- Converted Mitsubishi Research Institute DCS into a consolidated subsidiary (2005)
 - Listed on the Second Section of the Tokyo Stock Exchange (2009)
 - Set up Business Solutions Division
 - Conducted advanced research and applied results to industry (e.g., human genome analysis)
 - Conducted trials on carbon emissions trading schemes
 - Supported systems integration at megabanks
- ### 2010s
- Involvement at all stages from research and recommendations to the implementation of solutions in society as a "Think & Act" think tank
- Listed on the First Section of the Tokyo Stock Exchange (2010)
 - Set up Platinum Society Research Association & Innovation Network for Co-Creating the Future
 - Provided support for post-earthquake recovery
 - Participated in mega-solar power generation business
 - Launched PRaiO as an AI-based application screening service for recruiting
 - Launched AI-Based Local Government Chatbot Service in collaboration with local governments
 - Developed and tested regional digital currency business
 - Launched education and data-management services
- ### 2020-
- Formulation of a new management philosophy looking ahead to the next 50 years
- Updated our guiding principles to mark MRI's 50th anniversary
 - Established DX (Digital Transformation) Unit and opened offices in Vietnam and the United Arab Emirates (UAE)
 - Implemented workstyle reforms (e.g., office space enhancements, introduction of remote working)
 - Carved out online information service business for wholesale electricity trading—MPX
 - Implemented 50th anniversary research project: designing the ideal future and policies to get there
 - Implemented project using AI to simulate how covid spreads
 - Made policy recommendations for decentralized growth in a beyond-5G era
 - Integrated credit card systems

Co-creating an ideal future through sustainability management backed by our capabilities to resolve societal issues



Global trends

- The expanding digital economy
- Battle for hegemony among world powers
- Growing geopolitical risks
- Global warming
- Slow global economic growth

Societal issues in Japan

- Declining birthrate, aging and shrinking population
- Social security sustainability
- Securing and mobilizing human resources
- Decarbonization of society, establishing a circular society
- Disaster prevention, reconstruction, regional revitalization, etc.

Vision for 2070
 Building a prosperous and sustainable society in an era when world population will reach 10 billion and 100-year life spans will be commonplace

- Material issues**
- Building a prosperous and sustainable world through our business
 - Individual wellbeing
 - Societal sustainability
 - Technology transforming society
 - Our sustainable growth
 - Human foundation
 - Intellectual and co-creation foundation
 - Social trust foundation

All work based on societal issues

We work in partnership with clients to co-create a prosperous and sustainable future through our wide-ranging projects. The foundation and driving force for this process consist of: our human foundation, in the form of our diverse and highly qualified professional staff; our intellectual and co-creation foundation, through which we create knowledge in collaboration with our human networks in Japan and overseas; and our social trust foundation, including our robust financial and governance structures. We continually create new value by combining these strengths as the basis for our capacity to resolve societal issues.

VCP Management—a cycle spanning research, recommendations, and solution implementation

As a comprehensive think tank with knowledge covering a broad spectrum of fields, we create value through a cycle that we call the “Value Creation Process” (VCP). This value chain serves to resolve societal issues and consists of four stages—A: Research & Recommendations, B: Analysis & Conceptualization, C: Design & Testing, and D: Societal Implementation. The staff responsible for each of these processes share and accumulate knowledge and methods by remaining constantly aware of the preceding and subsequent processes and the ultimate stage of societal implementation. This mechanism is the basis for our ability to create high-quality output and implement our solutions effectively in society.

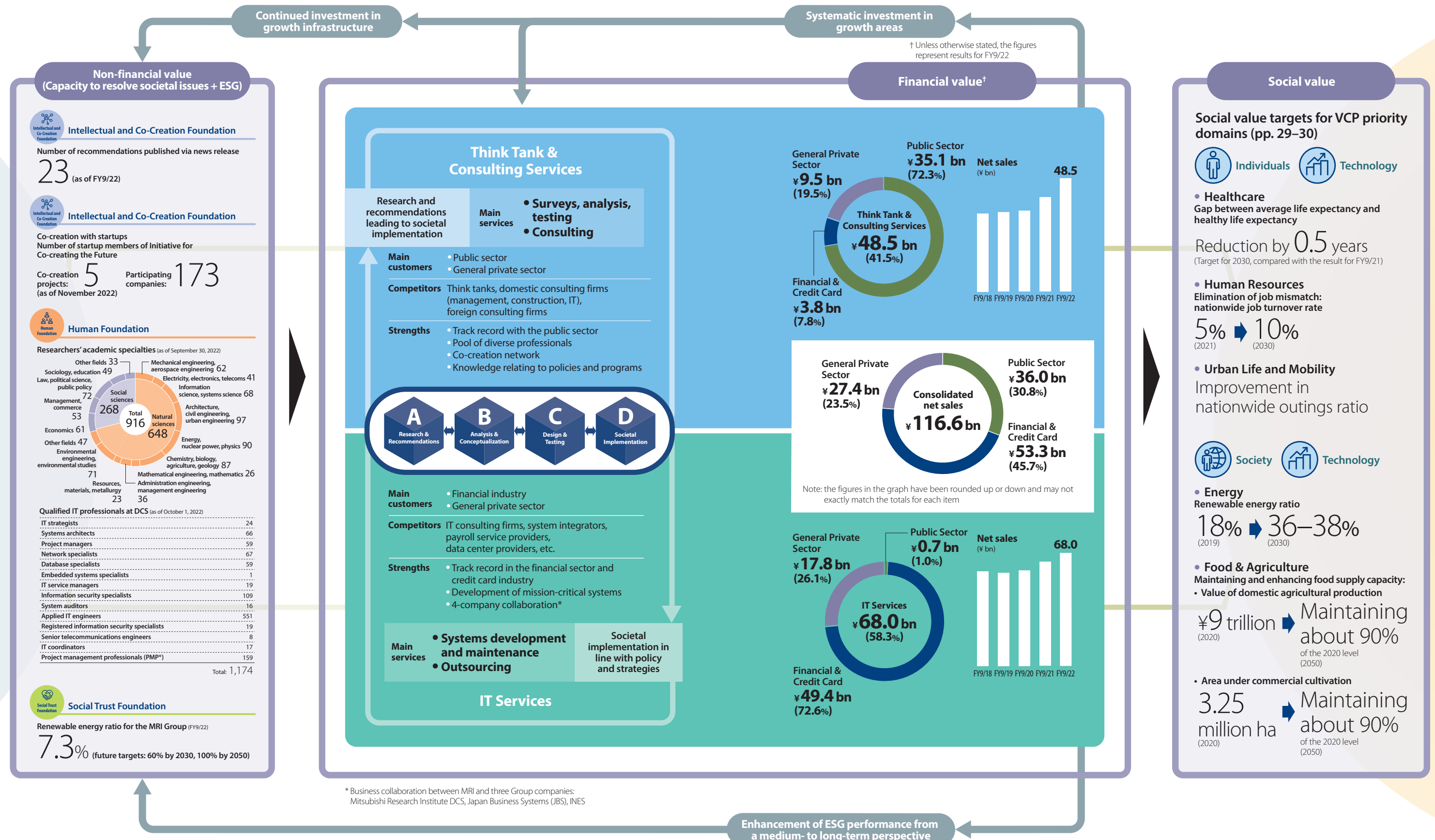
Addressing issues with clients spanning both the public and private sectors

Japan has been among the first countries to experience many of the issues affecting the world today. It still faces an array of major interrelated structural challenges spanning: national security, economic security, technological innovation, climate change, economic regeneration during and following the covid pandemic, regional development, a falling birthrate, and demographic aging. We take on the challenge of addressing these priorities through wide-ranging projects with our clients and business partners, including central and regional governments and companies. Through this process, we have built a diverse customer base and industry–government–academia networks, which we use to accumulate knowledge and expertise in a variety of fields. We use our sophisticated management systems to guide each project to success.

Identification of material issues to maximize positive social impacts

We have identified six material issues as focal points for our efforts to contribute to the realization of a prosperous and sustainable future. Our material issues consist of three areas in which we aim to create social value through our business activities, and three non-financial areas in which we aim to achieve sustainable growth. By creating social value through the resolution of societal issues, we will further enhance our non-financial value, while pursuing growth of our financial value through sustainability management.

Cycling and maximizing our social value, non-financial value, and financial value through projects focusing on societal issues



* Business collaboration between MRI and three Group companies: Mitsubishi Research Institute DCS, Japan Business Systems (JBS), INES



Kenji Yabuta

President and Representative Director,
Mitsubishi Research Institute

We will lead change, proactively identifying client and societal issues, and striving to co-create a sustainable future

It has been about a year and a half since I assumed the role of President and Representative Director. In December 2022 I took on the concurrent position of Chairman of the board of Mitsubishi Research Institute DCS. In this dual leadership capacity, I am charged with comprehensive Group management.

On the occasion of our semi-centennial in 2020, we adopted *Envisioning the future, leading change* as our new Group Vision. We also made a commitment to work with our stakeholders to resolve societal issues and co-create a prosperous, sustainable future.

Our current Medium-Term Management Plan 2023 (MP2023) is the first step in this effort, covering transformations across business structure, workstyles, and

governance. During this, the final year of MP2023, we are consolidating these initiatives and preparing to transition to the next stage. In my New Year's address to Group employees, I invited all to work together in accelerating the pace of change and giving concrete shape to our investments for the future.

Indeed, the time is ripe to accelerate the Group's growth and transformation, given the favorable business environment created by a rapidly changing social landscape and the high expectations of our stakeholders. If we let these opportunities slip by, we will fall behind as the world forges ahead. The urgency of this juncture leaves no room for complacency. I am determined to step up the pace of transformation, working alongside employees.

The events of 2022 made the world more volatile, uncertain, complex, and ambiguous—VUCA—than ever. Russia's invasion of Ukraine has shaken the architecture of international relations, as confrontation escalates between the U.S. and China, and now Europe and Russia, too. The related disruption of supply chains, especially in energy and resources, has caused economic and social turmoil, with energy crises and inflation increasing worldwide. The risk of covid, while downgraded, is not yet over.

These developments are also affecting the domestic economy, adding fuel to current debates on national, economic, and energy security. Such threats highlight the need for more agile and nimble responses to all issues, including fiscal problems compounded by an aging population with a declining birthrate, and climate change. Along with the growing demand for digital transformation (DX) to enhance response capabilities, it is vital to accelerate development of human resources fluent in the next wave of digital technologies such as the Metaverse and Web3.

Mitsubishi Research Institute has significant competitive advantages in this era of uncertainty where there is no single right answer. Our time-tested strengths include an evidence-based approach to forecasting and backcasting; extensive contacts across industry, government, and academia; insight into national policies and programs; expertise in emerging technologies; and the ability to analyze data accurately.

The critical task for us now is to seamlessly integrate knowledge and collaboration across the Group and beyond, to form a Japan-wide industry-government-academia team. Only then can we develop effective strategies that offer real solutions in the face of complex societal issues that are intertwined and seem to require conflicting approaches.

Tackling issues that call for group-level management action

In my first year as President, my top priority was clearing the way to accelerated growth. Together with the Group's

senior management, I focused on deepening stakeholder engagement and tackling issues that needed to be addressed at the Group level to achieve our MP2023 goals.

Deepening stakeholder engagement

The support of all stakeholders, including customers, employees, shareholders, and investors, is key for our New Guiding Principles to take hold and businesses to transform. Dialogue with stakeholders lets us grasp diverse perspectives and acquire an accurate view of rapid societal changes and challenges on the ground. With a return to in-person communication, we have made meeting with all classes of stakeholders a priority, each officer playing their part to gain personal insight into the issues.

With clients

Our Group Forum and Regional Conferences held in Osaka, Nagoya, and Fukuoka serve as springboards for dialogue with clients in diverse industries (pp. 73, 74). This year we took up our clients' high-priority issues of carbon neutrality, human capital management, economic security, and digital transformation, and prescribed ways of working toward their resolution.

At these events, our officers, myself included, arrange strategic dialogues with senior leaders and executives from industry, government, and academia. In synergy with our long-standing working-level relationships of mutual trust, this allows us to deepen our shared understanding of client issues and plans, which can lead to discussions on co-creation and collaboration.

With employees

In expanding our business domains, the Group has faced many societal issues. Our employees have strong intellectual curiosity and are intent on making a broad social impact while forging expertise in new fields. These employee qualities are embodied in our New Guiding Principles, formulated in 2020. With *Envisioning the future, leading change* as our Group Vision, we are taking our value offerings beyond our traditional domain of contract-based research. This wider scope ranges from original research and recommendations to societal implementation.

This proactive positioning has brought another benefit: Over the past year, the vice president and I have engaged employees in candid dialogue in which I sensed a boosted morale. I attribute this to our increased agency in bringing about societal change with a wide spectrum of customers and co-creation partners in business, government, and academia.



With shareholders and investors

To complement our semiannual financial reports, we are increasing dialogue with shareholders and investors through individual IR interviews, personal shareholder briefings, and business presentations by senior management.

We have received positive feedback on the direction of our business transformation and growth potential, along with suggestions for improving transparency by detailing the results of VCP Management and Coordinated Management, as well as clarifying our approach to future growth investment and shareholder returns. These concerns are central to the next medium-term management plan, and we will address them in a timely fashion.

MP2023 areas requiring a concerted Group response

In April 2022 we implemented the 100 Day Plan to focus on human resource improvement and growth-oriented investment, two key areas that required the concerted efforts of the entire Group.

Building a workforce of changemakers

To expand while responding to shifts in the business environment we must develop human resource quality and quantity toward optimizing our portfolio of think tank function and growth businesses including subscription-based and digital-transformation businesses. The 100 Day Plan guided collaboration between MRI and DCS to recruit this talent.

In FY9/23 we are seeking 280 new graduates and mid-career professionals, a year-on-year increase of 50 hires. We have enhanced recruiting activities through our employee-referral program and dialogue with personnel agencies. Those hired will be offered double the training opportunities, participation in the MRI FLAP Cycle® system of career development, and access to visiting positions at firms where they can gain experience and hone their skills (p. 61).

Among our most valuable employees are those who

undertake challenging projects, such as societal implementation and endeavors so large and complex that they elude conventional project management. To encourage them we have overhauled our evaluation structure to reward not only to the end result but also the process of taking on such challenges, even if the conclusion is not always successful.

Growth investment

In our growth business areas, public sector DX demand is strong. We have launched projects in private sector DX and Subscription-based business, though revenue generation is progressing slower than planned and portfolio reforms are still in progress.

To increase the pace of growth in scale and scope, we are applying ambidextrous management: We use rising earnings from core businesses to invest in growth businesses with high-profitability and growth potential that will form the next generation of core businesses.

In this context, the 100 Day Plan calls for investment in growth businesses and R&D, while seeking non-organic growth through investment in technologically strong startups along with M&A activity.

As part of this effort, we established a Corporate Venturing Office in April 2022 and have been developing DX business strategies in three priority growth areas: Smart Factory Logistics, DX Journey®, and Data Analytics. Meanwhile, we are accelerating co-creation initiatives in a variety of channels with a view toward building the pillars of our future business.

MP2023 and our Basic Policy for Sustainability

Our Medium-Term Management Plan 2023 is the first step in applying our New Guiding Principles of 2020. With our Guiding Principles, we renewed our commitment to serve as a company that resolves societal issues by not only proposing solutions but also undertaking their societal implementation. This involves also pioneering a proactive business approach in an industry that is typically passive.

MP2023 incorporates three basic policies: VCP Management, Consolidated Management, and New Normal Management. Through these, we are pursuing transformation in five areas: growth business; core business; think tank function; human resources and organizational culture; and management systems. Together, these will raise our social value, non-financial value, and financial value in a balanced manner as we advance toward the sustainable growth expected of a

company that resolves societal issues (pp. 21, 22).

In tackling these, we apply a sustainability perspective to management, expounded in our Basic Policy for Sustainability of April 2022 (p. 17). I have been appointed Chief Sustainability Officer, clarifying our internal structure for sustainability initiatives. Our sustainability management aims for the sustainable growth of both society and the company.

Overview of FY9/22

We have made steady progress in implementing MP2023 measures during the interim year of FY9/22. I will describe the results we achieved and the challenges we encountered in the financial, non-financial, and social value categories.

Social value

To develop business that creates social value, we have integrated the think-tank value-chain stages “A” through “D” in the eight priority domains we identified among domestic and international societal issues—i.e., VCP Management.

For Research & Recommendations (stage A), we are boosting our capacity to create clearly stated policy recommendations that stimulate public debate.

One example is how we have defined the concept of carbon-neutral resources and articulated the hypothesis that carbon neutrality calls for resource circulation and a circular economy; this serves as a springboard for our ongoing research. We presented our preliminary findings at the November 2022 MRI Group Forum under the banner of *Rebuilding the Economy on Carbon-Neutral Resources* (p. 74).

The Human Capital Management Consortium was established under the auspices of the Ministry of Economy, Trade and Industry (METI) and inaugurated in August 2022. We are playing a key role in its operation as part of our B and C value creation stages, sharing practical examples of human capital management, discussing cooperation among companies, and investigating disclosure practices. This work will contribute to human resource policy formation and administration.

Our digital regional currency platform Region Ring®, developed and operated in-house, is a prime example of how we have fully linked our value-creation stages from A through D. It helps address regional issues such as household waste reduction and energy efficiency, by encouraging behavior change through reward-point programs. As we roll out this platform, we are tailoring its implementation to regional characteristics.

Non-financial value

Non-financial value is based on our competitive advantage as a company that resolves societal issues, together with ESG management which is essential to sustainable growth and a corporate obligation.

The three components of our ability to resolve societal issues are knowledge (intellectual value), human resources (human value), and networks (relationship value).

Intellectual value comprises the extensive knowledge and experience of our highly skilled professionals. It is important to deliver such value to our stakeholders and society at large. Our original research and recommendations are also important components of intellectual value in this context.

Our FY9/22 macroeconomic research was lauded for its astute and incisive analysis of the covid pandemic's impact on the Japanese and the Ukraine conflict's global economic implications. We also made recommendations derived from research in our eight VCP priority domains: healthcare, human resources, urban life and mobility, energy, ICT, food and agriculture, circular society, and resilience.

Our human value is our people. In developing our workforce, we have been applying our original FLAP Cycle® career development program which helps employees grow based on personal long-term goals and motivations. In terms of workstyle reforms for the new normal, we are developing flexible options including satellite office commuting, workcations, and remote relocation, in addition to telecommuting.

During FY9/22 we also formulated the *Conduct Guidelines for Diversity and Inclusion (D&I)* and raised company-wide awareness of the issues through lively discussions among employees, complemented by seminars, and roundtable sessions with internal and external experts.

Regarding relationship value, we are increasing the number of co-creation partners through the Initiative for Co-creating the Future (ICF) (p. 73), as well as equity participation and investments in partner companies, funds, and other vehicles. The aforementioned Corporate Venturing Office and the Business Acceleration Program (BAP) foster co-creation among promising startups, ICF members, and MRI.

This endeavor extends overseas where we are setting up co-creation platforms with capable local partners to develop businesses that tackle regional societal issues. In Vietnam, for example, we signed an agreement to partner with UNFPA (United Nations Population Fund) to explore the best ways to address population aging. In Saudi Arabia, meanwhile, we have signed an MoU with Saudi Investment and Recycling Corporation (SIRC) for advancing waste

management and recycling in a cooperative effort that is making steady progress and delivering results that go beyond non-financial value.

Financial value

In FY9/22, both operating profit and ordinary profit broke records for the second year in a row. The Group's consolidated ordinary profit came to ¥10.49 billion, surpassing the MP2023 target of ¥10 billion one year ahead of schedule.

In the Think Tank & Consulting Segment, performance was driven by growth in large-scale projects including covid related AI simulations in the public sector, field testing projects in next-generation mobile communications such as local 5G networks, research projects on renewable energy, and healthcare projects. The IT Services Segment also contributed significantly to our results with its growth in the financial and credit card business. DX business growth continued in both the public and private sectors as a result of close cooperation among Group companies.

Aided by the above, we exploited favorable opportunities in the business environment while furthering qualitative reforms. By strengthening Group collaboration and taking on larger projects, we enhanced productivity and raised profits. The IT Services Segment reached the higher profit margins we sought, a notable result of improved service quality supported by structural reform, along with the completion of large-scale projects. In this way, our self-help initiatives are translating into positive outcomes.

Priorities for FY9/23

Successful completion of MP2023

Having exceeded the financial targets of MP2023 a year early, we forecast continued gains in revenue and profits in FY9/23, albeit on a smaller scale. Qualitative reforms of our core business will continue along with steady growth. We will also focus on talent acquisition, risk management, and other salient issues.

Investment in human resources will continue to be a top management priority. The capabilities of our people are the ultimate source of our value generation. Growth of the organization depends on the growth of its individuals. MRI and DCS are working as one to tackle HR issues head-on.

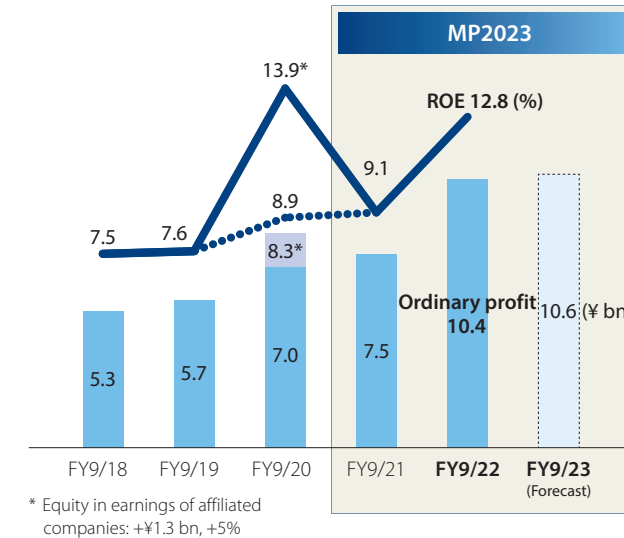
The next stage

To formulate the next medium-term management plan, senior management is taking the lead in considering where we want the Group to be in five to ten years. We plan to

MP2023 targets

Ordinary profit **¥10 bn** (¥10.6 bn forecast for FY9/23)

ROE **10%**



strengthen our two core business segments of policy-oriented Think Tank & Consulting Services and financial-institution-oriented IT Services, and build third and fourth cores to maximize social value, non-financial value, and financial value.

We will continue to lead change as a true societal-solution group united toward ambitious goals

At the Group Forum we showed a video about who we are and what we do, based on the idea that MRI is implementing the future, a theme which resonates with our New Guiding Principles.

The video narration presents some of our beliefs and conceptual methodologies: forecasts alone can't keep pace with the future; first we define the desired future, then we make it happen; and the best way to predict the future is to create the future. These words reflect our determination to embrace a value offering that uses our conventional research and analysis to clearly delineate a desirable future world and commits us to co-creating it with our clients and business partners.

Taking a wider Group management view, I am convinced that by overcoming each issue we face in this turbulent world of VUCA, we will evolve into a distinctive and unprecedented corporate entity that encompasses think-tank work, consulting, IT services, and the real-world implementation of solutions.

Underpinning my confidence is the commitment of

every employee to the transformations that will lead to a sustainable future. Whenever I can, I urge our employees to relentlessly tackle issues without hesitation or fear of failure, aligned in our shared vision.

Uncertainty will remain a constant in the business environment, but as a group and together with our many stakeholders, we will continue to transform ourselves and the future through co-creation. Looking forward, we will advance our management efforts in FY9/23 so that the next medium-term management plan will paint an even larger picture of Mitsubishi Research Institute as a company dedicated to resolving societal issues.

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Kenji Yabuta

President and Representative Director
March 2023

Spotlight: Materiality

Identifying material issues: the foundation and driver of our sustainability management

Our Basic Sustainability Policy

Our Vision for 2070 is to be using our business to help resolve societal issues and build a prosperous and sustainable society for an era of a 10 billion world population and 100-year lifespans. By creating social value, we generate sales and profits that build our financial value, which we then apply in pursuit of our medium-term management numerical targets and growth investment. At the same time, we use our non-financial value—the knowledge, technology, and know-how accumulated addressing societal issues—to strengthen our foundations of human capital, intellectual and co-creation, and social trust that are the sources of our competitiveness.

Basic Policy for Sustainability

Create a prosperous and sustainable world in an era with a global population of 10 billion and lifespans of 100 years, and generate sustainable growth for the Group

Six material issues

Following our Guiding Principles and the vision we have for society, in April 2022, we identified material issues from two perspectives of sustainability management.

The first is how we can create social value that will have

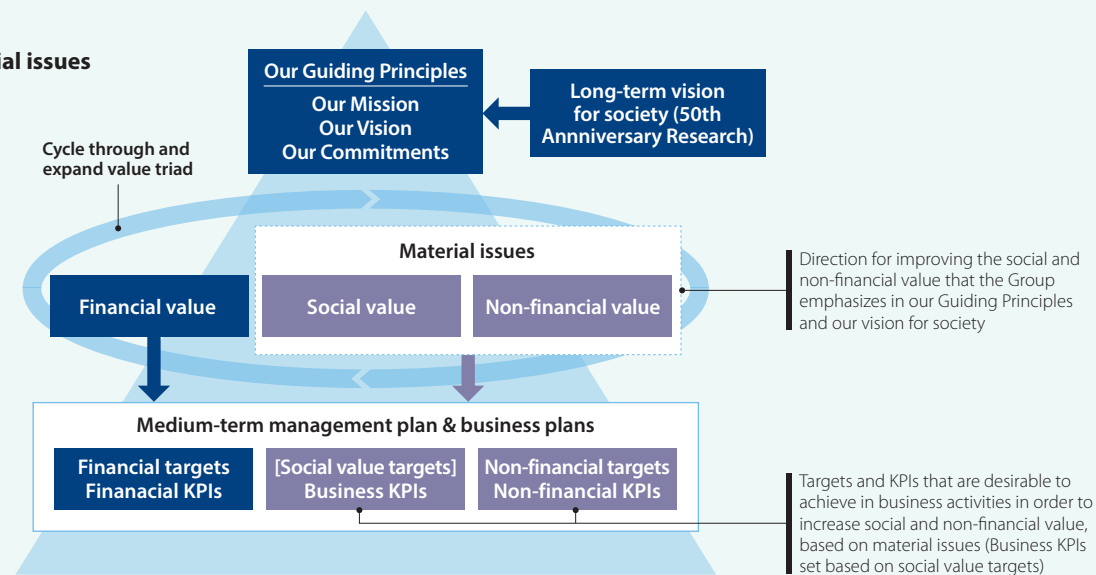
a greater impact (pp. 29–30). Specifically, we considered what we can do as a comprehensive think tank in our VCP priority domains that take a broad view in the analysis and organization of issues in Japan and overseas, and what research themes can be pursued related to the long-term vision we framed for society in our 50th anniversary research project in 2020.

The second perspective is how we can strengthen our non-financial value that is essential to our sustainable growth (pp. 27–28). We identified items related to the foundations of human capital, intellectual and co-creation, and social trust that will be essential to implementing the new Guiding Principles we adopted on our 50th anniversary and fulfilling our Medium-Term Management Plan 2023. This is in addition to items based on international frameworks and guidelines like ESG.

Sustainability Management Code guides activities based on PDCA cycle

Sustainability is at the foundation of our Group management. To deepen the concept of sustainability in our management activities, in April 2022, we established our Sustainability Management Code and a structure of responsibility for applying the code. The president is set as the Chief Sustainability Officer (CSO) and the General Manager of the Corporate Administration Unit serving as the Sustainability Management Officer.

Positioning of material issues



The guidelines put the Sustainable Management Office in the Corporate Planning Division in charge of planning sustainability activities, defining and revising material issues, and forming and managing non-financial and social value targets. The office will also apply a PDCA cycle in conjunction with the business plan. The General Manager of the Corporate Planning Division drafts matters to be deliberated and decided on regarding sustainability, which are then approved by the Sustainability Management Officer, CSO, and Management Strategy Committee prior to the final decision by the Management Meeting.

Enhanced disclosure and communications

Our policy is to promote business development and other initiatives based on the material issues that we have identified, and to actively disclose information in this report and on our website. We will also seek to improve our sustainability management by reconsidering and revising our activities and material issues to reflect the opinions of our stakeholders.

MRI Group material issues

Material issues	Examples of initiatives	Relationship to the SDGs
Building a prosperous and sustainable world through our business		
Individual wellbeing Ensuring health, self-fulfillment, and connection	<ul style="list-style-type: none"> Healthcare business Human resources business Urban life and mobility business 	
Societal sustainability Ensuring safety, security, and global sustainability	<ul style="list-style-type: none"> Financial & credit card business ICT business Energy and circular society business Food and agriculture business Resilience business 	
Technology transforming society Societal implementation of innovative technologies, transformation of companies and society	<ul style="list-style-type: none"> DX business Research into cutting-edge technologies Focused development of societal implementation business 	
Sustainable growth		
Human foundation Sustainable improvement of our people and the organization	<ul style="list-style-type: none"> Recruiting and training human resources, running the FLAP Cycle® Work-life balance, health-focused management Diversity and inclusion 	
Intellectual and co-creation foundation Utilizing the value of collective knowledge and our co-creation foundation	<ul style="list-style-type: none"> Research and recommendation activities, accumulation of intellectual property Customer and business partner network formulation Group management 	
Social trust foundation Maintaining and improving social trust in the Group	<ul style="list-style-type: none"> Risk management and information security Corporate governance MRI Group decarbonization initiatives 	

Growing our social, non-financial, and financial value by building a resilient and sustainable world

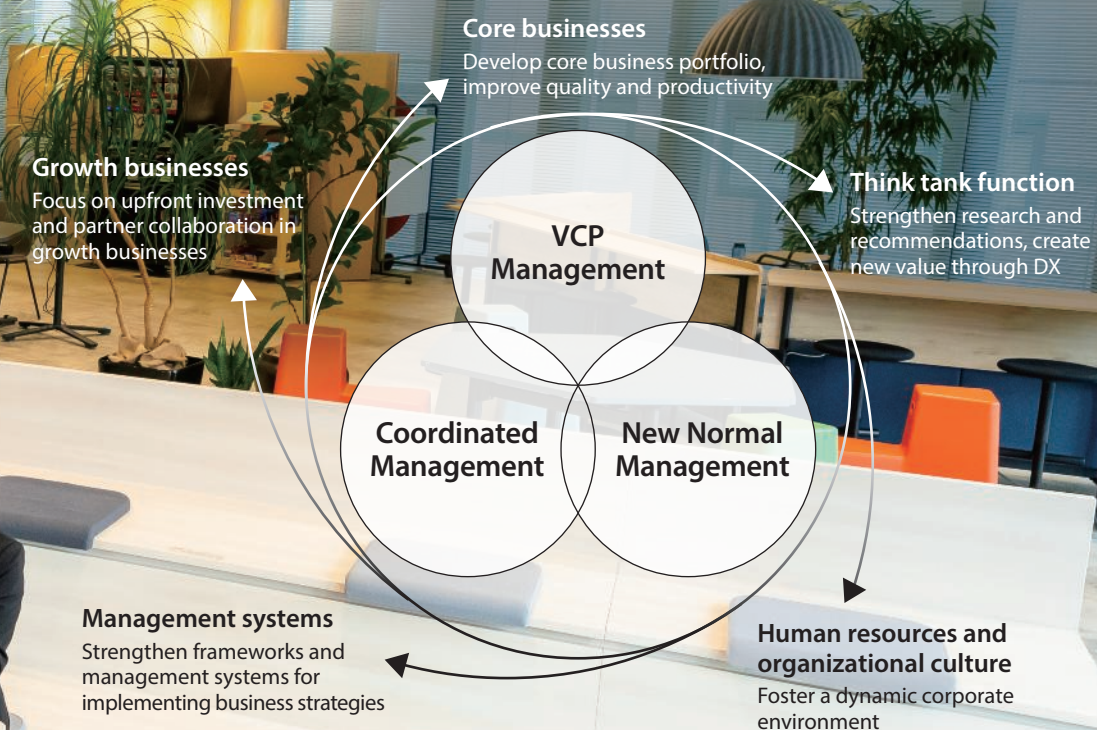
In celebration of the 50th anniversary of our founding, in FY9/21 we launched Medium-Term Management Plan 2023 (MP2023) with sights set on our vision for the next 50 years.

The objective of MP2023 is to create a resilient and sustainable society during and after the pandemic. To achieve this objective, we are promoting Five Transformations, including growth businesses, core businesses, think tank function, human resources and organizational culture, and management systems. Our Three Basic Strategies—VCP Management, Coordinated Management, and New Normal Management—are guiding these efforts.

We strive to maximize our corporate value by becoming a company providing real solutions to societal issues. To do this, we must go beyond helping clients to identify their issues and goals. We will maximize social value by co-creating solutions with clients and business partners, and we will bring the real-world application of these solutions to society ourselves. The resulting societal impact will fortify our non-financial value, and we will cycle this back to boosting our financial value.

In this report, it is our pleasure to introduce some examples of the progress we have made in the second year of MP2023.

Three Basic Strategies and Five Transformations



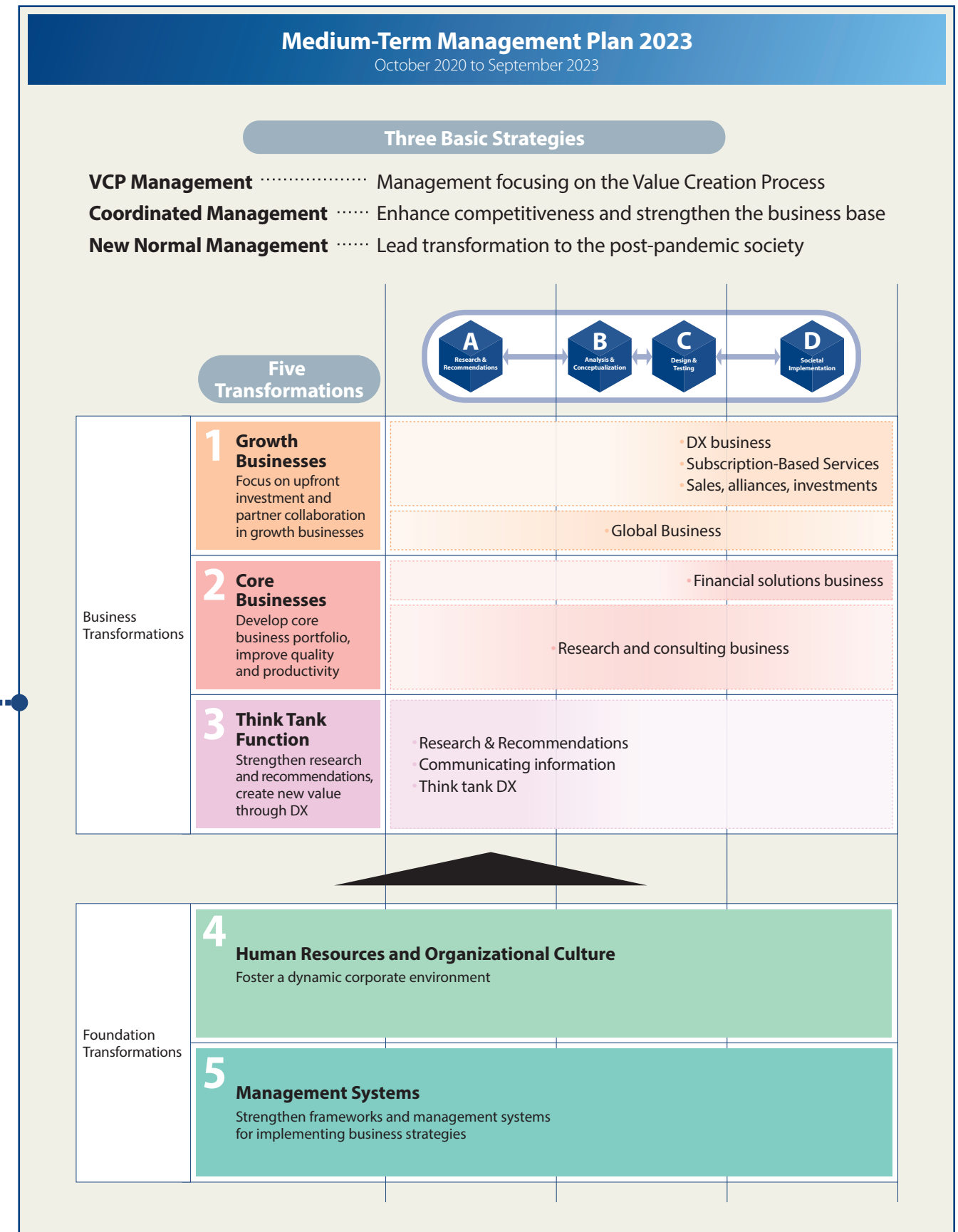
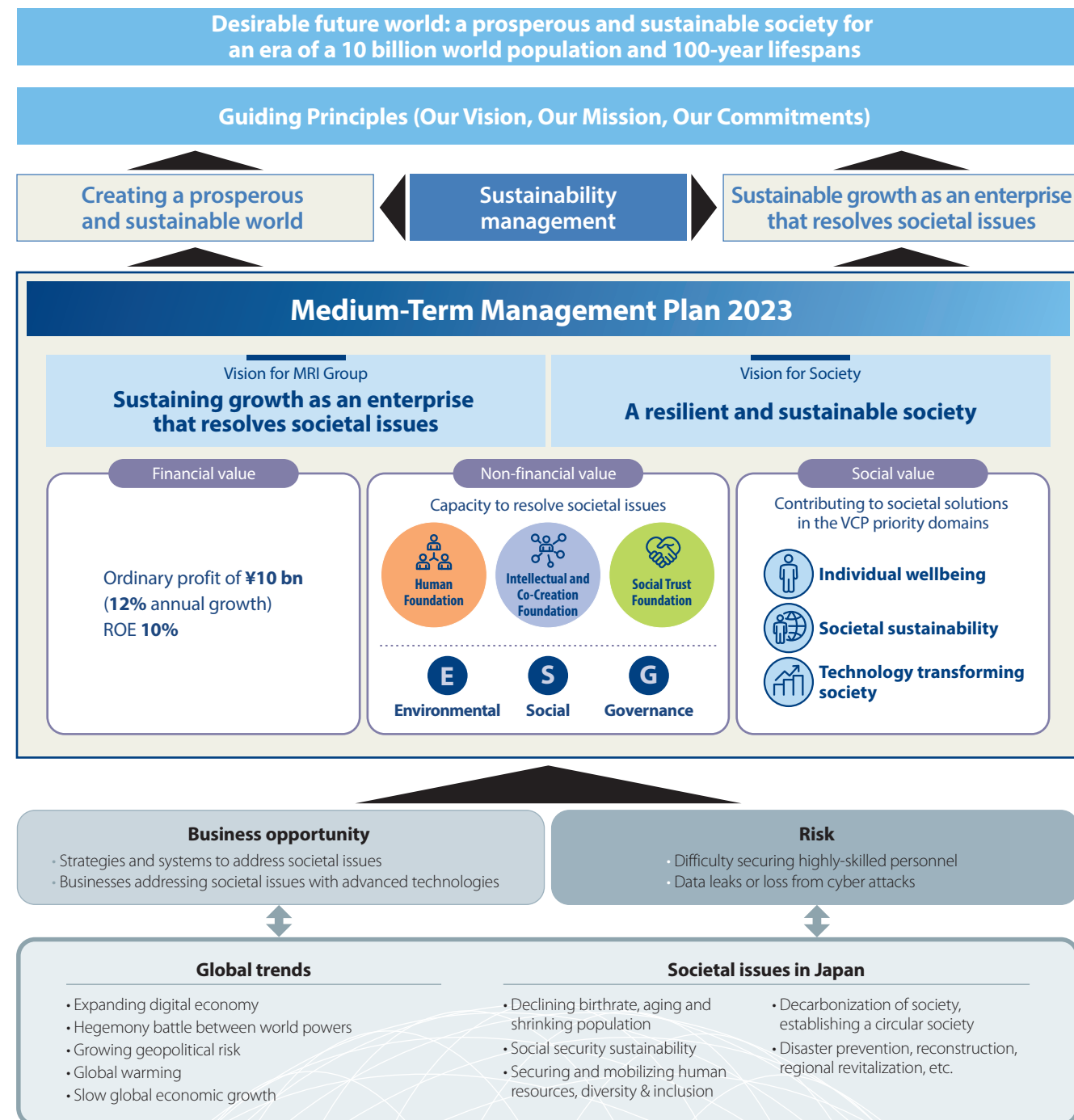
Advancing reform following the Three Basic Strategies

Improving initiatives by identifying material issues

We launched Medium-Term Management Plan 2023 (MP2023) in October 2020 to implement the Guiding Principles adopted in September 2020. To strengthen our efforts in all areas, in April 2022, we defined six material issues from the two perspectives of ensuring sustainable growth and building a prosperous and sustainable world through our business (p. 18).

Five Transformations

To fulfill the objectives of MP2023, we are applying the basic strategies of VCP Management, Coordinated Management, and New Normal Management. We are also seeking to enhance our presence as a company to resolve societal issues and working to bring about three business transformations and two foundation transformations (p. 22) with the aim of establishing sustaining growth.



Greater Group synergy has enhanced the value we offer and shifted us to a high-profit business model

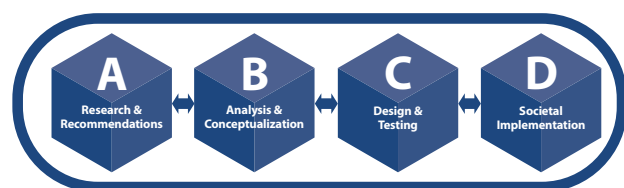
1. VCP Management

Concept

Value Creation Process (VCP) Management works to resolve societal issues by organically linking our Group's four functions of A) Research & Recommendations, B) Analysis & Conceptualization, C) Design & Testing, and D) Societal Implementation in each issue domain. VCP Management also promotes collaboration within the Group and with our partner companies.

This approach enables us to go beyond our individual business results to create greater social impact and generate greater value. We will continue strengthening VCP Management to further boost our competitiveness and transition to a profit structure with high added value.

The Value Creation Process (VCP) concept



Organizational fortification

To advance VCP Management, we set the eight VCP priority domains of healthcare, human resources, urban life and mobility, energy, ICT, food and agriculture, circular society, and resilience. Each domain has a VCP Manager (VM) as well as a Policy Proposal Chief to promote research and recommendations, a Government Relations Manager to strengthen relations with the relevant governmental ministries and agencies, an Industry Manager to strengthen relationships with key accounts and partners, and a Business Manager to promote societal implementation. These positions work with the VM to strengthen cooperation and connections among the business divisions.

Main achievements

We applied the measures illuminated by our Research & Recommendations work to tackle issues of greater importance for our clients. This led to larger projects and higher value-added on our Analysis & Conceptualization and Design & Testing fronts. These efforts have increased the number of large projects valued at ¥100 million or higher by roughly 40% from five years ago.

In the area of Societal Implementation, we have been

steadily developing our subscription-based services. We expanded the MRI Power Price Index (MPX) online information service for wholesale electric power transactions by establish a joint venture company with KYOS Holding B.V. of the Netherlands. Our Region Ring® digital currency platform was adopted by Nagoya City for its Kinshachi Money digital purchase vouchers (p. 48).

2. Coordinated Management

Concept

We are enhancing the effectiveness of VCP Management by applying Coordinated Management to further diversify Group business and by strengthening the offensive and defensive aspects of our competitiveness. We are focusing particularly on providing IT solutions and DX-related businesses where we can generate significant Group synergy effects.

Organizational fortification

MRI and key subsidiary DCS are strengthening bonds with various partners, including equity-method affiliates Japan Business Systems (JBS) and INES. We are activating Group synergy effects to respond to the rapidly growing demand in the DX market. Specifically, to promote personnel exchanges, collaborative development, and provision of services, we have established a Consulting Group within DCS, and an AI solutions group in MRI's DX Technology Division.

Main achievements

MP2023 sets new normal, DX Journey®, data-driven management, and local government DX as priority areas. Dozens of projects are currently in the works, particularly related to the DX Journey® and data-driven management.

In the area of local government DX, we have continued developing businesses with INES. DCS has been capitalizing on MRI policy expertise to gain orders in new fields for national-government systems development. We are collaborating as a Group on a growing number of projects to develop systems for local governments based on DCS solutions.

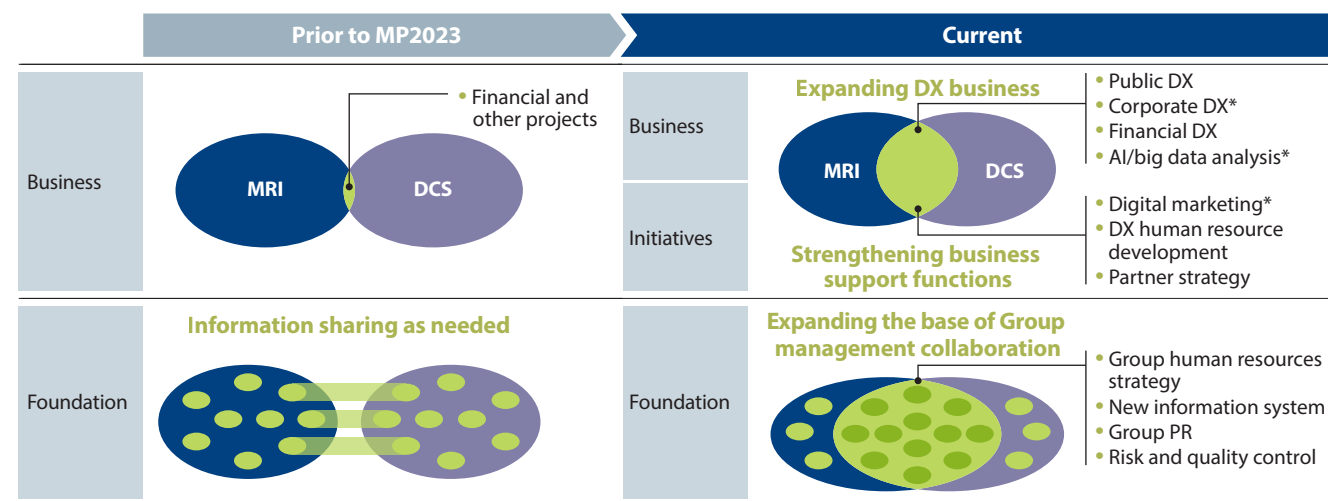
In April 2022, we signed a business alliance agreement with the French company OVHcloud to develop platforms for the data analytics field in Japan. With this agreement, we will work with OVHcloud to develop the ForePaaS service (p. 26) and create new services for the Japanese market.

In July 2022, Group companies convened for our DX Day as part of our DX Reboot theme. DX initiatives have become widespread, but they have also come to be acknowledged as difficult endeavors. The event provided

an opportunity to assess the challenges, identify emerging issues, and recommend solutions.

Group DX business sales have been steadily growing and were up by roughly 20% from FY9/20.

Coordinated Management of our business and its foundation



* Integrated initiative system

3. New Normal Management

Concept

We are accelerating workstyle reform for new normal conditions and leading the transformation to a post-pandemic society. This is a management effort to establish sustaining growth while maximizing our performance and attractiveness as a company. Reforms include accommodating work-life balance needs geared to life stages, reformatting the head office for the new normal conditions, and supporting remote work.

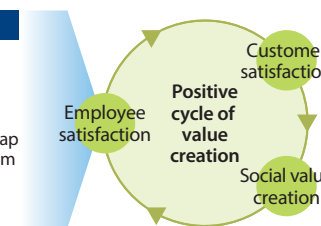
Main achievements

We are extending the office layout reorganization begun in FY9/21 by introducing a free address seating system, conducting company-wide surveys, and examining setting up a middle office with the aim of fully supporting new normal workstyles. We are also enhancing our programs and systems including continuing to operate and improve our new personnel system designed to support new workstyles, formulating a new information system, and devising new countermeasures for the risks presented by the new normal conditions.

In addition, we have formulated the Basic Policy for Sustainability and *Conduct Guidelines for Diversity and Inclusion* to further strengthen our sustainability management.

New Normal Management initiatives and targets (partial list)

Hiring and training <ul style="list-style-type: none"> Formulation and implementation of Group hiring strategies Referral recruiting System for dual employment 	Workstyle reforms <ul style="list-style-type: none"> Work from home, flexible relocation, and working vacations Work-life balance geared to life stages 	Management systems reform <ul style="list-style-type: none"> Development of a Group core information system DX of business processes → Use of think tank DX results Creation of a Group new normal risk map and the active risk management system
Enhanced work environment <ul style="list-style-type: none"> Office layout reorganization Free address seating system Communication areas 	Corporate culture reform <ul style="list-style-type: none"> Direct communication between management and employees Goal setting, sharing, and achievement recognition 	



Creating Financial Value

Steady progress with MP2023 brought a second year of record-high ordinary profit—target reached a year early

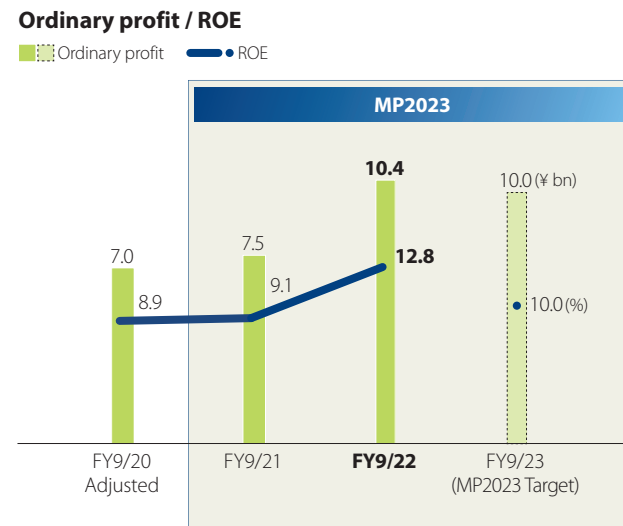
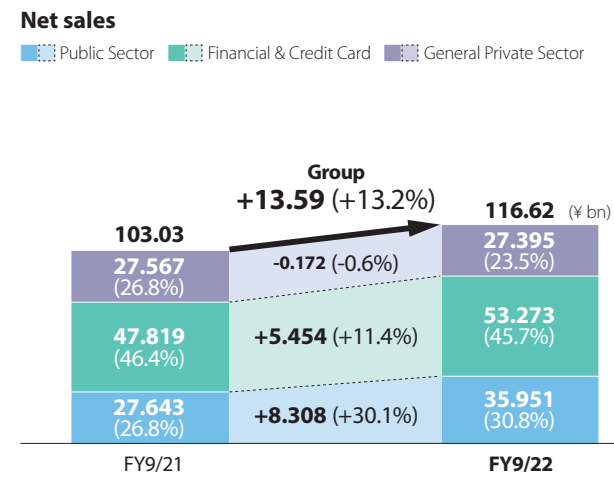
First time over ¥10 billion

In FY9/22, the second year of Medium-Term Management Plan 2023 (MP2023), we continued the strong performance from the first year and achieved our profit target a year ahead of schedule, raising operating profit above the ¥10 billion mark for the first time in our history.

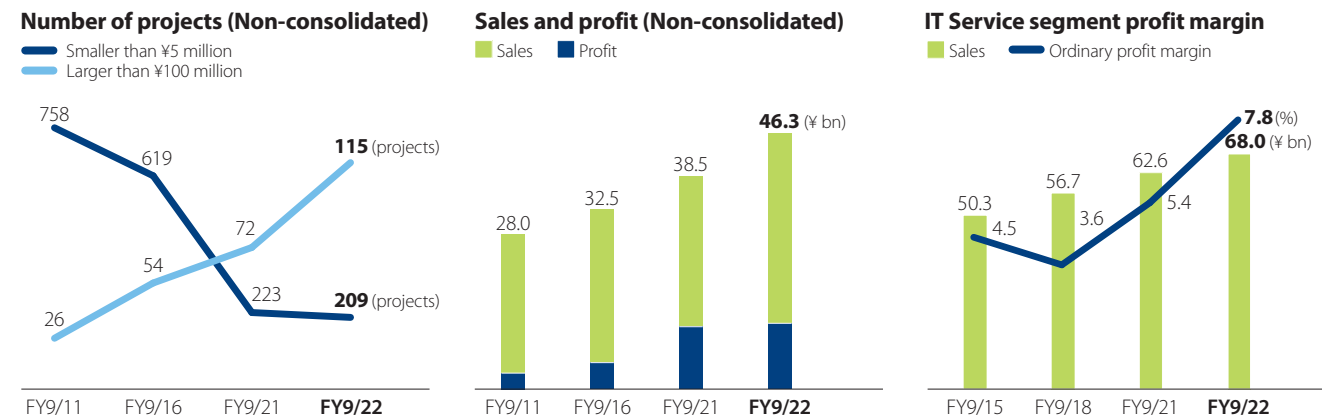
Think Tank & Consulting Services (TTC) segment results were driven by large projects including pandemic-related AI simulations in the government sector, demonstration projects in the 5G and other next-generation communications fields, research projects in renewable energy, and an increasing

number of healthcare projects in the medical and nursing care fields. IT Services (ITS) segment performance was led by system infrastructure renewal projects in the financial sector along with emerging results for DX projects for government agencies and the private sector—the latter are a result of MRI-DCS collaboration.

Successes with ITS initiatives to improve productivity and TTC initiatives to both engage in larger projects and increase productivity are steadily generating the qualitative improvements that are an objective of MP2023.



Larger projects and higher value-added are improving project quality, productivity, and profit margin



In detail: progress of our Growth Business Transformation

A growing DX business: support for a wide range of industries including shipping

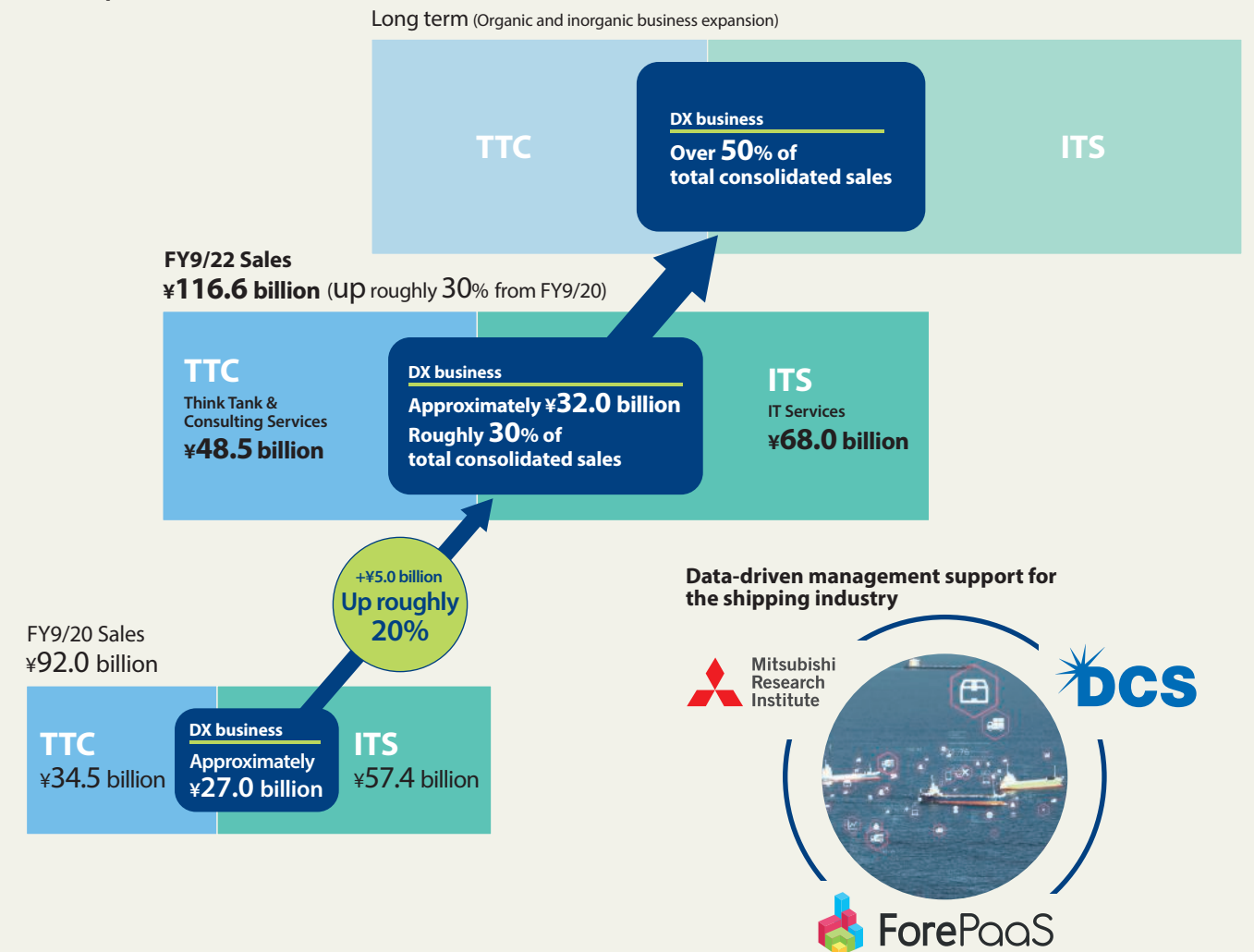
In MP2023, the DX business is the center of our strategy for the growth businesses. Sales in FY9/22 amounted to ¥32.0 billion, a 20% increase from ¥27.0 billion in FY9/20. At the end of FY9/22, the growth businesses segment represented roughly 30% of total consolidated sales, and we are accelerating both organic and inorganic growth to raise its contribution above 50% in the long term.

MRI and DCS collaborate in a variety of venues. One specific example of our work to support DX of private-sector clients is the project to develop a data-driven management

system for a client in the shipping industry.

We applied the ForePaaS big data analytics platform—a company we had invested in—to develop a tool for the shipping client to accurately manage and reduce greenhouse gas emissions. We started trial operations just two months after we began formulating the tool, and it is now being used by some 3,000 ships. Europe's largest cloud service provider OVHcloud acquired ForePaaS in April 2022, and we plan to work extensively with OVHcloud to expand our cloud business.

Growth plan for the DX business



ClassNK CHARTING THE FUTURE ClassNK ZETA (Zero Emission Transition Accelerator) is a greenhouse gas emission management and reduction tool we provide to the ship classification society Nippon Kaiji Kyokai (ClassNK) for distribution to shipping companies. We developed and tested the tool in a two month span.

Our Value Triad

Creating Non-Financial Value

Targets based on ESG and our capacity to resolve societal issues

How we defined them

To achieve our goal to deliver the social value of creating a prosperous and sustainable world, we must simultaneously improve our ability to resolve societal issues, which is the source of our competitiveness, fulfill our corporate social responsibility, and strengthen our management base to enhance the sustainability of society.

Our approach is to set non-financial indicators for environment, society, and governance (ESG) where we will use our knowledge, human resources, and co-creation infrastructure to enhance our capacity to resolve societal issues and our management base to fulfill our corporate responsibility and achieve societal sustainability.

Non-financial benchmarks

Category	Summary	KPI	FY9/21	FY9/22	FY9/23 Targets	
Capacity to resolve societal issues						
Knowledge (Intellectual value)	We enhance our core competencies as a comprehensive think tank group leading to societal implementation and social influence, including our research and recommendations and knowledge and intellectual property gained through our work.	Number of recommendations published on our corporate website (distributed externally as news releases)	20	23	24 (4 added to original MP2023 target of 20)	
Human resources (Human value)	Human resources are our greatest asset as a company. We strive to recruit and develop the high-level professionals who are indispensable for resolving societal issues and achieving business growth. We also enhance our management foundation and working environment to enable them to develop their careers, take advantage of opportunities of growth, make use of their abilities, and achieve sustainable growth.	We have positioned <i>diversity</i> within the Society grouping of ESG.				
Co-creation infrastructure (Relationship value)	There are limits to what the Group can achieve alone. In order to actualize the collective impact of working to resolve societal issues through the cooperation of various parties, we build and operate our industry-government-academia network with our company serving as a bridge and our platform for co-creation with partners.	Partnerships and collaborations with startups	140	167	170	
		Membership of ICF (MRI) Collaborations (MRI)	0	5	1	
ESG						
Environmental (E)	We aim to contribute to creating a sustainable society by using our business activities to reduce society's burden on the global environment. In the current fiscal year, we added new non-financial targets for GHG emissions.	Energy from renewables (Long-term target: 60% by 2030, 100% by 2050)	0%	7.3%	20%	
		GHG emissions (tCO ₂)	10,611	9,686 (third party verified)	8,800	
Social (S)	We aim to create a positive cycle of value creation of improving employee satisfaction leading to higher customer satisfaction and using our businesses to resolve more societal issues. In the current fiscal year, we revised the <i>Conduct Guidelines for Diversity and Inclusion</i> , complied with the Corporate Governance Code, and formulated conduct guidelines.	Diversity				
		Women among new hires	38.9%	26.0%	35.8%	
		Women in management positions	10.8%	11.6%	15.1%	
		Work-life balance	Parental leave uptake	Women 100%	100%	100%
			Men	12.3%	36.8%	30.0%
		Paid vacation uptake	52.5%	56.9%	76.2%	
Have remote working environment	93.3%	96.2%	95.0%			
Health management	Proportion of those needing follow-up exams that actually received them	65.4%	79.2%	100%		
Governance (G)	We aim to maintain and increase society's trust in our company by constructing a corporate governance structure for transparent, fair, prompt, and decisive decision-making. Recognizing the increasing data risks in recent years, we have taken steps to fortify our information and cyber security and are offering new services for clients, such as the SecurityScorecard (p. 82).					

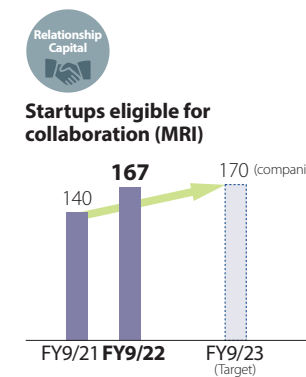
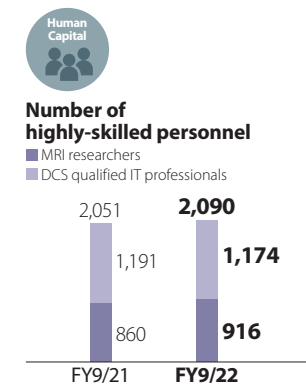
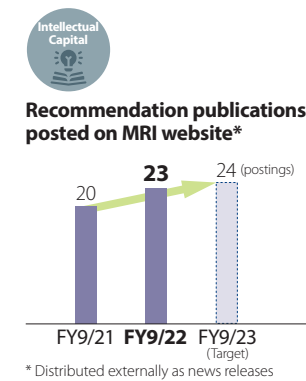
Notable progress being made

For our capacity to resolve societal issues, we increased the number of publications of research and recommendations on our corporate website as well as the number of partnerships and collaborations with startups. We believe this is the result of strengthening research and recommendation functions using our VCP Management policy, and improving the quality and quantity of research, recommendations, and collaborations with startups under the leadership of the Corporate Venturing Office established in FY9/22. In FY9/23, we will raise the number of research and recommendation targets from the MP2023 initial target of 20 to 24, step up partnerships and collaborations, and deepen the quality of our

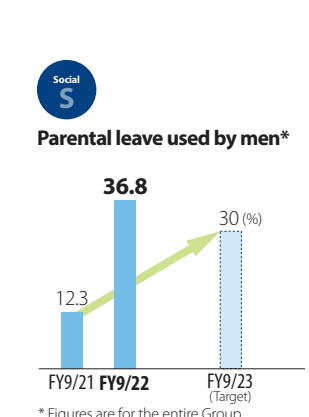
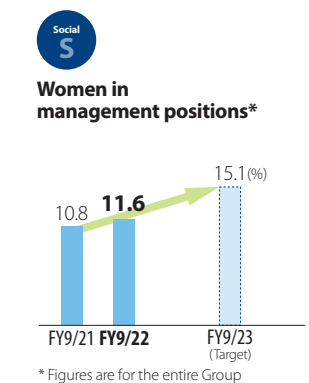
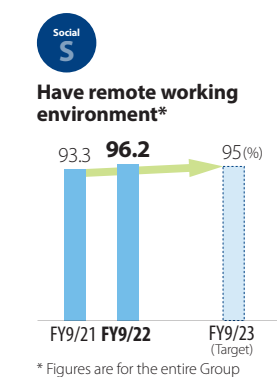
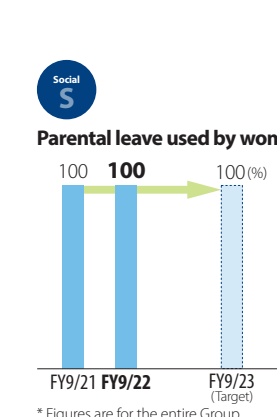
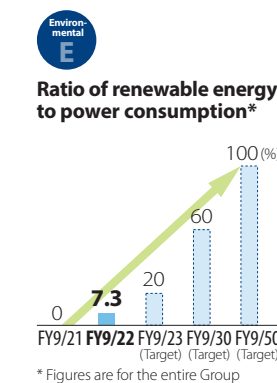
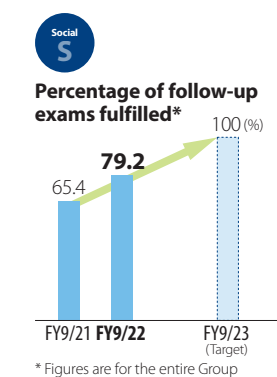
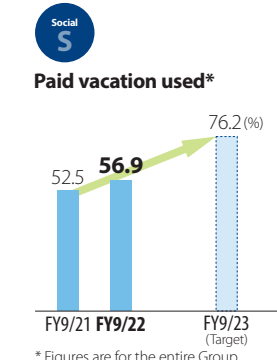
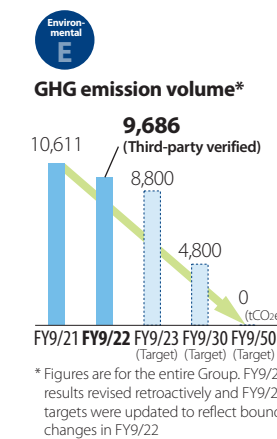
efforts with startups to resolve societal issues.

In ESG areas, there was a notable increase in the percentage of male employees taking childcare leave, as it rose from 12.3% in FY9/21 to 36.8%. We are creating an environment that encourages men at all of our Group companies to take childcare leave, as we believe it also plays an essential role in promoting active roles for women in the workplace. Our efforts to accommodate remote work to provide an optimal work environment for the new normal resulted in a higher degree of remote-work preparedness among Group companies. We intend to continue taking steps and conducting events to establish an optimal balance of on-site and remote working environments.

Capacity to resolve societal issues



ESG



Our Value Triad

Creating Social Value

Defining our social value targets

We seek to create social value by using our businesses to resolve societal issues as we pursue our vision for 2070: a prosperous and sustainable world in an era with a global population of 10 billion and lifespans of 100 years.

To continue increasing the social value we provide, our Medium-Term Management Plan 2023, which we launched in FY9/21, set eight VCP priority domains where we believe our basic strategy of VCP Management can make a significant contribution to resolving societal issues.

We have also set three themes that include VCP priority domains for building a prosperous and sustainable world through our business from the perspective of material issues

in sustainability management.

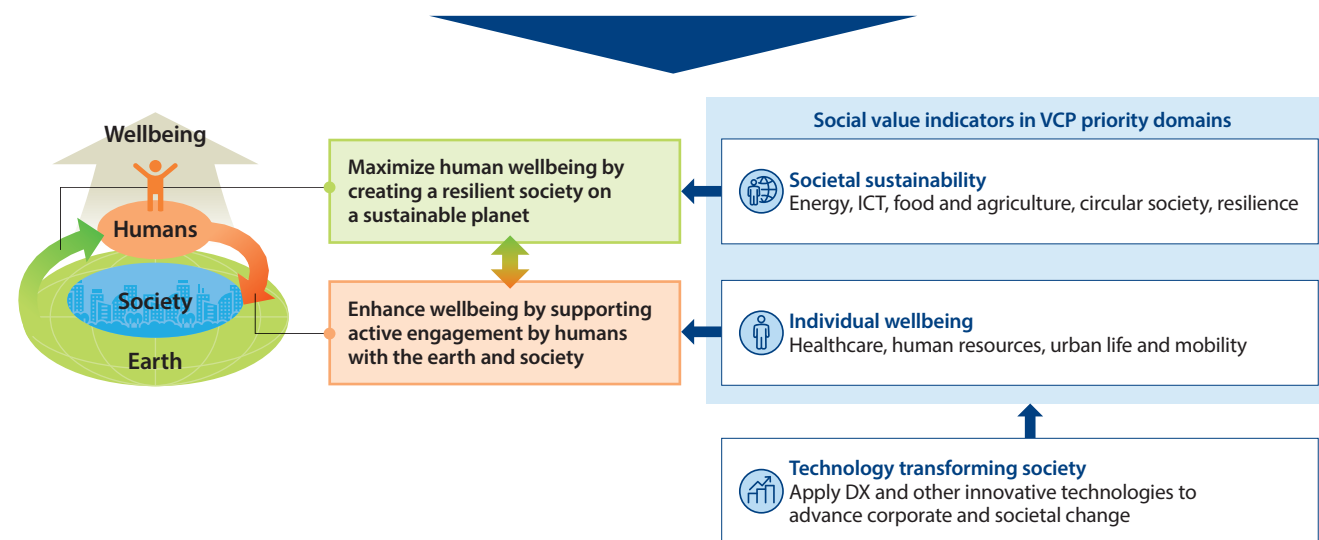
For each of these measures, we have set quantitative and qualitative targets for the social value that we create through our activities in the VCP priority domains in accordance with the business direction illuminated by each material issue.

Material issues and social value indicators

Of our three material issues concerning our business, we have set social value indicators for individual wellbeing and societal sustainability. Businesses related to the third material issue, technology transforming society, will complement and support the efforts related to the other two to resolve societal issues.

Social value indicators in material issues and VCP priority domains

Material issues (Building a prosperous and sustainable society through our business)	Summary
Individual wellbeing Ensuring health, self-fulfillment, and connection	Aim to create a future society where everyone can lead healthy, active, and high-quality lives
Societal sustainability Ensuring safety, security, and global sustainability	Build a stable and disaster-resistant societal infrastructure that supports economic activities; work to resolve global environment, energy, and food problems; realize a sustainable society
Technology transforming society Societal implementation of innovative technologies, transformation of companies and society	Introduce DX and other innovative technologies to society and companies as DX businesses; aim to improve individual wellbeing and societal sustainability

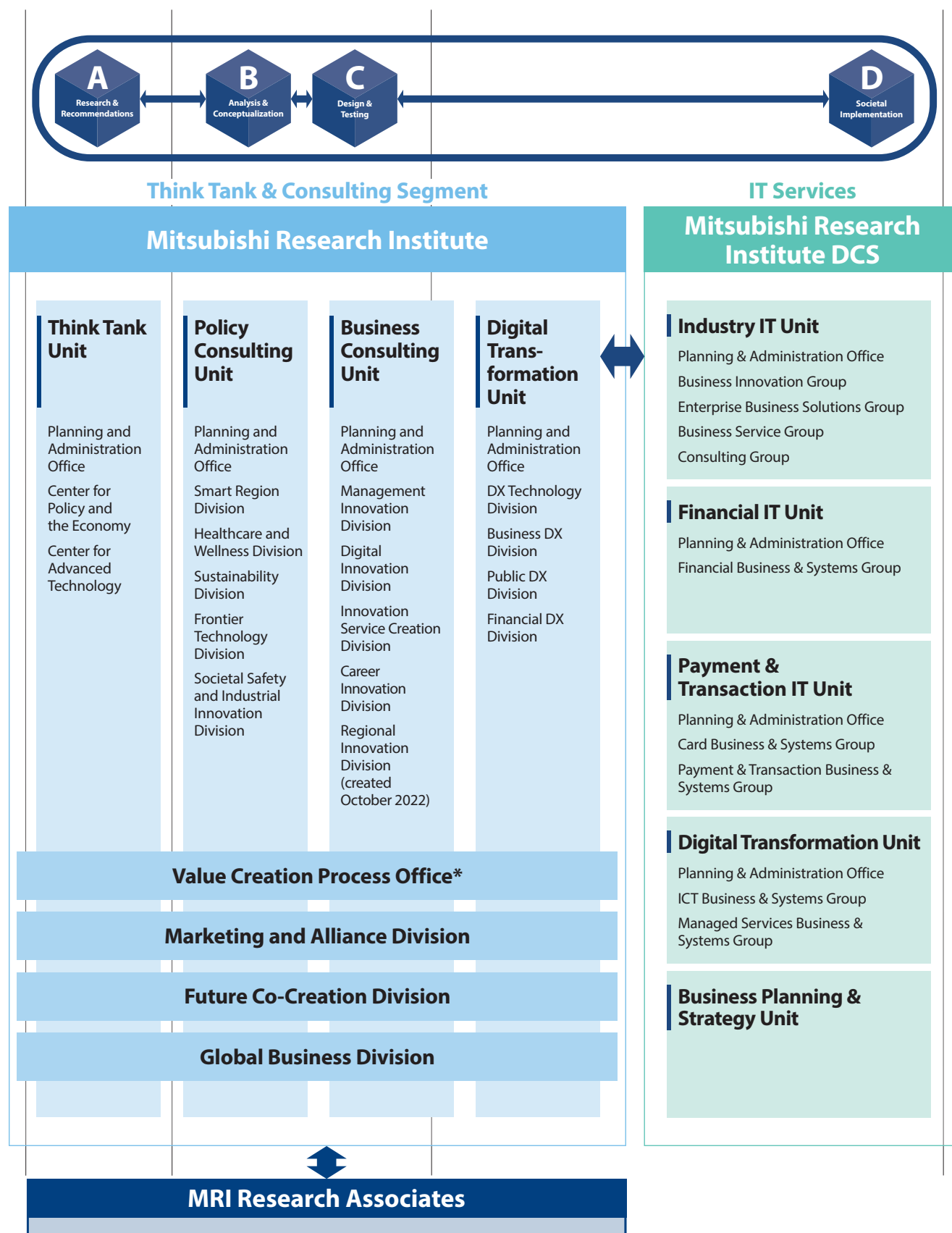


Social value indicators and main initiatives in each VCP priority domain

Domain	Societal issues	Solutions	Social value targets*
Healthcare	Universal health insurance system under stress from the aging population and rising medical and nursing care costs; diminishing quality of life	Extend healthy life expectancy and reformulate social security system	Narrow the difference between average life expectancy and healthy life expectancy by 0.5 years [2030] Increase the fiscal budget for medical and nursing care insurance expenses by ¥10.5 trillion (2050)
Main initiatives: evaluate the impact of digitalization of medical and nursing care; propose social security system reforms to establish sustainability; expand sales of services for health insurance companies; start business in nursing care prevention evidence based policy making (EBPM) for local governments; start service conceptualization and technology development to improve productivity at nursing care facilities			
Human Resources	Difficult for individuals to gain desired employment and companies to secure adequate human resources due to mismatch in qualifications and job requirements	Close mismatch by providing opportunities for learning, growth, and success	Promote workforce fluidity and a turnover rate of 10% (2030)
Main initiatives: propose and support policies for introducing human capital management information disclosure systems; develop a skill-based job matching system and provide services for job placement agencies; start collaborating with education business partners to develop recurrent education support tools			
Urban Life and Mobility	Decreasing opportunities for activity outside the home due to digitalization and increasingly severe, complex, and numerous regional issues; reduced transportation demand and difficulty continuing services due to the pandemic and deteriorating quality of life	Create actions to resolve regional issues, provide opportunities for quality activities outside the home under the new normal conditions according to individual values and living environment	Increase activity in public locations (compared to 2015), enhance wellbeing
Main initiatives: propose <i>actfulness</i> (p. 48) that enhances people's wellbeing and value for companies and communities; release Region Ring* service; implement the Daimaryu SDGs ACT 5 demonstration project and the Nagoya Kinshachi Money (p. 48)			
Energy	Global warming causing rising sea levels, ecosystem destruction, more frequent natural disasters	Secure safe power supply capacity; make renewable energy the primary power source; construct a mechanism for supply-demand balancing	Renewable energy ratio 36–38% [2030], reduce renewable energy power curtailment
Main initiatives: estimate and make recommendations concerning the social impact, economic impact, and structural changes with carbon neutralization; create new businesses through aggregation of renewable energies; develop solutions for predicting and forming optimal operating plans for distributed energy resources (DERs, such as renewable energies)			
ICT	Infrastructure stresses and increasing power consumption caused by the information explosion, increasing economic security needs due to dependence on foreign capital and supply chain risks	Optimally allocate information communication resources; promote green ICT; visualize and control supply chain risks	Develop autonomous, decentralized, and cooperative networks; develop green ICT/IoT infrastructure; enhance infrastructure supply chain security
Main initiatives: build an information explosion model to analyze the supply-demand mismatch in data traffic and infrastructure; analyze of ICT power consumption; make recommendations for next-generation infrastructure; launch security risk rating business for ICT business supply chains			
Food & Agriculture	Medium-term food crisis risk due to increasing food demand and climate change impacts, rapidly declining domestic agricultural productivity	Promote environmentally sound agriculture, change food composition and reduce food loss; promote use of renewable energy; qualitatively and quantitatively expand agricultural corporations; promote farmland consolidation	2.8 million hectares of cultivated land under management, domestic agricultural production value of ¥8 trillion (2050); achieve carbon neutrality in agriculture, forestry, and fisheries (2050); ¥140 trillion global market for sustainable food (2050)
Main initiatives: forecast and research the number and scale of entities managing farms and the optimal target for them; research sustainable food and food tech utilization for reducing the environmental impact of food production; provide management improvement consulting for individual farms; support food tech startups			
Circular Society	Realization of a circular society; resource amounts within sustainable load figures for environmental	Create a carbon-neutral society that uses and circulates sustainable resources	Lower society's ecological footprint to 1.0 (level of global sustainability)
Main initiatives: formulate and recommend a future vision for a sustainable resource and circular society			
Resilience	Declining ability of society to respond to frequent and severe storms and flood damage caused by large earthquakes and climate change	Enhance private and mutual assistance programs using private funds and services as supplements to public assistance	Enhance investment in preparation for national disasters and governmental, private, and individual countermeasures
Main initiatives: research and develop businesses for the societal implementation of services for individuals and communities; design and recommend investment and management schemes that integrate measures for aging industrial infrastructure and disaster countermeasures; apply DX for public-private collaboration in the disaster prevention field			

* Social value targets may change depending on future circumstances

MRI Group business structure



* Coordination of the four business segments to the best advantage for the Group

Message from the Executive Vice President and Officer in Charge of VCP

Adding speed to the steady results of VCP Management



Hidemoto Mizuhara
Executive Vice President and Representative Director, Officer in Charge of VCP and Officer Responsible for Company-Wide Divisions

The growth strategy in the Medium-Term Management Plan 2023 centers on our Value Creation Process (VCP) Management. VCP Management links the Group's four core functions of Research & Recommendations, Analysis & Conceptualization, Design & Testing, and Societal Implementation into a unified approach for addressing societal issues while creating both social and corporate value.

FY9/22 saw VCP managers lead steady growth in business opportunities for the energy, human resources, urban life and mobility, and food and agriculture priority domains—progress in line with the framework initially laid out by the Value Creation Process Office.

We are mobilizing company-wide organizational structures to fortify our relations with key accounts and business partners. Our sales arm has assigned industry-specific managers and pursued new business alliances, startups included. We are also expanding the membership base of our Initiative for Co-creating the Future (ICF). Overseas, we are putting to use our business network centered on our offices in Hanoi and Dubai.

Some of our key initiatives in FY9/23 are to fully integrate VCP with these company-wide activities, establish concrete results under our VCP Management, and make clear progress toward our medium-term growth goals.

Message from the President of Mitsubishi Research Institute DCS

Taking pride as a company that supports societal infrastructure and resolves societal issues



Takehiko Matsushita
President & CEO, Mitsubishi Research Institute DCS

Mitsubishi Research Institute DCS is an organization of information-system professionals that for over 50 years has been providing total solutions across the IT lifecycle spanning consulting, design, development, maintenance, operation, data utilization, AI, and automation. Today, information systems are a fundamental form of societal infrastructure and essential to ensuring a convenient and prosperous future.

The Medium-Term Management Plan 2023 will establish a solid foundation for sustainable growth by broadening our DX Business and Service Business. We are also making steady progress on human resource development, research and development, and active investment to accelerate our growth in the future.

We take pride as the core IT company of the Mitsubishi Research Institute Group and as a company that supports societal infrastructure. We will continue to help resolve the issues society and our customers face by providing "IT for a sustainable future."

MP2023 Progress by Business Unit

Think Tank & Consulting Segment

Think Tank Unit

Focusing on research and recommendations in the VCP priority domains to generate new societal trends

Hiroshi Iwase
General Manager,
Senior Managing Executive Officer



Business overview

The Think Tank Unit is responsible for A) Research & Recommendations, the foundation of VCP Management. We lead MRI's internal research efforts analyzing the international situation, economic developments, and technology trends. We also develop various outlooks for, and the steps needed to achieve, the future society.

We share the findings of our research at meetings of governmental entities, industry associations, and corporations as well as through the media with the aim of inspiring new societal trends.

Market analysis and action

Amid growing instability and uncertainty, society is increasingly turning to think tanks to create visions for the future and recommendations to realize these visions. The increasingly complex societal issues require a broad perspective as well as evidence-based analysis and solutions. We believe our company is being looked to not just to recommend solutions, but also to join with government agencies, private companies, and other shareholders to be a leader in societal change. We will contribute to resolving societal issues by providing our VCP Management services at all stages from A) Research & Recommendations through D) Societal Implementation.

MP2023 strategies and initiatives

We are strengthening our ability to conduct research and provide recommendations with the aim of informing public policy and corporate strategies, thereby generating new societal trends that will create a more resilient and sustainable society in the post-pandemic era. In the VCP priority domains (pp. 29–30), we are focusing on research and recommendations linked to our strategies for each domain and geared toward resolving societal issues. We also use the knowledge and experience from our work in research, consulting, and societal implementation to present recommendations firmly rooted in reality.

Main initiatives and achievements

In the second year of MP2023, our research and recommendations on wellbeing, virtual technology, and other topics of great interest to society attracted intense attention. In the first year of MP2023, we introduced several systems for societal implementation, such as the FLAP Cycle® (p. 61), in the five VCP priority domains of healthcare, human resources, urban life and mobility, energy, and ICT. In the plan's second year, we added three more priority fields—food and agriculture, circular society, and resilience—where we formed dedicated teams and launched research and recommendation activities to resolve societal issues.

We are continually seeking to enhance the quality of our research and recommendations and collaborate in joint research with domestic and overseas research institutes and universities to incorporate the latest knowledge from around the world, strengthen our human resource development, and produce opinion leaders.

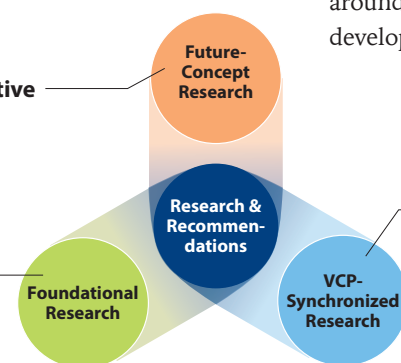
Think Tank Function concept diagram

To conceptualize and design a path toward future world from a medium- to long-term perspective

- Post-covid research activities
- Fundamental research on carbon neutrality

International affairs, economic policies, advanced technology trends

- Macroeconomic research
- Leading technology research (virtual technology, etc.)



Solutions for societal issues related to VCP domain strategies

- Healthcare
- Human resources
- Energy
- Urban life and mobility
- ICT
- Food & agriculture
- Circular society
- Resilience

Think Tank & Consulting Segment

Policy Consulting Unit

Qualitative transformation of our business by proactively selecting the projects we focus on

Tetsuya Hanyu
General Manager,
Executive Officer



Business overview

Our mission is to co-create public policy by providing research and consulting services, fulfilling the B) Analysis & Conceptualization and C) Design & Testing processes—the core of our VCP. Our main customers are government agencies, and we work with our partners to assist in policy planning, system design, and project management.

Our focus is on areas that are closely related to venues of public policy, such as healthcare and energy, where the demands of society are increasing. We are improving the value of our research and consulting by presenting detailed recommendations for bringing problem-solving measures to our clients and society.

Market analysis and action

Heightening social and economic turmoil is leading to increasingly complex societal issues, which are being addressed through coordinated public-sector initiatives by government ministries, interdisciplinary approaches to problem-solving, and evidence-based policymaking and implementation. The role of the Policy Consulting Unit is becoming increasingly important as demand in the public sector moves beyond surveys and research to solutions for implementing policy and developing the private sector.

MP2023 strategies and initiatives

Under MP2023, we are reforming our business portfolio and stepping up our digital transformation projects, as part of measures to bring about a qualitative reform of our business. In addition, we are using the knowledge and expertise in public policy that we gain through our work to envision the future world, curate projects to make that world a reality, and focus management resources to advance those initiatives.

We are further enhancing the value we provide by fortifying the value chain to the A) Research & Recommendations and D) Societal Implementation processes.

Main initiatives and achievements

We are reforming our business portfolio by selectively withdrawing from low-profit, one-time projects and instead focusing on enhancing our profitability by taking on larger projects and focusing on digital-transformation projects with high social demand. The qualitative reform we are implementing includes allocating management resources to further strengthen our proposal capabilities.

Policy Consulting Unit organizational structure

Division	Business domain	Main clients
Smart Region Division	Smart cities, infrastructure DX, mobility, evidence-based policy making	Ministry of Land, Infrastructure, Transport and Tourism; Ministry of Economy, Trade and Industry; transportation companies
Healthcare and Wellness Division	Medical and nursing care, health management	Ministry of Health, Labour and Welfare; Japan Agency for Medical Research and Development
Sustainability Division	Environment, renewable energy, decarbonized society, sustainability management	Ministry of the Environment; Ministry of Economy, Trade and Industry; electric power companies
Frontier Technology Division	Advanced technology, space and ocean, defense and intelligence	Ministry of Internal Affairs and Communications; Cabinet Secretariat; Ministry of Economy, Trade and Industry; telecom carriers
Societal Safety and Industrial Innovation Division	Disaster prevention and risk, nuclear safety, industrial innovation	Ministry of Economy, Trade and Industry; Cabinet Office

MP2023 Progress by Business Unit

Think Tank & Consulting Segment

Business Consulting Unit

Consulting clients through their transformation; creating and running businesses that resolve societal issues

Tatsuya Nakabushi
General Manager,
Executive Officer



Business overview

The Business Consulting Unit provides research and consulting services to our clients and partners, primarily private companies, for identifying their fundamental issues; determining the growth strategies, management policies, and business plans needed to achieve their ideal future; and supporting the implementation of the solutions needed to get there. We ourselves also take the lead in resolving issues and societal implementation services and, together with partner companies, contribute to the transformation of our clients and society.

Market analysis and action

Our aim is to provide comprehensive solutions to societal issues and assist in real corporate and societal transformation that integrates policy and business. In this realm, we see various areas of business opportunity, including 1) societal issues that are increasingly challenging, complex, serious, global, and uncertain, 2) the shift in corporate management styles to purpose- and vision-driven management, societal issue resolution, sustainability management, human capital management, and focuses on digital transformation, security, and carbon neutrality, and 3) the transformation of companies and local governments and the changing behavior of consumers and workers in the new normal conditions.

MP2023 strategies and initiatives

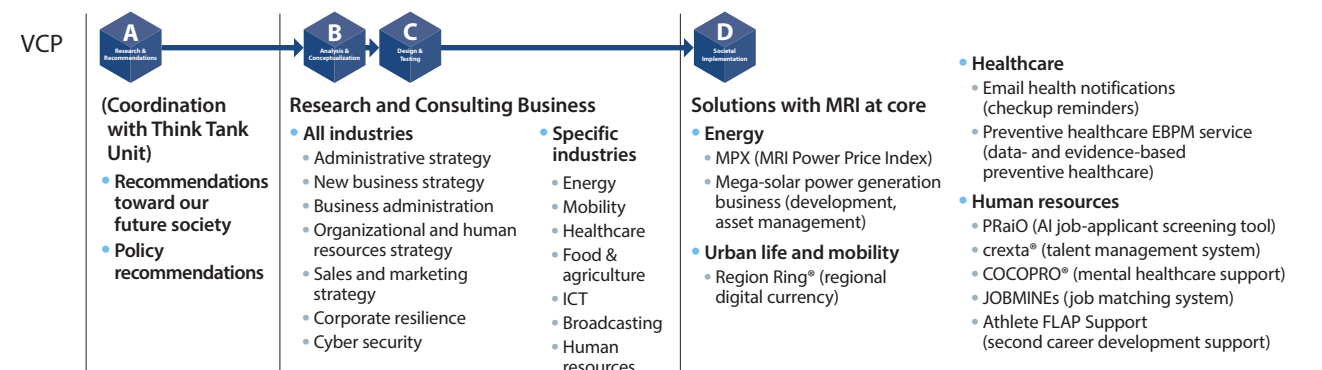
Synchronization across the VCP stages brings together our various business functions around specific societal issues. We are fortifying this synchronization to improve our consulting services qualitatively and maximize the value and outcomes we provide to our clients and society. We are also prioritizing investment to develop and promote our subscription-based services with the aim of increasing our profitability in the future.

Main initiatives and achievements

The qualitative improvements to our consulting services are enabling us to steadily increase the scale of our projects and raise our unit prices. Our achievements include commissioned projects for smart city infrastructure design, covid AI simulation, local 5G demonstration testing, security consulting, and management of the Human Capital Management Consortium.

In subscription-based businesses, we have continued to develop the Region Ring® digital regional currency platform, notably the Kinshachi Money program for Nagoya City. We also established a new company to promote the MPX wholesale electricity trading platform, launched the JOBMINEs operation supporting human capital management, and started an evidence-based policy making (EBPM) service for the preventive-healthcare field.

Business concept diagram



Think Tank & Consulting Segment

Digital Transformation Unit

Creating a wide range of solutions that meet growing demand for digital transformation

Yoshihiko Ito
General Manager,
Managing Executive Officer



Business overview

The Digital Transformation Unit uses digital technology to tackle complex societal issues and provide solutions for clients in general industry, finance, and the public sector. Our specialty as a think tank is developing solutions that combine our deep understanding of public policy and socio-economic trends with our consulting capabilities for strategy, business, and information technology. Driven by VCP Management and Coordinated Management, our unit primarily covers the areas of C) Design & Testing and D) Societal Implementation. We help clients successfully accomplish their digital transformations by providing full support throughout the process from strategy planning to implementation.

Market analysis and action

DX initiatives in Japan are primarily focused on reforming business operations and have not yet made sufficient progress. At the same time, technology innovation is continuing at a rapid pace, and in recent years has both opened up new business opportunities, such as from the metaverse, and increased cyberspace threats.

We will take advantage of our ability as a think tank to anticipate changes in society to enhance strategic phase initiatives, accompany clients, and enhance co-creation of digital implementation with diverse partners centered on group companies. Our own Think Tank DX enables us to pioneer Japan's digital transformation, developing new technologies and creating new businesses.

MP2023 strategies and initiatives

Under MP2023, we are focusing on the following areas to help our clients transform:

- DX Journey®: our company's original approach for achieving change
- Data-driven management: a focus on value creation and the conversion of experience and know-how to AI
- National government DX: reforms to operations that have been reliant on manual processes
- Regional co-creation DX: projects aiming for sustainable regional growth
- Financial DX: focused application of FinTech

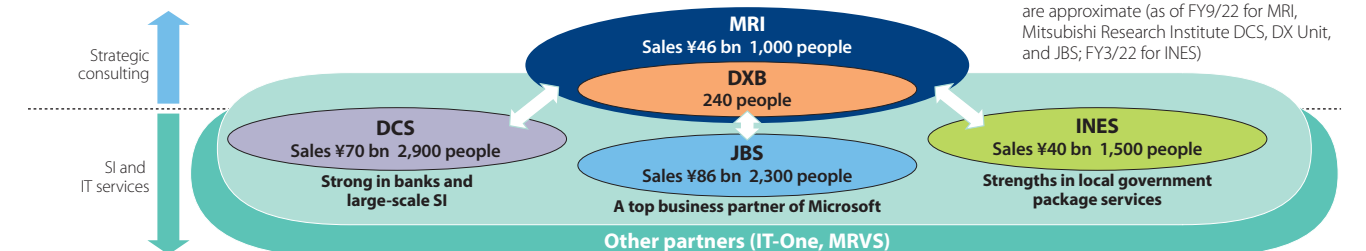
In our activities, we will bring in related departments and work with our partners to accelerate development of solutions and services. Our D) Societal Implementation work provides us with new expertise and technologies, and we are enhancing VCP by feeding these back into the preceding stages.

Main initiatives and achievements

We are steadily building on our results in our focus fields. We are seeing particular growth for ForePaaS, which simplifies the use of big data, our AI-Based Local Government Chatbot Service, our AI Support System for local government consultation desks, and our Assessment AI for loan products.

Group collaboration efforts made significant progress with the DX Journey®, national government DX, and financial DX businesses. In July 2022, we held MRI DX Day—DX Reboot to introduce the Group's DX business, and we will continue awareness-boosting measures while also securing and training human resources as we seek to generate ongoing growth.

DX business structure



MP2023 Progress by Business Unit

Think Tank & Consulting Segment

MRI Research Associates, Inc. (MRA)

Collaborating with MRI on public sector projects using our strengths in simulation and data analysis

Hirofumi Suzuki
President



Business overview

MRA is a partner company of MRI with strengths in simulation and data analysis. We use our specialties in innovative data creation, data-based policy analysis, and simulation as well as the agility that our status as a subsidiary provides to contribute to advancing the VCP strategy.

We help resolve increasingly complex societal issues, particularly for public sector projects, by acting as a driving force in B) Analysis & Conceptualization and C) Design & Testing and by supporting projects in D) Societal Implementation.

Market analysis and action

The research and consulting needs of the government and private-sector infrastructure operators are both increasing and becoming more diverse as they face a growing number of societal issues that require attention—carbon neutrality, preparation for more intense natural disasters, regional traffic congestion, and pandemic countermeasures.

In addition, the accelerating pursuit of digital transformation in post-covid society is making evidence-based policymaking more important than ever, and this is increasing the opportunities for us to apply our strengths in data creation, analysis, and simulation.

MP2023 strategies and initiatives

We apply our strengths in simulation and data analysis and work with all MRI departments to fortify the foundations of VCP Management in B) Analysis & Conceptualization and C) Design & Testing. We also support development of the core logic needed to advance the D) Societal Implementation business.

In addition, we are collaborating with MRI's Digital Transformation Unit to develop DX and automate routine processes, such as running governmental committees, and to realize our own Think Tank DX.

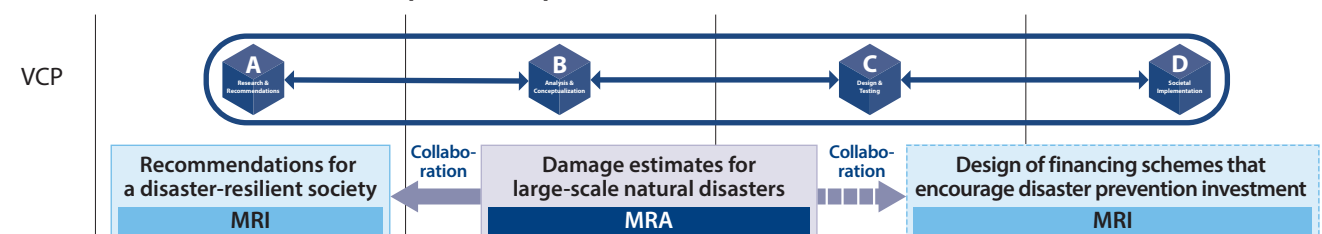
Main initiatives and achievements

We are steadily building on our successful track record in simulations of potential damage from earthquakes, analysis of the covid pandemic, and analysis using the Group's Market Intelligence & Forecast system for predicting trends in consumer markets.

In D) Societal Implementation, we are helping develop the MRI power supply and demand forecasting service and tools for more efficient non-destructive X-ray examinations. We are also providing asset management services for mega solar power plants developed by MRI.

In addition, we are providing consulting services using the unique MRA Secretariat Support System Series (M4S), a tool designed to digitally transform committee management operations that we developed with MRI's Digital Transformation Unit.

MRI and MRA division of roles (example: disaster prevention field)



IT Services Segment

Mitsubishi Research Institute DCS | Industry IT Unit

Guiding clients through their digital transformation with tailored services

Shoji Kimoto
Unit Head,
Executive Officer



Business overview

The Industry IT Unit has two main operations: the Solution Business and the Service Business.

The Solution Business provides digital transformation support for clients based on their stage of business development.

The Service Business provides PROSRV® HR, a business process and payroll outsourcing service, and miracompass®, an online admissions service for elementary, middle, and high schools.

Market analysis and action

The prolonged pandemic increased business opportunities for IT application in areas ranging from facilitating new employee workstyles and business formats to improving user experience. Client needs are also diversifying: In addition to accelerating DX strategies, many companies are seeking to reduce the burden of maintenance and operation of legacy systems as well as to organize their data.

We are seizing the opportunity to make recommendations for corporate management solutions by building MRI's consulting expertise into our solutions. We are also combining our extensive experience developing and operating enterprise systems with the latest data analysis technology to offer clients digital-transformation services catered to their stage of progress.

MP2023 strategies and initiatives

The Solution Business provides support for each stage that a client is seeking to reform its business, such as the infrastructure, business process, and business model stages. The Consulting Group, which we established in October 2021, offers a structured menu of services at all points in a client's operations.

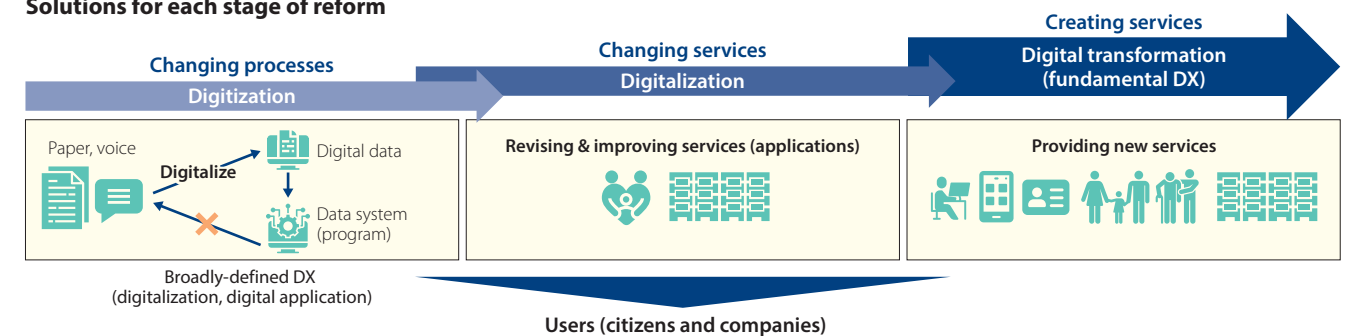
In the Service Business, we are promoting structural reforms aimed at increasing the number of users and improving profitability, while also pursuing improvements in existing customer satisfaction by enhancing the service menu.

Main initiatives and achievements

The Solution Business contributes to society in many ways by accelerating the reform of internal processes and digital transformation of government bodies, newspaper publishers, and other institutions of a highly public nature. The business is also strengthening its digital-transformation product offerings and customer bases in the manufacturing and distribution industries.

The Service Business increased the number of schools using its miracompass® service from some 1,200 to 1,300 in the past year. This is a result of bringing the service, previously limited to private schools, to public high schools. The business is currently expanding its product lineup, such as the School Tuition Storage Service, and developing services beyond the admissions phase.

Solutions for each stage of reform



MP2023 Progress by Business Unit

IT Services Segment

Mitsubishi Research Institute DCS | Financial IT Unit

Financial-sector solutions that combine commercial and human resources geared toward digital transformation

Makoto Fukushima
Unit Head,
Managing Executive Officer



Business overview

The Financial IT Unit provides IT solutions to financial institutions, foremost of which is Mitsubishi UFJ Financial Group (MUFG). We are in charge of many large and high-level projects, particularly related to banking systems.

We are acquiring and incorporating new technologies, hiring and training human resources, and strengthening our connections in the Group to provide services, such as for digital transformation, that add value to financial institutions.

Market analysis and action

MUFG is transforming several areas of its business model, including increasing the functionality of its financial and settlement services and increasing its product offerings. In addition, digital-transformation demand is soaring as many companies are accelerating reform of workstyles and business processes and revising their service formats to accommodate the changes brought about by the pandemic.

Investment in IT is growing, and we are meeting that demand by fully applying our skills and experience in integrating and updating enterprise systems for financial institutions. In addition, we are responding to the need for human resources with both IT and business skills that is accompanying the growing demand for digital transformation and also supporting the upstream processes of systems development.

MP2023 strategies and initiatives

We are supporting the medium-term business plan of MUFG by participating in upstream processes through medium- to long-term system development projects and using digital transformation to provide even more added value.

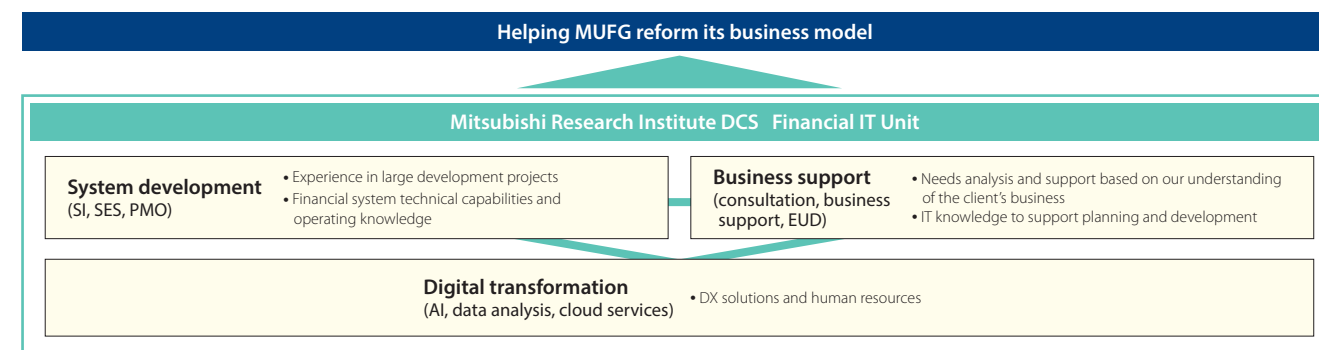
We are also strengthening our collaboration with MRI's Digital Transformation Unit, MRI as a whole, JBS, and INES to combine our knowledge, technology, and experience to promote the use of AI and data analysis, both of which are in high demand.

Main initiatives and achievements

In the second year of MP2023, our large and high-level projects generally progressed according to plan. We have also received a number of new orders for large projects and are constructing an operating structure that will better enable us to provide complete services for medium- to long-term system development projects.

We are steadily accumulating projects for new businesses that utilize digital-transformation products. The strong demand is continuing in the field of end-user development (EUD), and we are bolstering our staff of IT professionals to meet the increasing client needs in the upstream processes of system development.

Financial IT Unit services provided to MUFG



IT Services Segment

Mitsubishi Research Institute DCS | Payment & Transaction IT Unit

Execute large projects with responsibility befitting social infrastructure and explore new products, services, and domains through digital transformation

Masafumi Nakagoe
Unit Head,
Managing Executive Officer



Business overview

The Payment & Transaction IT Unit oversees settlement IT solutions for the Financial System Business, which has been a DCS core business since its founding.

Payment settlement is an essential part of social infrastructure, and we will expand our business under our mission to support this infrastructure, such as by developing projects to integrate credit card systems.

Market analysis and action

Daily consumption behavior and payment methods are changing dramatically with the rise of FinTech and the spread of covid.

Client needs have thus changed too, becoming more advanced and diverse: These include planning project upstream processes, dehosting from core systems, fully digitalizing end-user contact points, and integrating big data.

We view these changes as opportunities to grow our business and are seeking to offer advanced settlement services that make full use of new technologies and development methods.

MP2023 strategies and initiatives

In projects to integrate credit card systems, we must actively communicate inside and outside the organization to identify and quickly resolve potential issues to ensure progress is made as planned.

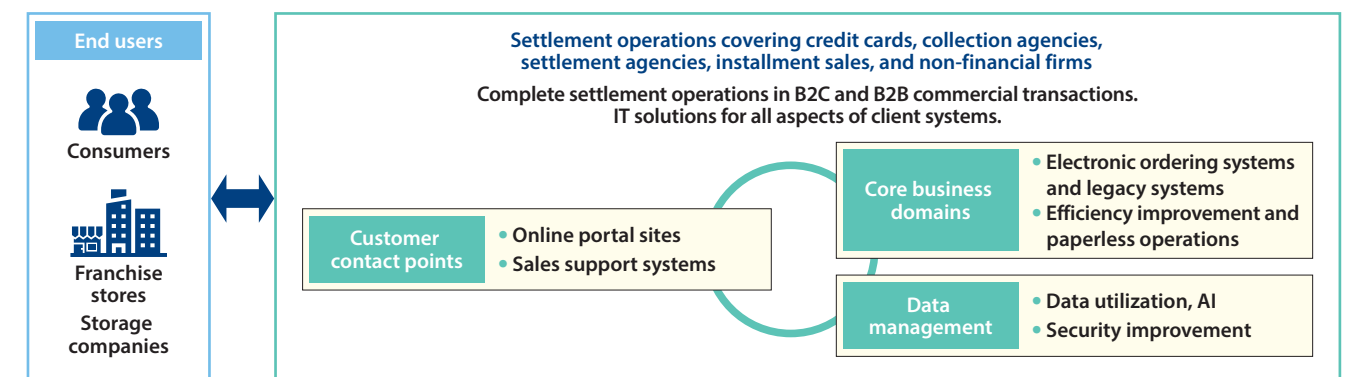
As a company specializing in credit card and settlement operations, we provide conventional system development and engineering services. We are also seeking to enhance the value-added to our diverse customers in a variety of ways, such as by offering package products, supporting agile development, and integrating AI technology.

Main initiatives and achievements

Our large and high-level projects progressed as planned in the second year of MP2023. Credit card system integration projects are steadily progressing as we continue to work closely with clients and other vendors.

At the same time, we are taking steps to further expand our business and establish a new revenue base. These steps include developing autonomous human resources who can take on challenges in new fields and working with departments in the company and the Group to provide timely and high-quality services for a wide range of systems, including in client core operations, customer contact points, and information management.

Payment & Transaction IT Unit business domains



MP2023 Progress by Business Unit

IT Services Segment

Mitsubishi Research Institute DCS | Digital Transformation Unit

Focusing resources on four themes to enhance current businesses and craft new solutions

Yuji Nagami
Unit Head,
Managing Director



Business overview

The Digital Transformation Unit researches and develops new solutions and services that contribute to the transformation of clients.

We are focusing on four priority themes to steadily expand our sales: enhancing the cloud business, enhancing the operation business, enhancing the data-driven business, and crafting DX solutions.

Market analysis and action

Demand is increasing for advanced cloud operation management and systems linked on-premise and in the cloud, and we expect the cloud market in Japan to continue growing. We provide a wide variety of services for data usage infrastructure, including private cloud, multi-cloud, and large-capacity storage services.

As more companies seek to realize a digital shift and increase data usage, demand is also growing for system development and data management direction that enables cross-organizational data usage. We are leveraging our expertise in system and business operations to develop new services.

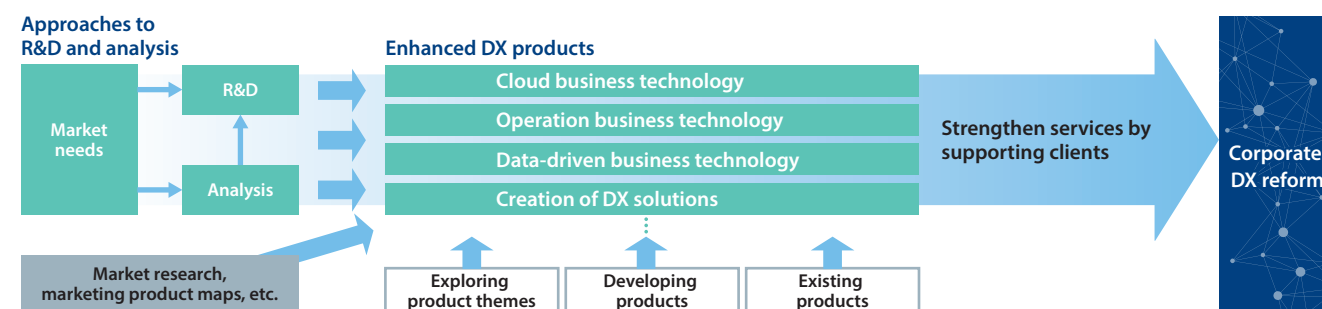
MP2023 strategies and initiatives

In the cloud business, we are bolstering our lineup of cloud services and security solutions using multi-cloud environments. In the operation business, we provide outsourcing services for client system operations and low-code development to help clients transform. The data-driven business is expanding its storage services offerings, which serve as the foundation for data utilization, and combining storage services with expertise in data usage to support client data-driven management. We also develop new DX solutions based on our discovery and R&D of new products, solutions, and technologies.

Main initiatives and achievements

In the cloud business, we introduced cyber security consulting for zero trust initiatives and ransomware countermeasures. In the operation business, we started providing managed service consulting for optimizing an IT organization's area of operation by providing operational design support when a new system is introduced as well as improving services for daily operations. We are also developing and launching businesses that incorporate new perspectives, such as a nursing care business using communication robots.

Digital transformation business overview



Message from Director and Corporate Administration Unit General Manager

Methodic growth investment toward end of MP2023 and into the future



Jun Nobe
Director, General Manager,
Corporate Administration Unit

I would like to share about our business performance and capital policy from my point of view as the head of the Accounting and Finance Division.

Surpassed financial targets a year early accompanied by steady progress in sustainability

In FY9/22, we made progress with the Medium-Term Management Plan 2023 (MP2023)'s Three Basic Strategies of VCP Management, Coordinated Management, and New Normal Management and achieved our financial targets of ¥10 billion in ordinary profit and 10% ROE a year earlier than planned.

In this report, we also describe the steady progress we are making with our non-financial and social value objectives. Through our sustainability management, we have further increased overall ESG disclosure by announcing our support for TCFD; its frameworks have guided our scenario analysis and reporting of risks and opportunities.

Extending our sales and profit trajectory while making growth investments for the next medium-term plan

In FY9/22, the second year of MP2023, it became very clear that we need to place the highest priority on strengthening our human resources and accelerating our business transformation. The second year showed strong performance, but this included some favorable temporary factors.

Coming into FY9/23, the final year of MP2023, we will continue to maintain our upward trajectory for both sales and income growth through steady progress in the measures put into place by MP2023.

We also plan to look further into the future and make

the investments necessary to quickly address our priority issues. We will target our growth investment on human resources, Research & Recommendations, R&D, and our business foundation.

In the area of human resources, we will focus on providing the staff needed to support workstyle reform and increase our personnel and resource allocation to fortify our policy proposal and R&D functions. We will strengthen our recruiting Group-wide while also improving human resource development through better visualization of employee abilities and more training opportunities. In addition, we will boost our work incentives and fill out our programs for diverse workstyles.

We will fortify our business foundation by allocating capital for strategic non-organic investment. In priority areas such as digital transformation and Societal Implementation, we will be aiming to effectively utilize available cash for investment, new joint ventures, M&A, and investment in startups.

Our liquid assets, including cash on hand and short-term marketable securities, have increased by approximately ¥10 billion in the past 10 years. We believe that we need to have larger cash reserves than usual due to inherent seasonal fluctuations in our earnings, but we can make reasonable use of our cash reserves. We intend to actively consider investments up to several tens of billions of yen.

In FY9/22, we raised the annual dividend payout amount by ¥25, exceeding the ¥10 increase we have provided in each of the past 10 years. We will continue striving to raise the dividend level and provide attractive shareholder returns.

Ensuring our sustainable growth and contribution to society in unison

Medium- to long-term initiatives are essential to realizing our vision of a prosperous and sustainable society in an era when world population will reach 10 billion and lifespans of 100 years. Through management that improves our financial, non-financial, and social value, we will grow sustainably, thus resolving societal issues and bringing all closer to a brighter future.

Co-creating with domestic and international partners to realize a sustainable future

Our goal is to take ideas from our Research & Recommendations all the way through to real-world implementation, a feat that is only possible by working together as a group and with business partners.

We have identified three material issues for

creating and maximizing social value, which is the greatest driver for resolving societal issues. We have a host of initiatives in Japan and overseas aligned with our three material issues.



Human Resources

We develop and deliver a range of services that use original technology to eliminate the skills mismatch

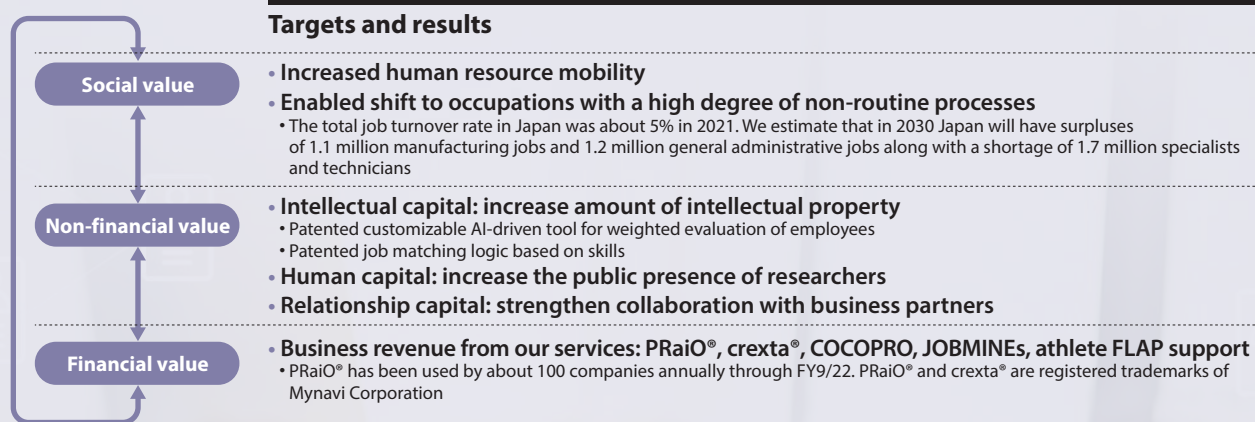
Japan is on the way to becoming a society with about half of its former population, which could result in an even worse shortage of human resources. In addition, globalization and digital transformation are changing the industrial structure, which in turn is changing the capabilities that companies need in their workers and creating a skills mismatch.

At the same time, as 100-year life spans become more commonplace, we must create a society where everyone can play an active role and maintain their personal well-being.

We offer a range of solutions to erase the skills mismatch by overhauling human resource development and the labor-employment environment to align the jobs that people want with the skills that companies need.



Hiroyuki Ueda
VCP Manager, Human Resources

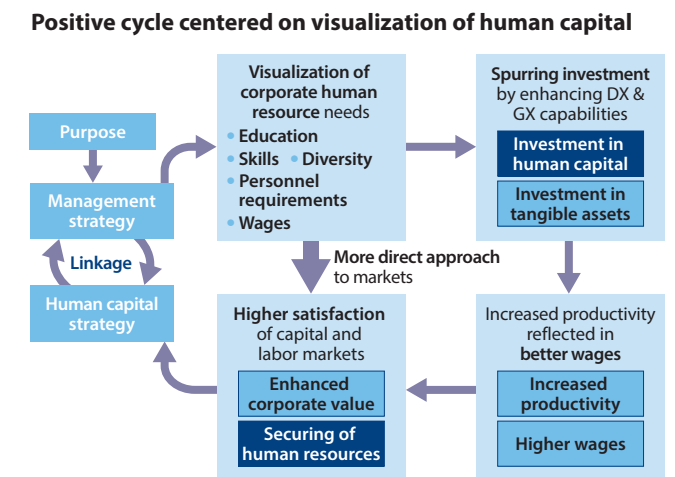


The Human Capital Management Consortium

In human capital management, companies view, and aim to maximize the value of, human resources as capital—thus corporate value grows over the long term. The Ministry of Economy, Trade and Industry commissioned us in 2022 to run the Human Capital Management Consortium, a platform for sharing progressive examples, discussing intercompany cooperation, and exploring effective disclosure.

As a member, we work to raise awareness of human capital management and promote behavior change in companies, the capital market, and the labor market.

We strive to forge a positive cycle in which human resources choose companies that actively invest in their workforces as a key element to achieving further growth. We will continue to show how management and HR strategies are linked and promote behavioral change in markets.

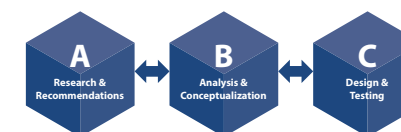


Changing the relationship between companies and people by guiding clients through human capital management

I joined the company because I wanted to be involved in employment and labor policy and have participated in several research projects on workstyle reform and how the way we work is changing. The consortium brings together people from various backgrounds to combine their expertise for the implementation of human capital management. It's a hugely interesting topic, but it also comes with great responsibility. As a researcher, it's very rewarding to work with companies, investors, and government agencies on projects that will transform the relationship between companies and people.



Mana Ohashi
Policy and Strategy Group,
Career Innovation Division,
Business Consulting Unit



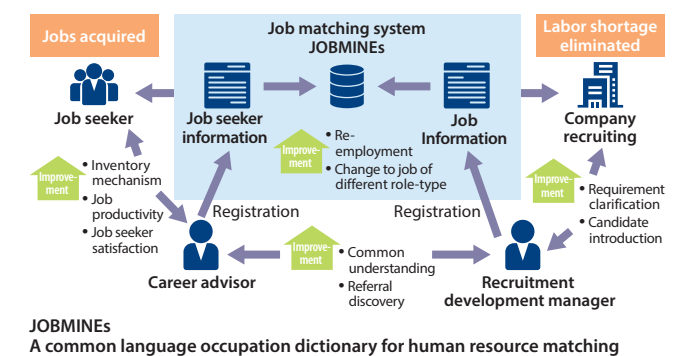
Human resource matching system based on job tasks

We aim to match human resources with company needs and eliminate the skills mismatch by introducing our FLAP Cycle® to society. FLAP is an acronym for Find, Learn, Act, and Perform. It is a full cycle in which individuals understand their skills and specific job requirements (Find), acquire skills needed (Learn), progress in their desired direction (Act), and take an active role on a new stage (Perform).

In October 2021, we launched the JOBMINEs job matching system for HR companies as one application of the FLAP Cycle®. It provides an occupation dictionary of about 1,000 jobs and 20,000 tasks. Companies and workers refer to this common dictionary, with companies honing in on the items that fulfill their job requirements and individuals honing in on the items that make use of

their experience and skills. The system is also useful for job seekers to find ways to reskill and upskill.

The JOBMINEs system and its benefits



Urban Life and Mobility

We craft original services that create new opportunities for activity and new demand

The challenges that cities are facing are becoming deeper, more complicated, and interlinked. The worldwide covid pandemic greatly restricted our opportunities for activity, while in Japan the aging and declining population has laid bare issues like how to maintain the level of public services amid dwindling demand and public finances. These issues can no longer be resolved by governments and companies alone; citizens will need to consider what is best for their wellbeing and for the sustainability of their region, take action, and subsequently make these solutions a reality by developing relationships with their communities.

Mitsubishi Research Institute will envision how society and individuals can achieve their wellbeing while taking an integrated approach to addressing the various issues faced by specific regions. We are currently bringing our Region Ring® digital platform to regions around Japan—a platform that facilitates a wide range of actions by individuals, governments, companies, and local communities.

We are also developing and implementing regional digital-transformation services to generate new demand. These incorporate advanced digital technologies such as big data analysis, the internet of things (IoT), and artificial intelligence (AI).



Hirotaka Higuchi
VCP Manager, Urban Life and Mobility

Targets and results	
Social value	<ul style="list-style-type: none"> • Establishment of mutual sphere Example: The Daimaruyu SDGs ACT 5 demonstration project in Tokyo's central office district aimed at popularizing and increasing awareness of SDGs activities • Increasing activity outside the home in line with local needs
Non-financial value	<ul style="list-style-type: none"> • Human capital: fortified public presence of researchers • Intellectual capital: increased intellectual property Example: Patented depreciation function for Region Ring® • Relationship capital: strengthen collaboration with business partners
Financial value	<ul style="list-style-type: none"> • Primary service income Example: Seven projects using Region Ring® in 2020–2022



Actfulness: our original concept for improving wellbeing

People need to participate in activities that are mentally stimulating and enriching to fully enjoy their lives. We propose that *actfulness*, abundant and diverse opportunities for activity, improves wellbeing.

Actfulness means increasing the choices, the overall amount, and the quality of activities. If companies and public institutions can incorporate the concept into

providing urban functions and transportation services, a wider variety of services will be created that meet activity needs and generate new demand. In turn, companies and communities will enjoy enhanced value.

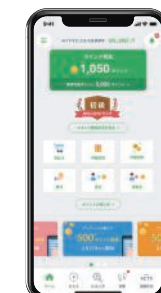
We will continue to work with a wide range of companies and local governments to integrate actfulness into local communities.



Region Ring®: our digital regional currency platform to resolve societal issues

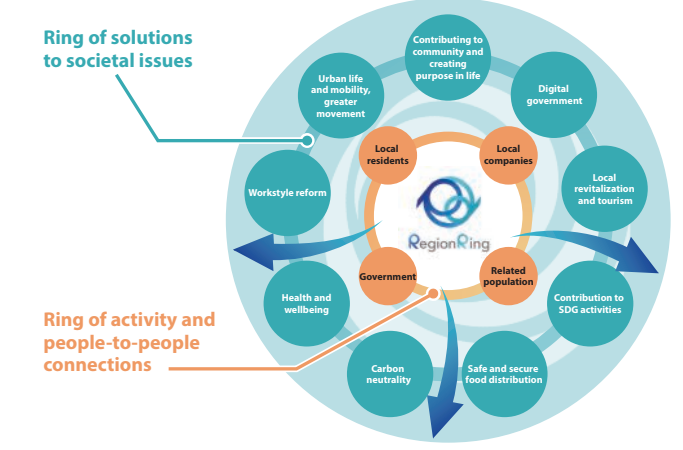
We work with business partners to develop and implement innovative solutions to societal issues. Our Region Ring® digital regional currency platform, for example, provides a point system that converts activities like volunteering and environmental work, such as waste reduction and energy conservation, into economic value. We are already implementing Region Ring® across the nation. Such services will help resolve local societal issues by encouraging behavior that is beneficial to individuals and society. In FY9/21, the Region Ring® application helped motivate

people to engage in some 30,000 new SDG actions and raised awareness of the SDGs by 10%.



ACT 5 member-based point app promoting SDG action
We provided a point-reward application for smartphones using the Region Ring® technology during the Daimaruyu SDGs ACT 5 project held from May to November 2022 in Tokyo's central office district of Otemachi, Marunouchi, and Yurakucho. The app was a trial service that linked purchases to action on the SDGs.

Region Ring® Platform
A prosperous and sustainable world in an era with a global population of 10 billion and lifespans of 100 years



Lessons learned from running an application and system as a business in house

The Region Ring® project, of which I am the business manager, involves many employees working on numerous tasks in the application planning, development, and operation of the app before it is actually used by the public.

I have a huge responsibility to coordinate stakeholders, oversee design, and manage changes, and there are times when highly complicated problems need immediate answers. At the same time, I also have many opportunities to interact with end users, which gives me a real sense of how the project is making its way into society. It's also very rewarding to see the enthusiasm of our project members, such as how they come together to overcome difficulties.



Yuji Ozeki
Regional DX Business Group,
Regional Innovation Division,
Business Consulting Unit

Global Business

We help resolve societal issues around the world flagshipged by our Vietnam and UAE offices in Asia and the Middle East

We are engaging our in-house experts in a wide range of fields and collaborating with partners in Japan and overseas to simultaneously address societal issues and create new industries in regions around the world. Our focus is on Asia and the Middle East—the former has vast growth potential and many Japanese companies are setting up operations there; the latter is making concerted efforts to realize a decarbonized society.

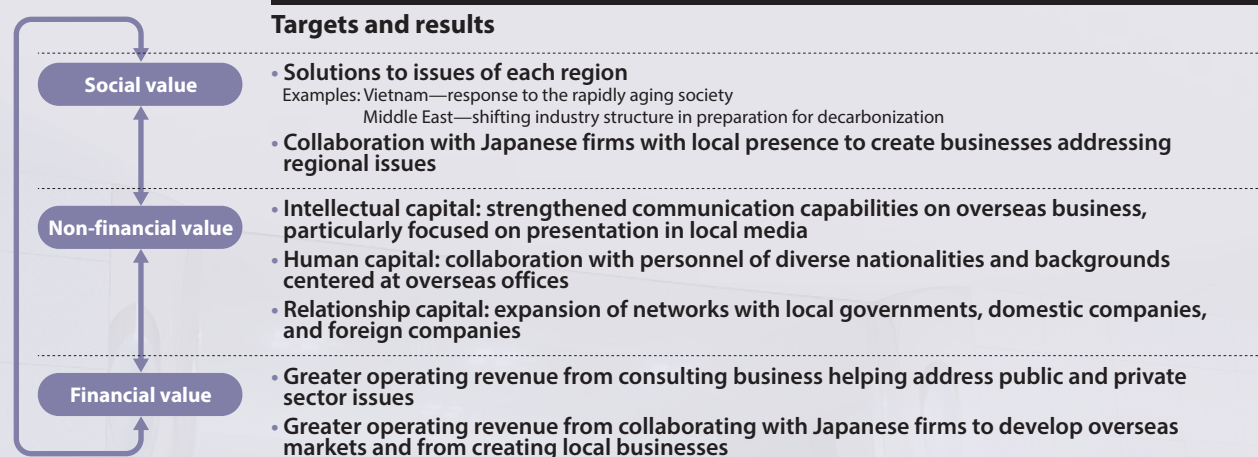
We are expanding our networks in both regions from our offices in Hanoi, Vietnam, and in Dubai, United Arab Emirates (UAE), both of which began full-scale operations in FY9/21. Each office is providing policy-planning support and business consulting services suited to each region's specific issues.

In FY9/22, we conducted healthcare initiatives in Vietnam, made policy recommendations for waste treatment and recycling in Saudi Arabia, and presented at an international climate change conference in Qatar.



Yufuko Takashima
General Manager, Global Business Division

Targets and results



Workshop in Saudi Arabia on waste management and recycling hosted by the Embassy of Japan in December 2021 introducing Japanese waste treatment technology and expertise to government and industry representatives



Measures for Vietnam's aging population

The Vietnamese population is aging at one of the fastest rates in Asia and is expected to become an aged society even earlier than Japan*. The government is responding by implementing various programs, such as developing a health support application for older adults, but at present the more effective care services are only attainable by the wealthy.

We provide support for the government's initiatives by sharing measures and experience from Japan, such as the comprehensive community care system and the long-term care insurance system, through opportunities for communication such as presenting at government-sponsored seminars. In April 2022, we conducted a survey in Hung Yen Province on the issues faced by older adults, and in August 2022, we signed on to a partnership with the United Nations Population Fund (UNFPA) Vietnam in the study and promotion of a society that supports older persons. We also began a consulting service to support the launch of businesses

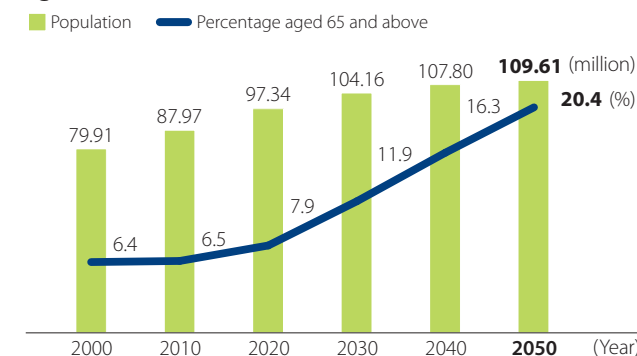
for older adults by care providers and real-estate developers. We will continue helping to design programs and create industries that will expand aged-care services in Vietnam.

* When the number of people aged 65 or higher is between 14% and 21% of the total population



Interviewing older adults in Hung Yen Province with local government and the Ministry of Health of Vietnam (April 2022)

Vietnam demographics and percentage of people aged 65 and above



Source: Mitsubishi Research Institute based on The World Bank World Development Indicators (1/12/2021)
<https://databank.worldbank.org/source/world-development-indicators>



Signing the memorandum of cooperation with UNFPA Vietnam to study and promote a society that supports older persons (August 2022)

Creating business opportunities that align with a future Asia

The 21st century is said to be the age of Asia, and while growth is expected, the number of societal issues is also increasing. We are working on measures to address the aging population in Vietnam. Japan can make a significant contribution in this area, but we need to work with various stakeholders and find solutions that are catered to Vietnam's specific circumstances and socio-economic trends. This is a challenging task, but I will continue looking to the future to create business opportunities that will have a positive impact.



Mitsuhiro Ito
Asia Business Group,
Global Business Division

Energy

We run a gamut of measures to help Japan become carbon neutral

The consequences of global warming are becoming progressively pronounced with measurably rising sea levels, weakening ecosystems, and increasingly frequent natural disasters. The Sixth Assessment Report of the Intergovernmental Panel on Climate Change (IPCC) concluded in 2021 that there is “no doubt” that human activity is warming the climate system. It is becoming clear that creating a carbon-neutral society in Japan and worldwide will be critical to limiting the potentially devastating effects of global warming.

We are responding by promoting renewable energy as a main power source by working to create an environment where distributed energy resources (DER) can be used to their full potential. Some of the ways we are doing this are by developing systems to ensure sound operation over the medium to long term, improving the accuracy of prediction technology for wholesale electricity prices and power generation capacity, and making the most effective use of storage batteries and electric vehicles. We are also pursuing innovation to develop new technologies and the safe use of nuclear power as a stable source of non-fossil fuel energy.



Hiroyuki Sasada
VCP Manager, Energy

Targets and results

- Social value**
 - Make renewable energy the primary power source in Japan to achieve carbon neutrality by 2050
- Non-financial value**
 - Intellectual capital: acquire the ability to construct a unique model encompassing all data required for wholesale electricity trading
 - Human capital: foster a more visible presence of researchers
 - Relationship capital: collaborate* with business partners to strengthen our business conception and operation expertise in DER power systems using storage batteries

* We have invested in Exergy Power Systems, which has ultrafast storage battery charge and discharge technology. We are creating new value through our collaboration. In addition, we have signed business capital agreements with the European analytics firm KYOS, with which we have developed a power price forward curve for the Japanese market. KYOS's modeling technology enables us to develop forward curves forecasting power needs down to 30-minute intervals and extending as far as three years in the future
- Financial value**
 - Number of entities to which we provide the MPX service: 60 (FY9/22)
 - Number of entities to which we provide asset management services for renewable energy generation: 6 (FY9/22)

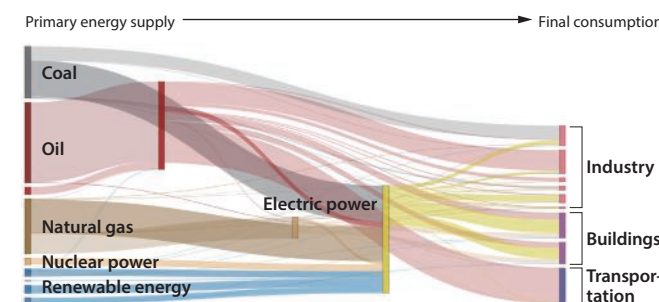
A Research & Recommendations

Policy recommendations for achieving carbon neutrality

The turmoil in the energy market since the Russian invasion of Ukraine is increasing public demand for the decarbonization of society. We use our original energy supply-demand and economic models to analyze the impact of carbon neutrality on the Japanese economy and society. We are strengthening

collaboration with stakeholders in industry, government, and academia to ensure that action toward decarbonization will result in new industrial competitiveness for Japan. For example, we have proposed cross-disciplinary initiatives that transcend conventional vertical discourse.

2018 status



2050 carbon neutral scenario

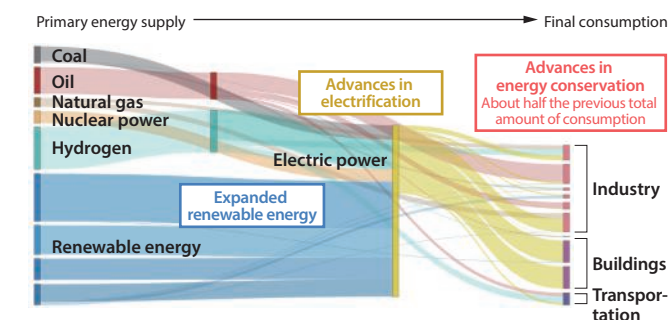


Chart shows the flow of primary energy that is produced or imported through a conversion stage to final consumption by sector. The vertical axis represents 100% of total primary energy supply. Source: Mitsubishi Research Institute based on Agency for Natural Resources and Energy, Comprehensive Energy Statistics

D Societal Implementation

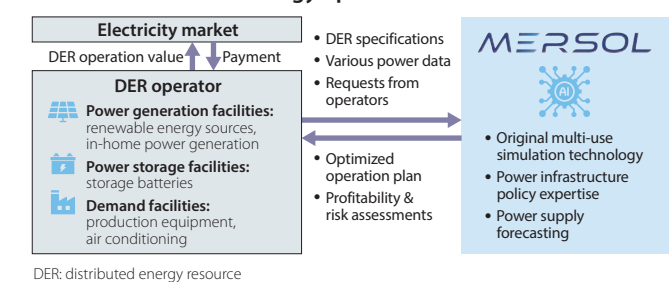
Power infrastructure using distributed energy resources

Distributed energy resource (DER) systems make use of common power sources such as storage batteries, solar power, and electric vehicles. These systems are attracting attention as potential alternatives to the current structure of power supplied from thermal plants.

We support DER-based businesses with our MERSOL (MRI Energy Resource Solution) service that formulates optimized operation plans for users through our unique DER optimization algorithm. We additionally aim to eventually develop and operate our own DER business. Collaboration with startups is also under way, including investing in Exergy Power Systems, a company with a

growing track record in Europe of providing high-speed power supply-and-demand adjustment services using its own storage batteries developed in-house.

MERSOL distributed energy operation service



Transcending the think tank mold to bring solutions to society ourselves in the energy domain

My work involves developing and commercializing the MERSOL service platform, which combines our power-policy expertise with our unique simulation technology. In only a few years since conceptualizing the idea, we have made much progress in developing the platform while engaging with customers and the many stakeholders that the business model involves. While the project can be challenging at times, one thing I love about Mitsubishi Research Institute is that you're given the chance to try things that go beyond the traditional work of a think tank. This is very rewarding for me, and I will keep striving to tackle societal issues the MRI way.



Daisuke Miura
Group Leader, Energy Business Group, Innovation Service Creation Division, Business Consulting Unit

Financial and Credit Card

We offer a broad spectrum of IT solutions that meet increasingly complex industry needs and provide the high stability required of societal infrastructure

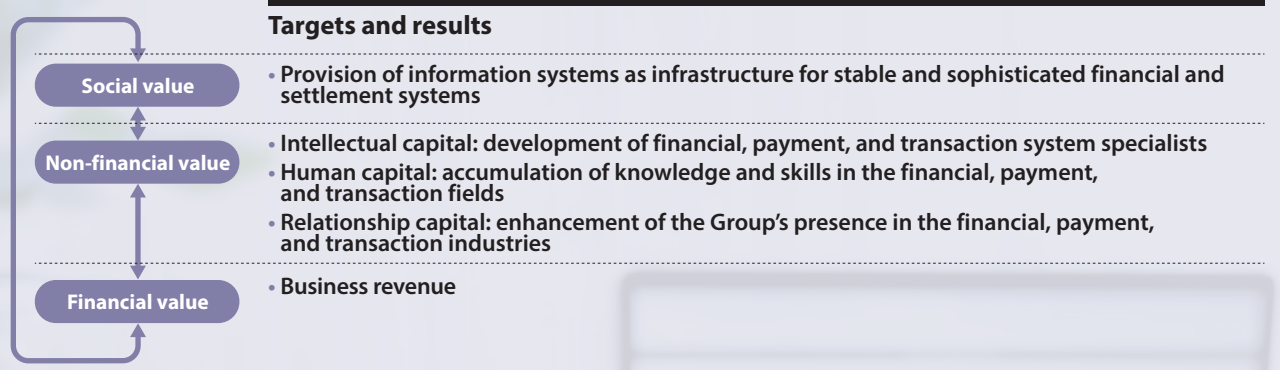
Societal infrastructure is the foundation for personal and economic activities, and its breakdown or failure can cause considerable turmoil and damage to society. People rely on the infrastructure to be highly stable, to the point that they typically don't even notice its existence. In addition, it must continually become more sophisticated for society to continue developing sustainably.

Mitsubishi Research Institute DCS specializes in supporting stable and sophisticated infrastructure in the financial, payment, and transaction fields. We use our wealth of business knowledge and expertise from many years of experience and actively incorporate the latest technologies to provide a broad spectrum of IT solutions to a diverse variety of customers.

DCS is expanding collaboration with Mitsubishi Research Institute (MRI) to achieve a fully integrated Group that provides solutions for a sustainable society.



Toshihiro Shimizu
Electric Power Company Systems Development Division, Payment & Transaction Business & Systems Group, Payment & Transaction IT Unit
Mitsubishi Research Institute DCS



Anti-money laundering systems for the financial industry

MUFG Bank, one of Japan's leading megabanks, is actively working to build a globally integrated financial crime prevention program.

DCS is actively applying its knowledge of financial operations and leading technologies to develop anti-money laundering (AML) systems that will be able to promptly detect increasingly devious money laundering, the financing of terrorism, and other financial crimes. We provide stable and efficient system operation and maintenance services that provide security for customer operations.



Rate calculation systems for the power industry

When the retail electricity market in Japan was deregulated in 2016, Tohoku Electric Power Co., Inc. responded to the intensifying competition by introducing a system enabling immediate application of multiple rate plans to better meet the needs of its small and household customers.

MRI and DCS conducted operation analysis for business viability and swiftly took to development, such as a rate calculation feature, subsequently completing the full rate calculation system. We continue to operate, maintain, and update the system. Our support for Tohoku Electric Power has also spanned the legal separation of operations as well as developing new rate plans to respond to the intensifying competition and the increasing use of renewable energy.



Responsibility and motivation in working on critical systems for megabanks

AML is critical to banking operations. Developing AML systems carries a particular sense of responsibility because the systems must comply with various laws and regulations in Japan and overseas. Solving customer issues makes me feel like I'm directly involved in the development and security of society. I'm in charge of systems that are used in the branches of retail banks, so I have to respond quickly when there is a problem.

Introducing new systems can be quite unnerving and we set up large teams for the process. But I always feel a great sense of accomplishment and satisfaction when we confirm that they're running smoothly.

Yuki Tsushima
Global Banking Systems Development Division, Financial Business & Systems Group, Financial IT Unit
Mitsubishi Research Institute DCS

Digital Transformation

We focus on five areas in guiding companies and the government through digital transformation

Governments and companies face a whole new range of societal issues due to diversifying lifestyles and globalizing enterprises. Digital transformation (DX)—the utilization of digital technology and data—is essential to responding to these issues.

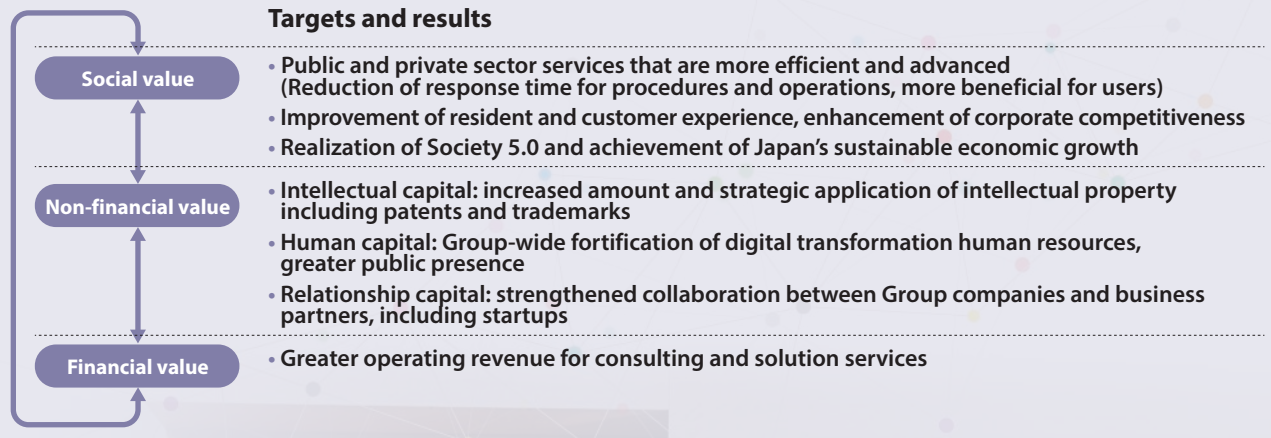
Right now, Japan is behind the curve for digitalization. In 2022, the International Institute for Management Development (IMD) ranked Japan's international digital competitiveness as 29th out of 63 economies worldwide and 8th out of 14 economies in the Asia-Pacific region. The country scored particularly low in the areas of business agility, human resources, and regulations.

We are focusing on five areas for supporting governments, financial institutions, and industry: the DX Journey®, data-driven management, national government DX, regional co-creation DX, and financial DX.



Eriko Honda
General Manager, DX Technology Division

Targets and results

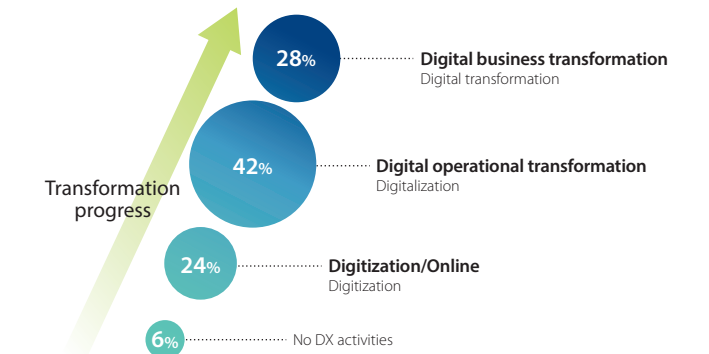


Japan's digital transformation reboot

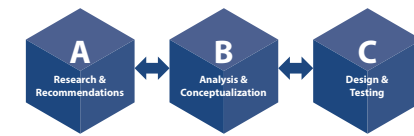
Our survey of digital transformation at Japanese corporations in December 2021 found that a large percentage have yet to achieve the full transformation of their business models: 20% were “digitizing” their analog processes, 40% were “digitalizing” with operational reforms based on digital initiatives, and 30% were “digitally transforming” their business models with digital technology. A chief cause of the lag is that many companies lack a vision for what they intend to accomplish through their digital transformation. Progress with DX does not directly relate to business performance, but of the companies that set a clear plan for implementing DX, roughly 40% showed improving earnings.

We are using the survey findings to stimulate Japan's private-sector digital transformation, such as by helping companies to set a vision that guides their initiatives and to digitally transform their existing businesses.

Digital transformation among Japanese corporations



Source: Mitsubishi Research Institute, Survey of Digital Transformation Among Japanese Corporations*
* Period: December 2021
Subject: private companies in Japan with sales of ¥10 billion or more in the past year (1,000 companies)
Respondents: employees involved in their company's digitization and transformation



DX Journey®: scripting the story of transformation

Long-term visions and goals must guide companywide mobilization to make use of digital technology in the creation of customer value and transformation of business models in line with management strategies. The DX Journey® is a tool for sharing long-term visions and goals by fostering an organizational culture for digital transformation and guiding a company toward achieving

results in the short, medium, and long term.

We create for clients a navigational chart for their own DX Journey® and provide a combination of consulting and solutions to bring about transformation in five areas: organization, systems, business model, operations, and user experience.

Five transformations in the DX Journey®

Area of transformation	Phases of business transformation			
	Current status	Shifts foreseeable from extension of current status	Digital-driven change	Digital-driven enhancement
User experience and customer interaction	Focus on sales	Strengthen maintenance and operation	Use IoT data for maintenance	Reform to a service-based business model <ul style="list-style-type: none"> Shift to services based on usage Dynamic pricing Intricate revenue management
Operations	Legacy systems, communication and coordination via email and telephone	Reform of front office operations	Reform the supply chain	
Business model	Analysis materials reformulated based on management interests	Improve profitability management	Reform business management	
Systems	Core systems that have become legacy systems	Partial automation and coordination	Modernize systems	
Organization	Lack of digital literacy and human resources	Dispel digital reluctance	Generate ideas, reform autonomously	
				Digital platform for outsourcing systems operations
				Share transformation goals

Digital Transformation



Cultivating diverse digital human resources

The 2022 white paper on information and communications issued by the Ministry of Internal Affairs and Communications lists “lack of human resources” as a major issue facing companies pursuing digital transformation. Progress will require a wide range of human resources, from those with technical skills in areas like data science and engineering to those with business skills in service design and organization

and project management. However, the overwhelming shortage of such digital human resources is hindering companies from recruiting new staff.

We help clients cultivate their digital workforce from within through a full palette of educational content and on-the-job training customized for digital-transformation projects.

Our typology for digital human resources

Type	Producer	Digital transformation manager	Business service manager	System and technical manager
Main roles	<ul style="list-style-type: none"> DX promotion leader Chief Digital Officer 	<ul style="list-style-type: none"> DX planning and promotion Stakeholder coordination 	<ul style="list-style-type: none"> Service and business design Future vision creation 	<ul style="list-style-type: none"> Realization and implementation of post-transformation services and operations based on technical capabilities
Positions	<ul style="list-style-type: none"> Producer (program manager) 	<ul style="list-style-type: none"> Product manager Business designer 	<ul style="list-style-type: none"> Business designer Data scientist UI/UX designer Product manager 	<ul style="list-style-type: none"> Tech leader Advanced technology engineer Engineer/programmer Data scientist

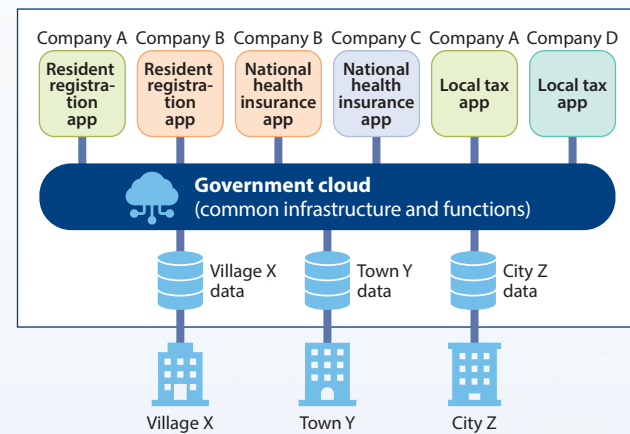


Toward the digital society Japan aims for

The Japanese government, led by the Digital Agency, is seeking to create a digital society to ensure the wellbeing of the public, strengthen international competitiveness, and achieve sustainable and sound economic development.

We provide a variety of services to support the digital transformation of the public sector. For example, we are helping local governments transition their core operating systems to the government cloud, the digital cloud being created by the Digital Agency. By using this, local governments will be able to provide citizens with highly convenient public services that are quick, flexible, secure, and cost-effective.

Government cloud



International partnership: digital-transformation startup in France and Europe's largest cloud-service provider

In April 2021, we entered into a capital and business partnership with ForePaaS, a French startup specializing in digital transformation. We support client data-driven management by utilizing the ForePaaS all-in-one Platform as a Service (PaaS) capable of carrying out all of a company's big data analytics.

In April 2022, we signed a business alliance agreement with OVHcloud, which has acquired ForePaaS and is a leading cloud service provider in Europe. We plan to collaborate with OVHcloud on operations in the data analytics field in Japan.

Platform service features

Digital transformation made possible through partnership with overseas IT companies

I am involved in activities ranging from the business and capital alliance with French company ForePaaS to applying their cloud-based big-data analytics service to data utilization and service development within the company and for clients. The timely application of cutting-edge technology for use by society to achieve digital transformation can be quite complicated, but these goals are within ever closer reach thanks to our work with overseas IT companies. Our accomplishments have also led to a partnership with OVHcloud, a leading European cloud service company based in France. We will continue to work with domestic and overseas partners to facilitate the digital transformation of a wide range of fields and to take on the challenges of changing society.



Iwato Amano
Financial DX Engineering Group,
Financial DX Division,
Digital Transformation Unit

IV ESG Initiatives That Contribute to Value Creation



Enhancing our foundation for resolving societal issues

Our goal under Medium-Term Management Plan 2023 is to achieve sustainable growth as a company that resolve societal issues. This will require further enhancement of our three foundations:

- Our human foundation that supports our growth strategy, including recruitment and training
- Our intellectual and co-creation foundation, including the development of closer relationships with co-creation partners
- Our social trust foundation, including our governance structures and improved environmental initiatives

In FY9/22, we identified the material issues that we need to address in order to achieve sustainable growth and enhanced our non-financial capital through increased efforts in the areas of the environment (E), society (S), and governance (G).

We are working to strengthen the three types of foundation that form the basis of our ability to provide solutions for societal issues.

Our progress on the three material issues relating to ESG is outlined on the following pages.





Recruitment & Training

Cultivating a diverse, talented, and highly-specialized workforce

Overview

People are at the heart of our competitiveness and our ability to move forward steadily and efficiently with business strategies that help resolve societal issues. We have a variety of proactive human resource programs to recruit and train a diverse, talented, and highly-specialized workforce.

To remain ever more competitive in the labor market, we regularly update our human resource policies in response to market trends and the activities of our competitors. We also prioritize the enhancement of our education and training systems so that our employees can continue to grow. Our determination to ensure that every individual can reach their full potential is also reflected in our active commitment to diversity and inclusion.

Renewed employment structure: bringing out the best of talented personnel

As a part of the Medium-Term Management Plan 2023 (MP2023), we made substantial changes in April 2021 to our employment structure with the aim of preparing our workforce to drive our future management and business strategies.

A core focus of these changes was a shift away from elements based on rewards for seniority to an employment structure that reflects employees' job content and results. By running this in line with our new human-resource portfolio management philosophy, we will recruit and train diverse and talented personnel, like those capable in the field of digital transformation and in cultivating new business to drive our Value Creation Process approach to management.

New programs are also underway to support work-life balance, such as remote work and relocation to remote areas.

These will come to define how we work in the new normal and foster an organizational culture where highly-skilled professionals continually take on the challenge of resolving societal issues.

Career development through our FLAP Cycle®

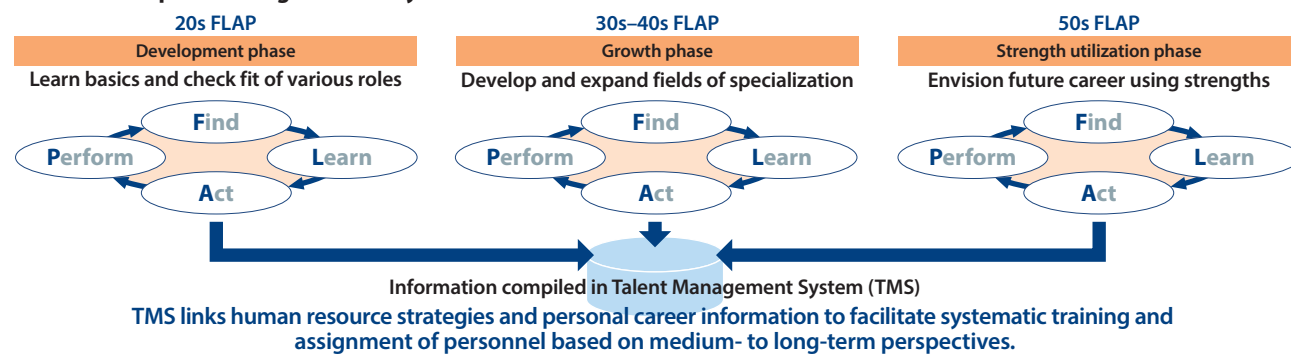
We created the FLAP Cycle®—Find, Learn, Act, Perform—and have subsequently implemented it to optimize our own human resource portfolio while helping individual employees to learn, grow as professionals, and build long-term career plans that match their aspirations and abilities.

Employees advance through the FLAP Cycle® by *finding* their own aptitudes and the requirements for their work, by *learning* the knowledge and skills that they need to improve, by *acting* to build experience in their chosen direction, and by *performing* in their roles at each new stage in their careers.

Careers are seen as consisting of the development phase, which begins when people join the company and continues through their 20s, the growth phase, which covers their 30s and 40s, and strength utilization phase, which begins in their 50s. Each individual's progress through the cycle is monitored annually.

Information about each employee's skills and career path is compiled in our talent management system. Employees also maintain career records in which they define their aspirations, plans, and skill development goals. This approach takes into consideration individual motivations and ensures systematic human resource development based on medium- and long-term, not just short-term, perspectives.

Career development using the FLAP Cycle®



Enhanced ability to recruit people capable of driving sustainable growth

We are laying foundations for sustainable growth by expanding our recruitment of new graduates and mid-career professionals in anticipation of future needs under MP2023 and our long-term strategies. We almost doubled the number of mid-career hires year on year (YoY) in FY9/22, and our intake of new graduates in April 2023 will be 1.5 times YoY.

Our recruitment activities were impacted for a considerable period by Japan's covid-induced state of emergency. We took a portion of our recruiting online for both new graduates and mid-career hires. This ended up streamlining our hiring processes; for example it became easier to interview candidates in remote locations.

We took proactive measures to recruit new graduates, such as raising our profile through publicity-type events geared toward students, and contacting potential candidates through scouting services. To meet our need for specialist knowledge, we have actively recruited from the STEM disciplines, but we have seen a low number of women hires due to their relatively low representation in such programs. Since FY9/21, we have responded to this issue by participating in informational events for women students and by raising awareness of our women-friendly working environment.

For mid-career professionals, we are continually updating our recruitment process to reflect current trends in the job market. In addition, we are actively using new recruitment services and channels, such as direct recruitment and agencies specializing in advanced professional skills. Regular dialogue with agencies is a key element in our efforts to improve the efficiency of the candidate search so that we can recruit the right people to fill out our human resource portfolio.

In the post-pandemic era, we will grow our recruitment numbers by making optimal use of the advantages offered by both in-person and online methods through our know-how accumulated over the past few years.

A more health-conscious workforce: increased checkup items and creative participatory programs

One of our non-financial targets is to maintain a 100% health checkup ratio and achieve 100% for follow-up checkups too. We work to maintain and enhance the health of employees by continually reviewing the content of checkups and utilizing the latest technologies and services. For example, in FY9/22 we provided employees who wished to undergo testing with free access to the N-NOSE early cancer detection services provided by Hirotsu Bio Science Inc. and the VR-based ultra-early Alzheimer's disease detection service provided by MIG Inc.

Since 2021, we have taken part as a company in a walking program run by the Mitsubishi Health Insurance Society; this is one means for us to raise health awareness and foster communication among colleagues. Walking earns participants points in the program's custom app. This naturally builds the habit of walking and encourages people to change their attitudes to health. Since the system is based on competition both between individuals and between divisions, it has provided potent fuel for dialogue within the company.



N-NOSE checks are used in the early detection of cancer.



VR-based measurement of brain functions is used to detect signs of dementia at an extremely early stage.

Human Foundation

Workstyles

Workstyle flexibility: individual choice of the best way to work for role and job content

Overview and progress

Mitsubishi Research Institute was early to introduce remote working. When the time came for countermeasures against covid, this preparedness let us continue our work unhindered.

In March 2021, we formulated a basic policy on workstyles under the new normal, and in October of that year we issued a guidebook for employees. The guidebook was intended not as a set of specific uniform workstyles defined by the company, but rather as an aid for employees and their divisions to determine the best way to work for themselves. For example, it includes sample workstyles for a range of conditions; readers use these to inform their

own balance of office and remote working.

Forging optimal workstyles must reflect not only individual perspectives, but also the needs of the organization. For that reason, each of our divisions brought their employees together to discuss ideal workstyles based on both operational requirements and personal preferences.

We will continue to make optimal use of our accumulated experience and expertise to implement workstyles befitting the new normal in both with- and post-covid situations.

Guidelines by task type for selecting office or remote work

	Physical attendance required	Physical attendance advisable	Hybrid	Remote working advisable	
External	Tasks performed on clients' premises	Discussion	Seminars, company informational sessions, Media Conference, IR, etc.	Presentation	
		Canvassing & summarizing opinions, key responses	Committees	Reporting	
		New clients, ascertaining needs, negotiations, etc.	Meetings	Clients in remote areas, progress reports, interviews, etc.	
		Proposals & major report meetings	* Remote meetings possible at request of client		
		Second and subsequent interviews, promising candidates	Recruiting	Initial interviews, candidates in remote locations	
Internal	Team-building	Group work	Discussions	In-house training & seminars	Lectures
		Highly-important topics, brainstorming, workplace discussions	Organizational meetings (group, division, unit)	Colleague updates & sharing	
		Crafting plans & measures, co-creation work such as brainstorming	Ideation & co-creation	Large numbers of participants	
		OJT	Goal sharing & feedback	Human resource development, reciprocal learning, interviews	Communication & reporting
		High-security work	Individual work	Office-based (focus room)	Individual work

Scope of remote working to grow through future ICT improvements, employment format diversification, attitude changes, etc.

Enhancing programs for flexible workstyles and self-fulfillment

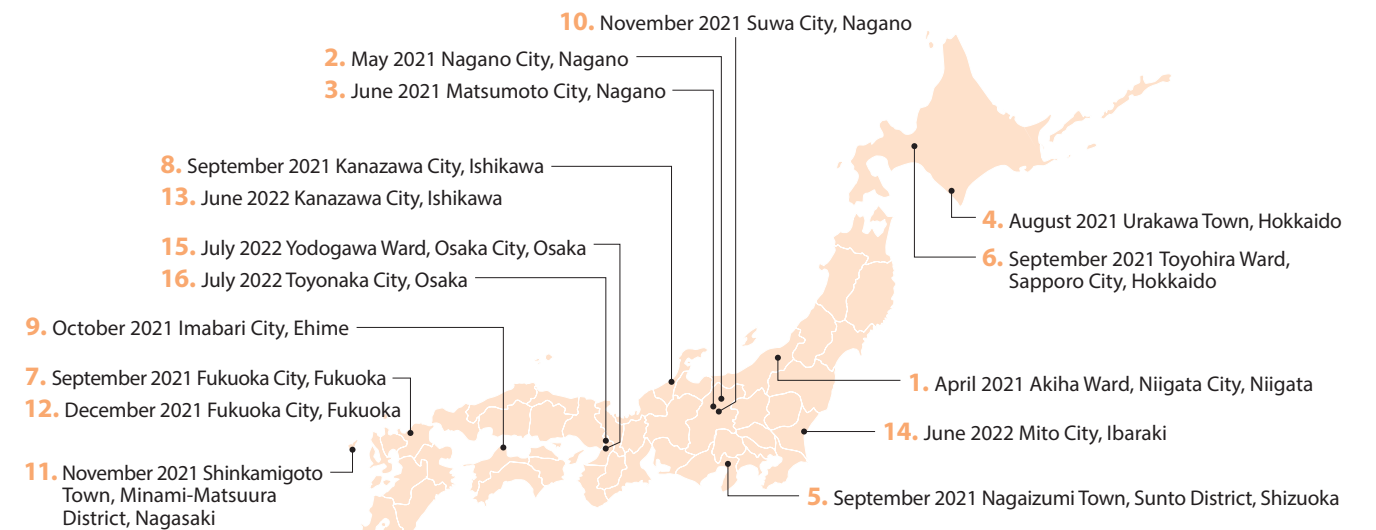
Programs and policies are in place at Mitsubishi Research Institute so that all respect autonomy and diversity, while each forges self-fulfillment through flexible workstyles appropriate to the various stages of life. When we renewed our employment structure in April 2021, we introduced elements centered on job content, rather than seniority,

clarifying each employee's mission and setting pay to reflect that mission. This has enabled individual employees to remain aware of their roles and actively engaged, even in a remote working environment. By making it possible to work from home or at satellite offices, to work while on vacation, and to relocate to remote areas (chart on p. 64), we are able to conduct our work with physical attendance between 40–50%.

Programs to support flexible workstyles and self-fulfillment

Flexible workstyles	• Remote working programs (including relocation to remote areas) • Flextime and discretionary work schemes
Career support	• Skill development support (cost subsidies to support self-improvement) • Upskilling days (days off for purposes that contribute to self-improvement) • Career design leave (leave for activities that contribute to self-fulfillment such as self-funded study abroad and fertility treatment)
Support for various life stages	• Child and family care leave • Reduced working hours for child and family care • Spousal maternity leave • Babysitter cost subsidies • Cafeteria plan (a free-point system in which employees are granted a set amount of points to use at will in paying for a wide range of external services) • Outpatient sick leave (days off for outpatient care enabling employees to continue working while undergoing medical treatment) • Use of left-over paid leave from previous years for childbirth, child-raising, and family care • Rehiring system (rehiring of employees who left for personal reasons such as a spouse's work transfer or job change)
Prevention of excessive working hours, encouragement of leave use	We are working as an organization to prevent excessive working hours and encourage employees to take leave. The following targets have been set. • Zero employees working more than 2,300 hours/year • Zero employees working more than 250 hours in any one month • Ensuring that employees who work on holidays always take days off in lieu • Ensuring that employees always take at least five paid leave days per year • Support to enable employees to take at least 20 leave days per year (at least 10 paid leave days, five summer vacation days, five upskilling days)

Map showing utilization of remote relocation system (as of October 1, 2022)*



* The remote relocation system allows employees to live in locations that are remote from our offices, generally two hours or more one way by conventional rail lines. Participants only come to the office when it is essential for their work. As of October 2022, 16 employees (MRI only) were using the system. These employees live in locations ranging from Hokkaido to Kyushu and encompass a wide spectrum of groups, from young employees to middle management, and senior executives. The dates on the map indicate application dates.

A better lifestyle for my family through the relocation system

I moved to Nagano Prefecture under the remote relocation system in February 2022. We are currently building a house in Hara Village at the foothills of Mount Yatsugatake. In addition to school, I want my children to learn from nature. My wife is engaged in community welfare work and dreams of sharing the benefits of yoga in a natural environment to the elderly residents in the area. I find that I am able to make excellent progress with my work thanks to the energizing effects of life in a natural setting. Because my work relates to regional transportation and community development, I can base my client proposals and research on my experience of regional life and issues, which were not apparent to me when I was living in an urban environment. This has been a major positive for me.



Yukimasa Morisaki
Mobility Strategy Group,
Smart Region Division,
Policy Consulting Unit

Human Foundation

Workstyles

Office space enhancements

In addition to our workstyle programs, we have made a host of office space improvements to provide our personnel with the optimal conditions at the convergence of in-office and remote working. These initiatives include setting up a free address seating system, new teleconferencing booths, communication facilitation areas, and enhanced ICT equipment to support remote meetings.

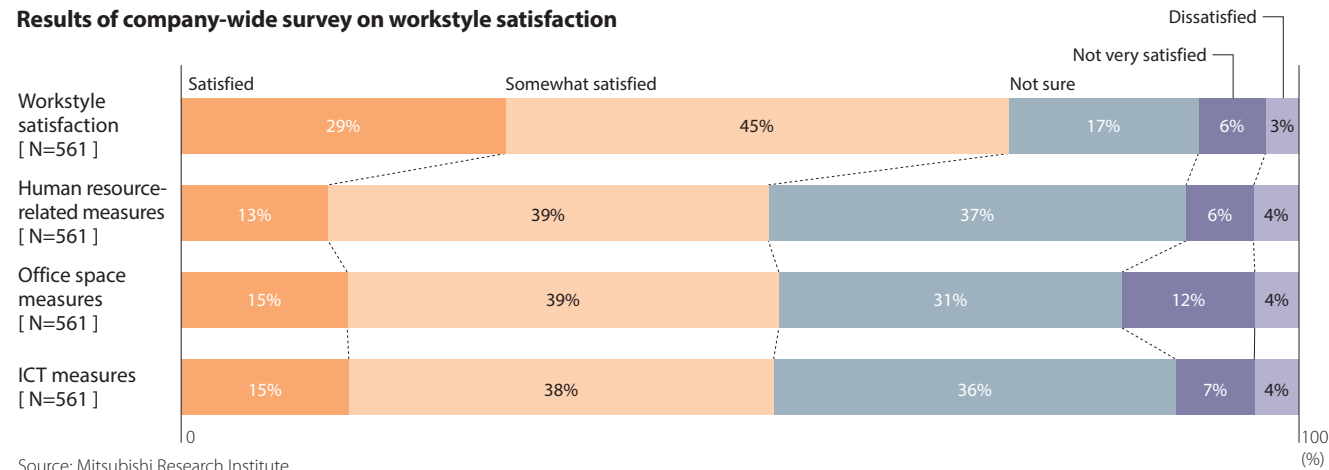
Thanks to these measures, most of our in-house meetings are now held in a hybrid format that combines physical attendance with remote participation from homes, satellite offices, or other locations. We also combine in-person and remote formats for our meetings with clients and partners; the actual format used depends on the purpose and content of the meeting, the number of participants, and other factors.

Company-wide survey on new-normal workstyles

In June 2022, we conducted a company-wide survey about hybrid workstyles combining physical and remote attendance. The results showed that employees were modifying their workstyles through our various initiatives, with around 75% indicating that they were satisfied or somewhat satisfied with their present workstyles.

However, only 50% responded that they were satisfied or somewhat satisfied with human resource, office space, and ICT measures, indicating room for further improvement. Using these results, we will continue to enhance our workstyles for the new normal through discussions with employees on their specific input and desires.

Results of company-wide survey on workstyle satisfaction



Source: Mitsubishi Research Institute



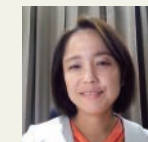
Communication areas have been created on each floor of our head office building.



Employees have free access to the focus room.

Close-up | Employee roundtable on new-normal workstyles

Employees discussed their use of new-normal measures including: office space, remote work environment, relocation to remote areas, workation, dual employment, and a shift to an employment structure based on job content rather than seniority.



Mari Iwata
Asia Business Group,
Global Business Division

Remote working has enabled me to work the same whether at home or overseas. This is possible thanks to support from our back-office staff, which I am very grateful for. I want to help take the workstyle evolution further by using these systems to expand my circle of communication.



Tomomi Nakao
Healthcare Innovation
Group,
Healthcare and Wellness
Division

The remote relocation system allows me to work in a place where I can see horses running around outside my window every day. While on a workation to a rural area, I worked from a shared office set up in a former school building, where I was able to interact with local residents. These have all led to tangible improvements to my work-life balance. My colleagues and I started the Workstyle Diversification Support Group to share these new workstyles with more people in the company.



Asagi Kobayashi
Accounting and Finance
Division

I find remote working extremely beneficial since it allows me to combine work flexibly with childcare and housework. There is still a bit of trial-and-error along the way, but the process of making the system work is also helping me to build mutual understanding and teamwork with my co-workers. I don't think total digitalization is feasible, but I will keep striving to minimize the tasks that cannot be done online.



Naoko Mashiko
Financial DX Consulting
Group,
Financial DX Division

I have a second job on the weekends once or twice a month. It involves evaluating and consulting on fashion items, and it's similar to my main job as I have to identify the heart of a customer's problem, develop a hypothesis, and offer solutions. There is a real sense of synergy since my second job offers inspiration for my main job.



Akira Enomoto
General Manager,
Human Resources
Division

Since launching our measures to support new-normal workstyles, we have been fine-tuning them via a PDCA cycle based on employee feedback. Any such pioneering uncovers obstacles, and we are determined to put those insights to work in transforming social systems at large.



Yoshiki Shimizu
Group Leader,
Policy and Strategy Group,
Career Innovation Division

As a company dedicated to resolving societal issues, Mitsubishi Research Institute hosts innovative measures for new-normal workstyles. One of the company's defining features is its ability to imagine when new measures will become the norm and influence Japan as a whole by taking the lead to outline the obstacles, and how to overcome them, along the way. This inspires me to take the discussion to the next level.

Note: divisions and job titles as of June 27, 2022

Diversity and Inclusion

Creating an inclusive workplace that enables all to fulfill their potential

Overview

For all to achieve their full potential, we must look beyond indicators—like gender, nationality, and experienced-hire ratios—to create a workplace in which people with diverse ideas can actively engage with one another. This will require not only a more diverse workforce, but also a culture that emphasizes respect for individual differences and helping one another.

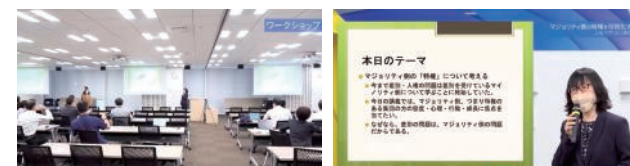
This thinking is reflected in our commitment to the promotion of diversity and inclusion (D&I), which is a core policy in Medium-Term Management Plan 2023. In November 2021 we established the D&I Promotion Office.

We have launched a spectrum of measures including: workshops that any employee is free to attend, workplace discussion sessions with mandatory participation, seminars led by subject specialists, and round-table meetings involving experts from within and outside the company (p. 68). Feedback from these activities provided the base for our *Conduct Guidelines for Diversity and Inclusion* set into place in November 2022.

Seminars

Our efforts can only meet success if our corporate culture respects inclusion, the acceptance of unique individuality. Accordingly, we held a face-to-face seminar on D&I for corporate officers and line managers led by Professor Makiko Deguchi (Department of English Studies, Faculty of Foreign Studies, Sophia University).

A video of the session has been made available to all employees as a training resource. Since the seminar, line managers have worked to share issues and raise awareness by acting as facilitators for workplace discussion sessions.



Professor Makiko Deguchi led a face-to-face seminar on diversity and inclusion, a video of which is now being used as a resource for company-wide training.

Conduct Guidelines for Diversity and Inclusion

We strive to be a company where diverse individuals are actively engaged, grow together, and resolve various societal issues

We, the Mitsubishi Research Institute, will continue to envision a desirable future world and lead change through the solution of various societal issues. To fulfill these aspirations, we need to be a company in which diverse individuals are actively engaged, utilize their strengths and individuality, and help one another grow, so that we can continue to provide value sustainably into the future.

We acknowledge the differences in the situations and aspirations of all

People's potential reflects differences in their personal situation and aspirations—diversity. We will identify and review our unconscious biases, cherish our diverse colleagues for who they are, and foster a culture in which individuals can realize their potential—inclusion.

We will create an engaging workplace through respect for individuality and help for one another

We strive to create a workplace where all are actively engaged. This comes alongside each taking an interest in, communicating with, and getting to know one another, thus ensuring respect for individuality and help for colleagues to shine.

We will take joy in combining unique strengths to create new value

We will create new value and ensure sustainable growth by: seeking diverse points of view from within and beyond the company, finding new value in minority perspectives, and taking joy in combining our unique attributes and differences—innovation.

Close-up | Expert roundtable preceding the formulation of Conduct Guidelines for Diversity and Inclusion

The meeting is one of many diversity and inclusion measures integral to MP2023, which aims to ensure that our diverse professionals can lead fulfilling careers and impact a variety of societal issues.



From left: Yumiko Yoshiike (General Manager, Human Resources Division, interviewer), Makiko Deguchi (Professor, Sophia University), Mariko Bando (Outside Director), Yuji Masumoto (Representative Director, Activatelab Co., Ltd.), Makiko Yamazoe (Senior Consultant, Asia Business Group, Global Business Division)



Mariko Bando
Chancellor (Socho),
Showa Women's University

Diversity is a direct source of competitiveness for think tanks, the role of which is to craft proposals and cultivate innovation by bringing together diverse perspectives and thinking about factors that others may not have noticed. To fulfill that role, it is vital to foster an organizational culture in which the diversity of the overall organization is continually maintained and enhanced, and in which managers “sponsor” individuals by offering them opportunities to try new approaches. I see such an organization as the ideal environment for people to respect, support, and help each other while deepening discussion toward the creation of a better future.



Yushi Masumoto
Founder,
Activate Lab

After coming back from a brain hemorrhage that caused a loss of brain function, I became aware that able-bodied people tend to put all people with disabilities into the same category, even though they all have different symptoms and conditions. I used to be like that, but now I realize that inclusion for people with disabilities is not possible unless we properly understand each individual's abilities. I also firmly believe that companies that really make use of individuals' abilities like this will prosper.



Makiko Deguchi
Department of English Studies,
Faculty of Foreign Studies,
Sophia University

At our university, we run courses in which groups of students are given issues and told to find solutions. My impression is that diverse groups tend to propose more interesting solutions than groups that are less diverse. In diverse groups, there is often a milieu in which people take an interest in each other's individual attributes and feel free to put forward any opinion. All human beings are different. I want everyone to know that organizations that include diversity are better able to ensure psychological safety for their members.



Makiko Yamazoe
Asia Business Group,
Global Business Division

One of the issues to emerge from discussions hosted by the D&I Promotion Office is that while there has been progress on diversity, including the percentages of women and foreign nationals, more effort is needed in relation to inclusion. For example, people tend to prioritize efficiency and end up discussing matters with people from similar backgrounds. Moreover, while people are prepared to listen to different viewpoints, they are not yet ready to collaborate. The *Conduct Guidelines for Diversity and Inclusion* were formulated as a response to this problem. My task is to disseminate the guidelines throughout the company and make them part of our day-to-day activities.

Note: divisions and job titles as of September 20, 2022



Intellectual Capital

A focus on VCP-synchronized research creating business value; realistic research and policy recommendations based on multidisciplinary strengths

Overview

Our research and recommendation activities are the starting point for the creation of value. They integrate our diverse knowledge and societal implementation experience—these gained through our research and consulting services. Decisions concerning activity policies, strategies, and plans are based on deliberations by the company-wide Research & Recommendations Committee. This committee holds monthly discussion sessions with our senior management and research fellows (p. 71) as part of efforts to optimize the quality of our research and recommendations.

Three pillars comprise the base of our activities: foundational research, future-concept research, and VCP-synchronized research. The first, foundational research, is intended to strengthen our intellectual foundations through activities that include analysis of the Japanese and overseas economies, evaluation of public policy, and surveys of advanced technology. The second, future-concept research, aims to create new standards by envisioning the future and measures for its realization over the long term. The third, VCP-synchronized research, links to our strategies for each VCP priority domain (pp. 29–30).

Under Medium-Term Management Plan 2023 (MP2023), we have prioritized VCP-Based Research with the aim of further strengthening our capacity to resolve

societal issues. Our goal is to provide realistic recommendations by applying the full potential of our unique integrated strengths.

We will continue to strengthen our intellectual capital and improve our medium- to long-term corporate value by bringing together cutting-edge knowledge in the areas of policy, economics, science, and technology. This will also serve as the basis for research and recommendation activities focused on the core of social change.

Foundational research: insights on the economy and advanced technology for enhancing our intellectual foundation

We are strengthening our intellectual foundations as a think tank through research in various fields, including macroeconomics and advanced technologies.

In macroeconomics, we have earned considerable acclaim for our findings on key issues, such as the impact of the covid pandemic on the world economy and the Japanese economy as well as the global economic implications of Russia’s prolonged invasion of Ukraine.

Our research relating to advanced technologies is focused on virtual technologies. We are exploring current developments in this field, the potential for the use of virtual technologies to resolve societal issues, and the issues

involved. There has been intense interest in our research on the latest metaverse trends and potential uses for this technology in a variety of fields.

We will continue to guide the government, businesses, the media, and other organizations through recommendations based on our research of the future world and solutions needed to get us there.

Future-concept research: new standards for the future

We define the optimal post-covid society as one that is resilient and sustainable. We believe that the ultimate goal should be to maximize wellbeing, and we have identified the elements needed to achieve this—in other words the MRI Wellbeing Indicators. The development of policies focused on maximizing wellbeing will be a vital perspective for finding solutions to the various societal issues facing Japanese society.

We have also responded to the global trend to decarbonize by initiating work toward the creation of an industrial structure based on carbon neutrality. We believe that the key to achieving carbon neutrality for Japan as a whole will be the use of digital and other technologies to create a circular system for raw materials and carbon. We plan to make proposals on topics that include the development of systems to circulate these resources.

VCP-synchronized research: study and proposals for our eight priority domains

VCP Management is a basic strategy under MP2023. In the first year of MP2023, we conducted research combining policy, economic, scientific, and technological knowledge relating to our five VCP priority domains at the time (healthcare, human resources, urban life and mobility, energy, and ICT).

This fueled our policy recommendations to government agencies as well as proposals for businesses and the media. By linking research to the B) Analysis & Conceptualization, C) Design & Testing, and D) Societal Implementation phases of our VCP, we enhanced our ability to provide recommendations leading to the real-world application of solutions.

In 2021, we established research and recommendation teams for three new priority domains (food and agriculture, circular society, and resilience). All eight teams are now exploring societal issues in their respective domains and considering specific policies to serve as solutions.

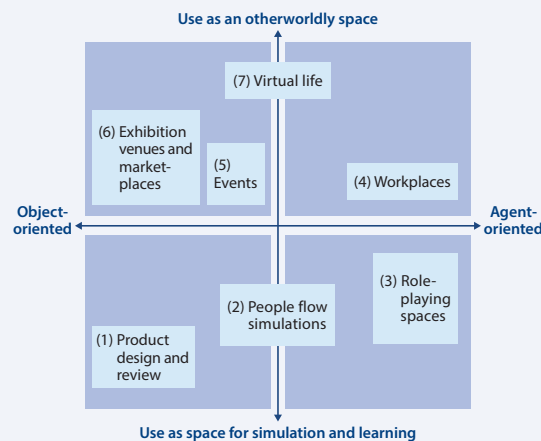
Our research and recommendations are based on narratives for how to resolve societal issues in each domain. Through this approach, we are able to lead change, and by creating examples of successfully leading change, we will help build a resilient and sustainable world.

Insights: a metaverse future

In recent years the future potential of the metaverse has been discussed in various contexts, including the formation of new economic spheres. We are conducting research about the impact of and outlook for the metaverse, which we define as shared virtual spaces made up of multiple agents or avatars and controllable objects.

We have identified seven types of services that can be provided using the metaverse (diagram). Further development of the metaverse will require the creation of earning opportunities, mechanisms for the exchange of value, and a system of governance. We will continue to provide recommendations about the metaverse, including strategic direction for its development and its impact on society.

Seven types of metaverse applications



Insights: original wellbeing indicators

The MRI Wellbeing Indicators relate to people, society, and the Earth. There are a total of nine elements, of which four each relate to people and society and one to the Earth. These elements are further divided into 21 items and 36 indicators, which are used to define subjective well-being using a dashboard format. We are employing these indicators as the basis for efforts to visualize the wellbeing of people in Japan, including a survey of 10,000 people.

Insights: policy direction to guide carbon neutral measures

Russia’s invasion of Ukraine has caused a global surge in energy prices and has once again brought energy security problems worldwide to the forefront.

We have created four future scenarios for the achievement of carbon neutrality in Japan by 2050, and we are using these to estimate social and economic impacts. Based on these estimates, we propose the policies needed to achieve a smooth transition to a decarbonized society.

These have been taken up at government councils, industry committees, and other groups, and we have thus been able to contribute to policy, public programs, and corporate strategies.

Intellectual Capital

Planning and conducting research myself

I am involved in macroeconomic research about the European economies as well as VCP-related research on information and communications technology. I am analyzing the effects of increased data flows on individuals, industries, and regions in a beyond-5G era. One of the characteristics of the Center for Policy and the Economy is the fact that we set our own research themes. While this is a difficult process, I also find it very stimulating. The world has become more uncertain in the face of covid and the crisis in Ukraine. However, there have also been positive developments, including the accelerating use of digital technology. I look forward to working with colleagues from diverse backgrounds on research and recommendations that will lead to a better future for Japan and the world.



Kengo Wataya
Center for Policy and the Economy,
Think Tank Unit

Enhancing research quality and training researchers under the leadership of the institute chairman and research fellows



Hiroshi Komiyama
Chairman of the Institute

Chairman of the Institute Hiroshi Komiyama and our research fellows (p. 88) are all highly qualified, have extensive experience, and bring networks spanning industry, government, and academia. Under their leadership, researchers in our Think Tank Unit carry out activities based on company-wide participation.

Activities initiated under the leadership of our research fellows in 2022 included research in preparation for recommendations to government agencies and industries

concerning industry restructuring toward the realization of a decarbonized society. We are also applying the extensive experience and knowledge of our research fellows to comprehensive and innovative activities in such areas as economic security, the metaverse, and Web 3.0.

Our company-wide Research & Recommendations Committee deliberates on individual research and recommendation plans and monitors the progress of these activities. It also holds regular meetings with senior management and research fellows to discuss the content and results of research. Through these high-level and multifaceted discussions, we are working to enhance the quality of our activities and grow our personnel.

Co-creating with industry, government, and academia in Japan and abroad

Each of Mitsubishi Research Institute's units has extensive networks spanning industry, government, and academia. We put these networks to use as we work to create solutions for societal issues through research and recommendation activities based on the convergence of knowledge from Japan and overseas. In addition to joint research with institutions and universities in Japan and overseas (p. 75), we also collaborate with researchers in various fields and people working in government agencies and industry on forming hypotheses, analyzing data, and making recommendations.

These all contribute to our goal of making realistic policy proposals. Networking with people in industry, government, and academia also provides important training opportunities for our researchers. We will continue to strengthen our innovative research and recommendation capabilities by bringing in cutting-edge research and industry knowledge from Japan and overseas.

Relationship Capital

Creating growth businesses through investment in partner companies

Overview and progress

We aim to actively invest in growth areas, expand our business activities, and expedite our growth to reach our goals under Medium-Term Management Plan 2023. We will do so by enhancing the speed, scale, and scope of our efforts to provide solutions to societal issues.

Specifically, we will pursue strategic investment using robust financial capital with related activities including: our Group DX initiatives, investment in and business tie-ups with partner companies, development of subscription-based businesses through joint ventures, M&A, and investment in venture funds to cultivate new partners.

In addition, we will increase our focus on collaboration with innovative Japanese and overseas startups that possess competitive technologies. In April 2022, we created the Corporate Venturing Office as a dedicated organization for this purpose.

Fortified team for MPX and DX businesses

1) MPX: joint venture with Dutch-based KYOS

With the full liberalization of electric power retailing, the utilization and revitalization of the wholesale electric power market are becoming increasingly important. In 2016, we launched our MRI Power Price Index (MPX) service with Dutch analytics firm KYOS. MPX is an online information service featuring price indicators, fundamental data, and other information to support electric power wholesaling. The trend toward liberalization of the electric power sector has been reflected in steady growth for MPX as more and more customers use the service. In October 2022, we implemented a carve-out to create a structure more capable of timely and flexible decision-making toward further business growth.

KYOS has invested capital in MPX, Inc., the new company created through this carve-out. MRI, which has deep knowledge of Japanese electric power markets and policies, and KYOS, which provides statistical models and consulting services to energy markets, have established a structure for the development of various new services relating to electric power trading.

Going forward, we will further expand this business and the range of services with the aim of contributing to the stable and sustainable development of all companies involved in the electric power business.



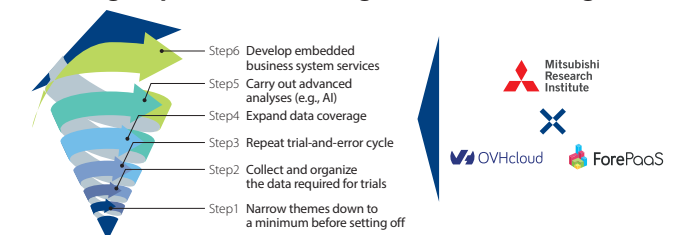
2) DX: business partnership with France-based OVHcloud

We began to negotiate with OVHcloud, the biggest cloud company in Europe, about collaborating on data analytics in the Japanese market after OVHcloud made their offer to acquire ForePaaS, our business and capital partner. We signed a business partnership agreement with OVHcloud in April 2022.

OVHcloud plans to speed up customers' decision-making and digital transformation (DX) initiatives through the timely provision of advanced functions at competitive prices, while maintaining the convenience of one-stop access to the various processes needed for big data analysis, which was a key advantage with ForePaaS.

We have started negotiations with OVHcloud about initiatives that will combine our experience in providing consultation, data analysis support, and AI modeling in a wide range of DX-related fields, with OVHcloud's cutting-edge cloud technology. The aim is to accelerate Japan's digital transformation by providing integrated support at all stages from the formulation of transformation strategies to the introduction of big data analysis environments and the implementation of data-driven management.

Creating corporate value through data-driven management



Relationship Capital

Initiative for Co-creating the Future: crafting businesses to resolve societal issues

The Initiative for Co-creating the Future (ICF) is our platform for the solution of societal issues through business using open innovation. Members, numbering over 540, span large corporations, medium-sized companies, startups, central and regional governments, and universities.

The solution of a societal issue begins with a general analysis of the issue. This is followed by a broad array of innovation processes covering deeper exploration of the issue, consideration of specific businesses, testing, and societal implementation.

A core mechanism for these activities is the Business Acceleration Program (BAP), through which we invite proposals for societal issue resolution businesses from among the ICF-member startups, award excellent ideas, and accelerate the commercialization of those ideas. The eighth BAP in FY9/22 attracted 147 proposals from Japan and overseas. The best proposals will be developed into concepts through collaboration between MRI researchers and consultants with specialist expertise in the fields concerned, outside experts, ICF members, and other participants. This emphasis on the creation of collective impacts through co-creation is the most important feature of the BAP.



A keynote speaker at the ICF General Assembly

Regional Conferences with business leaders

As part of our efforts to share our insights on a regional level, we have held annual Regional Conferences since FY9/18 with the aim of building relationships with regional business leaders. In recent years, we have been forced to postpone these sessions or stage them remotely because of the pandemic. However, in FY9/22 we were able to resume our sessions in the Chubu and Kansai regions, as well as hold a conference in the Kyushu region for the first time. Each saw participation from a large number of regional business leaders.

Each workshop consists of a keynote address and theme-based discussion sessions. In these sessions, we present research findings on three or four topics chosen from a range of options such as human resource strategies, carbon neutrality, economic security, *actfulness* (p. 48), and the world expo. By engaging in frank and open debate, all were able to form a deepened and shared awareness of issues for which solutions need to be found. Most participants have expressed positive views about the sessions and have been pleased with the themes and content.

We will continue our efforts to share our insights to enable the solution of societal issues in line with regional characteristics and reflecting greater trends in Japan and around the world.



Regional Conference in the Kansai area



Regional Conference in the Kyushu area

The MRI Group Forum—discussions on advanced themes

The MRI Forum is an annual event designed to deepen our relationships with our customers and partners. On November 29, 2022, we held the 17th rendition, which was renamed the *MRI Group Forum* to emphasize its importance as an event involving the entire MRI Group.

Researchers presented findings under the banner of



Researcher giving a presentation

Rebuilding the Economy on Carbon-Neutral Resources. In addition, experts from industry, government, and academia were invited to take part in a panel discussion.

As in the previous year, we carefully monitored trends in the pandemic and decided to hold the Forum as a hybrid event involving both venue and remote participation. The event boasted over 130 people present at the venue and more than 450 watching the live video feed.



Panel discussion

Media engagement: Media Conference and Media Workshops

Our annual Media Conference covered 12 topics under the title theme: *Resolving Societal Issues in a Rapidly Changing World—the Challenges of Forecasting and Transformation*. Researchers gave presentations about the state of their field in Japan and abroad before offering recommendations for the solution of societal issues. It was the first face-to-face conference in three years and was attended by

68 representatives of 31 media organizations, who participated in a lively exchange of views.

We hold Media Workshops a few times a month. Here, researchers present their analysis and findings concerning domestic and international trends relating to current themes and offer recommendations based on their own perspectives. These events are always characterized by enthusiastic debate, with participants putting forward intelligent and probing questions and views.



At the Media Conference



At the Media Workshops

In detail: joint research and academic exchange programs

For the world to become better at resolving societal issues, it is important—from a young age—to develop a global perspective and to interact with different ways of thought, advanced knowledge, and cutting-edge technology. To support this and improve our own knowledge and human resources—our strengths lying in the diversity and specialization of these—we send employees to universities overseas, host student interns from abroad, and conduct joint research domestically and internationally.

Joint research

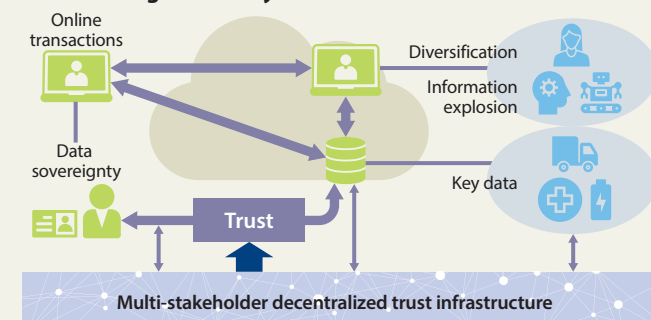
Georgetown University

Research on securing new trust in a digital society

Advances in information and communication technology, IoT-linked devices, and other fields will create a world in which large volumes of data will be generated throughout our day-to-day lives. To extract the maximum value from these data resources and create a stable, safe, and fair digital society, we will need sound mechanisms for the distribution of data.

Through our joint research with Research Professor Shinichiro Matsuo of the Department of Computer Science at Georgetown University in the United States, who is a leader in this field, we have honed in on trust—meaning the ability to interact in trusting relationships with unknown parties online—as an essential factor in the society of the future. We went on to identify the requirements for sound data distribution systems and offered recommendations for the creation of such systems.

Trust in a digital society



The evolving digital society will require new trust mechanisms—multi-stakeholder decentralized trust infrastructure—to support the timely processing of complex transactions while maintaining data sovereignty.

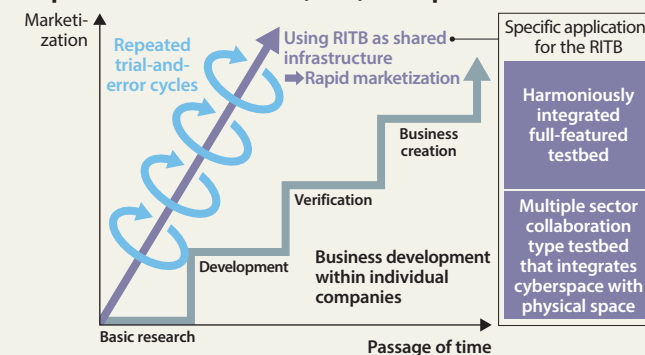
The University of Tokyo

Research on fostering innovation in a beyond-5G era

Until now, the impetus for added value creation in digital society has been provided by Big Tech, including American tech giants. However, the spread of next-generation wireless communication technology and other advances in the beyond-5G era is expected to enable decentralized growth in which all can enjoy the fruits of digitalization with their security and autonomy guaranteed.

We are conducting joint research with Professor Akihiro Nakao of The University of Tokyo's School of Engineering, who is a key opinion leader in this field. After continual, lively debate based on case studies from Japan and overseas, this work has led to the proposal of the Rapid Innovation Testbed (RITB) as an environment to support innovation toward decentralized growth.

Rapid Innovation Testbed (RITB) concept



We will develop the RITB as shared infrastructure that can be freely used by a variety of companies. By reflecting repeated tests carried out within the RITB in product development, it will be possible to reduce the time required for marketization.

Academic exchange programs

Visiting Scholar Program

Continually sending researchers to two U.S. universities

Since 2014, MRI has sent one employee each year to Stanford University. In 2018, we also started to send employees to the University of California San Diego. A total of 12 employees have studied at these two universities in the U.S. As visiting scholars, these employees experience learning in the innovative environment of the West Coast through activities that include work on innovation-focused research themes, and networking and collaboration with local startups and research organizations. After returning, participants put to use the advanced skills, specialized knowledge, and broad networks that they developed abroad in various ways including: collaboration and cooperation with ICF (p. 73) member organizations; the development and promotion of new businesses; the enhancement and expansion of core business operations; and the development of overseas businesses.

From researcher to entrepreneur: my time in the startup mecca—Silicon Valley

I spent a year as a visiting scholar in Stanford University's US-Asia Technology Management Center, where I carried out research about open innovation relating to climate change. Through this research, I was able to experience the Silicon Valley ecosystem from an entrepreneur's perspective, including business ideation with my colleagues, application to various acceleration programs, and interviews of local companies. As a member of the Corporate Venturing Office, I am now actively using the networks that I built in Silicon Valley to create business with startups.



Keishun Nakamura
Corporate Venturing Office,
Marketing and Alliance Division
Company-Wide Divisions

Foreign student intern program

Providing participants with unique work experiences

We have accepted interns from overseas universities since 2014. One of the aims of this activity is to prepare young people for success on a world stage in the future. Another goal is to energize our organization by increasing diversity. To date we have accepted a total of 70 students from six universities in five countries. We responded to restrictions on domestic and international travel during the pandemic that began in 2019 by switching to an online approach in response to requests from universities and students. In March 2022 we resumed the internship program on an in-person basis for the first time in three years.

The interns are assigned to our various units for periods of between two weeks and one month, with long-term interns experiencing work in multiple units. The interns get to experience working at Mitsubishi Research Institute and also set individual survey themes based on their own interests, concerns, and specializations. They engage in discussion with our researchers and other interns while undergoing practical training in surveys and research relating to societal issues.

Between July and September 2022, we accepted seven students from Oxford University, the University of California San Diego, the National University of Singapore, and Stanford University. These interns were given opportunities to learn about other cultures and approaches to international exchange through a variety of activities, including interaction with other interns, and introduction to tea ceremony, calligraphy, Japanese cuisine, and other aspects of Japanese culture by MRI employees. The interns reacted very positively to these activities, which also

provided valuable opportunities for our employees to broaden their perspectives, experience, and skills.

In 2021, MRI received Oxford University's Gold Standard Internship Host Award in recognition of our continuing efforts to provide students with quality work experiences. This award is presented to organizations selected from among the 59 organizations that offer internships to students at Oxford University (as of November 2021) as providing outstanding program content and student support. MRI is one of only four organizations in Japan to have won the award.

We will continue to welcome overseas interns as part of our contribution to the sound development of the international community.



At a roundtable between interns from foreign universities and employees



Environmental

We aim to lead the way to economic and societal harmony with the environment

Overview

Under our mission, defined in our Guiding Principles as “co-creating a sustainable, abundant future”, we are applying sustainable management to realize a desirable future while achieving sustainable growth as a company dedicated to resolving societal issues.

A key focus for these efforts is decarbonization. Concerns about climate change are reflected in a global focus on the reduction of carbon emissions and in the rising level of social expectations in this area. We have identified the enhancement of our social trust foundation, including the improvement of our environmental value, as one of our material issues. We also aim to be a leading company in the creation of an environmentally harmonious economy and society. This is a job best fit for our comprehensive strengths as an integrated think tank group—we are contributing to sustainable development and minimizing the burdens our activities place on the global environment. Specifically, this is done by engaging all employees in a variety of initiatives to drive continuous improvement; these are guided by three policies: (1) a commitment to sustainable measures for the environment, (2) the multifaceted development of environmental businesses, and (3) contributing to the environment and society by providing knowledge.

(1) Management continues sustainable measures for the environment

Bolstering measures in line with TCFD

As part of our efforts to enhance our environmental value, we disclosed climate change risk data based on the framework recommended by the Task Force on Climate-related Financial Disclosures (TCFD), which was established by the Financial Stability Board in April 2022. We also took steps to mitigate climate change risk and move toward carbon neutrality by transitioning to renewable energy for 100% of the electric power consumption in our head office and 10% of power used in the data center operated by Mitsubishi Research Institute DCS. The content of our disclosure under the TCFD framework is outlined below.

Governance

We have further strengthened our sustainability management systems by creating a structure under which specific officers have clearly defined responsibilities. This structure includes the newly created posts of Chief Sustainability Officer (CSO) and Sustainability Management Officer, which are held by the President and the General Manager of the Corporate Administration Unit respectively. The Sustainable Management Office within the Corporate Planning Division manages the formulation of an environmental value policy and measures for the MRI Group, including disclosure under the TCFD framework. Matters requiring deliberations and decisions in relation to sustainability management are raised by the General Manager of the Corporate Planning Division and submitted for approval by the Sustainability Management Officer, the CSO, and the Management Strategy Committee. Final decisions are then made by the Management Meeting.

Strategy

Our main source of opportunities is the growth of climate change-related businesses based on an accurate understanding of changing market needs in such areas as environmental compliance. Along with the impact of carbon pricing, the main risk factors are the potential for reduced orders and economic stagnation resulting from increasingly serious natural disasters triggered by climate change. For our data center, risks include an increase in the cost of electric power, physical risks relating to the locations and resilience of facilities, and rising insurance premiums.

We have developed risk scenarios based on temperature increases of 1.5°C and 4°C. We believe that the negative impact of climate change on the Group would be minimal under either of these scenarios, and that our resilience to climate change is high.

The key to our growth strategies is the capture of business opportunities. Since the positive impact would be greater under the 1.5°C scenario than under the 4°C scenario, we believe that the realization of the desirable world defined in our carbon neutrality recommendations and the 1.5°C scenario would lead to further improvement of our value.

Group climate change risks and opportunities*

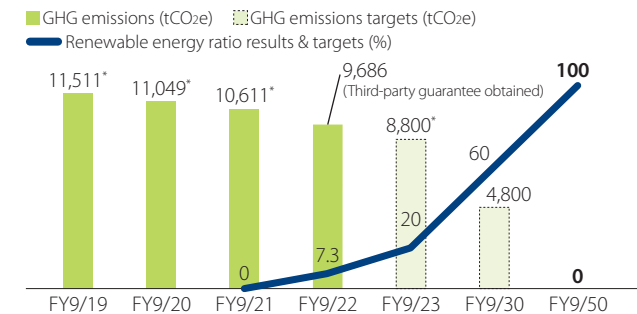
Risks and opportunities	Item	1.5°C scenario	4°C scenario
Transition risks	Policies and legislation	Introduction of carbon tax and increase in electricity charges	—
	Markets and reputation	Decrease in sales due to delays in responding to changes in market needs	
Physical risks	Acute	—	Increase in restoration costs and insurance premiums
Opportunities	Businesses and services	Increase in sales by actively responding to changes in market needs	

* We have analyzed the financial impact of climate change in 2030 based on two types of climate change scenarios—the 1.5°C scenario, in which strict measures, such as carbon tax and environmental regulations, are introduced and society as a whole works to actively tackle climate change; and the 4°C scenario in which strict measures are not introduced and natural disasters become increasingly severe and more frequent

Indicators and targets

As described below, we have adopted greenhouse gas (GHG) emissions and the renewable energy ratio as our

GHG emissions and renewable energy ratio progress & targets



* The results for FY9/19–FY9/21 and the targets for FY9/23 have been adjusted to reflect boundary changes in FY9/22

Assessment of the financial impact of climate change on the Group

Scenario	Major risks and opportunities	Analysis of financial impact	Financial impact*	
1.5°C scenario	Risks	Economic slowdown due to the introduction of a carbon tax	Referring to the relationship between the introduction of consumption tax and the GDP growth rate, we calculated the risk of a downturn in sales by applying a certain ratio to the our forecasted sales for 2030 and evaluated the impact on operating profit and loss.	Small
		Introduction of carbon tax	We evaluated the impact on operating profit and loss by applying a carbon tax to our GHG emissions (Scopes 1 and 2) forecasted for 2030. The carbon tax level is assumed to be 135 USD/tCO ₂ .	Small
		Rising electric power prices	We calculated electricity usage charges in 2030, based on the rate of increase in industrial electricity unit prices, and evaluated the impact on operating profit and loss.	Small
	Opportunities	Increase in demand for consulting due to increased interest in mitigation	We set growth case and standard case rates for sales growth in mitigation-related projects, forecasted sales in 2030, and evaluated the impact on operating profit and loss.	Small to medium
4°C scenario	Risks	Economic stagnation due to intensifying wind and flood damage	Referring to the relationship between past and ongoing economic crises (e.g., the 2007–2008 financial crisis and the covid pandemic) and the GDP growth rate, we calculated the risk of a downturn in sales by applying a certain ratio to our sales forecasted for 2030, and evaluated the impact on operating profit and loss.	Small
		Increase in insurance premiums due to intensifying wind and flood damage	Based on past revisions to insurance premium rates, we evaluated the impact on operating profit and loss by applying a certain ratio to the insurance premium payment amount for our data center. In view of the location and strength of the building, we did not consider the risk of building damage.	Small
	Opportunities	Increase in demand for consulting due to increased interest in adaptation to the new situation	We set growth case and standard case rates for sales growth in adaptation-related projects, forecasted sales in 2030, and evaluated the impact on operating profit and loss.	Small

* Operating profit in 2030 is taken as 100, and the ratio of financial impact of each item is classified as small from 0% to less than 3%, medium from 3% to less than 10%, and large at 10% or greater (absolute values)

KPIs. We have prioritized the improvement of the renewable energy ratio at our data center, and we are working to reduce electricity-related GHG emissions. We are also considering the use of carbon credits derived from projects to offset emissions of CO₂ and other gases in Japan and overseas.

Risk management

We have developed our own Advanced Risk Management System (ARMS, p. 89). This comprehensive system detects early indications of risk factors and triggers risk management procedures in the event of emergencies. The Risk and Compliance Management Division submits monthly reports to the Management Meeting concerning company-wide risk indications monitored by ARMS. In addition, the Internal Control & Risk Management Committee, which is chaired by the President, meets four times each year and submits a summary, yearly policy, and plan to the Management Meeting at least once a year. A report is then submitted to the Board of Directors. The results of analyses of climate change-related risks and businesses identified through the process of considering disclosure under the TCFD framework and their financial impact are reported to the Management Meeting and Board of Directors as risk factors that could affect the business of the Group.

Social Trust Foundation

Environmental

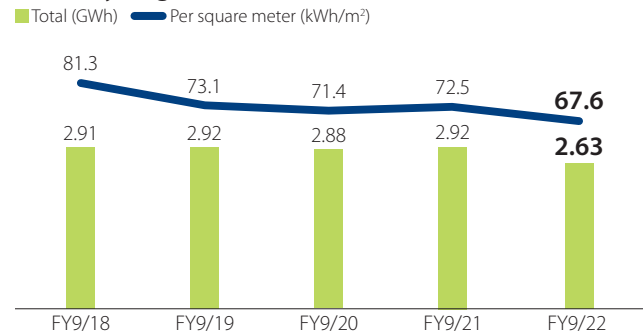
Continuous reduction of environmental burdens

We are working to reduce the environmental footprint of our business activities. We regularly monitor electricity usage, paper usage, and waste output and take action if there are any signs of an upward trend in environmental burdens. These indicators have generally fallen year on year over the past several years*.

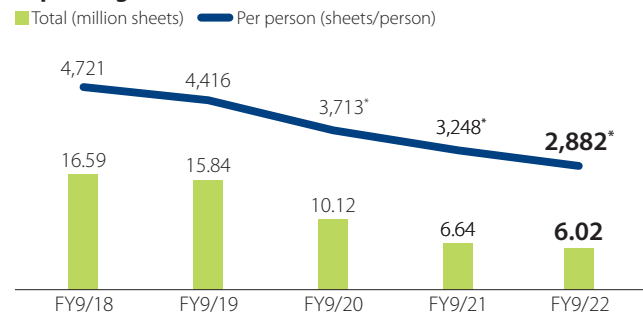
We will continue our efforts to reduce environmental burdens through improvements in operating efficiency and productivity, workstyle reforms, and other approaches.

* Since FY9/21, we have switched from the number of registered employees to the number of employees in the office as the basis for converting to per capita figures

Electricity usage

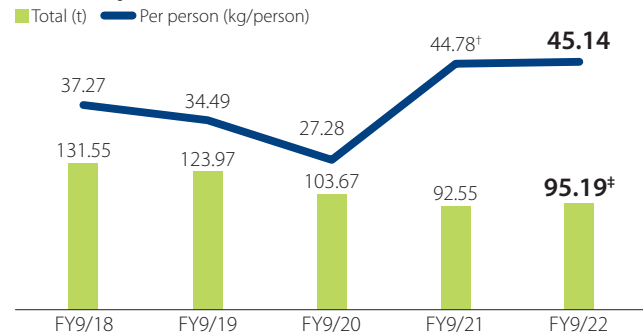


Paper usage



* Basis of figures adjusted from number of registered employees to number of employees in office

Waste output



† Figures adjusted to reflect the impact of covid (e.g., reduced number of employees in office, disinfection of desks)
‡ Temporary year on year increase resulting from office integration of MRI, MRA, and MBS

Going forward, we will also need to focus on our contributions to natural capital diversity. While considering the application of the framework developed by the Taskforce on Nature-related Financial Disclosures (TNFD), we will also work to enhance our disclosure and improve our non-financial value as a company working to resolve societal issues.

(2) Multifaceted development of environmental businesses

New businesses in line with policy recommendations for carbon neutrality

We are working to eliminate GHGs and realize a decarbonized society by using our business activities to reduce environmental burdens across the whole of society. These include research and recommendations, surveys and analyses, program design, testing, and societal implementation. Specifically, we are creating social value by: making policy proposals, including our carbon neutrality recommendations; formulating sustainability strategies for private sector businesses; running platforms, including the TCFD Consortium; and societal implementation of decarbonization initiatives, such as our mega-solar power generation business.

Going forward, we will continue to focus on the three key points in our carbon neutrality recommendations as we work to expand our support for policy development in related fields and our consultation services for the private sector. We aim to expand our policy formulation and private sector consulting business in such areas as carbon pricing, sustainable finance, international collaboration,

14 potential growth areas

Energy-related industries	<ul style="list-style-type: none"> Offshore wind power, solar, geothermal energy Hydrogen, fuel ammonia Next-generation geothermal energy Nuclear power
Transport and manufacturing industries	<ul style="list-style-type: none"> Automobiles, storage batteries Semiconductors, ICT Shipping Logistics, people flows, civil engineering Food, agriculture, fisheries, forestry Aircraft Carbon recycling, materials
Home and office related industries	<ul style="list-style-type: none"> Housing, buildings, next-gen. electric power management Resource circulation Lifestyle-related industries

Source: Ministry of Economy, Trade and Industry website, *Green Growth Strategy Through Achieving Carbon Neutrality in 2050*

and initiatives to drive innovation in the 14 priority fields identified in the government's *Green Growth Strategy Through Achieving Carbon Neutrality in 2050*. Furthermore, we will share information about climate change-related medium- to long-term shifts in the external environment across the entire Group so that we can use our advanced knowledge, expertise, and networks to create new businesses.

(3) Contributing to the environment & society by providing knowledge

Sharing insights on how to resolve environmental and energy issues

We share information and educate society about environmental and energy issues and solutions by extensively publishing a wide range of knowledge and information based on our work on related projects. In addition to our own initiatives to reduce environmental burdens, we participate in book exchange and bottle cap recycling programs. We are continually making improvements to our working environments, such as through the Cool Biz and Warm Biz campaigns.

Instances of environmental and energy-related publication (Group total)

	FY9/20	FY9/21	FY9/22
Number of instances of publication (e.g., articles)	49	74	86

Recommendations for a Carbon Neutral 2050

In September 2021, we published our *Recommendations for Achieving Carbon Neutrality by 2050*, which identifies three key points and defines specific measures for supporting transformations toward that goal. We believe that in order to enhance the practicality of these policies, it will be necessary for society as a whole to view these initiatives not in terms of costs, but rather as investments for the future and measures that further enhance international competitiveness.

Three key points

Early achievement of zero emission status in the electric power sector, including:

- Decarbonization of thermal power generation systems as an essential step toward a transition to electric power generated primarily using renewable energy
- Expansion of grid capacity and use of batteries, etc., toward a transition to electric power generated primarily using renewable energy

Strategic encouragement of innovation

- Innovation in materials industries
- Decarbonization of user facilities

Demand-side behavior changes

- Implementation of measures to encourage behavior change relating to production and consumption activities

Making Japan a carbon-neutral resource power

We are currently conducting Future Concept Research on turning Japan into an economy based on carbon neutral resources. The aim of this research is to develop a vision for a future in which both carbon neutrality and economic security can be achieved. To combine these two goals, Japan will need to work actively to secure carbon neutral resources from within and outside its borders as well as circulate these once acquired. I am motivated by the new challenge of thinking about carbon neutrality and the circular economy as linked concepts.



Yushi Inoue
Mission Leader,
Center for Policy and the Economy,
Think Tank Unit

Information Security

Applying our advanced security technologies

Overview

Clients bring ever increasingly complex information management needs: While they must make use of IT—like remote work and paperless methods—to boost efficiency in their emerging new-normal workstyles, they face growing threats from malware that can trigger serious information leakage.

As a company that assists clients all the way through the implementation of their digital transformation, we bear the responsibility of utmost security when it comes to information. To fulfill this responsibility, we view information security as a pressing risk, make it a priority to implement the appropriate measures, and make constant improvements.

We also aim to enhance information security across society by putting our expertise to use in our client-based work, including projects related to advanced security technology and management systems.

Ongoing initiatives under our Basic Information Security Policy

We have established an information security management structure under our Basic Information Security Policy, and we are working to strengthen our IT governance systems, including systems to ensure regulatory compliance in relation to information assets. We are also implementing the following activities on a continuing basis.

- Implementing information security measures in response to the latest threats, vulnerabilities, business environment trends, and business models
- Providing information security education (e.g., case studies of recent threats, items requiring caution, and emergency responses)
- Regularly monitoring and improving information security management and administration

In FY9/22, we prioritized the following initiatives to strengthen security on the assumption that remote working would continue due to the covid pandemic.

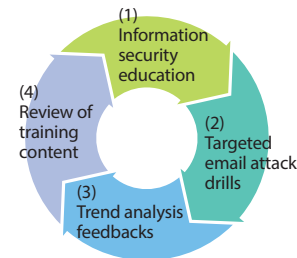
Enhancing security in a remote working environment

Even before the emergence of the covid pandemic, we had already completed development of an environment to support remote access to internal systems. We raised awareness of prohibited activities and matters requiring caution by formulating remote working guidelines as part of our efforts to implement workstyles for the new normal

(p. 63). For example, we took steps to combat communication environment risks that cannot be prevented solely through the use of a VPN, such as determining the level of encryption required when using wifi and which communication technologies can be used according to the type of data handled.

Targeted email attack drills

Emotet and other malware infections spread through illicit emails sent by malicious attackers are becoming increasingly prevalent in Japan. We are working to prevent the harm caused by this problem by continually training employees in methods for countering targeted email attacks. This training has two goals: to enhance the ability to prevent attacks and to raise awareness of threats. We provide supplementary training to improve awareness among newly appointed personnel, who are particularly vulnerable. In addition to e-learning, these training programs combine practical work with academic study to achieve synergistic benefits.



Targeted email prevention cycle

Independent external security audits

Our systems are independently audited by outside experts, who gauge the effectiveness of our information security measures and accurately identify any areas requiring further strengthening. In FY9/22, auditors checked the development and administration of our internal information systems, the management of our internal network systems, and the development and administration of related rules.

Preventing ransomware incursions

We have equipped our clients with endpoint detection and response (EDR)* systems to ensure the rapid detection and prevention of the latest threats, such as ransomware. Our Security Operations Center monitors information security on a 24-hour basis. If high-risk signals are detected, the client is immediately isolated to prevent the infection from spreading.

* EDR solutions detect suspicious behavior on PCs and servers and implement immediate countermeasures

Business development using information security technology

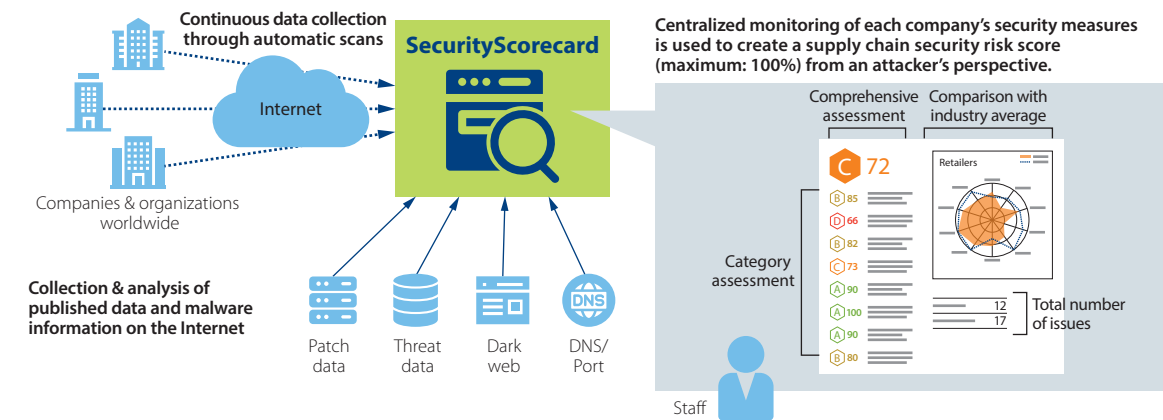
Service to support management of supply chain risk

In recent years, corporate information system units, group company management units, and procurement units have increasingly needed to enhance their supply chain management capabilities. However, it is difficult to identify information security risks adequately because of the large numbers of suppliers involved and the

complexity of quantitative assessment.

We help companies to identify supply chain risks and establish supply chain risk management structures through consulting services based on the use of the SecurityScorecard risk quantification system.

Identifying supply chain risks with SecurityScorecard

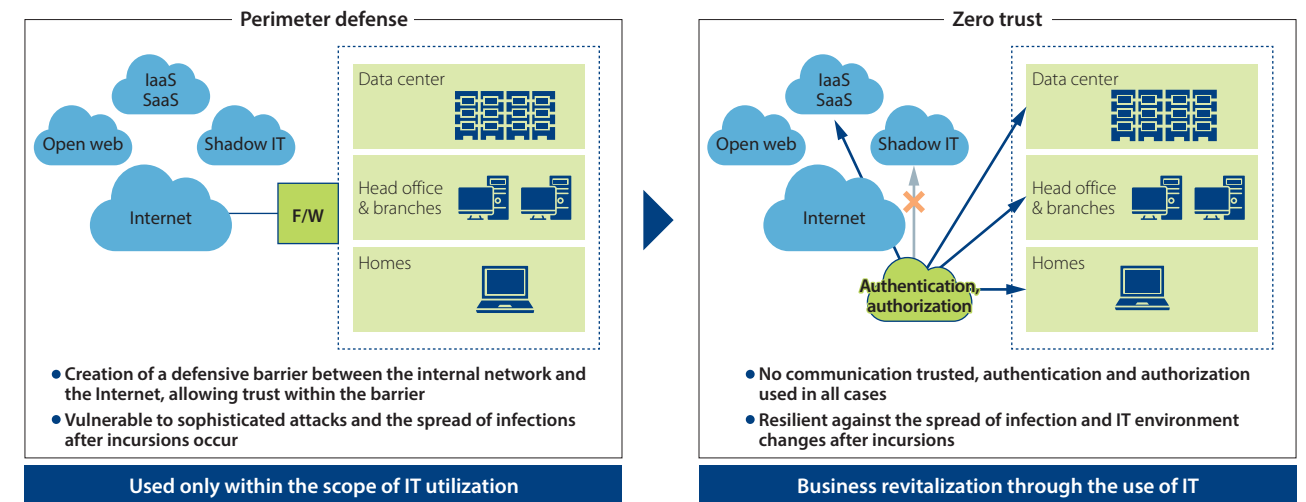


Cybersecurity business development

While bringing improvements in operating efficiency and productivity, the shift of operational systems to the cloud also creates new security risks. A tense international situation has further heightened the need for businesses to strengthen their security measures against cyber

threats. Mitsubishi Research Institute DCS is actively developing a cyber security business to support the creation of secure IT environments. It is also introducing the zero trust model, which differs from conventional approaches to security.

The zero trust concept



Governance

We are continually enhancing our governance structures by conducting assessments of the effectiveness of the Board of Directors to ascertain the current situation and identify issues

Corporate governance structure

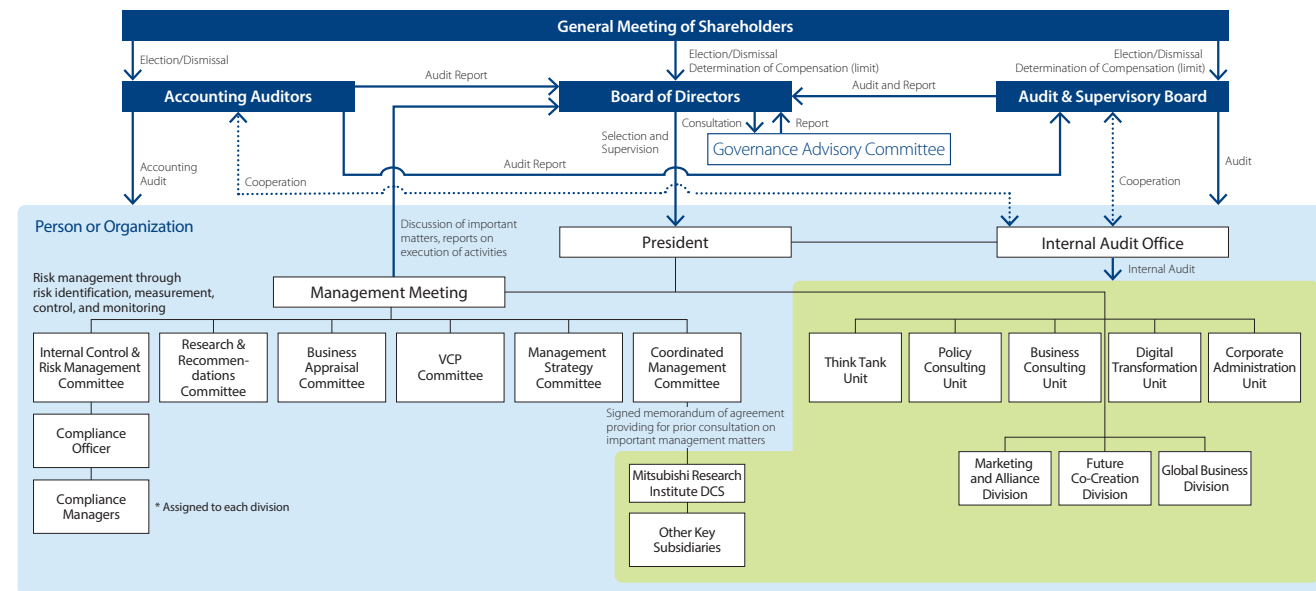
Our basic corporate governance policy is to ensure proper execution of business activities, based on our management philosophy of sustainably improving corporate value—the aggregate of social, customer, shareholder, and employee value.

More than one-third of our directors and a majority of our Audit & Supervisory Board members are from outside the Group. This ensures an outside perspective in our decisions. Management meetings settle matters concerning

the execution of business in line with the basic management policy established by the board of directors. Executive officers then implement decisions. Crucial matters are subject to deliberation by internal committees before the management meetings.

The Group shares a code of conduct, the Corporate Governance Guidelines, and the System to Ensure Appropriate Operations (Internal Control System). These underpin our common values and ethics.

Corporate governance structure



Analysis and evaluation of the effectiveness of the Board of Directors

The Governance Advisory Committee reviews the Board of Directors to improve effectiveness; the Board of Directors then analyzes and evaluates its effectiveness and implements operational improvements.

In FY9/22, we conducted a survey of all directors and Audit & Supervisory Board members concerning the composition, management, and strategies of the Board of Directors, and the oversight of nomination and compensation processes. To ensure objectivity, we used an independent organization to design the survey and carry out the analysis and assessment. The survey resulted in excellent appraisals, indicating that the board was

performing its functions properly and effectively, that structures had been developed to enable the Board to perform its supervisory functions, that there was free and open debate and exchanges of views, and that the Board was involved in matters relating to strategies and sustainability.

The survey also provided insights about further improvement of the effectiveness of the Board of Directors, including changes to the methods used to provide information about risks affecting the Group, and increased involvement of the Governance Advisory Committee in succession planning. These insights will be reflected in continuing efforts to enhance the effectiveness of the Board of Directors.

Governance Advisory Committee activities

The Governance Advisory Committee was established as an advisory body for the Board of Directors, which seeks its input on the appointment, dismissal, and compensation of officers, such as the Chief Executive Officer (CEO), and the analysis and assessment of the effectiveness of the Board of Directors. The Committee deliberates on

questions put to it by the Board of Directors and reports its findings to the Board. When the Committee deliberates on matters relating to the appointment, dismissal, and compensation of officers, including the CEO, attendance is limited to ensure that independent outside directors form the majority.

Members of the Governance Advisory Committee (Underlining denotes an outside director)

Takashi Morisaki (Chairperson, Chairman of the Board)	Kenji Yabuta	Hidemoto Mizuhara	Jun Nobe
<u>Mariko Bando</u>	<u>Ken Kobayashi</u>	<u>Nobuyuki Hirano</u>	<u>Seiji Izumisawa*</u>

* Kazuo Tsukuda was appointed for the period that ended with the General Meeting of Shareholders on December 21, 2022

Governance Advisory Committee activities

Date	Activity	Theme
November 2021	1st meeting of the Governance Advisory Committee for FY9/22	Analysis and evaluation of the effectiveness of the Board of Directors
November 2021	2nd meeting of the Governance Advisory Committee for FY9/22	Officer compensation in FY9/22
March 2022	3rd meeting of the Governance Advisory Committee for FY9/22	Governance structure of the Board of Directors
July 2022	4th meeting of the Governance Advisory Committee for FY9/22	Amendment of the compensation system for officers, succession plans for the management team

Internal committees

Internal committees are consulted before any proposal on important matters is put before the Management Meeting.

VCP Committee

The VCP Committee promotes VCP Management via PDCA cycles. It discusses and formulates overall strategies, develops plans for specific domains, including new domains, and evaluates progress. It uses a matrix structure to coordinate company-wide efforts to facilitate VCP Management linking business divisions and VCP priority domains; this includes selecting managers to lead activities and assigning researchers to specific fields. It is also responsible for collaboration with relevant partners, effectively combining internal and external resources for value creation, essential for our VCP.

Business Appraisal Committee

Our business is based primarily on individual projects. Some, especially large-scale ones, involve a variety of risks. Also, the shift to VCP Management has increased the

number of projects requiring the establishment of new businesses or operational and capital partnerships. The Business Appraisal Committee mitigates risks relating to these activities through entry management processes: deliberations on the appropriateness of projects, including profitability, business growth potential, contribution to further VCP Management progress, and risks. The Management Meeting makes the final decision on projects that pass this screening process.

In FY9/22, we screened seven new projects, most being large-scale, and 14 new business initiatives, including business and capital partnerships.

Internal Control & Risk Management Committee

This committee rigorously debates matters relating to internal control systems and risk management, including the current status of systems and changes to important rules in each quarter. Specialized and broader perspectives are applied with legal advisors and Audit & Supervisory Board members in attendance.

Governance

Officer compensation

Officer compensation is determined according to a basic policy. Specifically, after deliberations by the Governance Advisory Committee, decisions about compensation for directors are made by the Board of Directors. Decisions on compensation for Audit & Supervisory Board members are made by the Audit & Supervisory Board.

A breakdown of the compensation structure is provided below.

Internal officers

Basic compensation consists of base pay, variable monetary compensation, and variable stock compensation. Variable

stock compensation is provided with the aim of motivating officers and providing increased incentives to contribute to the improvement of medium- to long-term performance and the expansion of corporate value by linking their compensation to the financial performance of the Group.

Outside officers

Because these positions are independent of business execution, their compensation consists only of base pay.

Audit & Supervisory Board members

To ensure independence, compensation for Audit & Supervisory Board members consists only of base pay.

Basic Policy Regarding Officer Compensation

- (1) To put into practice a management policy that responds to the mandate of the shareholders, we will have a fair compensation system that motivates officers to execute their duties.
- (2) To ensure accountability to our stakeholders, we will decide officer compensation through an appropriate process that guarantees transparency, fairness, and reasonableness.
- (3) To secure talented individuals essential for our continued growth, we will aim to set officer compensation at levels that are attractive over the long term.

Note: for details of the compensation system for officers, please refer to the Convocation Notice for the 53rd General Meeting of Shareholders

Total amount of officer compensation, etc. for FY9/22

Classification	Number of personnel	Total amount of compensation (¥ mn)	Total amount by type of compensation (¥ mn)		
			Monetary compensation		Stock-based compensation
			Basic compensation	Variable compensation	
Directors (Outside directors)	12 (5)	216 (22)	113 (22)	53 (—)	49 (—)
Audit & Supervisory Board members (Outside Audit & Supervisory Board members)	5 (3)	63 (18)	63 (18)	— (—)	— (—)
Total (Outside officers)	17 (8)	279 (40)	176 (40)	53 (—)	49 (—)

(Notes)

- The above information includes four directors who retired during FY9/22
- The maximum level of compensation for directors was set at ¥600 million by a resolution passed at the 38th Annual General Meeting of Shareholders held on December 14, 2007. The number of directors as of the conclusion of the meeting was eight (including four outside directors). In addition to this maximum amount of compensation, a resolution was passed at the 47th Annual General Meeting of Shareholders held on December 19, 2016 to set limits of ¥450 million each for performance-linked compensation payable to directors (excluding outside directors, non-executive directors, and persons residing overseas), and to executive officers and research fellows (excluding those residing overseas, referred to below as "executive officers, etc.") with whom delegation agreements have been concluded, on the basis of performance during the period covered by medium-term management plans (three fiscal years). The number of directors as of the conclusion of the meeting (excluding outside directors, non-executive directors, and persons residing overseas) was four. These systems also apply to

- executive officers with whom delegation agreements have been concluded. As of the conclusion of the meeting, the systems applied to nine executive officers who were not also serving as directors
- At the 38th Annual General Meeting of Shareholders, which was held on December 14, 2007, it was resolved that the yearly amount of compensation for Audit & Supervisory Board members would be ¥120 million. The number of Audit & Supervisory Board members as of the conclusion of the aforementioned Annual General Meeting of Shareholders was five
- Stock-based compensation for directors is recorded as the sum of costs resulting from transfers to the reserve for performance-linked stock-based remuneration (or costs resulting from the payment of stock-based compensation to directors who retire during the current fiscal year). In FY9/22, 18,969 shares were issued each director (not an outside director) who retired in December 2021
- No bonuses are paid to officers

Skill matrix of directors and corporate auditors

We have identified the following key areas of specialist skills and knowledge as essential for the supervision and support of our business behavior

and the realization of Medium-Term Management Plan 2023, which is based on our Guiding Principles, mission, vision, and values.

Skill items	Reason for selection
Business management	Business management experience and skills, including knowledge based on wide-ranging business experience and relevant experience in the implementation of strategies are deemed essential for directors and Audit & Supervisory Board members as they work to address various societal issues
Legal affairs, risk management	As a listed company, we need to develop and administer compliance structures and maintain appropriate risk management systems so that we can respond precisely to the problems that we encounter as we work to address issues that have never previously been resolved
Financial accounting	The Board of Directors and the Audit & Supervisory Board have a responsibility to contribute to the continuing improvement of our corporate value. Accurate financial reporting is essential
Societal issues	Diverse knowledge, logical thinking, and a vision for society are all essential to our continuing efforts to enhance the value that we provide within the company and to our clients by addressing societal issues in an increasingly complex and difficult environment. We regard experience and skills honed through approaching and challenging societal issues on the basis of wide-ranging experience and specialized knowledge as vital for this process
Human resources	People are key assets for MRI. To create solutions for societal issues, we need to maximize the effectiveness of our human resources by continually enhancing their knowledge in a broad spectrum of fields. We believe that our directors and Audit & Supervisory Board members need to have diverse experience and specialist knowledge relating to human resource development and education

Skills of MRI directors and Audit & Supervisory Board members

Role	Name	Principal specialist areas/knowledge				
		Business management	Legal affairs, risk management	Financial accounting	Societal issues	Human resources
Chairman of the Board	Takashi Morisaki	●		●	●	●
President and Representative Director	Kenji Yabuta	●		●	●	●
Executive Vice President and Representative Director	Hidemoto Mizuhara	●			●	●
Director	Jun Nobe		●	●	●	
Outside Director	Mariko Bando	●			●	●
Outside Director	Ken Kobayashi	●			●	●
Outside Director	Nobuyuki Hirano	●	●	●	●	
Outside Director	Seiji Izumisawa	●			●	●
Audit & Supervisory Board Member	Junichi Egawa		●	●		
Audit & Supervisory Board Member	Toshiyuki Ogawa		●		●	
Outside Audit & Supervisory Board Member	Kenji Matsuo	●	●		●	●
Outside Audit & Supervisory Board Member	Kunio Ishihara	●	●		●	●
Outside Audit & Supervisory Board Member	Yutaka Kawakami		●	●		●

Note: as of December 21, 2022; this is not an exhaustive list of all specialist skills and knowledge possessed by our directors and Audit & Supervisory Board members




Governance

Officers

Directors

Name	Position and responsibilities	Attendance at Board of Directors meetings	Principal positions to date
 Takashi Morisaki	Chairman of the Board	100% (11 of 11 meetings)	Career summary • Joined The Mitsubishi Bank, Ltd. in April 1978. Held various posts, including Deputy President, at The Bank of Tokyo-Mitsubishi UFJ, Ltd. before becoming Executive Vice President and Executive Officer of Mitsubishi Research Institute, Inc. in October 2016. Became President and Representative Director of Mitsubishi Research Institute, Inc. in December 2016 and Chairman of the Board in December 2021 (current).
 Kenji Yabuta	President and Representative Director Officer in Charge of Internal Audit Office	100% (9 of 9 meetings)	Career summary • Joined The Mitsubishi Bank, Ltd. in April 1983. Held various posts, including Director and Deputy President, at MUFG Bank, Ltd. before becoming Executive Vice President and Executive Officer of Mitsubishi Research Institute, Inc. in October 2021 and President and Representative Director in December 2021 (current).
 Hidemoto Mizuhara	Executive Vice President and Representative Director Officer in Charge of VCP and Officer Responsible for Company-Wide Divisions	100% (11 of 11 meetings)	Career summary • Joined Mitsubishi Corporation in April 1981. Held various posts, including President of Mitsubishi Corporation (Americas) (concurrently) General Manager, Corporate Management Support Office (Americas), before becoming Executive Vice President and Executive Officer of Mitsubishi Research Institute, Inc. in October 2020. Executive Vice President and Representative Director, General Manager, Corporate Administration Unit of Mitsubishi Research Institute, Inc. in December 2020 (current).
 Jun Nobe	Director General Manager, Corporate Administration Unit	100% (9 of 9 meetings)	Career summary • Joined Mitsubishi Research Institute, Inc. in April 1991. Held various posts, including General Manager of the Advanced Business Promotion Center, General Manager of the Science and Security Policy Research Division, before becoming Executive Officer and Deputy General Manager of the Corporate Administration Unit in December 2019, Executive Officer and General Manager of the Corporate Administration Unit in October 2021, and Director in December 2021 (current).
 Mariko Bando	Outside Director Independent Officer	100% (11 of 11 meetings)	Career summary • Director General of Gender Equality Bureau, Cabinet Office in January 2001. Chancellor (<i>Rijicho</i>) of Showa Women's University in April 2014 (current). Chancellor (<i>Socho</i>) of Showa Women's University in July 2016 (current). Outside Director of Mitsubishi Research Institute, Inc. in December 2019 (current). Principal concurrent positions • Chancellor (<i>Rijicho</i>) of Showa Women's University, Chancellor (<i>Socho</i>) of Showa Women's University, Outside Director of MS&AD Insurance Group Holdings, Inc.
 Ken Kobayashi	Outside Director Independent Officer	78% (7 of 9 meetings)	Career summary • Became President of Mitsubishi Corporation in June 2010 and Director of Mitsubishi Research Institute, Inc. in December 2021 (current). Principal concurrent positions • Corporate Advisor of Mitsubishi Corporation, Outside Director of Nissin Foods Holdings Co., Ltd., Outside Director of Mitsubishi Heavy Industries, Ltd.
 Nobuyuki Hirano	Outside Director Independent Officer	100% (9 of 9 meetings)	Career summary • Became President of The Bank of Tokyo-Mitsubishi UFJ, Ltd. in April 2012, President of Mitsubishi UFJ Financial Group, Inc. in April 2013, and Director of Mitsubishi Research Institute, Inc. in December 2021 (current). Principal concurrent positions • Executive Corporate Advisor of The Bank of Tokyo-Mitsubishi UFJ, Ltd., Outside Director of Mitsubishi Heavy Industries, Ltd.
 Seiji Izumisawa	Outside Director Independent Officer	—	Career summary • Became President & CEO, CSO of Mitsubishi Heavy Industries, Ltd. in April 2019, President & CEO of Mitsubishi Heavy Industries, Ltd. in April 2020 (current), and Director of Mitsubishi Research Institute, Inc. in December 2022 (current). Principal concurrent positions • President & CEO of Mitsubishi Heavy Industries, Ltd.

Audit & Supervisory Board members

Name	Position and responsibilities	Attendance at Board of Directors meetings	Principal positions to date
 Junichi Egawa	Audit & Supervisory Board Member	100% (11 of 11 meetings)	Career summary • Joined Mitsubishi Research Institute, Inc. in July 1983. General Manager, Management Accounting and Finance Division, Executive Officer, Deputy General Manager, Corporate Administration Unit of Mitsubishi Research Institute DCS Co., Ltd. before becoming Audit & Supervisory Board Member of Mitsubishi Research Institute, Inc. in December 2020 (current).
 Toshiyuki Ogawa	Audit & Supervisory Board Member	—	Career summary • Joined Mitsubishi Research Institute, Inc. in April 1986. Held various posts, including General Manager of the Social System Research Division, General Manager of the Corporate Planning Division, President of MRI Research Associates, Inc., Managing Executive Officer of Mitsubishi Research Institute, Inc., and General Manager of the Policy Consulting Unit, before becoming Audit & Supervisory Board Member in December 2022 (current).
 Kenji Matsuo	Outside Audit & Supervisory Board Member Independent Officer	100% (11 of 11 meetings)	Career summary • Director, President, Representative Executive Officer of Meiji Yasuda Life Insurance Company in December 2005. Outside Audit & Supervisory Board Member of Mitsubishi Research Institute, Inc. in December 2015 (current). Principal concurrent positions • Honorary Advisor of Meiji Yasuda Life Insurance Company, Outside Director (Audit & Supervisory Committee Member) of Daido Steel Co., Ltd.
 Kunio Ishihara	Outside Audit & Supervisory Board Member Independent Officer	100% (11 of 11 meetings)	Career summary • President & Chief Executive Officer of Tokio Marine & Nichido Fire Insurance Co., Ltd. In October 2004. Outside Audit & Supervisory Board Member of Mitsubishi Research Institute, Inc. in December 2019 (current). Principal concurrent positions • Counsellor of Tokio Marine & Nichido Fire Insurance Co., Ltd., Outside Director of Japan Post Holdings Co., Ltd.
 Yutaka Kawakami	Outside Audit & Supervisory Board Member Independent Officer	100% (11 of 11 meetings)	Career summary • Partner of Tohmatsu & Co. (current Deloitte Touche Tohmatsu LLC) in June 1990. Member of Management Council, General Manager of Human Resources Department of Tohmatsu & Co. in June 2007. Retired from Deloitte Touche Tohmatsu LLC in September 2016. Outside Audit & Supervisory Board Member of Mitsubishi Research Institute, Inc. in December 2020 (current). Principal concurrent positions • Outside Audit & Supervisory Board Member of Asahi Group Holdings, Ltd.

Research fellows

Hiroshi Komiyama	Chairman of the Institute
Takaaki Furuya	Senior Research Fellow Company-wide research and recommendation activities, internal guidance
Keiki Yamada	Senior Research Fellow Company-wide research and recommendation activities, internal guidance
Kazuo Hiyane	Research Fellow Digital Transformation Technology Advisor, Digital Transformation Unit
Yoko Takeda	Research Fellow Deputy General Manager, Think Tank Unit, General Manager, Planning and Administration Office, Think Tank Unit, General Manager, Center for Policy and the Economy
Kazumichi Ito	Research Fellow General Manager, Center for Advanced Technology VCP Manager for Circular Society

Executive officers

Note: the following list does not include Executive Officers who are also Directors

Hiroshi Iwase	Senior Managing Executive Officer	General Manager, Think Tank Unit
Takehiko Matsushita	Senior Managing Executive Officer	Representative Director and President, Mitsubishi Research Institute DCS
Yoshihiko Ito	Managing Executive Officer	General Manager, Digital Transformation Unit
Shuji Nakamura	Executive Officer	Managing Executive Officer, Mitsubishi Research Institute DCS
Hirofumi Suzuki	Executive Officer	President, MRI Research Associates
Takashi Inoue	Executive Officer	Deputy General Manager, Corporate Administration Unit General Manager, Planning and Administration Office, Corporate Administration Unit
Tatsuya Nakabushi	Executive Officer	General Manager, Business Consulting Unit
Tetsuya Hanyu	Executive Officer	General Manager, Policy Consulting Unit
Minoru Sonoyama	Executive Officer	General Manager, Corporate Communications Division
Tomoyuki Takahashi	Executive Officer	General Manager, Marketing and Alliance Division Deputy Officer, Responsible for Marketing and Alliance Division, Future Co-Creation Division and Global Business Division Deputy Officer in Charge of VCP

Note: independence criteria for outside directors—Outside directors and Audit & Supervisory Board members are deemed independent if neither of following categories are applicable.

- (1) Main business partners of the Group or organizations for which the Group is a main business partner, including executives of such organizations
- (2) Individual professionals or those affiliated with organizations that receive substantial cash or other assets from MRI in addition to compensation as an officer
- (3) A person with a close relative to whom any of the following applies (excluding persons who do not play a significant role): (a) a party to whom (1) or (2) applies, (b) an executive of an MRI subsidiary, (c) a party who recently has been an MRI executive or (b)

Governance

Risk management

Mitsubishi Research Institute (MRI) manages risks comprehensively under its Advanced Risk Management System (ARMS). Developed in-house, this system enables us to reduce business-related risks through a timely and efficient PDCA cycle covering all stages from risk identification and assessment to the monitoring of advance indications, the implementation of countermeasures, and the revision of policies and measures to reflect knowledge

gained through these processes.

In the unlikely event of a crisis situation, the Risk and Compliance Management Division takes timely and appropriate action as the coordinating unit. When an alert is in force, as defined in the rules, or when a situation that can be classed as an emergency has occurred, there will be an immediate transition to a crisis response structure under the leadership of the director in charge or the president.

Risk area	Details of risks	Responses
Information security	We handle large amounts of confidential data and personal information belonging to our clients, business partners, and other parties. We regard appropriate information security management, including the prevention of computer virus infections, unlawful access through cyber attacks, and the leakage, loss, or destruction of information, as a vital priority that is directly linked to our reputation.	We are continually and comprehensively enhancing our information management through specific measures that include access control, security measures covering data and network equipment, the development of operational rules, compliance with local laws at overseas offices, adaptation to network environments, regular training for employees, and drills based on information leakage scenarios. We have also developed information handling rules covering the methods used to handle information in a remote working environment.
Project management	Our business activities consist mainly of individual projects. Even if a project appears likely to be profitable when the order is received, there is a risk that profit margins will be eroded by various factors, such as increased workloads resulting from increased client expectations or project complexity, or changes in the business environment during the project. Profits can also be impacted by quality issues stemming from inadequate management, or by other unexpected contingencies. Further, public sector projects are subject to greater accounting transparency and regulation of unfair competition.	Group companies apply a set of shared standards to assess projects' risk potential ahead of accepting orders. At the project execution stage, we employ internal systems to monitor at-risk projects. We also operate an automatic alert system for profit margins and other parameters. In addition, projects are subject to ongoing supervision by project managers, combined with checking by line managers. We are also continually enhancing the Group's Internal Control Systems, which include regulatory compliance and risk management mechanisms.
New businesses	Our commitment to VCP Management has resulted in an increase in the number of business initiatives requiring business and capital partnerships. There is a risk of damage to MRI's reputation due to greater-than-expected changes in the business environment, changes in the status of business partners, an increase in complaints and claims from service users, or system failures or service disruptions. These could also lead to the suspension of business operations or compensation claims from users. When using AI and other technologies, we need to ensure fairness, transparency, safety, and accountability.	Decisions on whether to proceed with business initiatives are preceded by comprehensive checking of business forecasts, anticipated investment returns, and risk factors. The status of businesses is monitored under our New Business Creation Standards. Compliance with MRI's AI Business Guidelines is a requirement from a risk avoidance perspective when developing new businesses that involve the use of AI and other new technologies.
Human resources	Recruitment has become increasingly difficult in Japanese and overseas labor markets, and the market as a whole has become more volatile. To address the diverse needs of our clients and society and achieve sustainable growth, we need to recruit and train people who combine advanced specialist skills with originality and creativity, and to create opportunities for those people to use their talents.	We are working to develop pleasant and energizing working environments that provide room for growth under our human resource management policies. Furthermore, we are expanding recruitment, especially of mid-career personnel, enhancing training programs, implementing diversity and inclusion measures, and maintaining comprehensive harassment prevention systems. We also provide enhanced welfare systems, such as childcare support.
Intellectual property rights	We see intellectual property (IP) as a business resource that is essential to the maintenance of our business competitiveness. We actively protect our own IP rights while respecting the IP rights of others and taking all possible steps to prevent infringements.	Measures to prevent IP infringements include the creation of an internal system relating to copyrights. We also provide continual education in this area, including training and annual e-learning programs, under the guidance of the Risk and Compliance Management Division. As an additional safeguard, all units check work before its delivery to clients.

Compliance

We regard compliance as a vital management priority and the foundation for our business activities. We are working to prevent compliance violations throughout the Group. Specifically, compliance managers in each corporate unit and subsidiary carry out checks and other essential processes in collaboration with the Risk and

Compliance Management Division as the coordinating organization. In addition, yearly compliance workshops based on our Code of Conduct are held in each workplace as opportunities for employees to talk about issues that affect them directly. Officers and employees also participate in e-learning and other continuing education programs.

Code of Conduct

In the spirit of this Code of Conduct, we will hold ourselves to high ethical standards and, tolerating no breach of this code, we will be responsible and accountable to the future for our actions.

- 1. Integrity & Fairness** We prioritize integrity and fairness, and always act in a socially accountable manner.
- 2. Compliance** We comply with all laws, regulations, and internal rules as well as respect societal norms.
- 3. Respect for Human Rights and Diversity** We reject all forms of discrimination and harassment, in keeping with our respect for human rights and diversity.
- 4. Consideration for the Environment** We aim to build a sustainable society, and give consideration to the environment.
- 5. Respect for International Norms** We respect international norms, aware that we are members of the international community.
- 6. Separation of Public and Private Matters** We clearly separate our public and private matters, never abusing our business position for personal gain.
- 7. Rigorous Information Security** We appropriately manage and rigorously maintain the confidentiality of all internal information and information that we obtain from outside the company.
- 8. Integrity of Securities Trading** We do not engage in insider trading, whether related to shares in our own companies or other listed companies.
- 9. Respect for Intellectual Property** We actively develop and utilize our intellectual property while respecting that of others.
- 10. Non-Association with Anti-Social Forces** We remain resolutely committed to opposing anti-social forces and to blocking any relations with such forces.
- 11. Anti-Corruption** We neither offer or accept bribes nor engage in any action that could be construed as corruption, resolutely maintaining our transparency as a responsible corporation.

Shareholder and investor outreach

The 53rd Annual General Meeting of Shareholders in December 2022 was held in person for the first time in three years. Comprehensive steps were taken to prevent the spread of covid infections. Twice each year, we issue reports for shareholders and conduct shareholder surveys. The results of the surveys, including open-ended responses, are reported to the Board of Directors.

Through our investor relations activities for shareholders and analysts, we work to deepen investor understanding by proactively providing clear explanations about our business activities and management strategies. We hold online briefings about our financial results for the first two quarters and the whole fiscal year. The content of these briefings,

together with questions and answers, is published on our website in Japanese and English. Individual interviews are in principle provided using online methods. In FY9/22, we responded to around 100 requests for interviews. Comments from shareholders and investors are fed back to the management team as valuable input that contributes to further improvement of our corporate value.

In FY9/22, we held our first business briefing for investors and analysts. The event included direct presentations by the officers responsible for VCP and digital transformation. The results of a survey after the briefing indicated that there was strong demand for the continuation of this initiative, and we therefore plan to hold regular briefings going forward.

Corporate Governance

Message from Outside Directors



Mariko Bando
Outside Director

High expectations for the Group to lead society into the future through the creativity and spontaneity borne at the intersection of deeply diverse values

Japan is facing a plethora of unresolved societal issues, yet seems to be mired in stagnation. Once a vibrant economy, its economic strength is faltering, and it now offers among the lowest wages and commodity prices in the developed world.

The country needs a business sector to step up to the challenge of developing and implementing an intellectual strategy to break through the stagnation. The root of the current conditions must be analyzed, issues identified, and targets set, then actions must be made to solve problems.



Seiji Izumisawa
Outside Director

Eager to use my knowledge from the manufacturing industry to help the Group achieve its mission of resolving societal issues

Our society is undergoing a once-in-a-hundred-years change as we face a staggering array of challenges from global environmental issues to geopolitical tension, energy transition, and food scarcity. As the underlying values upon which our global society is structured come into question, the issues at hand are only growing deeper in their

On top of this, focused research and technological advances will also be needed, but they must be integrated with each other and actively applied. The public sector cannot do this alone—co-creation is the key to using the diverse wisdom and energy of the private sector.

The problems are complex—often described as having volatility, uncertainty, complexity, and ambiguity (VUCA)—and convincing solutions cannot be found through a straightforward approach. Answers lie in the creativity and innovation borne from the collision of a wide variety of perspectives.

For Mitsubishi Research Institute to fulfill its mission, the Company itself must apply diversity, equity, and inclusion (DE&I) by having a diverse workforce representing different values. DE&I is important not only for the personal well-being of employees, but also as a management strategy, because an active and engaged workforce of women, non-Japanese, mid-career hires, and people with science and humanities backgrounds not only overcomes any points of weakness, it coalesces into a powerful strength.

I believe MRI has major potential to play a leading role in creating a new society.

complexity and diversity.

The time is past when one problem can be solved with a single action. In the present age, we need to move beyond thinking in terms of binary opposition; we must seek to create solutions through binary *harmony*.

The Mitsubishi Research Institute Group is pursuing solutions to societal issues through integrated think-tank consulting and IT services that present a synergistic progression from policy recommendation to societal implementation. I am confident that the Group's five decades of experience and expertise puts it in a unique position to formulate effective solutions to the complex societal issues of our era.

As an outside director, I want to use my manufacturing industry knowledge to help management move swiftly, decisively, and effectively as it fulfills its mission to resolve societal issues.

I look forward to the continued support and encouragement of all our stakeholders.

Message from the Chairman of the Board



Takashi Morisaki
Chairman of the Board

Three perspectives to deepen board dialogue and maximize corporate value

To understand what is expected of me as Chairman of the Board, I have been discussing the matter with stakeholders over the past year. These conversations have revealed three perspectives toward enhanced effectiveness of the Board of Directors.

Strategic clarity

Amid the turbulence of VUCA, clarity of strategic decisions is more critical than ever. The course we take to maximize corporate value must set targets for social value and non-financial value in addition to financial value.

In 2022, given that we are a company dedicated to resolving societal issues, we formulated a Basic Policy for Sustainability, identifying six material issues, and declared our support for the TCFD recommendations. I consider these new sustainability guidelines to be all the more significant because they are informed by the diverse opinions of our outside directors.

Execution

We posted record profits for the second year in a row and reached our MP2023 targets one year ahead of schedule. Within the larger picture of corporate value, however, achieving static financial targets is not enough. We must transform ourselves dynamically, responding with nimble agility to changes in the environment.

In FY9/22 we focused on diversifying our businesses, human resources, and networks as a prerequisite for the Group's future growth.

To diversify our business we expanded our societal solution and implementation capabilities through VCP Management. As a result of this investment, clients can opt for one-stop-solutions rather than just the policy recommendations of a conventional think tank.

In VCP and the growth businesses of DX and overseas business development, we have diversified recruitment and training. We have also diversified our network of contacts in industry, government, and academia. Up-front investment in research and development is another instance of this thrust.

In the same vein, we formulated the *Conduct Guidelines for Diversity and Inclusion* through discussions with outside directors. These initiatives are reflected in the 100 Day Plan advocated by the president.

Governance

To improve the effectiveness of our Board of Directors we draw on evaluations by independent experts. For FY9/22, these outside reviewers commended our new Basic Policy for Sustainability and identification of six material issues directed toward long-term value creation. Our continuing efforts to enhance governance effectiveness will include more sophisticated risk management capability in response to business diversification. Capital policy and succession planning are also areas where we will take action.

Toward the next medium-term management plan —Envisioning the future, leading change

FY9/23 will be a pivotal year for us as we tie up MP2023 and formulate the next medium-term management plan. Having met our financial targets, we will continue to raise non-financial value and create social value with renewed vigor. The tasks we face will not be easy, and they are complicated by the unpredictable nature of our times. But I am confident that by working together as a group we can maximize our ability to resolve societal issues and increase corporate value, always *Envisioning the future, leading change*.

Company Profile

Mitsubishi Research Institute, Inc.

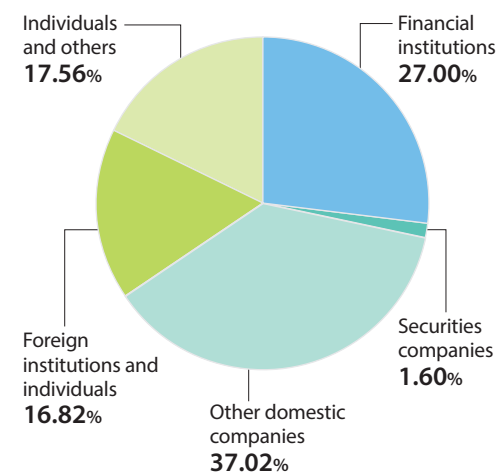


Head office	10-3, Nagatacho 2-Chome, Chiyoda-ku, Tokyo 100-8141 Japan
Date of establishment	May 8, 1970
Representative directors	Kenji Yabuta, President Hidemoto Mizuhara, Executive Vice President
Chairman of the Institute	Hiroshi Komiyama
Capital stock	6,336 million yen
Number of employees	1,093 (non-consolidated) 4,235 (consolidated) (as of September 30, 2022)
Group companies	Mitsubishi Research Institute DCS Co., Ltd. MRI Business, Inc. MRI Research Associates, Inc. MPX, Inc.

Share-related information (as of September 30, 2022)

Authorized shares:	60,000,000
Number of shares issued:	16,424,080
Number of shareholders:	7,393

Shareholder composition



Principal shareholders (Top 10 shareholders)

Shareholder's name	Number of shares	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (trust account)	1,610,600	9.80
Mitsubishi Corporation	975,076	5.93
Mitsubishi Heavy Industries, Ltd.	975,000	5.93
Mitsubishi Electric Corporation	902,200	5.49
Mitsubishi Research Institute Group Employee Shareholding Association	783,780	4.77
Mitsubishi Chemical Corporation	624,000	3.79
Mitsubishi UFJ Trust and Banking Corporation	598,574	3.64
Mitsubishi Materials Corporation	554,600	3.37
Custody Bank of Japan, Ltd. (trust account)	544,400	3.31
MUFG Bank, Ltd.	505,074	3.07

(Notes)

- The shareholding ratio is calculated after deducting treasury stocks (448 shares)
- The number of treasury stocks does not include Company stock (173,059 shares) owned by Board members' compensation BIP trust

Shareholder composition

	Number of shareholders	Composition ratio (%)	Number of shares held (thousands of shares)	Shareholding ratio (%)
Financial institutions	20	0.27	4,433	27.00
Securities companies	24	0.32	263	1.60
Other domestic companies	118	1.60	6,080	37.02
Foreign institutions and individuals	177	2.39	2,762	16.82
Individuals and others	7,054	95.42	2,884	17.56
Total	7,393	100.00	16,424	100.00

Note: the number of shares is rounded down to the nearest hundred

Mitsubishi Research Institute DCS Co., Ltd.



Business profile	In addition to its extensive experience in the design, development, and administration of systems for financial institutions, Mitsubishi Research Institute DCS also excels in system and business process outsourcing services based on its own data center. In recent years it has enhanced its support for clients' digital transformation initiatives by creating cloud environments and by introducing new technologies such as AI, RPA, data analysis, and robotics.
Head office	12-2, Higashishinagawa 4-Chome, Shinagawa-ku, Tokyo 140-8506 Japan
Date of establishment	July 10, 1970
Representative director	Takehiko Matsushita, President & CEO
Capital stock	6,059 million yen
Number of employees	2,241 (non-consolidated) 2,921 (consolidated) (as of September 30, 2022)
Group Companies	MD Business Partner Co., Ltd. Touhoku Diamond Computer Service Co., Ltd. MRI Value Consulting & Solutions Co., Ltd. IT-One Co., Ltd.

MRI Business, Inc.



Business profile	As an outsourcer for the MRI Group, MRI Business provides corporate and project support, including general administration, facility management, procurement management, and human resource processes. It also offers business support in various other areas, such as document design, events management, video production, and merchandise.
Head office	10-3, Nagatacho 2-Chome, Chiyoda-ku, Tokyo 100-0014 Japan
Date of establishment	October 1, 1970
Representative director	Naoko Sakamoto, President
Capital stock	60 million yen
Number of employees	67 (as of September 30, 2022)

MRI Research Associates, Inc.



Business profile	MRI Research Associates provides research, analysis, and consulting services in fields ranging from national spatial policy and regional transportation to the environment, energy, disaster prevention, safety, healthcare, long-term care, and welfare. Its core activities also include statistical analysis and simulation services in fields such as sociology, the economy, nuclear power, and earth sciences.
Head office	10-3, Nagatacho 2-Chome, Chiyoda-ku, Tokyo 100-0014 Japan
Date of establishment	May 31, 1984
Representative director	Hirofumi Suzuki, President
Capital stock	60 million yen
Number of employees	160 (as of September 30, 2022)

Mitsubishi Research Institute

Corporate Communications Division
10-3, Nagatacho 2-Chome, Chiyoda-ku,
Tokyo 100-8141 Japan
TEL: +81-3-6705-6000
www.mri.co.jp/en/index.html



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