







Fiscal Year Ended September 2021

**Mitsubishi Research Institute
Group Report
2021**

Contents

	Our Guiding Principles	2
	I Value Creation by the MRI Group	3
	A Legacy of Growth, Aspirations for the Future	5
	Value Creation Model	7
	Value Creation Today	9
	Message from the President	11
	II Circulating and Maximizing Our Value Triad	17
	Feature: Context from the Field: How We Address Societal Issues	19
	Close up: Creating Collective Impact	43
	Medium-Term Management Plan 2023	45
	Progress of Medium-Term Management Plan 2023	50
	III ESG Initiatives That Contribute to Value Creation	63
	E Environmental	65
	S Social	69
	G Governance	83
	Corporate Data	95
	Company Profile	97

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 International Integrated Reporting Council (IIRC) framework and the Ministry of Trade, Industry, and Economy’s Guidance for Collaborative Value Creation.

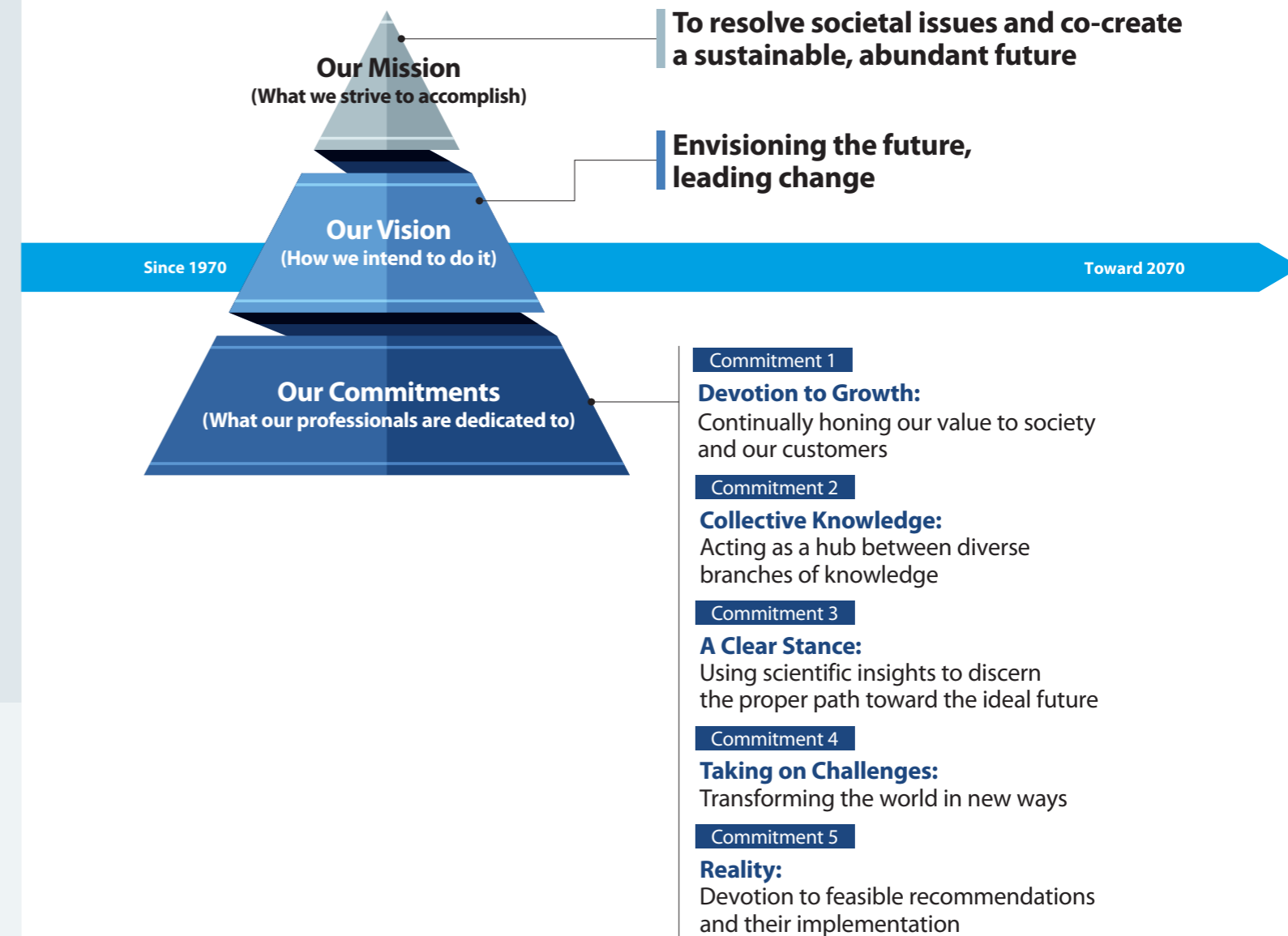
This report is not intended to solicit investment in marketable securities issued by Mitsubishi Research Institute, Inc., or to provide any guarantees or commitments whatsoever. All opinions and estimates reflect the judgment of Mitsubishi Research Institute, Inc., at the time of compilation. We make no guarantee of or claims regarding the accuracy and completeness of the information provided. Readers should be aware that actual results may differ from the forecasts contained herein.

Period covered

In principle, this period covers fiscal 2021 (October 2020–September 2021). However, it also includes some information pertaining to fiscal 2022 (October 2021–September 2022).

Our Guiding Principles

On the occasion of the 50th anniversary of the founding of the Mitsubishi Research Institute 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 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.





Value Creation by the MRI Group



Since 1970

Toward 2070

Envisioning the future, leading change

Since its founding in the 1970s, the Mitsubishi Research Institute (MRI) has worked consistently to fulfill its mission by considering the optimal future, creating businesses capable of driving societal transformation, and implementing solutions in society. Our diverse and advanced knowledge serves as our core management resource as we work to achieve our mission of leading societal transformation. This is reflected in our strong commitment to the training of professionals to create this knowledge. We also create solutions to various societal issues through our co-creation infrastructure,

which consists of human networks linking people within and beyond the MRI Group. While enhancing our performance in relation to the environment, society, and governance through dialogue with a wide range of stakeholders, we also invest continuously in our knowledge, human resources, and co-creation infrastructure, which are the source of our competitiveness and growth potential.

In this section, we will look at our business models and their current state of development.

Recommendations for resolving societal issues (2021)
20 publications, including:
Recommendations for Achieving Carbon Neutrality by 2050
Outlook for the Global Economy and Japanese Economy Amid the COVID-19 Pandemic

Total number of projects targeting societal issues (2021)
1,359
 Public sector: 565 Private sector: 794

Collaborative structures for resolving societal issues (2021)
Participants in the Initiative for Co-creating the Future (ICF)
553 corporate participants
 151 local governments 132 corporations
 155 startups 115 research entities

Number of diverse and high-level professionals (2021)
Researchers
860
Qualified IT professionals
1,191

Creating social value

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)

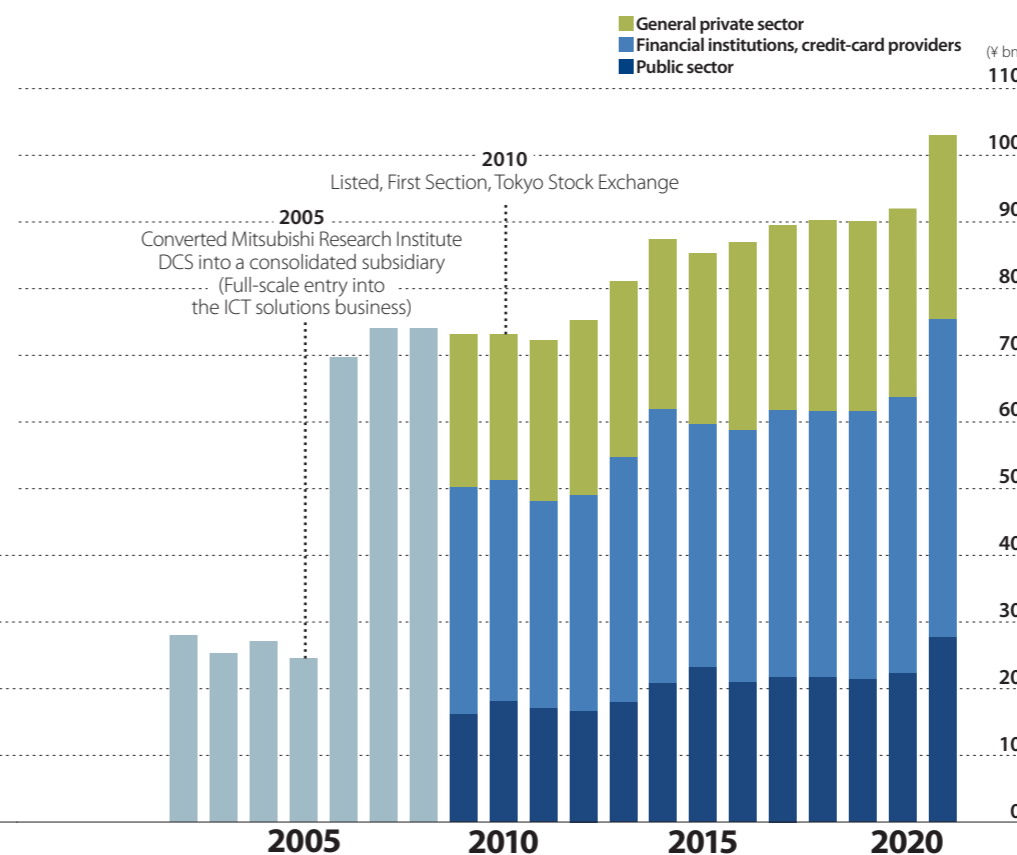
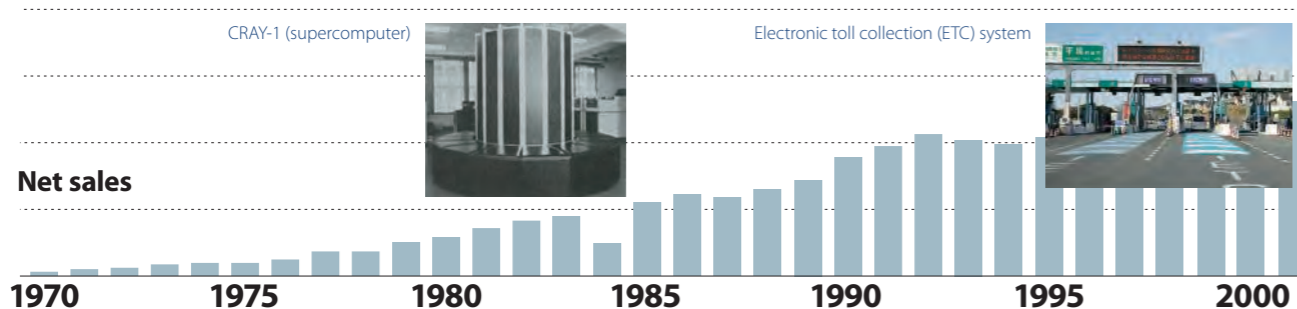
Healthcare
 Extension of healthy longevity: healthy lifespan
72.68 years (males, 2019) ▶ 75 years (males, 2040)

Food & Agriculture
 Maintaining and enhancing food supply capacity:
 • Value of domestic agricultural production
¥9 trillion (2020) ▶ ¥8.5 trillion (2050)
 • Area under commercial cultivation
3.25 million ha (2020) ▶ 2.5 million ha (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

Since 1970 we have helped resolve issues affecting clients and society as an independent, multidisciplinary, future-oriented think tank. In the 1980s we established four areas of research: economics and business, public policy, science and technology, and systems and information. By the 1990s we had forged a solid presence supporting policy development. In 2005 we entered the ICT solutions field upon acquiring Mitsubishi Research

Institute DCS. Recently we have accelerated internal collaboration between segments. We continue to enhance our value, committed to co-creating the future with outside partners and our Think & Act approach. Since our 50th anniversary in 2020, we are enhancing our cycle to create social, non-financial, and financial values under a new management philosophy.



Mega Solar Power Plant in Yatsuda District of Namie Town



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

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



■: 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

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

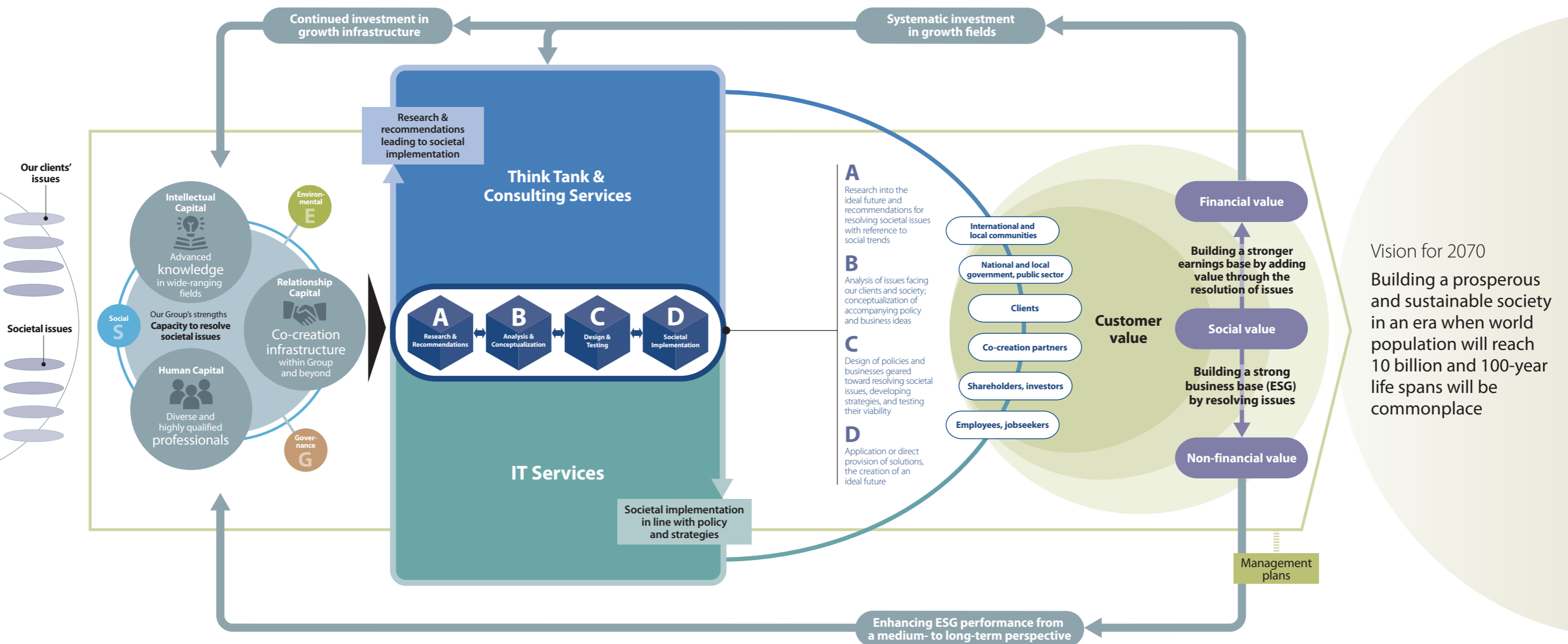
- Listed on the First Section of the Tokyo Stock Exchange (2010)
- Set up Platinum Society Research Association & Innovation Network for Co-Creating the Future
- Provided support for post-earthquake recovery
- Participated in mega-solar power generation business
- Launched PRaiO: AI-based application 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) Business
- Opened offices in Vietnam and the United Arab Emirates (UAE)
- Declared support for the TCFD
- Expanded collaboration with ForePaaS (France), BVG Associates (U.K.) and other partners
- Implemented 50th anniversary research project: designing the ideal future and policies to get there
- Implemented project using AI to simulate how COVID-19 spreads

Co-creating a desirable future through our knowledge, human resources, and co-creation infrastructure



Clients' issues the starting points for applying our capacity to resolve societal issues

Our mission is to co-create a prosperous and sustainable future by resolving societal issues. We are working to fulfill that mission through projects in a wide spectrum of fields. Our driving forces are the unique strengths of the Group, including the required highly specialized knowledge, the talented professionals who create that knowledge, and a co-creation infrastructure spanning the Group and beyond. Combining these strengths enables us to create new recommendations, implement solutions, and overcome issues.

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

MRI uses a cyclical process to resolve clients' issues and realize changes in society. We call this cycle the "Value Creation Process" (VCP). It is comprised of four stages including A: Research & Recommendations, B: Analysis & Conceptualization, C: Design & Testing, and D: Societal Implementation. This ensures that we are constantly aware of the preceding and subsequent stages and the ultimate goal of implementing solutions in the real world. VCP enables us to achieve this goal, while creating high-quality output, by sharing the required knowledge and methods among those involved.

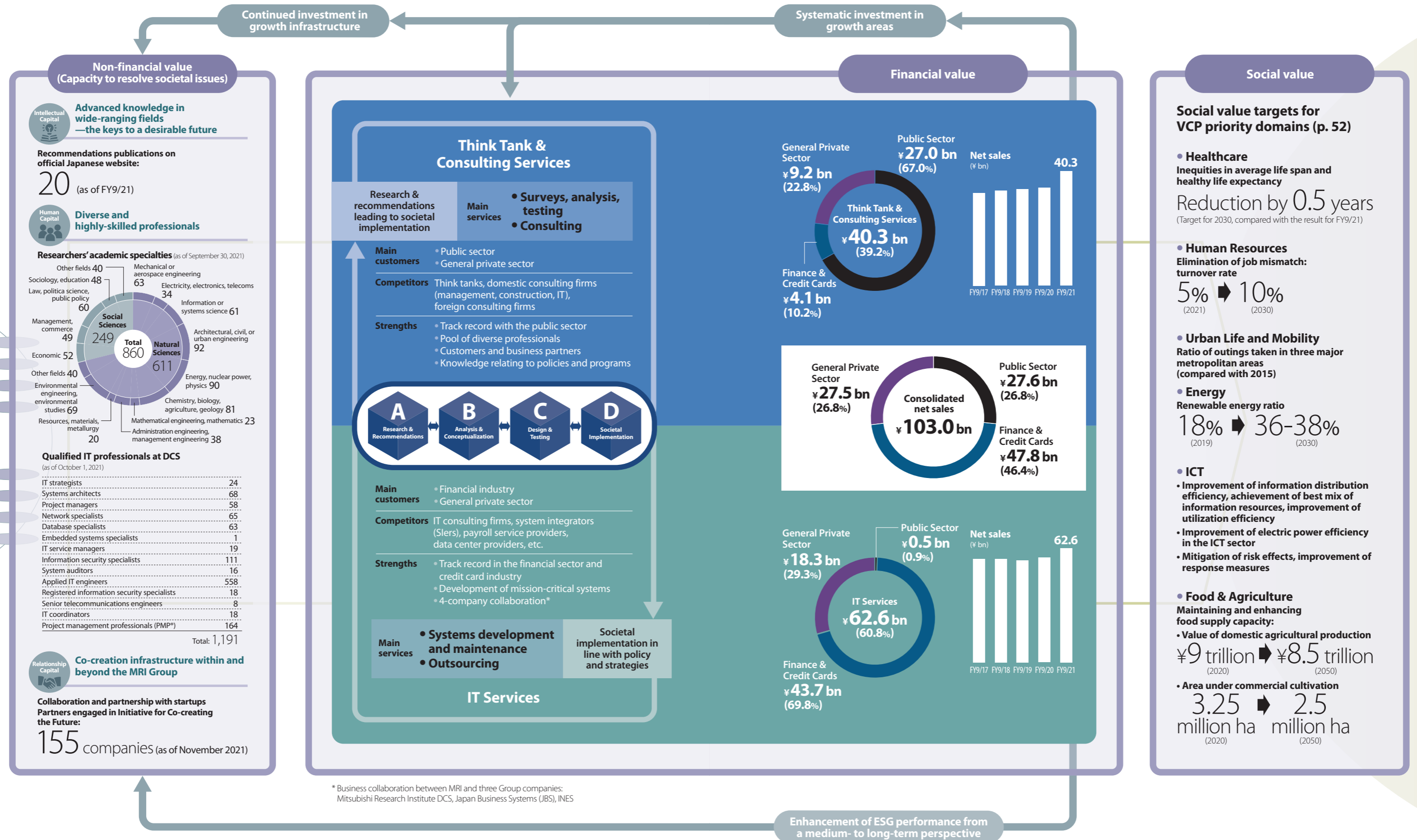
Addressing issues with clients spanning both the public and private sectors

MRI has always taken on challenging projects with clients in both the public and private sectors. Japan is today grappling with numerous interrelated structural challenges, including globalization and technological innovation, climate change measures, economic regeneration in the with- and post-COVID worlds, regional development, a falling birth rate, and demographic aging. We help clients to face these challenges by bringing together knowledge and expertise, and through collaboration. Our cohort spans a diverse client base and networks across industry, government, and academia. We use our sophisticated management systems to guide each project to success.

Sustainable medium- to long-term improvement in social, non-financial, and financial values

We aim to maximize our client value through projects, while also generating social value in the form of societal change driven by VCP. Creating social value also enhances our non-financial value including: the capabilities of our human resources and organization, and the effectiveness of our responses to environmental issues and our governance systems. The result is greater environmental (E), social (S), and governance (G) performance. Sales and profits generated by our social and non-financial value raise our financial value. We aim to achieve growth by continually investing in growth businesses and non-financial capital so that we can maximize our value triad through this virtuous cycle.

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

Spearheading innovation and implementation of solutions in an age of heightened uncertainty

I became president and representative director in December 2021. Before MRI, I worked at MUFG Bank, doing macroeconomic and financial research, public relations, planning, and transactions with major corporations. As a manager, I was responsible for supporting major corporate clients in their efforts to survive. This drove home to me the importance of sensitivity to social trends and issues, and of expertise in implementing technology such as DX.

MRI exists to resolve societal issues. By integrating our Think Tank & Consulting and IT Services segments, we are evolving to provide one-stop solutions spanning recommendations to real-world implementation.

I feel honored to take on such a great responsibility. It is a priceless opportunity to apply my experience and on-the-ground understanding of finance for a noble cause. My mission is to accelerate change and put our guiding principles into practice, squarely facing each challenge that we encounter. I am determined to do my best to deliver results in the interest of all MRI stakeholders.

An essential presence in an age lacking one right answer

We were dealing with COVID-19 right from the start of 2021. The pandemic shifted uncertainty into high gear, that is, VUCA (volatility, uncertainty, complexity, and ambiguity), as can be seen in three megatrends. First, destabilization of the global balance of power, exemplified by the U.S.-China trade war. Second, increasing quality-of-life disparity and social fragmentation catalyzed by unbridled capitalism. Third, climate change and depletion of resources, the byproducts of rapid economic growth, which demand urgent action.

I believe these trends will be long-term. Even after the pandemic fades into the background, we will see its repercussions in structural readjustments that usher in the new normal, accompanied by profound changes in society, business, and lifestyles.

Early signs of this began appearing last year. In Europe and the U.S., economic recovery and consumer spending gathered momentum, although contagion will most likely continue to fluctuate. In contrast, Japan's infection and mortality figures have stayed relatively low. While political and social stability have been maintained, as seen in Japan's hosting of the Olympic and Paralympic Games, the economy remains torpid due to supply chain disruption and stagnant consumption.

These issues highlight the uncertainty of our times, making a single right solution elusive. But the big questions remain: how should we proceed; what can we rely on moving forward?

I believe that our company's existence is meaningful to the degree that we can benefit humanity by seeking actionable solutions to such questions.

Committed to conceiving and implementing societal change for a brighter future

Since our founding in 1970, we have been a *comprehensive* think tank. In conceptualizing the future, we use backcasting instead of a linear extension of past and present. We start by defining a desirable future, then calculate backwards to determine the steps required to reach that target. We define the target by considering the evolution of relevant values and analyzing issues holistically, backed by evidence.

Our comprehensive expertise qualifies us to propose policies and growth strategies to both government and corporations. We owe our strengths and confidence in this approach to our network of experts linking industry, government, and academia.

This expertise, in addition to our knowledge of advanced technologies and granular data analysis capability, will, we believe, be in ever greater demand as more knowledge and data are generated by advances in science and technology, accelerated by AI and ICT.

The wide spectrum of opinion on issues, social

and political, compounds the difficulty of addressing topics such as geopolitical risk, the future of capitalism, decarbonizing the economy while bolstering energy security, and digital transformation. We are well-positioned to help, given our track record of projects traversing industry, government, and academia. We are committed more than ever to untangling diverse opinions, finding optimal solutions, and implementing change for the future.

It is time for us to stand tall as opinion leaders of tomorrow's society. We must become the kind of partner that businesses embrace when seeking solutions. I aim to take our company to a position of greater strength from which we can maximize our effect on the world of tomorrow.

My mission: putting our Guiding Principles into practice together with our employees

I came to this conclusion while poring over our renewed principles and how we formulated them in 2020, our semi-centennial year.

Our new Guiding Principles state that our mission is “To resolve societal issues and co-create a prosperous, sustainable future.” This is complemented by “Envisioning the future, leading change” as our vision. Together with our commitments to all stakeholders, these principles will serve as our polestar for the 50 years ahead, ever reminding us to face the challenges of societal change with firm determination, while respecting the wisdom of our predecessors. In the spirit of the Mitsubishi Group and its own Three Principles, MRI presents new ways to achieve societal progress. I am proud to help carry on this tradition.

We renewed our own principles through employee discussions in a bottom-up process. The result reflects their keen sense of urgency in meeting Group issues head-on, matched by a deep-seated confidence in their vision of the future and ability to make it happen.

The passion released in our workforce through this process has boosted motivation, giving us new momentum. One of my responsibilities is to build this momentum as we embark on the second year of our three-year Medium-Term Management Plan 2023 (MP2023), with our New Guiding Principles as a compass.

The primary goal of MP2023 is to grow our social value by resolving issues in Japan and overseas. We do this by providing our clients with tailored recommendations and information, while simultaneously implementing solutions ourselves.

We create value in a virtuous cycle that starts with addressing societal issues. Solutions generate non-financial value in terms of ESGs, which support sustainable growth for the economy and for us. This, in turn, creates financial value, which translates into more resources to reinvest in resolving issues, thereby raising our social value and bringing us full circle. By maximizing this value triad in an ongoing cycle, we seek to be of true service to humankind.

In an age of no single right answer, there is a limit to what we can accomplish on our own. Since the 2000s, we have been strengthening our societal implementation function by consolidating management of MRI and Mitsubishi Research Institute DCS, and increasing collaboration with other IT companies in the Group. This boosts our competitive advantage as a comprehensive think-tank, fortifying the Societal Implementation stage of our value chain. We must further fortify our capacity for societal implementation if we are to compete with the multinational tech companies.

With MP2023 we are adapting management to a post-COVID world through three basic strategies. The first is VCP Management, the plan's main pillar, which focuses on MRI's value chain as our Value Creation Process (VCP). We are optimizing integration across all links—from Recommendations to Societal Implementation—to raise process-consistency. The second is Coordinated Management. We are enhancing intra-group coordination of functions under our shared vision. The third is New Normal Management, a configuration centered on solutions with a view toward transforming work styles and reshaping the world.

A good start in financial value for MP2023

MP2023 is grounded on three strategies coupled to societal implementation through expanded collaboration and co-creation. This framework underpins transformations in five areas: our Growth Businesses (pp. 48–49), Core Businesses



(p. 49), Think Tank Function, Human Resources & Organizational Culture, and Management Systems. Together, these will raise our value triad in a balanced manner.

Particular initiatives have been instrumental in boosting financial value during year one of MP2023. We formed a Digital Transformation Unit for our DX business, which will drive growth-business reform. This has put our coordinated management with DCS on track, amplifying its strengths in the financial and credit card business and optimizing integration, which creates new growth opportunities. Toward expanding future earnings, we have also made progress with the four-way collaboration of MRI and DCS with affiliates JBS and INES, which have expertise in, respectively, workstyle reform and regional DX. Three of our subscription-based businesses* stand out: the MPX wholesale electricity trading platform; the PRaiO^{®†} AI recruiting applicant-screening tool; and the Region Ring[®] regional digital-currency service. Regarding our global business, the bases we established in Vietnam and the UAE in late 2020 are now fully operational, and the collaborative network we are building to apply Japan's lessons in resolving societal issues is progressing nicely.

The year's performance is underpinned by

reforms of our core businesses. First, we can note an increase in inquiries related to COVID-19 and 5G, fielded by our Research and Consulting Business, which is fundamental to earnings. Second, our financial and credit card business has taken on the long-term project of consolidating the large-scale IT systems of Japan's financial sector. We see these trends continuing in FY9/22.

We are also shifting to an active approach to gaining business, instead of the conventional passive response to clients' requests for proposals. We will craft strategies for our segments to address client needs by recommending the optimal way forward. At the same time, we will maintain a focus on implementing solutions in society at large. Our work to envision a desirable future world will serve as the foundation for this endeavor.

We are steadily transforming our think tank function, exemplified by our recommendations on decarbonization that have influenced government policy and been well received at the FY9/21 Mitsubishi Research Institute Forum. We will remain an outspoken opinion leader, as we reinforce our policy recommendation function and work toward the future we envision.

The first year of the Medium-Term Management Plan 2023 brought in more than ¥100 billion in net sales, a first, achieving ordinary profit of ¥7.5 billion, and ROE of 9.1%, quite close to what we targeted. We are off to a running start in achieving our targets of ¥10 billion in ordinary profit and 10% ROE for FY9/23.

* Subscription-based business: A business model that generates continuous revenue by providing an ongoing service, rather than one-time revenue
† PRaiO[®]: A recruitment tool that uses AI to identify the most promising candidates at the initial screening stage. PRaiO[®] is a registered trademark of Mynavi Corporation

Creating social value through eight VCP priority domains

To create social value, MP2023 directs us to apply VCP Management to each business initiative. This is complemented by VCP priority domains that we established Group-wide to assure that all recommendations and implementations do double duty by resolving societal issues.

In MP2023's first year, we added food and agriculture, circular society, and resilience to the plan's existing domains of healthcare, human

resources, energy, urban life and mobility, and ICT. In the fields of healthcare, human resources, and energy, we have optimized integration across our value-chain functions. In HR, we see mismatched job descriptions and skill sets, inability to be hired for the job of one's choice, and difficulty in sourcing talent. In response, we are popularizing the FLAP Cycle[‡] to identify and develop individual potential, helping bring about a future where diverse individuals can play an active role well into lifespans of 100+ years.

For MRI to be recognized as a force for a better future, we must accurately quantify our positive social impact so that stakeholders can see clearly how enhanced social value is connected to growth in MRI's financial and non-financial value.

In the HR domain, we are developing business via our job matching and personal development services. We are continuing discussions in tandem to determine social value targets and KPIs for all eight VCP priority domains speaking with experts within and outside the Company.

[‡] FLAP Cycle[‡]: Method of finding and developing an individual's potential by systematically acquiring the expertise their target role requires

Strengthening non-financial value: organizational capability and ESG perspectives

We are transforming our HR and corporate culture as well as management systems to create non-financial value, improve our ability to resolve issues, and meet our obligations to stakeholders through ESG activities.

Improving our capabilities goes hand-in-hand with strengthened intellectual capital. Recommendations that become policy are testimony to their quality backed by comprehensive original research.

To enhance relationship capital we have been building our co-creation infrastructure of experts, clients, organizations, and 533 members collaborating in the Future Co-Creation Initiative (ICF), reorganized in 2021.

Regarding human capital, in the first year of MP2023 we began to increase diversity and the number of specialists through an enhanced personnel system. New features include options for job-type roles and the ability to pursue two careers at once.

In March 2021, we launched a new-normal

workstyle policy to foster an environment conducive to flexibility and autonomy for all.

In our management systems, we aim to enhance VCP Management, improve risk response capabilities, and develop a new integrated business accounting system. We are also preparing for our April 2022 listing on Tokyo Stock Exchange's new Prime Market.

In September 2021 we endorsed the recommendations of the TCFD[§] and joined the TCFD Consortium^{**}.

Recognizing sustainability as central to management we have created the Sustainable Management Office, which will support our initiatives to boost environmental value, while raising awareness across the Group.

We will continue to optimize how the capital invested in non-financial value and social value is linked to medium- and long-term growth, a critical matter.

[§] TCFD: Task Force on Climate-related Financial Disclosures

^{**} TCFD Consortium of Japan: A platform where companies and financial institutions can discuss effective implementation of TCFD guidelines

Investing earnings forward with ambidextrous management

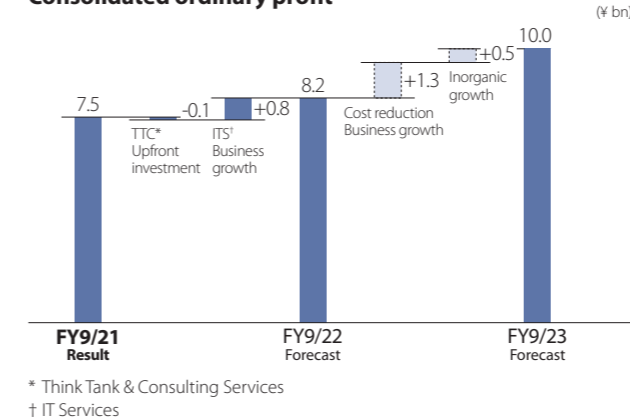
Ambidextrous management often calls for strong resolve in investment decisions. In 2021 we created the Strategic Planning and Alliance Group to invest in innovative tech startups and partnerships, while strategically strengthening activities such as M&A for inorganic growth.

We are investing in growth businesses using rising earnings from core businesses, while growing the next generation of core businesses over the medium to long term.

In FY9/22 we will fine-tune our processes to fix issues identified in our first year. We will couple social value, generated largely by the eight VCP priority domains, to financial value. For medium- and long-term growth, we will make significant investments in non-financial value, centered on intellectual capital, human capital, and co-creation infrastructure.

We project consolidated ordinary profit of ¥8.2 billion for FY9/22. Of this, ¥4.0 billion is from the Think Tank & Consulting Services (TTC) segment, with profit unchanged due to upfront investments

Consolidated ordinary profit



in growth businesses and workplace reforms. The remaining 4.2 billion is from the IT Services (ITS) segment, with rising profits driven by DX business expansion and improved margins.

For FY9/23, the final year of MP2023, we target consolidated ordinary profit of ¥10 billion by leveraging TTC upstream consulting to identify DX needs of companies and the government, which in turn, generates profit for ITS in a virtuous cycle, supplemented by earnings from inorganic initiatives and enhanced by cost reduction efforts.

The primary investment will be for R&D at ¥1 billion each for the TTC and ITS segments. We will expand DX, which is expected to be the main growth driver, and achieve greater growth of existing services in the VCP eight priority domains, while also developing new services. Investments in hardware and software will be allocated to implement our new integrated business accounting system and workplace reforms, to create social value by developing services in the eight domains, and to increase ITS business information system funding.

Concerning capital strategy in the first year of MP2023, we held a secondary offering of shares, which, besides increasing liquidity, has also strengthened governance by diversifying our shareholder base. Having increased dividends for nine consecutive years, we plan to continue this trajectory, raising payout levels going forward, while giving the balance of business performance and financial soundness due consideration.

We place a high value on disclosure and its role in stakeholder dialogue. In accordance with our Basic Policy on Information Disclosure, we are committed

to providing information to shareholders, investors, and analysts in a prompt and suitable manner.

Diversity and inclusion for medium- to long-term growth

At MRI people are the primary driver of value creation. Our growth to date has been made possible by our diverse group of professionals, each having their own specialized expertise. Continuous enhancement of HR quality and quantity is essential to satisfy clients' escalating needs, meet demand for societal solutions, and realize our ideals for the future.

We have created multiple career recruitment channels to attract diverse candidates including workforce returnees^{††} and international talent via ties with overseas universities. We will also go beyond internal HR enhancement by working with like-minded partners in Japan and overseas, through ICF, for example.

We also continuously optimize our internal and external training programs to help each employee fulfill their potential. For the new normal, we are creating an environment conducive to open exchange of opinions among people of diverse backgrounds and abilities. In November 2021, our new Group-wide Diversity & Inclusion working group began formulating additional measures that reflect employee input.

^{††} Workforce returnee recruitment: rehiring employees who have left the company due to life events or career advancement, so that their added knowledge, experience, and skills can contribute to the company

In my short time in office, I have been particularly impressed by the deep trust and hope that characterize attitudes toward the Group. There is no doubt in my mind that such positive opinions have been fostered by our impartial stance and the dedication of our employees, delivering real-world benefits that exceed expectations, both for our clients and society.

藪田 健二

Kenji Yabuta

President and Representative Director

March 2022



Enhancing our non-financial and financial value for a greater impact for a resilient and sustainable world

Following the new Guiding Principles adopted in FY9/20 on the 50th anniversary of our founding, in FY9/21 we launched Medium-Term Management Plan 2023 (MP2023) as we made a fresh start for our next half century.

MP2023 envisions a resilient and sustainable society that will guide us through the COVID-19 pandemic and into the post-COVID era. To realize this vision, we will advance the Three Basic Strategies of VCP Management, Coordinated Management, and New Normal Management along with Five Transformations, including in our growth businesses, core businesses, think tank functions, human resources and organizational culture, and our management systems.

We are committed to realizing our vision and becoming a company that provides real solutions to societal issues. We will maximize our value in society by being a leader in the implementation of societal solutions and by co-creating value with our clients and partners. The value we generate from the positive impact we have on society will be assimilated into the Company to strengthen our non-financial value and boost our financial value to continue lifting our social value to new heights.

In this report, it is our pleasure to introduce some examples of how our MP2023 is providing solutions to societal issues and what results our business has seen for the first year of the plan.

Quickly turning proposed solutions into reality



Value Creation Process (VCP) Management is an initiative to develop business by linking all of our functions to enhance our social value and corporate value as a company that resolves societal issues. In the first year of MP2023, we established a business framework for our VCP Management and conducted independent research in fields including energy and human resources. We have already taken steps to develop businesses that make those solutions a reality, as the results were used to shed light on and address societal issues in areas such as carbon neutrality and human resource mobility.

In FY9/22, we will continue to deepen our VCP Management and develop individual businesses focused on the solutions our research uncovers for society. To bolster these efforts, we will further cultivate in our human resources leadership abilities to continue the development and management of our businesses.

Hiroshi Iwase
Senior Managing Executive Officer for VCP*,
Mitsubishi Research Institute

* To ensure VCP Management runs smoothly, each VCP field is supervised by a VCP manager (VM) who aligns departmental activities with our overall Company objectives

Harnessing the power of IT to co-create a sustainable future

Advances in digital technology are leading to solutions for societal issues that were once regarded as insurmountable. Digital technology has even progressed to the point that it has become an essential element for making life and future society more convenient and prosperous.

Mitsubishi Research Institute DCS is a fundamental information technology company providing comprehensive support from consulting to execution for societal and corporate digital transformation strategy planning. Through collaboration with our Group firms and co-creation with our stakeholders, we are helping build a prosperous and sustainable future.

Takehiko Matsushita
Representative Director and President,
Mitsubishi Research Institute DCS



Feature Context from the Field: How We Address Societal Issues

VCP Priority Domain

Energy

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 published in August 2021 stated that the human influence is an “unequivocal” cause of the warming climate. 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.



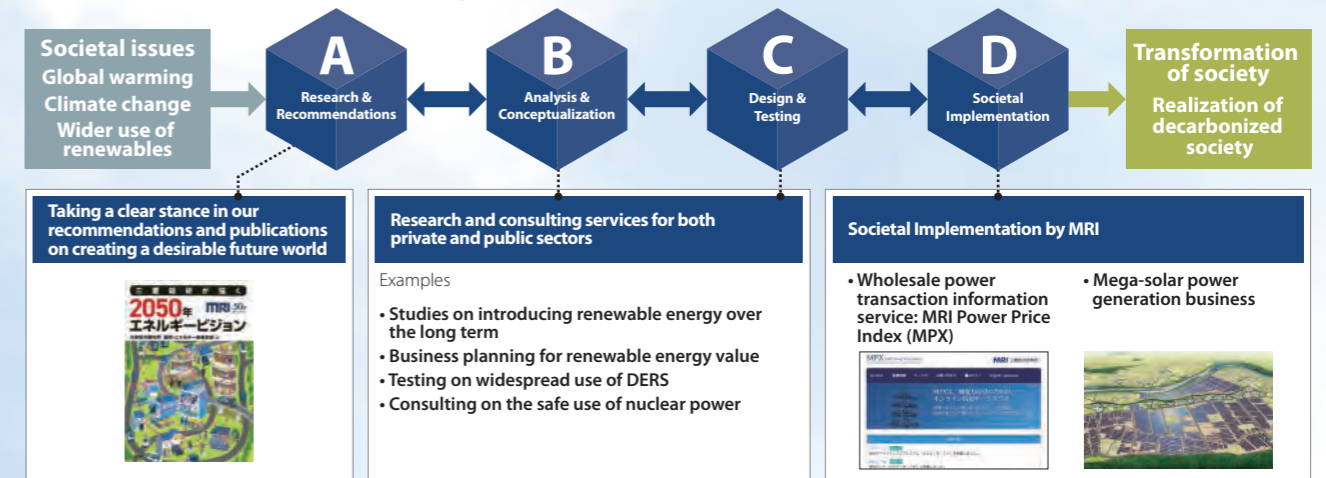
Solutions in the Energy Field

Helping achieve a carbon-neutral society by promoting S+3E solutions, creating grid balancing services, and investing in power generation businesses

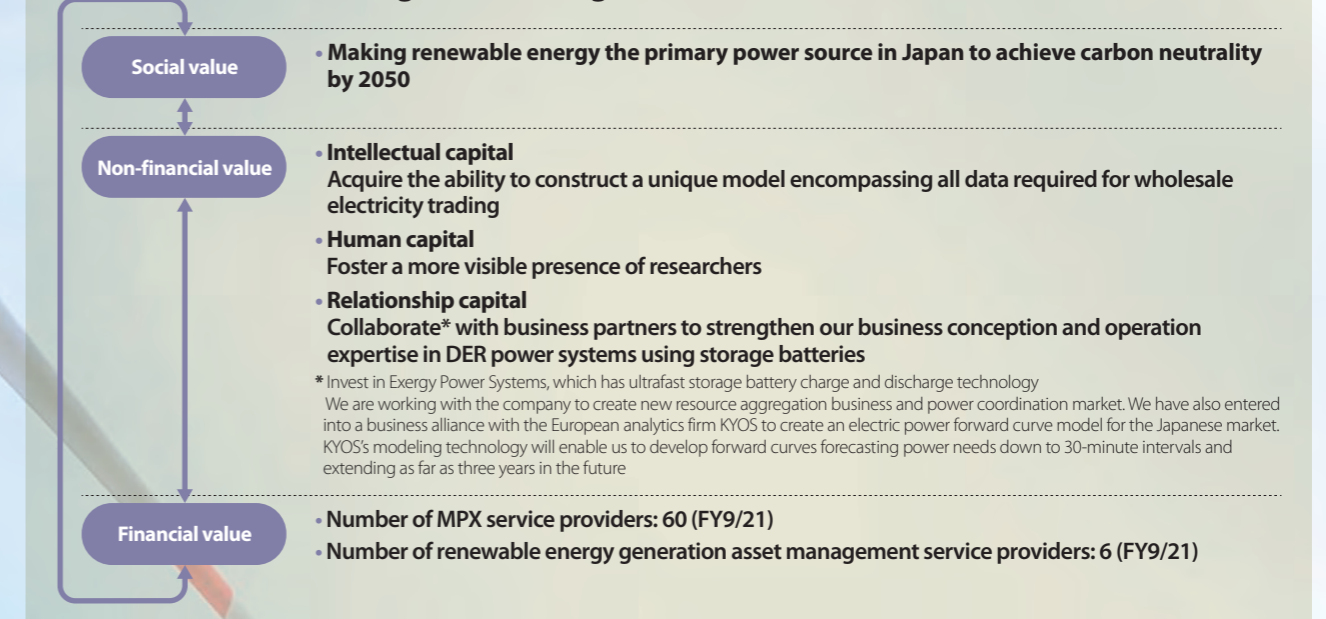
Our initiatives to realize a carbon-neutral society follow the concept of S+3E, which is to add *safety* to the 3Es of energy, economy, and the environment. Specifically, we are promoting the switch to

renewable energy as the primary power source, nuclear power as a stable non-fossil fuel power source, and distributed energy resources (DERs).

VCP Management initiatives in the energy field



Value generation targets and results



A
Research & Recommendations

General recommendations for attaining carbon neutrality

We created a simulation model using energy demand forecasting to compose the optimal balance of renewable and nuclear power generation to attain carbon neutrality in Japan by 2050. We are also formulating recommendations based on overall analysis of the energy composition as well as the effects on the economy and employment.

B Analysis & Conceptualization
C Design & Testing

Safe use of nuclear power as a reliable non-fossil fuel energy source

Nuclear power generation offers many benefits as a reliable non-fossil fuel source of energy, but it must be able to be used safely. In addition, aging and outdated nuclear power facilities must be carefully decommissioned and the nuclear waste safely treated and disposed of. MRI provides consulting services for nuclear system design and technology development for the safe use of nuclear power, plant decommissioning, and waste treatment and disposal.

B Analysis & Conceptualization
C Design & Testing
D Societal Implementation

Wholesale power transaction information service

The MRI Power Price Index (MPX) online information service for wholesale electricity trading is contributing to the development of a thriving wholesale electricity market. The wide variety of market information we make available is promoting healthy competition in the evolving electric power industry.

Power infrastructure using distributed energy resources

Distributed energy resources (DERs) will be

MPX transforming the electric power industry

The MRI Power Price Index (MPX) is a service providing key information for wholesale electricity trading. I develop content that will improve our services by enabling accurate analysis of the rapidly changing market. This year, we introduced a new service providing supply and demand data for LNG fuel. The supply and demand conditions for LNG strongly impact the price of electricity. With energy prices soaring worldwide, we hope this service will help eliminate information asymmetry in the market by supplying accurate and reliable information. We are also looking to expand our services to advance the trading of power futures.

The electric power industry is undergoing a transformation, and we are addressing emerging needs by developing new services such as consulting on risk management using futures trading and delivering information to major overseas institutions in the industry to increase liquidity to the futures market.



Akiko Toishigawa
MPX Service Group,
Innovation Service Creation Division,
Business Consulting Unit

essential to establishing renewable energy as the primary power source. DER infrastructure locates power generation, storage, and demand fulfillment equipment near the areas of power consumption, thus reducing power loss and improving the ability to absorb the fluctuations in power output associated with generating power from natural sources of renewable energy.

MRI enables the viable application of DER systems by providing testing on widespread use, business planning, and service development as well as consulting services for DX in the power generation business.

B Analysis & Conceptualization
C Design & Testing
D Societal Implementation

Expanding the renewable energy market

For renewable energy to become the primary power source, consumers must be aware of the value of renewable energy, proactively choose their energy source, and make conscious use of it. We provide consulting services to help clients evaluate their capability to control output and the environmental benefits of using renewable energy. We are also directly investing in renewable energy businesses

MRI investment and asset management in renewable energy power generation businesses

Kumamoto Prefecture

Investment and operations
Business entity: Aso Kumamoto Solar GK
(MRI capital contribution 5%)
Power generation capacity: 2.0 MW
Site area: approximately 4 ha
Date constructed: August 1, 2013



Gunma Prefecture

Business evaluation, business transfer support, asset management
Power generation capacity: 31.0 MW

Hyogo Prefecture

Supportive asset management
Power generation capacity: 102.0 MW

Hyogo Prefecture

Development consulting, investment, operations, and asset management
Business entity: Taka Yasuda Mega Solar Power GK
(MRI capital contribution 19%)
Power generation capacity: 14.5 MW
Site area: approximately 60 ha
Date constructed: October 2016



Kagoshima Prefecture

Business evaluation and asset management
Power generation capacity: 25.0 MW

Niigata Prefecture

Development consulting, investment, operations, and asset management
Business entity: Agano Mega Solar GK (MRI capital contribution 13.8%)
Power generation capacity: 46.2 MW
Site area: approximately 100 ha
Operation started: November 2021



Fukushima Prefecture

Development consulting, investment, operations, and asset management
Business entity: Namie Yatsuda Reconstruction Solar GK
(Investors: Mitsubishi UFJ Lease & Finance, MRI)
Power generation capacity: 60.0 MW
Site area: approximately 90 ha
Operation started: October 2020



Digital Transformation

National Government DX:

Helping administrative institutions on the national level

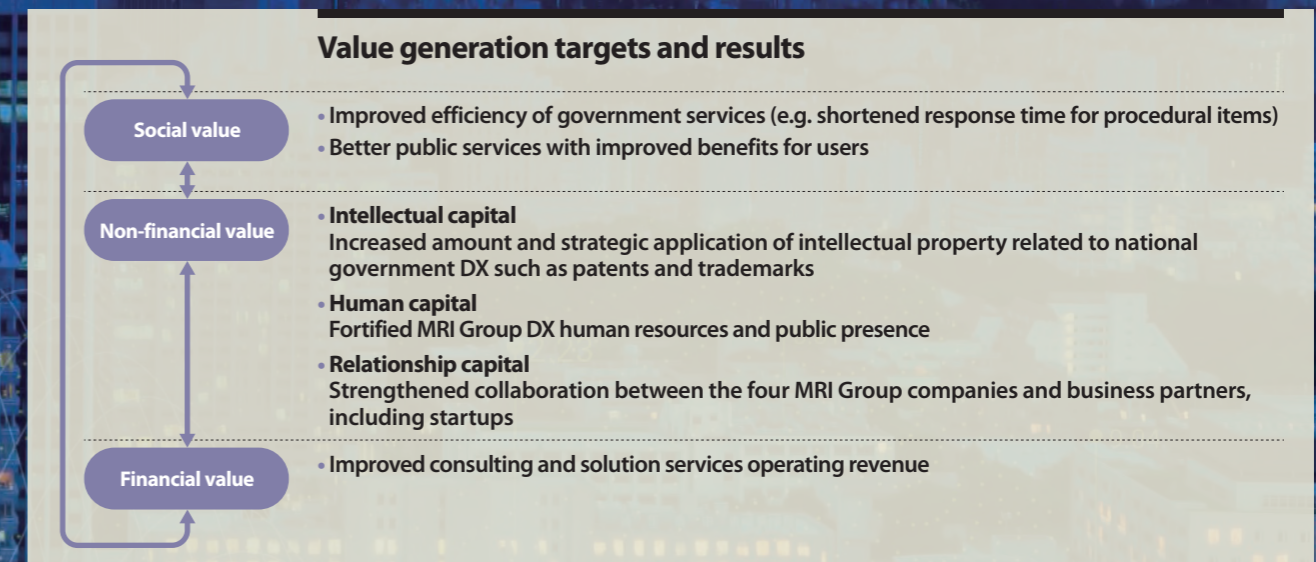
The government faces a rapidly evolving situation in light of trends such as diversifying lifestyles and corporate globalization, which are also ushering in new societal issues. The key to addressing these issues lies in the establishment of new legal systems and the transformation of administrative services using digital technology and data. National Government DX will enable maximized benefits of government services, ensure safe and secure living conditions, and fuel innovation through co-creation between companies.

National Government DX Solutions

Enabling DX of national-level institutions to create beneficiary-oriented public services

We have abundant expertise in societal and policy issues gained from our experience helping form public policy. Together with our network of private enterprises, we provide consulting and solution

services combining both policy and business perspectives to maximize the benefits of digital technology and data for government services.



Development begun on a nationwide medical care information system

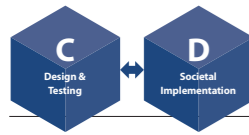
One of our DX projects in social welfare is developing a unified system on the national level for healthcare information managed by the Ministry of Health, Labour and Welfare. When completed, residents will enjoy vast improvements in ease-of-access to their healthcare-related information thanks to a unique nationwide search function. The system will also reduce the burden on medical institutions in reporting to local governments by creating an accessible database of information such as medical receipts and special checkups. The system demonstrates potential for conversion into an open-source platform enabling public-private collaboration that could produce new value.



Digitalizing core government programs and digital transformation of trade logistics

We are helping to transform operations across all levels of government by utilizing new technologies in overhauling information systems. We also provide consulting for the digital transformation of trade logistics systems to enhance the efficiency of trade operations.

Feature Context from the Field: How We Address Societal Issues

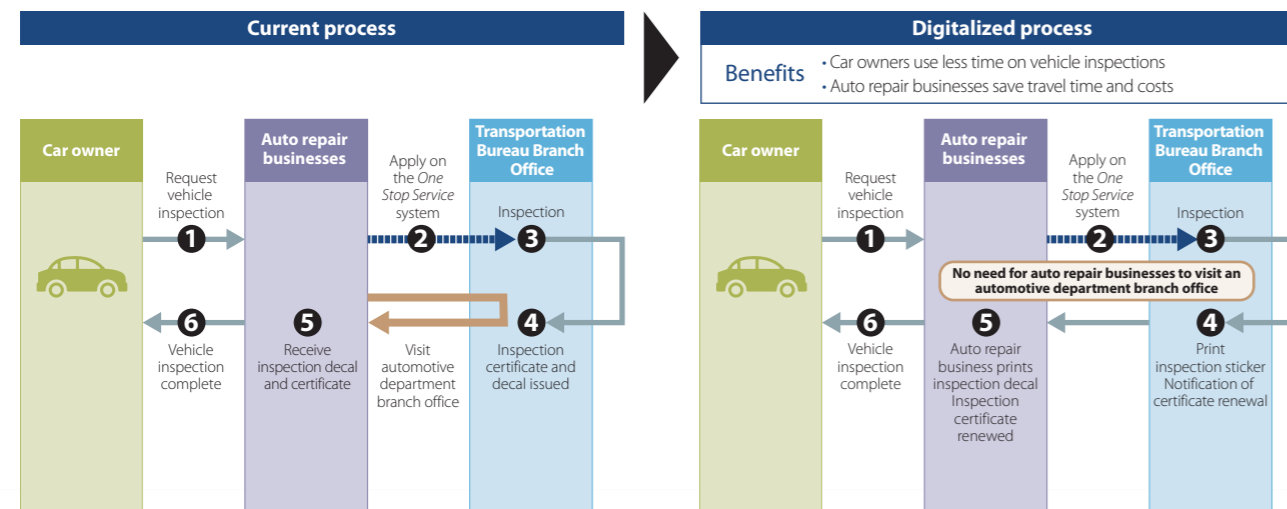


Digitalizing the vehicle inspection system

One of our national government DX projects is to digitalize Japan's vehicle inspection system. The Ministry of Land, Infrastructure, Transport and Tourism runs an existing online system, called *One Stop Service*, for motor vehicle registrations and inspections. However, vehicle inspection certificates

are still paper-based and require users to travel to the local automotive department office to pick up the document. Digitalizing the process will improve user convenience and will also provide a platform for more advanced administration of automobile-related processes including the use of smartphones and cashless payment.

Digitalizing the automobile inspection process



Source: MRI based on the "Ministry of Land, Infrastructure, Transport and Tourism, Report of the Study Group on the Digitization of Automobile Inspection Certificates" <https://www.mlit.go.jp/report/press/content/001349262.pdf>

Bringing to bear fruit of MRI-DCS collaboration with active digital marketing

In October 2021, we strengthened the marketing operations of MRI and Mitsubishi Research Institute DCS by combining our marketing activities into a single, fully integrated structure. The team that created the new structure, of which I am the team leader, is continuing to develop digital marketing strategies that will raise awareness of the Group's integrated business and expand our customer base. These focus on engaging with customers through our official website and other media to deliver information, hosting seminars, distributing an email newsletter, and enabling internal sales. Considering that the companies will host three times as many seminars as they did last year, I feel that our efforts are bearing fruit. Our team is also working to acquire and integrate a customer management system for the companies that will greatly upgrade customer management and improve investment efficiency.



Yuichiro Sugie
Sales Planning Group,
Planning and Administration Office,
Digital Transformation Unit

Digital Transformation

Local Government DX

In Japan, citizens have taken to interacting more with their local governments during the COVID-19 pandemic for things such as scheduling vaccines and applying for financial assistance. The public is pressing for local governments to make such procedures more convenient, such as by updating to online appointment and application systems. Although its implementation will have to consider senior citizens and others vulnerable to the digital divide, digital transformation is becoming essential.

Local government services must be formulated from the perspective of the people who will use the services, and they must be able to cover a vast range of activities, including public health-related initiatives and disaster response while also accommodating diversifying needs as well as increasingly complicated administrative systems and procedures.

At the same time, Japan's working-age population is steadily declining, and even the number of local government employees is expected to decrease significantly by 2040. This means that digital transformation is vital for local governments to be able to continue providing the administrative services needed for residents to live with peace of mind and security.



Local Government DX Solutions

Creating sustainable communities by digitally transforming public and government communication

MRI provides comprehensive services to support local governments implementing DX. We combine our deep understanding and extensive expertise from providing on-site consultation to numerous local governments with our operation analysis capabilities and AI technology.

Our *Region-Tech* concept is to create services

offering a new level of digitalized communication including: resident inquiries, counseling, applications, notifications, review, and public announcements.

We harness the power of data to improve public services and act as a conduit for citizen participation in government planning and creating sustainable communities.

Value generation targets and results



Highly flexible AI-driven chatbot service

Group companies INES and Japan Business Systems (JBS) offer local governments the AI-Based Local Government Chatbot Service, developed under the *Region-Tech* concept. The service is based on a computer program that simulates human conversation and uses AI to respond to questions about government systems and procedures. We are working to establish the AI program as a standardized service that can be shared by multiple local governments. Wide use of the service eliminates the need to install new servers while also accelerating its machine-learning aspect. This in

turn speeds up and improves performance of the service and convenience for users.

As of October 2021, 63 local governments have subscribed to the service for its potential to improve the quality of local government services and the productivity of local government personnel.



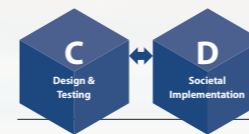
Communication robots providing solutions for assisted living residences

Mitsubishi Research Institute DCS began developing communication robots for the caregiving industry in 2019 with the goal of helping to offset the labor shortage of long-term care personnel as well as contribute to longer healthy life expectancy. Two years later, in 2021, DCS introduced the Link & Robo for Wellness service featuring robot instructors for group recreational activities and robot conversation partners for people in assisted living residences.

The service has been documented as increasing interaction among the residents by raising participation rates in facility events and creating a feeling among the residents of having a new family member on the premises. The service has the added benefit of lightening the workload of facility staff. We plan to develop the service with IoT devices to measure patient vital signs and collect data on the effects of exercise, which can then be used to provide total solutions for data-based healthcare and prevention measures.



Hiroko Nishioka
Business Promotion Group,
Digital Planning Promotion Department,
Technology Business Headquarters,
DX Division,
Mitsubishi Research Institute DCS

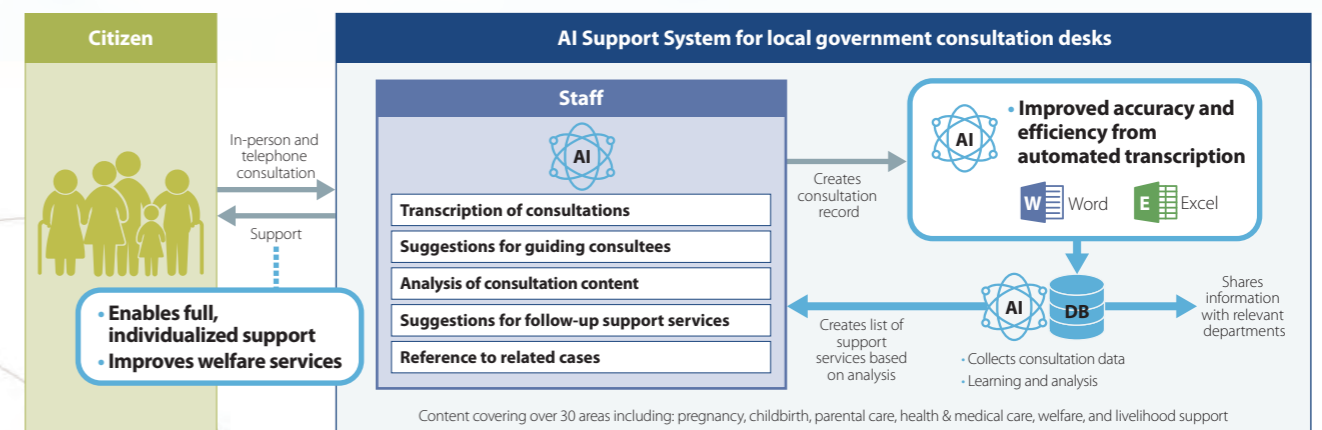


AI Support System for local government consultation desks

The AI Support System for Local Government Consultation Desks was developed within the Group by MRI and INES. This service applies the *Region-Tech* concept and uses ICT and AI technology to digitalize and enhance processes to streamline the consultation activities and

workloads of staff. Applicable to all consultation areas, it automates transcription, suggests guidance, and creates records. Following fieldwork with Yokosuka City and joint research with Toyota City, 26 local governments have subscribed as of October 2021.

AI Support System for local government consultation desks



Digital Transformation

Data-Driven Management

While Japan has historically been a manufacturing powerhouse, the COVID-19 pandemic has laid bare just how digitally underdeveloped the country is.

In 2020, the International Institute for Management Development (IMD) ranked Japan's digital competitiveness as 27th out of 63 economies worldwide and 9th among 14 economies in the Asia-Pacific region. Japan scored particularly low in the categories of business agility, talent, and regulatory framework due to its lagging digitalization.

To improve the country's performance in these areas, Japan must hasten the digital transformation of its corporations, particularly their use of data to formulate forecasts and forge new knowledge—in other words, data-driven management. This will enable corporations to improve customer experience value and enhance corporate competitiveness.

Japan has set *Society 5.0** to guide measures over the long term and generate sustainable economic growth for the country.

* Society 5.0 is a human-centered society that unifies cyberspace and physical space to both achieve economic development and resolve societal issues

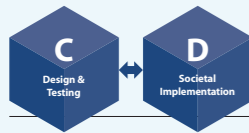
Solutions for Data-Driven Management

Total support for data-driven management to improve customer experience and corporate competitiveness

Mitsubishi Research Institute (MRI) provides comprehensive support for data-driven management spanning customer strategy creation,

business innovation, data use, digital marketing, AI platform construction, and system development, operation, and maintenance.



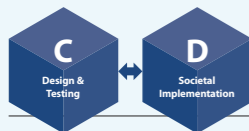
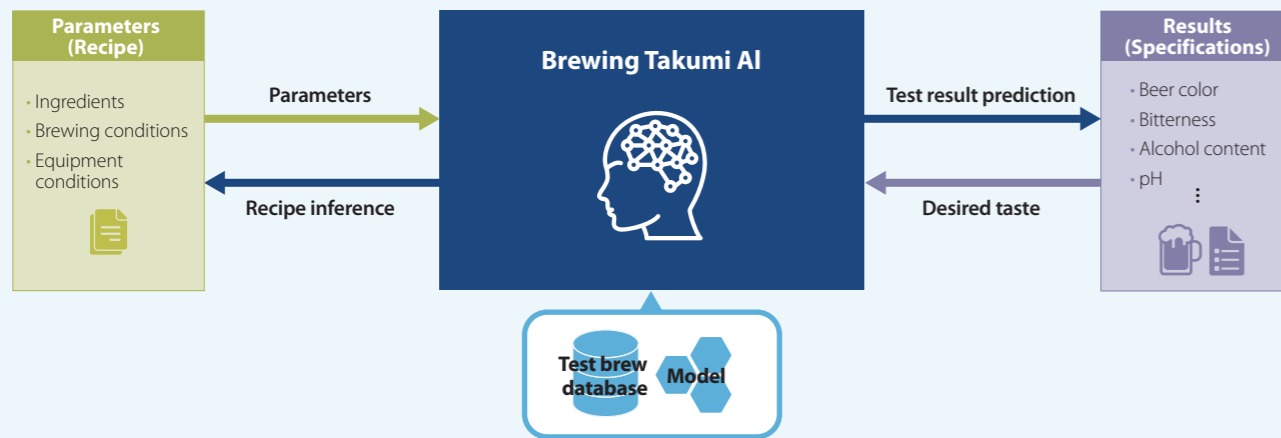


Creating new products for breweries with AI

We back the digital transformation of entire industries by combining our extensive industry knowledge with our capabilities in data analysis, AI, and consulting practices. This enables us to draw out the expertise from the tacit knowledge of experienced professionals, formalize it as explicit knowledge, and use this knowledge to tailor AI

technology to specific customer needs. For example, in the food and beverage industry, we partnered with Kirin Holdings Company to create the Brewing Takumi AI tool to develop new beer products. In the manufacturing industry, DCS is similarly conducting testing for Nakajima Alloy Castings on the use AI in the production of pure copper castings.

Creating new beer products with Brewing Takumi AI

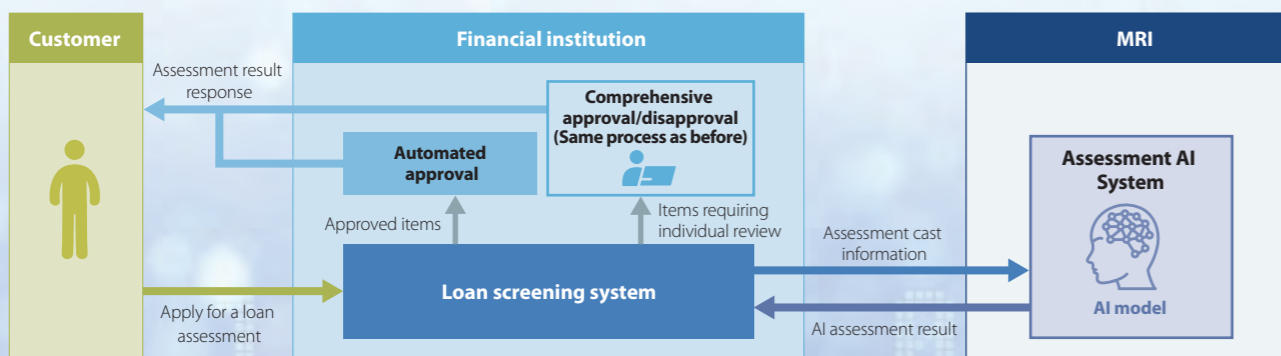


Assessment AI for loan products

Our Assessment AI service automates the examination work that had previously been done by staff. The service integrates loan-assessment systems with an AI model that learns from a financial institution's past decisions on loans. The service is currently being used by several

institutions, including Mitsubishi Motors Finance and the guarantee company MerryGate Holdings. We are also working with Mitsubishi Research Institute DCS to use AI technology to create a service to assist financial institutions in preventing money laundering.

Assessment AI schematic



Platform for big data analysis

MRI maintains the Cloud BDA Service ForePaaS platform, an all-in-one service providing the ability to execute a full suite of big data analysis processes (p. 80). Big data is conventionally analyzed using specific tools for data collection, analysis and processing, and visualization, which inhibits its ability to handle and transfer data while also adding costs. The ForePaaS service provides big

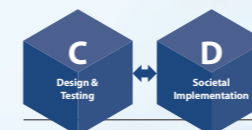
data analysis that is rapid, secure, and low cost by overcoming conventional obstacles with a platform that integrates all phases of analysis: data collection, processing, AI modeling, application creation, team management, operation, and maintenance. The ForePaaS platform is currently being used by several companies, including the major ship classification society Nippon Kaiji Kyokai, widely known under the ClassNK brand.

Think Tank DX that improves productivity and creates value

I am currently a member of the MRI team working to introduce Think Tank DX to improve productivity and create new value in our research and consulting operations. My role on the team is to introduce the tools needed for knowledge management, prototyping, and data analysis. For example, applying the ForePaaS platform to our data analysis operations has enabled us to completely digitalize the manual work in preparing Excel and PowerPoint files; when we edit our database, graphs and reports are also instantaneously updated. For clients too, ForePaaS can be used to accelerate the start of new business ventures. I am looking forward to continuing to research new ways to utilize our technological and consulting capabilities for new breakthroughs.



Nicolas Devaucleroy
Think Tank DX Group,
DX Technology Division,
Digital Transformation Unit



Cross-border R&D

We are working with Peking University to develop AI software that automatically creates text explaining quantitative data in tables. The software will help companies that must produce a large number of reports deal with labor shortages and changing work conditions.

VCP Priority Domain

Urban Life and Mobility

The COVID-19 pandemic has severely restricted social interaction, and people have taken to lifestyles that require less movement, such as working from home. This has resulted in two significant changes: less daily travel, such as from commuting to work or school, and more free time. The reduction in daily travel is even creating concern about the sustainability of transportation services. Japan is also facing serious consequences from the country's declining birthrate, such as diminishing local communities, social isolation, and loneliness.

Regional areas and companies must create new ways to generate demand and revitalize the economy. Value can be created by supporting activities that contribute to self-fulfillment, and the coordination of and co-creation among groups. Opportunities for social interaction can be created through means such as encouraging people to travel by ensuring safe and seamless transportation.

Urban Life and Mobility Solutions

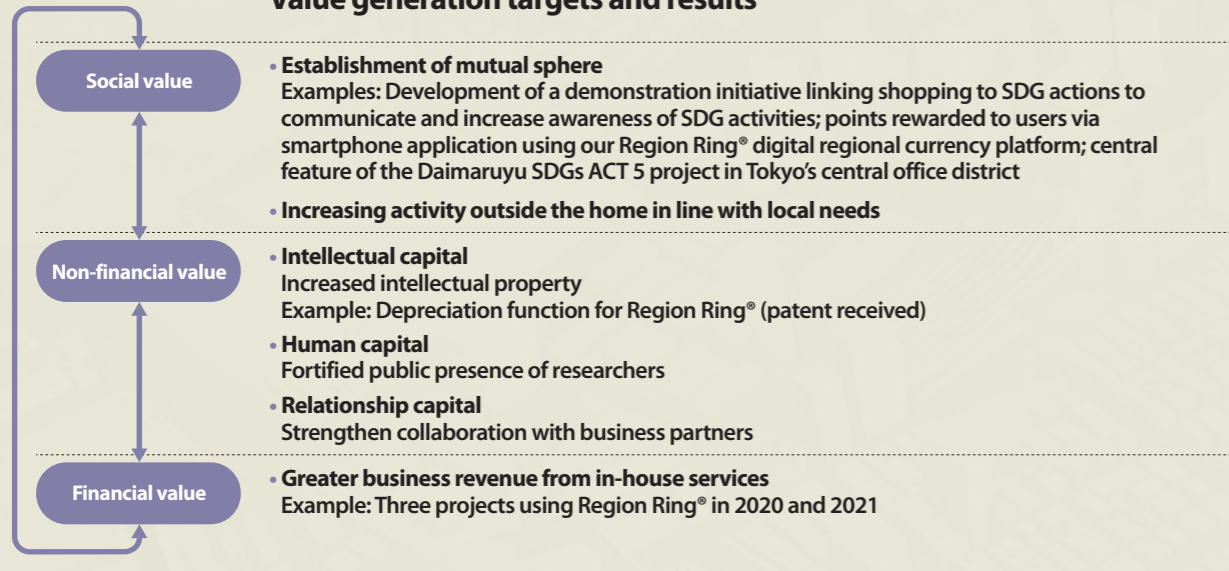
Original services that encourage activity and generate new demand related to personal well-being

MRI has proposed goals for enhancing the well-being of individuals and society. We have also commenced several related projects, including implementing essential societal infrastructure, creating a wide range of opportunities for social interaction, and establishing a new *mutual sphere*.

The mutual sphere transcends the traditional public and private spheres. While communities were conventionally formed around conditions such as geography, location, kinship, and business, the various technological transformations upon the world at present will enable future communities to form based on shared objectives and values,

independent of the physical location of their members. In this world, individuals are increasingly independent, geographically dispersed, and connected on a mutual basis. Yet at the same time, individuals and their efforts are coordinated with society as a whole through various technologies. MRI is developing the infrastructure to make the mutual sphere a reality, specifically by making it possible for people to find what they want to do (self-fulfillment), helping individuals coordinate and co-create to produce new value, and formulating mechanisms to deliver and trade that value in society.

Value generation targets and results



A
Research & Recommendations

Recommendations for improving the well-being of individuals and society

MRI has published recommendations geared toward both the public and private sectors to include the *behavior augmentation* as a factor that determines the value that a project provides. For people to create better lives and lifestyles for themselves, they must be able to choose what they do from various options

that align with their personal values and living environment. *Behavior augmentation* means creating opportunities and increasing the choices that people have available to them to engage with society, so they can choose activities that provide high value for their behavior and contribute to their well-being.

B Analysis & Conceptualization
C Design & Testing

Public-private collaboration to lay the foundation for behavior augmentation

To improve the well-being of individuals and society, it is essential for the public and private sectors to work together. MRI assists the construction and testing of co-creation platforms by the national government and local public entities, and also supports the business activities of private companies. Achieving behavior augmentation will require connecting what an individual wants to do and the services that an area can provide. This will require a foundation to be in place for providing the information that the individual wants. One key part of this foundation that is attracting attention is the

three-dimensional city digital twin, a virtual representation of a city's physical and



Source: The Tokyo Digital Twin Project
<https://info.tokyo-digitaltwin.metro.tokyo.lg.jp/>

organizational functions that is able to provide feedback responses to the actual sites. The City Digital Twin system collects real-time data from a specific space in the city, uses that data to create a

virtual replica that can then be used to simulate, predict, and optimize the space. MRI is collaborating with private companies to plan and implement this city digital twin technology.

D
Societal Implementation

Regional digital currency service promoting economic activity

MRI works with business partners to develop and implement innovative solutions to societal issues. One such solution is the Region Ring® regional digital currency service. The service promotes actions that are beneficial to both individuals and local society at large by converting waste reduction, energy conservation, and other environmental activities and volunteer activities into economic value.

Region Ring® system

A prosperous and sustainable world in the era with a global population of 10 billion and lifespans of 100 years



Ring of solutions of societal issues

Ring of activity and people-to-people connections



ACT 5 member-based point app promoting SDG action

MRI provided a point-reward application for smartphones using the Region Ring® technology during the Daimaryu-SDGs ACT 5 project held from May to November 2021 in Tokyo's central office district of Otemachi, Marunouchi, and Yurakucho. The app was a trial service that linked purchases to action on the United Nation's Sustainability Development Goals.

Feature Context from the Field: How We Address Societal Issues

VCP Priority Domain

Human Resources

Japan is facing concern of a serious labor shortage in the years ahead as the declining birthrate is leading the country to a population that could be half of what it was at its peak. At the same time, corporate globalization and technological advances have altered the structure of industry and changed the skills and capabilities required of workers, which is creating a widening mismatch in the supply and demand of human resources. In addition, more people are living to the age of 100, and society must find ways to enable people to continue being active members of society throughout their lives.

Our Human Resources Business is working to transform the structure of the labor market and the systems of employment and human resource development. We aim to close the supply and demand mismatch by enabling people of all stages, from new entrants to the workforce to mid- and late-career professionals, to acquire the necessary skills and capabilities, subsequently matching individuals to jobs and companies to human resources.

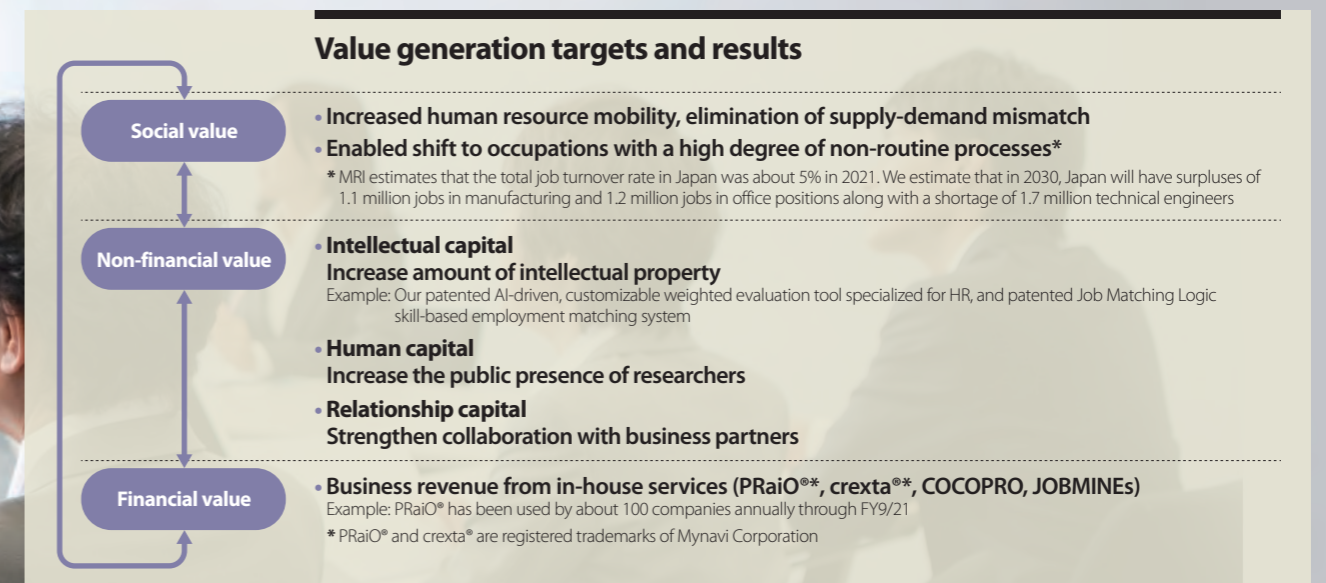
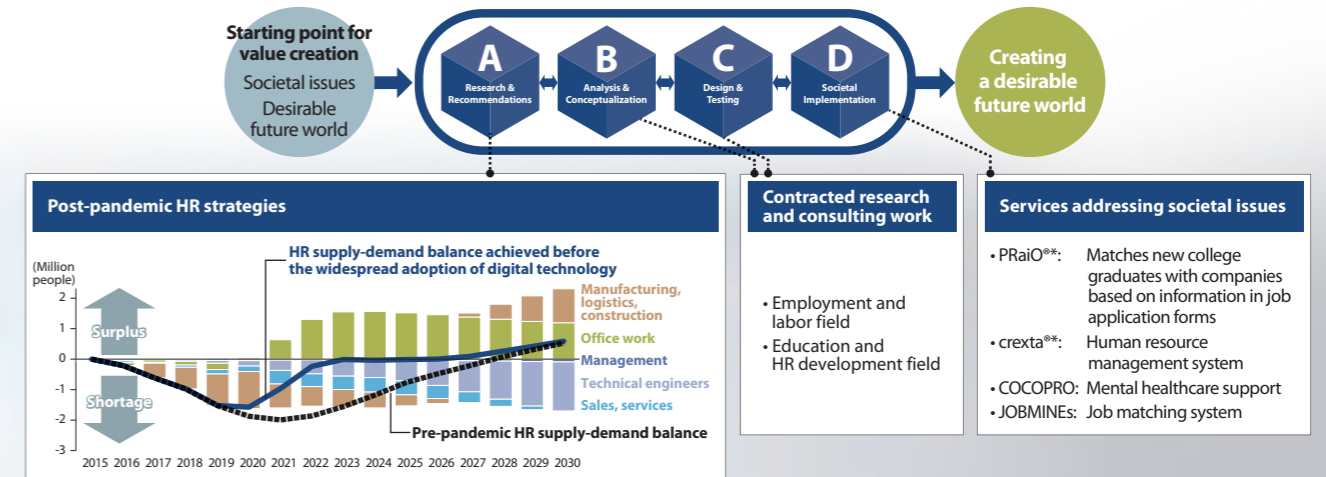
Human Resources Solutions

Our unique technologies and business partners are closing the mismatch in supply and demand for labor

MRI developed the FLAP Cycle® of professional skill development. FLAP is an acronym for Find, Learn, Act, and Perform following an end-to-end cycle in which individuals understand their aptitudes, abilities, and the specific requirements of a job (Find), acquire the necessary skills (Learn), progress in their desired direction (Act), and take

an active role on a new stage (Perform). The FLAP Cycle® fulfills two objectives: it enables individuals to achieve self-fulfillment and enjoy prosperous lives, and it aids corporate management strategies for securing human resources and generating sustainable business growth.

Value the MRI Group provides to the HR field from research and recommendation to implementation



Feature Context from the Field: How We Address Societal Issues



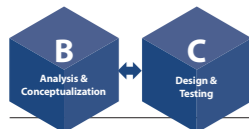
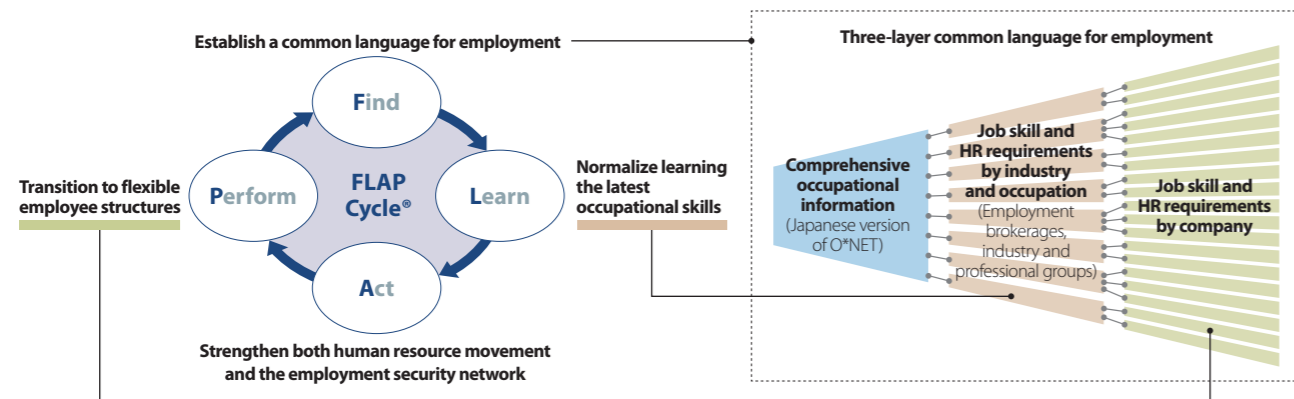
Innovation from research using our FLAP Cycle® and a common language for employment

MRI quantitatively forecasts issues in this domain and proposes preventive solutions. When job mismatch is projected, for example, we propose the FLAP Cycle® to alleviate the mismatch by creating systems empowering individuals to gain the knowledge needed to improve their skill levels. These systems provide support for both the

government in setting policies on industry revitalization, employment, education, and human resource development as well as private companies seeking personnel aligned with their strategies.

We are also developing a common language for employment to facilitate communication about job-specific knowledge and capabilities.

FLAP Cycle® for a common language for employment



Helping form national policy and programs, execute private sector HR strategy

MRI consults the government and private companies in human resource mobility, new Japanese-style employment, and integrating management and HR strategies. We help the public sector design policy

and programs for employment, labor, and education. Private sector work addresses personnel systems and human resource management.



Working with business partners to develop solutions for societal issues

Main analysis and development tools

- HaRi®: A customizable AI-driven tool for weighted evaluation of job skills specialized for HR
- Job skill-based employment matching system

Main MRI solutions

- PRaiO®: Matches new college graduates with companies based on information in job application forms
- crexta®: Human resource management system
- COCOPRO: Mental healthcare support
- JOBMINEs: Job matching system

* PRaiO® and crexta® are registered trademarks of Mynavi Corporation

Reaching the World

Global Business

The East Asia Regional Comprehensive Economic Partnership (RCEP) has created an expansive free trade zone that will significantly boost economic activity in the region. As each country grows their economy, they will need effective solutions for a wide range of infrastructure, including healthcare, urban and transportation, environmental protection, and energy.

In the Middle East, structural reforms are underway with the aim of transforming the prevailing industrial structure that relies on oil exports to a more varied and sustainable economy and society.

As more countries around the world seek to create environmental infrastructure and embrace the decarbonization movement, demand will grow for experienced and knowledgeable capabilities and services to install and integrate advanced technologies.



Global Business Solutions

Region-specific solutions for society, focused on Asia and the Middle East

We view both the Middle East and Asia as regions with high growth potential, and in the case of the latter particularly high diversity. We are prioritizing business development in those regions by focusing our corps of in-house experts covering a vast array of specialty fields to work on these regions, and by collaborating with business partners in Japan and worldwide to formulate business activities that will provide societal solutions and support the economic

growth of both regions.

We have been actively widening our presence by opening offices in Hanoi, Vietnam, in December 2020 and Dubai, UAE, in February 2021. This on-the-ground network is enabling us to gain a clear understanding of the local situation and challenges as well as to establish strong ties with local business partners to address societal issues and pursue business opportunities.



United Nation Population Fund Workshop

MRI actively participated in the November 2021 United Nation Population Fund (UNFPA) workshop on healthcare for the elderly sponsored by UNFPA and the Ministry of Health of Vietnam. Participating in the workshop were health officers from ASEAN Member States, the UNFPA and other members of the United Nations, and international experts from MRI and other companies from across the region.



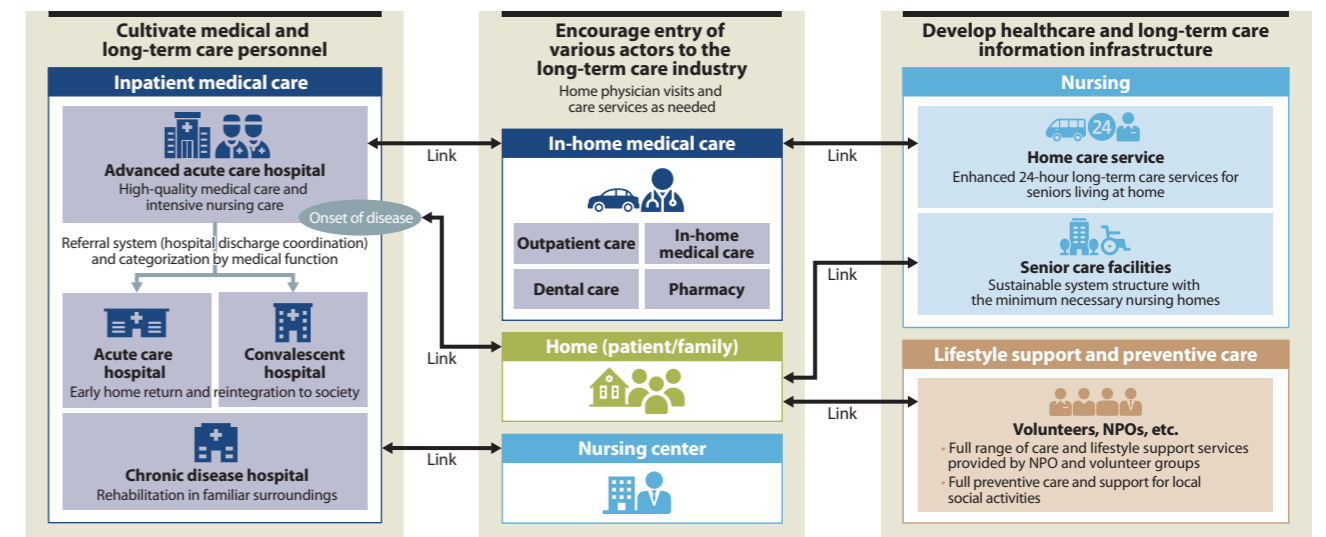
Creating a Vietnam version of a Comprehensive Community Care System

We have stepped up our efforts to work with local governments and companies and with Japanese firms looking to development business in Vietnam to help address pressing societal issues arising from the rapidly aging population and the fragile healthcare infrastructure.

As part of our efforts, we have hosted four online workshops with the Population Bureau of the Ministry of Health of Vietnam since January 2021. In the workshops, we introduced to specialists from inside and outside the country the fundamental

concept and importance of creating a Vietnam version of a Comprehensive Community Care System that would allow the elderly to continue living their lives in the communities they are familiar with. The Vietnamese minister agreed to conduct a preliminary survey toward implementing a system for the country. We are planning to locate the healthcare centers that will serve as the foundation for a nationwide system and launching points for generating new business opportunities.

Proposed healthcare system for Vietnam



I want to build Japan's cooperative relationship with the region, from Vietnam to ASEAN

Vietnam's rapid economic growth has brought with it several societal issues, including a graying population and a growing number of people with lifestyle diseases. I was part of MRI's healthcare business review team of the Global Business Division that met with the Ministry of Health of Vietnam. We presented the ministry with a proposal to create a Comprehensive Community Care System that we designed specifically for Vietnam from our experience and knowledge garnered from designing senior welfare and long-term care insurance systems in Japan.

When we presented our concept at an international workshop sponsored by the Ministry of Health of Vietnam with UNFPA, the response was particularly positive from everyone involved, including members of international organizations and Japanese companies. I look forward to making our proposal a reality for Vietnam and helping provide care for the senior

population. I also hope to play a part in building stronger relations between ASEAN and Japan.



Vu Thi Ngoc Ha
Asia Business Group,
Global Business Division

Close up

Creating Collective Impact Initiative for Co-creating the Future

Establishing the Initiative for Co-creating the Future

With the structure of society becoming increasingly complex and many issues rapidly becoming global challenges, industry, government, and academia are seeking to create a collective impact by working together and combining their knowledge and techniques to maximize the overall effectiveness of their actions.

MRI has been focusing on this kind of independent and dispersed yet coordinated approach for over a decade and developed two platforms for value creation: the Platinum Society Research Association and the Innovation Network for Co-Creating the Future.*

In April 2021, we combined those two platforms into the Initiative for Co-creating the Future (ICF), a membership organization designed to enable more responsive and flexible action to address increasingly urgent issues, particularly in the face of the COVID-19 pandemic and global warming. The ICF defines the desirable future as a prosperous and sustainable world in an era with a global population of 10 billion and lifespans of 100 years. ICF is focusing on two key points essential to overcoming the growing number of societal issues.



Addressing societal issues



Local governments	Specific regional issues	151 legal entities
Corporations	Development and sales infrastructure for products and services	132 companies
Startups	Advanced technologies and high management mobility	155 firms
Universities and research institutes	Leading basic and applied technologies	115 institutions
Public sector	Policy and institutional support	

Membership: 553 companies
(As of November 2021)

1. Identifying issues with large impact

The ICF identifies specific issues in the six fields of wellness, water & food, energy & environment, mobility, disaster prevention & infrastructure, and education & human resources. We further compare and analyze the potential social impact and cost of these to determine the levels of importance and priority. These evaluations are published annually in the *Resolving Societal Issues through Innovation: Listings of Societal Issues*.

2. Building a business ecosystem

For these efforts to produce impactful results, a mechanism must be in place for developing various ideas and solution technologies into viable businesses. The ICF is creating new mechanisms for addressing societal issues by adding startups and university-led ventures to the conventional approach where the government creates the structure and budget and large corporations take the lead in developing businesses. The aim is to establish a platform for co-creation by providing a business ecosystem for autonomous and spontaneous cooperation and collaboration where each party contributes their most effective technology, functions, and solutions.

* The Platinum Society Research Association was established in 2010 to help maintain prosperous regions (platinum society) and overcome global environmental issues through active interaction between the elderly and younger generations. The Innovation Network for Co-creating the Future was a membership organization formed in 2017 to promote collaboration between government, academia, and industry, including startups, to create innovation and new businesses

FY9/21 focus categories

Priority initiatives

1. Women's health and participation
2. Science-based nursing care and prevention
3. Behavioral change

Focus categories

4. Disaster prevention
5. Diversity & inclusion
6. Human-centered urban development

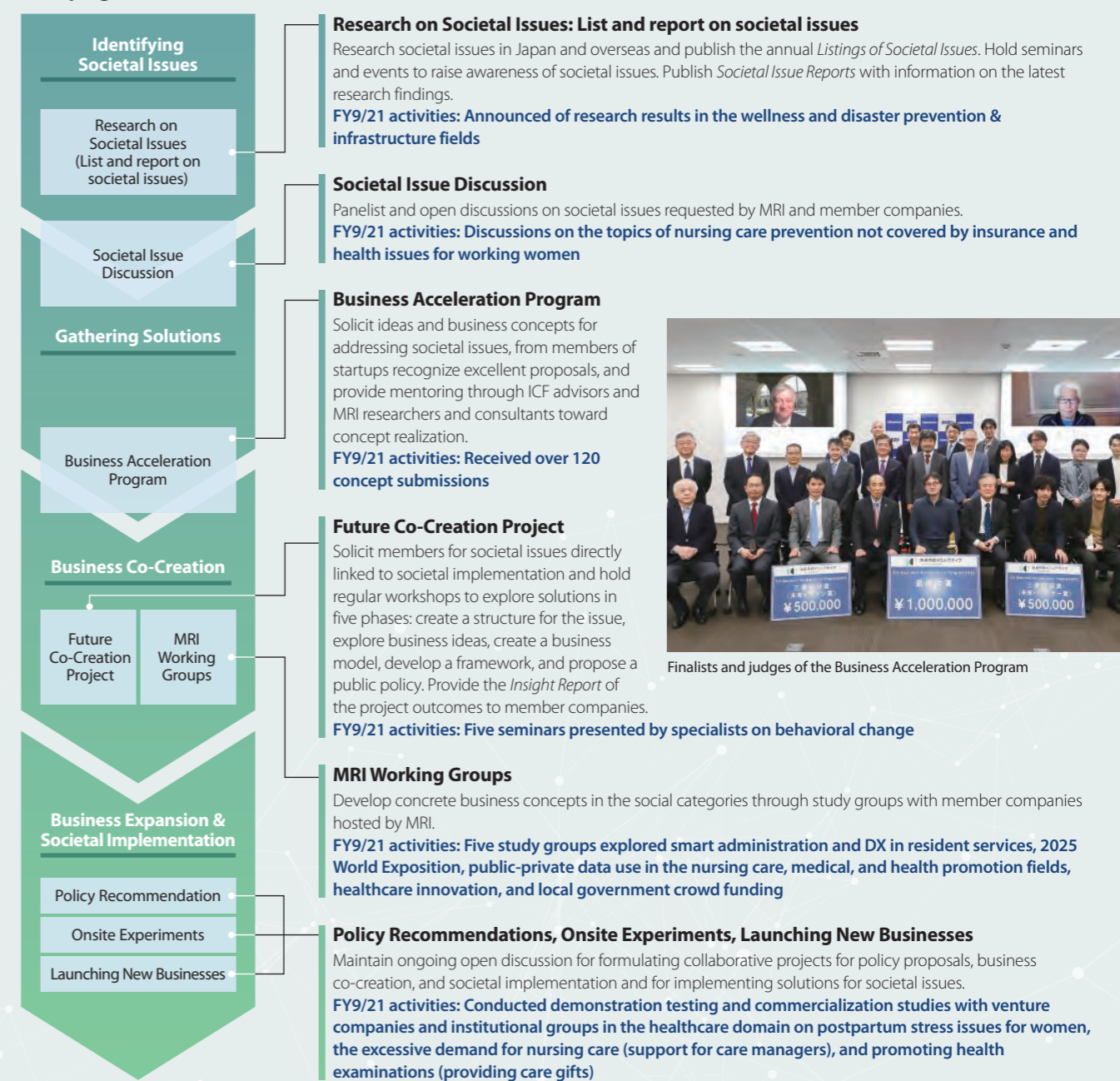
Seeing through with societal implementation for priority initiatives and focus categories

ICF runs programs from identification to business creation to ensure that issues are resolved by the societal implementation of businesses.

Members and advisors help identify priority initiatives and themes for each year to ensure solutions remain relevant and lead to new businesses.

ICF's 500 members encompass local governments involved in specific regional issues; large corporations with infrastructure to develop and market solutions; startups, universities, and research institutes with the latest technologies; and government agencies that provide policy and institutional support. ICF maximizes the collective impact by coalescing these elements to accelerate and broaden the scope of its projects.

Main programs



Finalists and judges of the Business Acceleration Program

Overview of Medium-Term Management Plan 2023

The MP2023 vision for society and MRI

The Medium-Term Management Plan 2023 (MP2023), a three year plan from October 2020, follows the Guiding Principles set in September 2020. MP2023 envisions a “resilient and sustainable society” and for MRI to resolve societal issues while sustaining growth.

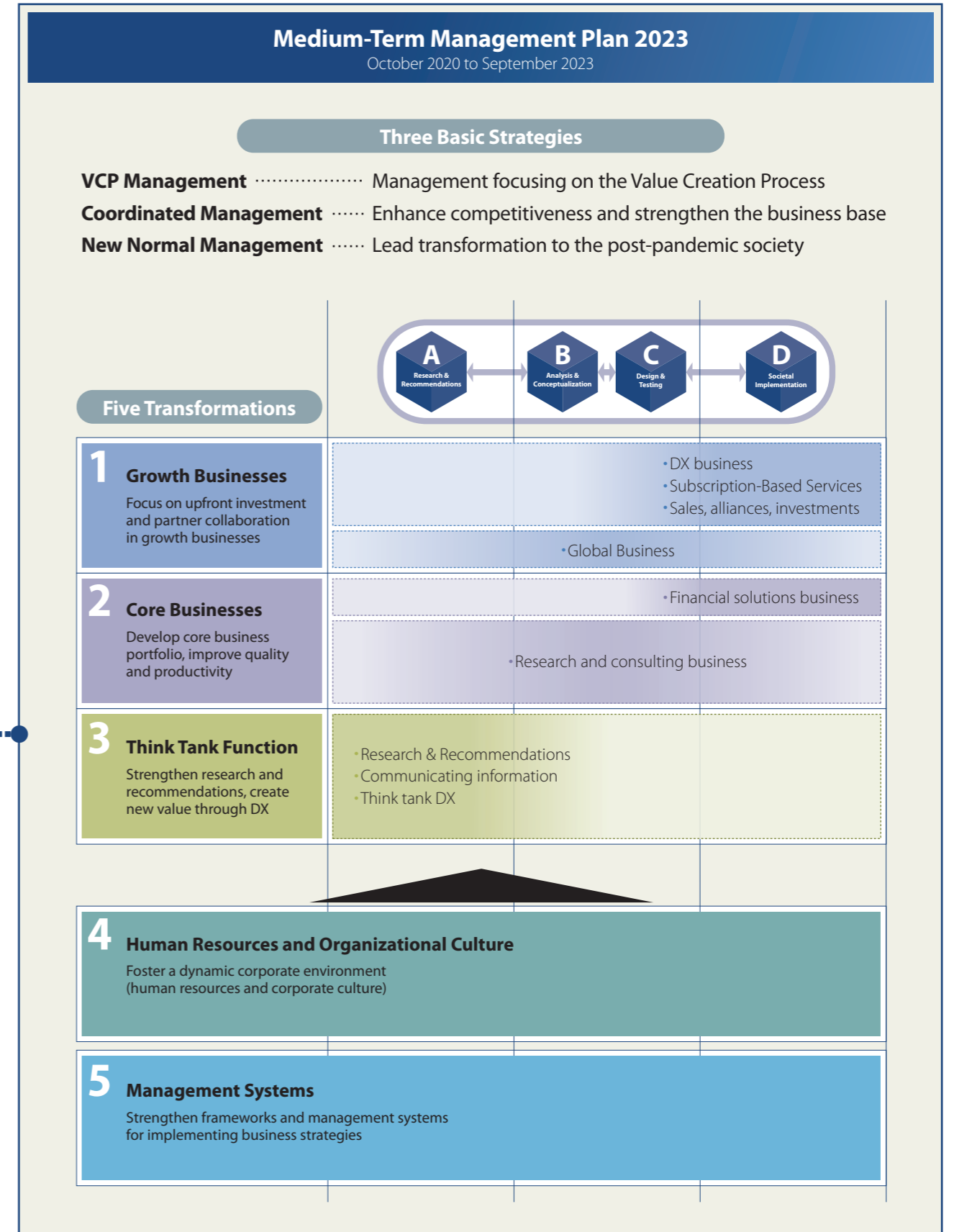
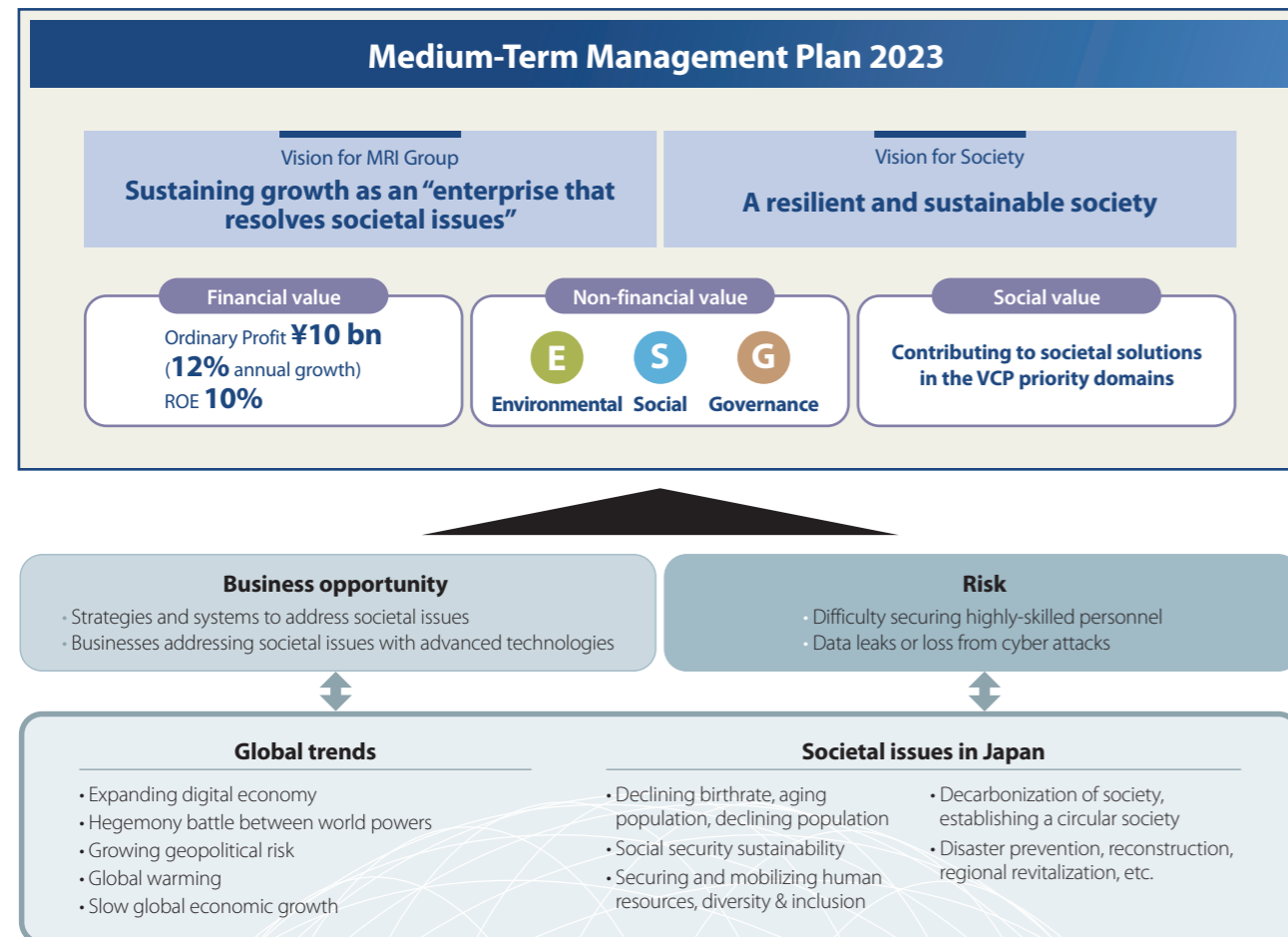
Three Basic Strategies for resolving societal issues

We are organically integrating all four of our VCP functions and strengthening our VCP Management. We are conducting Coordinated Management, in which Group companies work closely together for societal implementation, to strengthen our management base in growth areas like DX. We also practice New Normal Management, reforming our business and structures for a post-pandemic society.

Five Transformations in VCP priority domains

We are advancing Five Transformations to establish sustaining growth, addressing our growth businesses, core businesses, think tank function, management systems, and human resources and organizational culture. Our analysis thoroughly examined the medium- and long-term trends of our external situation, including global trends, issues facing Japan, and innovations in technology.

In our VCP Management, we account for both risk and opportunity while maximizing our available knowledge, human resources, and co-creation infrastructure. We have also designated priority domains (p. 52) to generate the largest possible impacts on society.



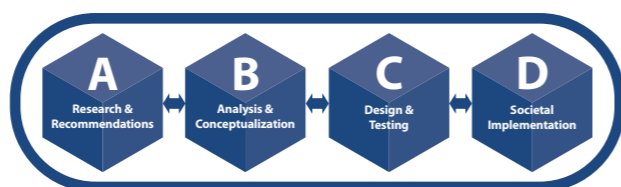
Three Basic Strategies

Basic Strategy ① VCP Management

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 business domain.

We are optimizing these four processes across the Group and business partners to further enhance our impact and value. We aim to achieve this by fortifying the bookend processes of Research & Recommendations and Societal Implementation. We are using VCP Management

The VCP concept



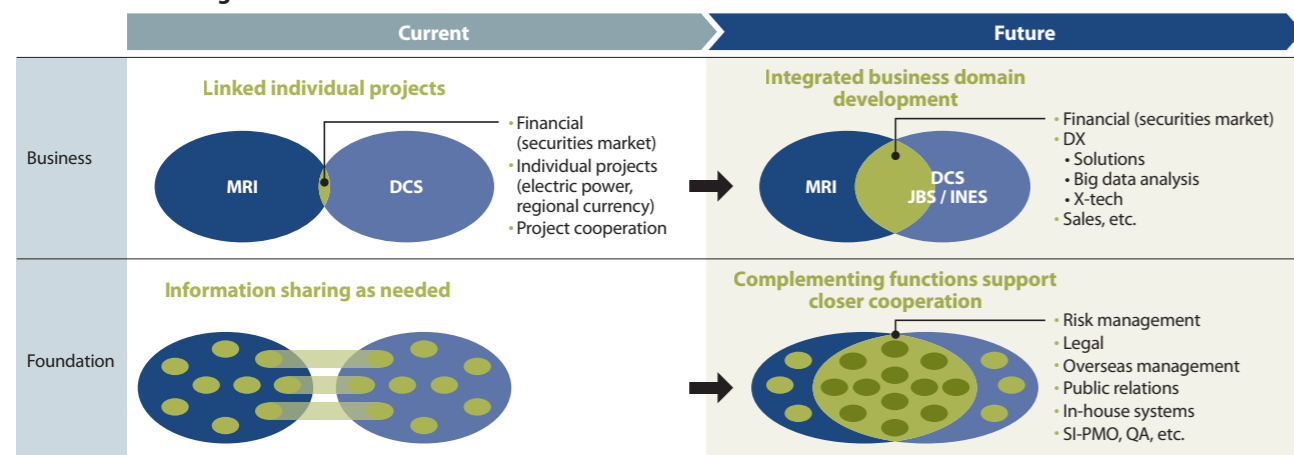
to create a rising cycle of social value, non-financial value, and financial value that will fulfill the expectations of our stakeholders and contribute to a "resilient and sustainable society."

Basic Strategy ② Coordinated Management

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 will redouble this approach to expand our business and establish sustainable growth for the Group, particularly in the societal implementation domain such as for ICT solutions.

Led by MRI and key subsidiary DCS, we will team up with affiliates Japan Business Systems (JBS), INES, and other partners to further broaden our societal implementation services. We have positioned the DX business as a growth driver and are strengthening the collaboration between MRI and DCS to generate synergies to expand our DX business.

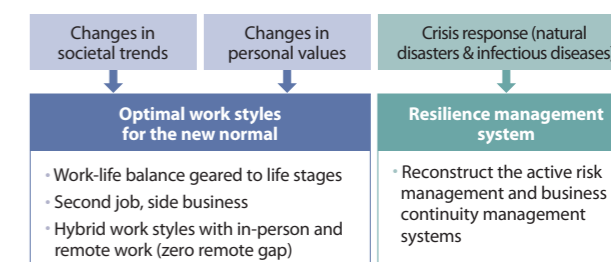
Coordinated Management of our business and the business foundation



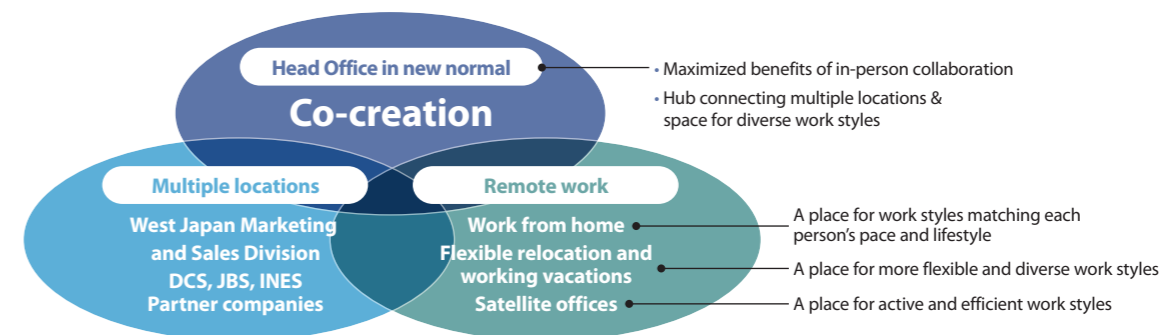
Basic Strategy ③ New Normal Management

The COVID-19 pandemic is causing a structural shift to a new normal. MRI is pioneering the post-COVID transition and accelerating reforms for new normal workstyles. To sustain business growth, we are adopting workstyles supporting healthy work-life balance tailored to individual life stages and boosting our performance and attractiveness.

Selection of internal measures for new normal



Key points in Head Office transformation



Five Transformations

1 Growth Businesses

DX Business

We have positioned our DX businesses as a growth driver and created an integrated support structure across the Group. We create new business by applying VCP Management rooted in societal issues and linking each function.

Subscription-Based Services

Our Subscription-Based Services include IT services for implementing solutions in society and services that directly address societal issues. We will continue operating our existing businesses with our partners and investing to expand sales. We will develop new services to become drivers

of future business and establish a new subscription-based revenue base.

Global Business

Our Global Business is focused on Asia and the Middle East. In Asia, we aim to co-create and test platforms with governments in the region and the Japanese government. In the Middle East, we aim to establish MRI as a partner that works alongside governments tackling challenges.

Sales, alliances, and membership networks

Our industry managers facilitate co-creation and alliances between industry, government, and academia. We are also conducting a range of internal sales including for our DX Business.

Investments

We use ambidextrous management to continuously transform our business portfolio by investing to strengthen existing businesses while conducting upfront investment needed in growth domains. We will continue investing to develop advanced technologies, secure and train human resources, and develop business partnerships.

2 Core Businesses

Research and Consulting Business

The research and consulting business is MRI's primary earnings pillar, and we are substantiating this position through reforms to enhance our business quality and revenue base. This requires VCP Management to be applied at all levels, linking each VCP function.

Financial and Credit Card Business

The financial and credit card business accounts for over 40% of sales. We are developing new domains and expanding the customer base for further growth. Our comprehensive IT services embody VCP in this field.

3 Think Tank Function

Research & Recommendations

MRI leads change with recommendations for forging a post-pandemic world. We incorporate the world's foremost knowledge to provide high-quality work while strengthening the development of future researchers.

Communication

We actively share with stakeholders our views and efforts to address societal issues. We are improving communication capabilities across the Group to effectively support business divisions. Measures are also set to control reputation risk.

Think Tank DX

We are advancing our own digital reform to enhance our productivity and provide new value. The digital tools we hone are also used for clients.

4 Human Resources and Organizational Culture

We are strengthening recruitment and training and shifting to a new employment structure with a job-based system and dual career tracks. We consolidated some Group company offices into the Head Office and added co-creation spaces. These enable seamless in-person and remote interaction.

5 Management Systems

The VCP Committee promotes VCP Management throughout the Group. We are strengthening management and governance by improving the efficiency of the Coordinated Management Committee and strengthening the functions of the Planning and Administration Offices, touchpoints for coordinated management. We are also improving risk response capabilities by standardizing risk management processes Group-wide. We are also fortifying our information infrastructure with advanced data security, internal DX, and a new internal system for consolidated management.

Targets and progress data

Financial value

Record-high consolidated sales surpassing ¥100 billion led by the MP2023 basic strategies and major projects

In FY9/21, MP2023 year one, consolidated sales surpassed ¥100 billion, a record high driven by growth in our core businesses. Diversification minimized the negative impacts of the pandemic.

Progress with the Three Basic Strategies underpins sales growth (p. 47). Two projects stood out: our local government DX initiative (pp. 27–28) and partnerships with Osaka Gas Co., Ltd., Z Energy Co., Ltd., created by seven companies to support Japan's 2050 carbon neutrality.

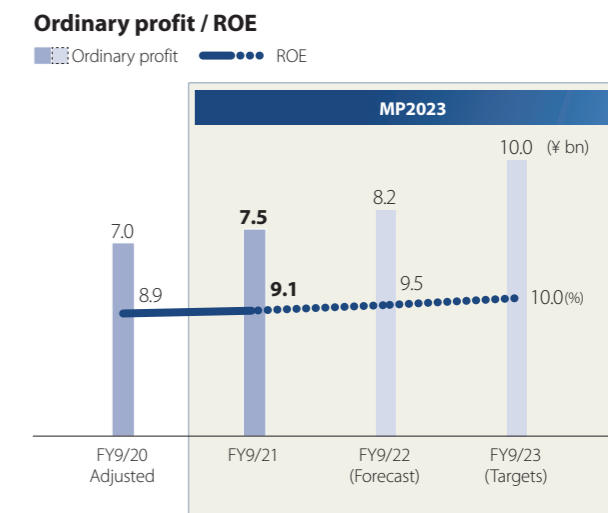
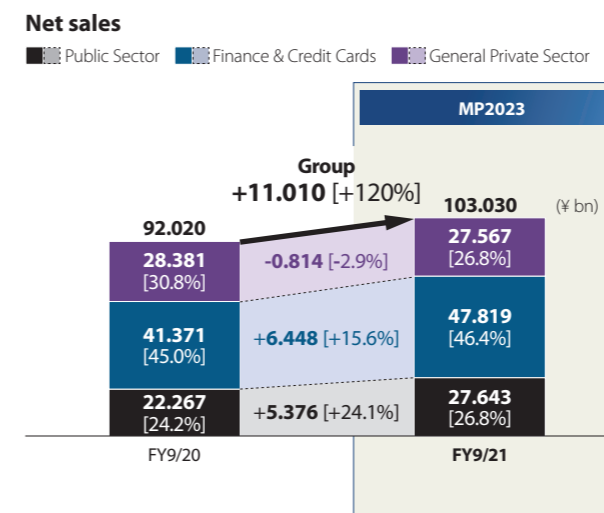
The think tank & consulting service segment recorded brisk business in the advanced communication technology, energy, and health and wellness fields, the latter seeing application of AI simulation related to the pandemic. The segment also expanded its consulting services for financial institutions.

The IT Services segment saw solid results with a growing number of large integration projects for its financial and credit card business and strong demand for its service businesses, outsourcing for

payroll and school entrance-examination processes.

Progress is steady toward the MP2023 targets for ordinary profit of ¥10 billion and ROE of 10%. The graph in the lower right shows our financial standing prior to and during MP2023. In FY9/20, excluding the temporary factor of equity in earnings of affiliated companies, ordinary profit stood at ¥7 billion and ROE was 8.9%. Last year, MP2023 year one, ordinary profit rose to ¥7.5 billion and ROE was 9.1%, and we estimate that these continued growing to ¥8.2 billion and 9.5% in FY9/22. Our target for the third, final year is to continue on track—ordinary profit of ¥10 billion and ROE of 10%.

This conviction is based on our forecasts for continued business growth and new benefits from ongoing investment in R&D for the private service business. FY9/22 upfront investment in workstyle reform should lower costs and enhance productivity. We are exploring non-organic methods for further growth.



Progress of Medium-Term Management Plan 2023

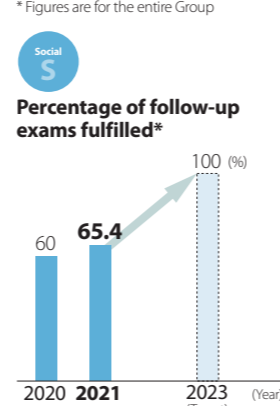
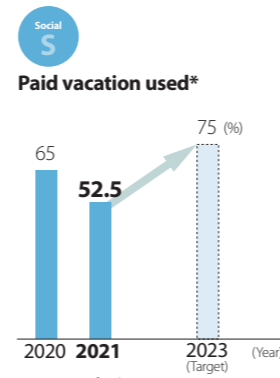
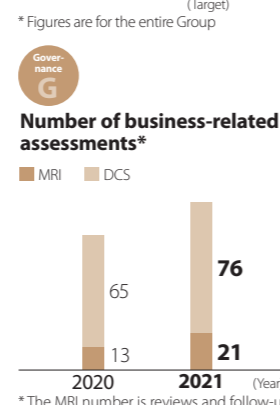
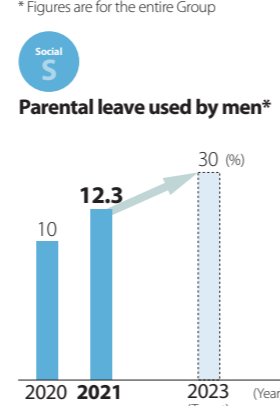
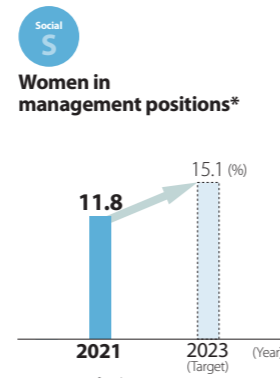
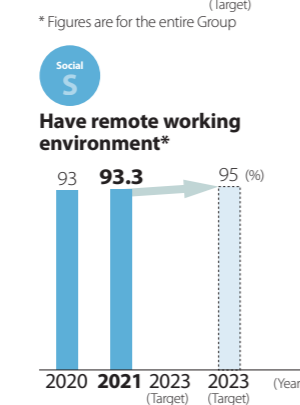
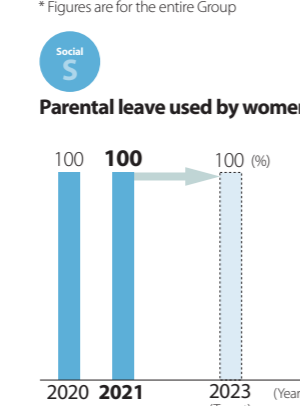
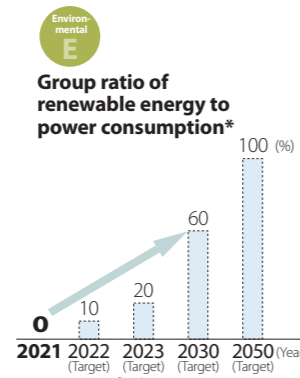
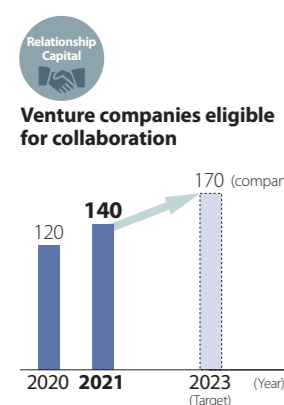
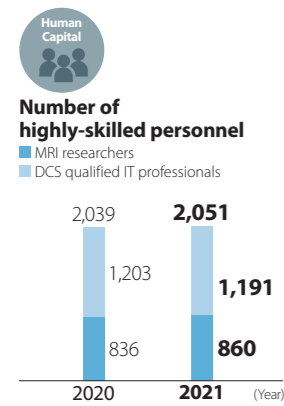
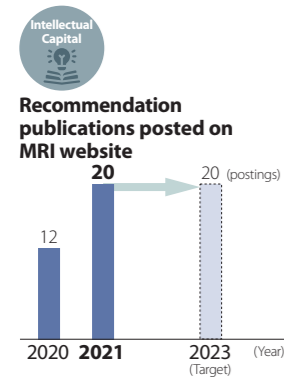
Non-financial value

Discussing and defining our vision of non-financial value

In the first year of MP2023, we defined non-financial indicators and for the first time fully disclosed our targets. In FY9/21, we advanced to 85.7% of our overall non-financial targets. During the year, we discussed our future vision for our non-financial value, creating a framework for non-financial value to use our knowledge, human resources, and co-creation infrastructure. This will

enable us to resolve societal issues, fulfil our corporate social responsibility, and realizes sustainability through ESG action (p. 64).

In FY9/22, year two of MP2023, we will fully apply the revisions made to our Corporate Governance Code, and expand and update our non-financial indicators by backcasting from our vision for the Group.



* The MRI number is reviews and follow-up reviews conducted by the Business Appraisal Committee. The DCS number is reviews and follow-up reviews by the Investment and Loan Committee and Project Preview Committee.

Social value

Social value targets in the VCP priority domains

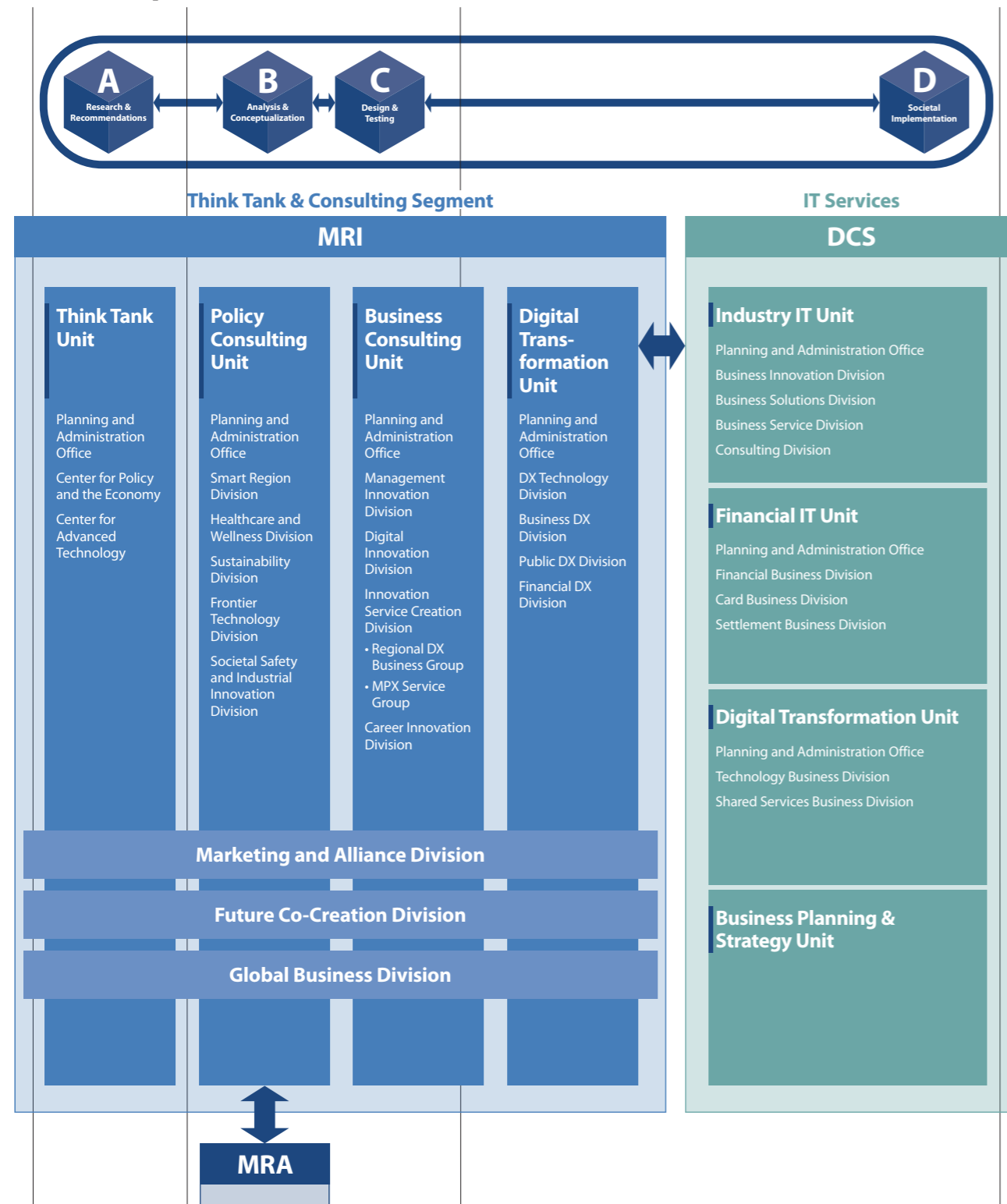
In FY9/21, we set our own specific targets for realizing a “resilient and sustainable society” in six of our eight priority domains for VCP (p. 14). We

plan to advance specific efforts to create social value and conduct our management with a strong awareness of social value throughout the value chain.

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	<ul style="list-style-type: none"> 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]
Human Resources	Difficult for individuals to gain desired employment due to mismatch in qualifications and job requirements; difficult for companies to secure adequate human resources	Close the mismatch by providing opportunities for learning, growth, and success	<ul style="list-style-type: none"> Eliminate the qualification-requirement mismatch, increase job turnover rate from 5% to 10% [2030]
Urban Life and Mobility	Decreasing opportunities for activity outside the home due to digitalization; reduced transportation demand and difficulty continuing services due to the deteriorating quality of life and pandemic	Provide opportunities for quality activities outside the home under the new normal conditions according to individual values and living environment	<ul style="list-style-type: none"> Increase activity in public locations in the three major metro areas (compared to 2015)
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	<ul style="list-style-type: none"> Reusable energy ratio 36–38% [2030] Reduce reusable energy power curtailment
ICT	<ul style="list-style-type: none"> Infrastructure instability, data deluge, and uneven information distribution caused by the information explosion Increased power consumption due to IoT and data traffic Growing supply chain risk due to increased concerns for economic security 	<ul style="list-style-type: none"> Reconstruct infrastructure and update for more efficient resource usage Promote green ICT Fortify supply chain resilience by improving risk visualization and control 	<ul style="list-style-type: none"> Balance information distribution efficiency and information and communication resources, improve usage efficiency Improve the power consumption efficiency of ICT Reduce risk impact severity and improve risk response
Food & Agriculture	Diminishing food production due to climate change and other factors. Sharp drop in agricultural output (producers)	Promote environmental action in the agricultural industry, promote farmland consolidation and power generation using renewable energy, introduce DX and upgrade agricultural management operations	<ul style="list-style-type: none"> Support and enhance food self-sufficiency Domestic agricultural production value of ¥8.5 trillion [2050] Cultivated land area of 2.5 million hectares [2050]

* Social value targets may change depending on future circumstances

MRI Group business structure



Think Tank & Consulting Segment

Think Tank Unit
Strengthen proposal capabilities by forming research recommendation teams for each VCP priority domain

Kotaro Nagasawa
 General Manager,
 Senior Managing Executive Officer



Business overview

The Think Tank Unit is responsible for A) Research & Recommendations, the foundation of VCP Management. The unit, which chooses its own areas of research, is currently analyzing the post-pandemic international situation, economic trends, and advancements in

technology. This is being used to envision the future world and necessary solutions.

The unit aims to create new movements in society, sharing its insights via the media, governmental councils, and industry committees.

Market analysis and action

Opportunities	Initiatives
<ul style="list-style-type: none"> Amid rising uncertainty, think tanks are increasingly relied on to envision the future and make concrete recommendations Addressing complex societal issues increasingly requires comprehensive, evidence-based problem analysis and solutions Think tanks are increasingly being asked to go beyond recommendations and to join with stakeholders in leading change 	<ul style="list-style-type: none"> Actively conduct research and provide recommendations utilizing our wide-ranging networks and years of experience in governmental and scientific affairs Create trends geared to the future world in the medium and long term through collaboration across stakeholders including government and private companies Contribute to resolving societal issues by providing the full chain of services

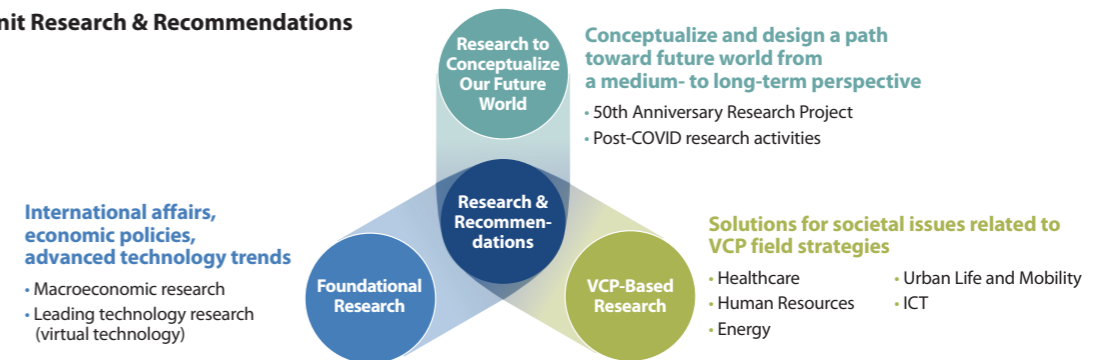
MP2023 strategies and achievements

We are strengthening our ability to provide appropriate research and recommendations, inform public policy, and generate wide-reaching trends. We are focused on advancing research and recommendations for our VCP domains. We forge advanced insights by collaborating across the Group and research entities domestic and abroad. These contribute to recommendations firmly rooted in reality.

In the first year of MP2023, we received strong positive response for our new societal models based on our 50th Anniversary Research project and post-COVID research. We also launched VCP-related research with research recommendation teams in the five VCP priority domains that are providing recommendations to government agencies, corporations, and the media.

Our collaboration with research entities improves the quality of our work, strengthens our human resources, and produces opinion leaders.

Think Tank Unit Research & Recommendations (FY9/21)



Progress of Medium-Term Management Plan 2023

Think Tank & Consulting Segment

Policy Consulting Unit

Collaborate with partners to contribute to the societal implementation of government projects



Toshiyuki Ogawa
General Manager,
Managing Executive Officer

Business overview

Research & Consulting is the core business of the B) Analysis & Conceptualization and C) Design & Testing processes, the foundation of VCP. Our main clients are government ministries, and we work with experts and business partners to help with policymaking and

business promotion. Projects cover surveys, evaluation, analysis, forecasting, business management, and real-world testing. These are focused on policy-related growth areas like healthcare and energy.

Market analysis and action

Opportunities

- ◆ Growing instability and uncertainty call for new policies and program
- ◆ Complex societal issues require coordinated efforts by government ministries and evidence-based policymaking and implementation
- ◆ Demand in the public sector market is moving beyond research to focus on solutions encompassing policy implementation and enforcement and private sector development

Initiatives

- Develop business capitalizing on our networks and strengths in policy, programs, advanced technologies, analysis
- Aggressively develop business by leveraging the high regard in which government agencies and companies hold us
- Continuously enhance the value we provide by working with clients and society in the implementation and execution of solutions

MP2023 strategies and achievements

We are implementing qualitative reform of our activities, such as expanding DX projects and improving our portfolio strategy. We are using the expertise gained through our work to envision the future world, curating projects to make that world a reality, and focusing our management resources to fuel those initiatives. We are further enhancing the value we provide by fortifying linkage to the A) Research & Recommendations and D) Societal Implementation processes.

In MP2023 year one, we formulated a system enabling us to maintain the earnings base even as we implement qualitative these reforms.

In year two, we will step up linkage with A) Research & Recommendations and D) Societal Implementation. We will also fortify our business foundation by strengthening management of organizational risk, information security, and quality control.

Policy Consulting Unit organization and business 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 Internal Affairs and Communications, railway operators
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	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

Think Tank & Consulting Segment

MRI Research Associates, Inc. (MRA)

Strengthening public sector business with the Policy Consulting Unit



Hirofumi Suzuki
Executive Officer, Mitsubishi Research Institute
President, MRI Research Associates (MRA)

Business overview

A partner company of MRI's Policy Consulting Unit, MRA has strengths in simulation and data analysis. We are unique in our agility resulting from simulation expertise and status as a subsidiary, using it in emerging fields and experimental applications, thus contributing

to the overall VCP strategy. We are particularly active in public sector business, playing a central role in MRI's societal issue domains by providing innovative data creation and data-based policy analysis.

Market analysis and action

Opportunities

- ◆ Increasing number of societal issues requiring attention, including carbon neutrality, preparation for more intense natural disasters, regional traffic congestion, and pandemic countermeasures
- ◆ Growing need for VCP Management in B) Analysis & Conceptualization and C) Design & Testing, particularly for public sector projects
- ◆ Increasing importance of evidence-based policy making

Initiatives

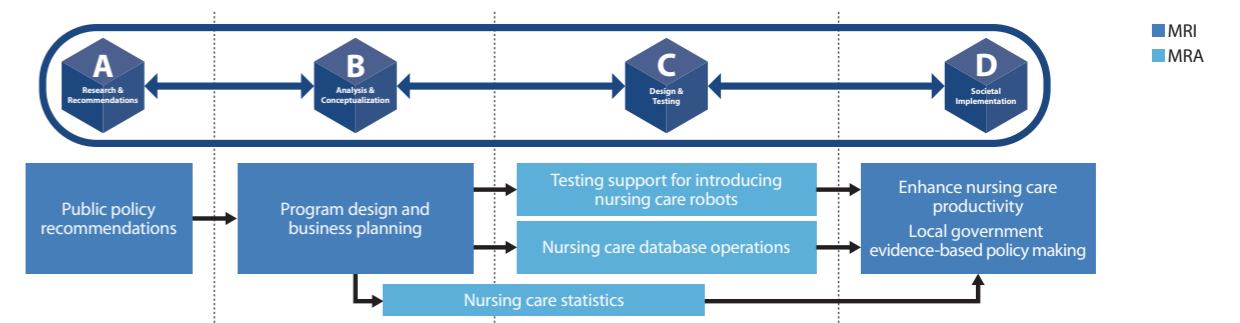
- Develop business using our unique strengths in societal issues, simulation, and data analysis technologies
- As an MRI Group member, we fill the gaps remaining in the analysis, design, and testing processes
- Develop societal implementation business using our original core logic technology

MP2023 strategies and achievements

We contribute to VCP Management through our strengths and agility, strengthening the Group's competitiveness and business foundation. In particular, we will advance the digital transformation and automation of routine processes to realize the Think Tank DX concept. We will also revise our roles and business content in relation to MRI.

In MP2023 year one, we strengthened our public sector business foundation through integrated efforts with MRI. We also began laying the groundwork to establish businesses using our technologies in the water business, disaster prevention, damage calculation, and local public transportation fields. We are also continuing to build on our strengths by developing core logic for power supply and demand forecasting services and by advancing automation and efficiency in the analysis and statistics.

MRI and MRA division of roles for effective business promotion (example: nursing care field)




Progress of Medium-Term Management Plan 2023

Think Tank & Consulting Segment

Business Consulting Unit

Fortifying our research and consulting through VCP Management, developing subscription-based businesses through partner collaboration

Tatsuya Nakabushi
General Manager,
Executive Officer



Business overview

The Business Consulting Unit, whose main clients and partners are private companies, identifies the fundamental issues of clients and society and provides complete solutions from recommendation to

implementation. In addition to research and consulting, we also provide essential support services for the transformation at our clients and in society.

Market analysis and action

Opportunities	Initiatives
<ul style="list-style-type: none"> ◆ Need for linked public and corporate solutions for increasingly complex, serious, and globalized societal issues ◆ Changes in corporate management: purpose and vision driven management, addressing societal issues, SDGs, ESG, DX, game change ◆ Changes in consumer and worker values and behavior caused by the COVID-19 pandemic 	<ul style="list-style-type: none"> ● Support coordinated public policy and corporate efforts to attain carbon neutrality and strengthen human capital ● Provide services that respond to longer healthy life expectancy, changes in living and mobility needs, and improvement of food safety ● Integrate DX, AI, ICT, and security to corporate management and social systems

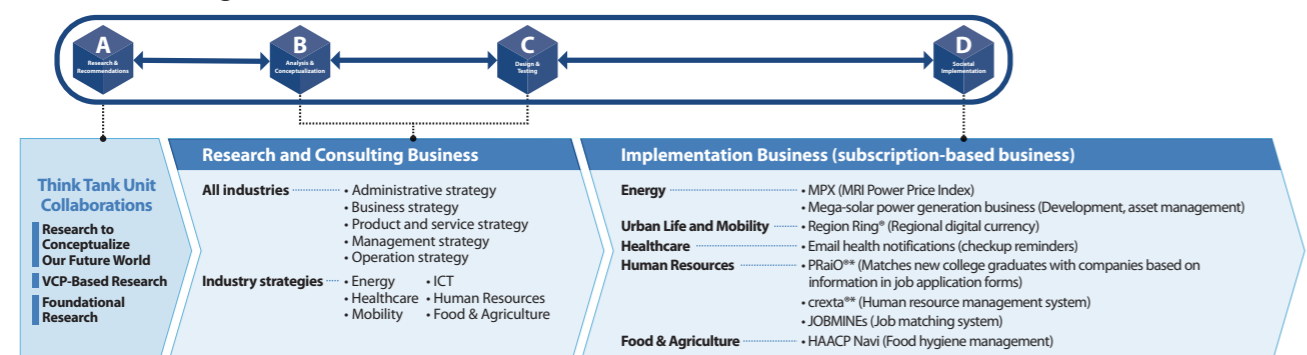
MP2023 strategies and achievements

We are collaborating with Group companies and business partners to broaden implementation businesses, particularly subscription-based ones, to differentiate the value and strengthen the competitiveness of our research and consulting services based on VCP Management. Expertise and data gained from implementation work is also used to inform the Group's policy recommendations. This results in solutions that are better based in reality and greater value for our traditional services.

In the first year of MP2023, we applied our strength in forming policy recommendations to fortify our solution proposals and their execution. In the food & agriculture and ICT domains, we enhanced our capabilities by adjusting the management structure for the new normal and strengthening our business innovation capabilities by integrating DX and AI.

In year two of the plan, we will continue building our competitiveness in research and consulting, conduct upfront investments, and monetize implementation businesses in the priority domains.

Business Consulting Unit business domains



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IT Services Segment

Digital Transformation Unit

Provide Groupwide solution services covering four DX themes

Yoshihiko Ito
General Manager,
Executive Officer



Business overview

The Digital Transformation Unit was created in October 2020 to strengthen our input to the rapidly growing DX market and accelerate our business in the D) Societal Implementation area.

We provide strategic consulting, system integration,

and IT services using our data and digital technologies to clients such as government, financial institutions, and manufacturers. We collaborate with the three Group companies and business partners to co-create projects to for our DX business.

Market analysis and action

Opportunities	Initiatives
<ul style="list-style-type: none"> ◆ The spread of digital technology is raising new issues, including new cyberspace threats and economic and employment disparities ◆ While addressing issues related to digitalization, it is increasingly important for public institutions and private companies to work together for the well-being of society ◆ The DX market in Japan is expected to continue growing 	<ul style="list-style-type: none"> ● Develop a wide range of IT consulting businesses to address national policy, local policy, and corporate management issues ● Co-create value with Group and partners with different strengths ● Provide full DX services spanning strategy planning, organizational design, and implementation

MP2023 strategies and results

We are advancing a Groupwide account strategy and strategically developing co-creation activities. We are accelerating development of services for themes including DX Journey*, new normal, data-driven management, and local government DX. We are also integrating the strategies, plans, and systems of DCS to fortify their existing financial-sector strengths and growing private sector presence.

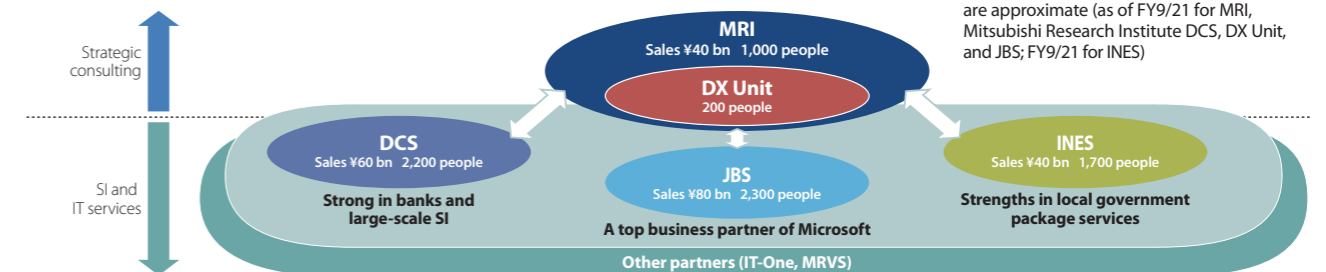
This will enhance our ability to collaborate on developing solutions for societal issues and our D) Societal Implementation work. We will also contribute to strengthening VCP businesses by utilizing our knowledge and technology in upstream processes.

In MP2023 year one, we exceeded our targets by acting as the nucleus of the Group and making more proposals integrating all VCP processes. We also consolidated our AI human resources and strengthened our AI development.

We will continue growing our business by boosting Group and business partner collaboration, increasing awareness of our DX business, actively hiring and training DX human resources, and broadening our businesses following our priority themes.

* DX Journey: a service that crafts a roadmap for transforming a client's business model and helps apply digital technology and data in its execution

IT Services segment business structure



* Amounts for sales and the number of people are approximate (as of FY9/21 for MRI, Mitsubishi Research Institute DCS, DX Unit, and JBS; FY9/21 for INES)

Progress of Medium-Term Management Plan 2023

IT Services Segment

Industry IT Unit

Provide solutions and services with MRI that enable DX and management reforms

Kenji Yanagida
Industry IT Unit Head,
Managing Executive Officer,
Mitsubishi Research Institute DCS



Business overview

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

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

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

Market analysis and action

Opportunities

- ◆ Increased opportunities to integrate IT as the prolonged COVID-19 pandemic changes work styles, sales methods, and user experience
- ◆ Various types of companies are launching DX strategies, and many have urgent needs to keep pace with the changes, including to run legacy systems and data handling systems

Initiatives

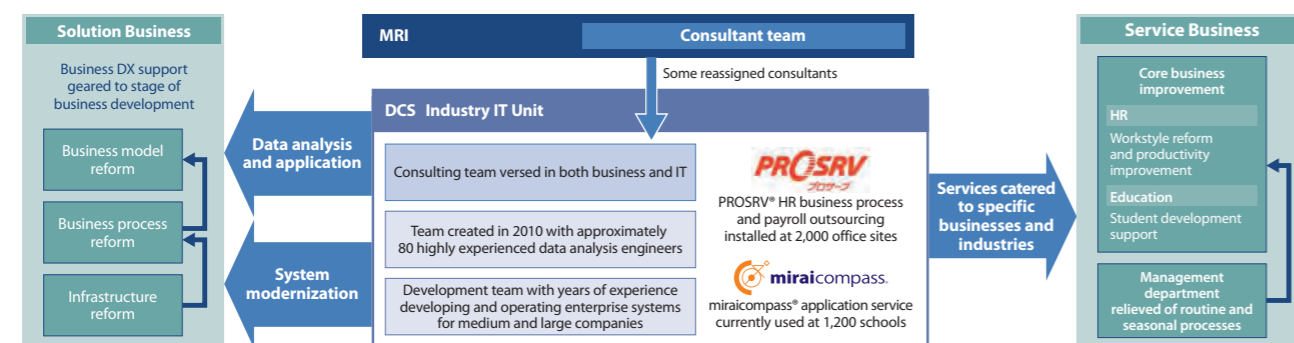
- Bolster capability to propose solutions to client issues, complementing MRI's consulting expertise
- Combine our enterprise system and operation experience with the latest data analysis technology to provide support for client DX efforts catered to their stage of business development
- Add new industry- and business-specific functions to our services that reflect the changes in society

MP2023 strategies and achievements

Our Solution Business helps clients reform their infrastructure, business processes, and business models based on their stage of business development. Our solutions propose system restructuring measures for clients, particularly those operating legacy systems. In the Service Business, we seek to increase our client numbers and boost profitability by reforming our business structure.

In MP2023 year one, we created the Consulting Division, which includes consultants from MRI, and worked with other divisions, MRI, Group companies, and vendors to acquire new projects in the Solution Business.

The Service Business's PROSRV® is now installed at roughly 2,000 office sites. We are also improving the efficiency of process outsourcing and customer support. The miraicompass® service is currently in use at some 1,200 schools, and we are developing it for use in public school entrance examinations for the 2023 academic year.



IT Services Segment

Financial IT Unit

Supporting financial institutions in becoming digital-platform businesses

Hisataka Fushikuro
Financial IT Unit Head,
Managing Director,
Mitsubishi Research Institute DCS



Business overview

We provide IT solutions to financial institutions. Our primary client is the Mitsubishi UFJ Financial Group (MUFG). We are in charge of many large and high-level projects related to banking systems and credit-card system integration.

To increase the added value of financial institutions, such as through DX, we master new technologies, improve our human resources, and strengthen our coordination with MRI's comprehensive think tank activities.

Market analysis and action

Opportunities

- ◆ Shift to platformers in financial industry business models; advances in finance and settlement services and products
- ◆ Pandemic-accelerated demand for DX in reform to workstyles, business processes, and providing services
- ◆ Acceleration in the adoption of new technologies and systems (VPN, cloud, AI, RPA) and changes in development methods (package utilization, agile development)

Initiatives

- Continue developing systems using our skills and experience from integrating and updating financial institution enterprise systems
- Respond to growing IT investment by constructing digital platforms, expanding non-face-to-face channels, and optimizing legacy systems
- Move into system development upstream processes to meet growing need for human resources with both IT and business skills

MP2023 strategies and achievements

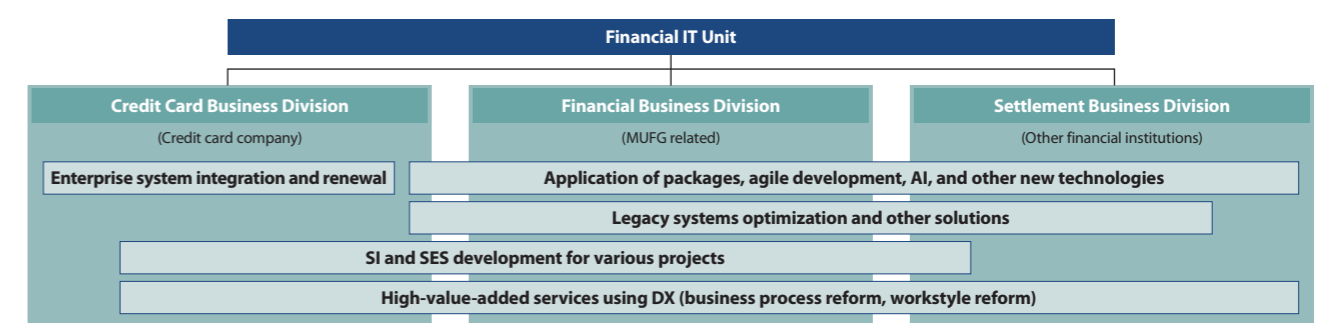
We are working to integrate DX to further enhance the added value of our products to meet the needs of the medium-term management plan of our core client, MUFG. Beyond our conventional areas, we are applying DX to offer deeper services, develop new clients, and formulate new businesses to create new revenue sources.

Our services go beyond large-scale systems integration and engineering services to include package products, agile development, and AI.

In MP2023 year one, all of our large and high-level projects progressed as planned. In one long-term credit-card system integration project, we are part of a cooperative framework with our client and other vendors with all parties involved in planning the optimal structures for project development and quality control.

We made steady progress in applying DX to offer deeper services, develop new clients, and formulate new businesses. We stepped up measures to expand and develop our business.

Financial IT Unit business structure



Progress of Medium-Term Management Plan 2023

IT Services Segment

Digital Transformation Unit

Provide system infrastructures for client data-driven management

Yuji Nagami
Digital Transformation Unit Head,
Managing Director,
Mitsubishi Research Institute DCS



Business overview

The Digital Transformation Unit researches and develops new solutions and services focused on the DX of client system infrastructure.

We develop cloud and storage services using our data center. Our extensive history in IT and business

operations enables us to fulfill conventional operation contracts and provides a solid background for new fields, including supporting the installation of DX platforms and providing our paperless support service for workstyle reform.

Market analysis and action

Opportunities

- ◆ Domestic IT market gradually expanding; cloud market will see double-digit growth into 2025
- ◆ The pronounced digital shift of user companies, and booming data-driven businesses fueled by advances in data-driven technology
- ◆ Growing demand for cloud operation management from a rising number of companies using hybrid and multi-cloud environments

Initiatives

- Provide a wide range of data infrastructure environments used for DX, such as private cloud and multi-cloud services, and large-capacity storage services
- Develop new services applying our IT and business operation expertise
- Systematically advance R&D of solutions and services for DX

MP2023 strategies and achievements

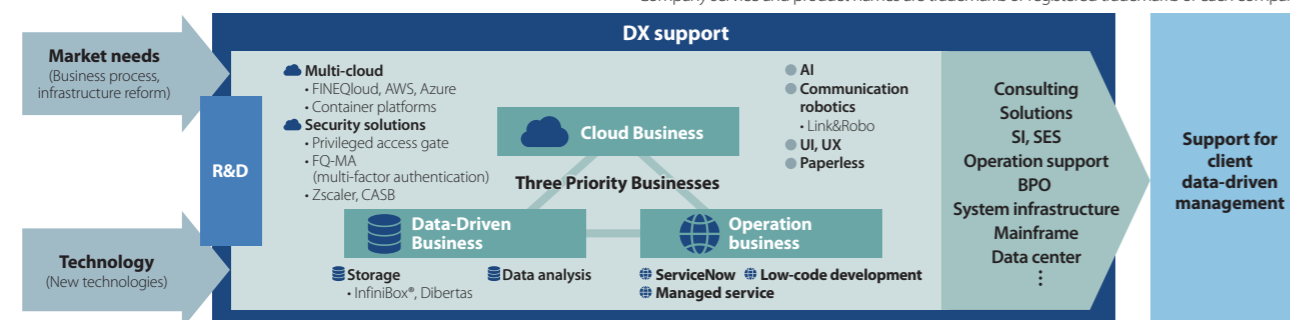
In the cloud business, we are strengthening our lineup of business security solutions. We support clients in data-driven management by combining the Industry IT Unit's expertise in data utilization with our expanded storage services that are foundational to data services. We are also promoting sales of our all-digital operation support service. We have begun R&D on new products, solutions, and technologies.

In MP2023 year one, we steadily built earnings in both the cloud and data-based businesses.

In the operation business, we promoted IT lifecycle support services that use the knowledge-centered service (KCS) method. We also made progress introducing ServiceNow, an SaaS-type IT operation platform, to public sector and major financial institutions. We launched the Link & Robo communication robot business, commenced sales in the nursing care field, and strengthened in the education field.

Digital Transformation Unit

Company service and product names are trademarks or registered trademarks of each company.



Message from the Officer in Charge of Business Management

Methodical investment in growth to elevate corporate value

Attention to societal issues presents opportunity for growth

Companies have increasingly turned to ESG, SDGs, and CSV to enhance their social and non-financial value in recent years. MP2023 responds to this by expanding our horizon beyond research and consulting to encompass services that help realize societal transformation. We aim to implement services valuable to society ourselves, even for projects previously limited to policy recommendations and contracts bound to specific client requirements.

Stepping up investment in growth fields

Strengthening both our technological capabilities and our human resources will be essential to developing businesses that directly engage in societal implementation. MP2023 will expand our non-financial capital by utilizing our cash reserves to develop capital tie-ups and carry out M&A. This will also be achieved by methodically investing for growth in our main investment areas over the next three to five years. As we expand our business domain, we will invest to recruit and substantially strengthen our people.

We recognize the importance of sharing information with stakeholders about our investment strategies and contributions to profits so all are aware of our objectives as we seek to enhance our corporate value.

Fully integrated services from consulting to DX strategy; expanding global business

One of our main investment areas is to enhance the DX functions essential to our societal implementation efforts. We are strengthening the functions and technologies needed to provide integrated services for societal solutions using DX. This includes working more closely with DCS, JBS, and INES and



Hidemoto Mizuhara

Executive Vice President and Representative Director,
Officer in Charge of Business Management

engaging in collaborations and technology alliances with startups around the world.

We will also increase investment in our global business with a medium- to long-term outlook. We opened new bases in Vietnam in December 2020 and the UAE in February 2021, where we are applying our strengths cultivated in Japan and collaborating with business partners to expand the areas in which we can act as a leader.

A corporate group long trusted by society

The social value that MRI creates can manifest in as short as three years, but most of our projects take five or ten years to be fully developed and contributing. This characteristic of our business will not change, and we will continue working to make steady progress each year by executing management with a balanced financial, non-financial, and social value.

III

ESG Initiatives That Contribute to Value Creation

Minimizing risk and maximizing opportunities through our wide-ranging initiatives

Our vision for Mitsui Research Institute (MRI) under the Medium-Term Management Plan 2023 is to achieve sustainable growth by resolving societal issues. We have a number of priorities as we work to realize this vision. For example, we need to develop human resources capable of driving our growth strategies, while strengthening our relationships with our co-creation partners. We also need to expand our environmental initiatives and further enhance our governance structures.

This stance is reflected in our recognition of action on the environment (E), society (S) and governance (G) as an essential part of our efforts to develop the

business infrastructure needed to fulfill our social responsibilities. At the same time, we see growth opportunities that can be realized by using our accumulated knowledge, technology, and expertise to resolve issues affecting our customers and society, such as by helping our customers to implement environmental measures or enhance their information security. We will continue to invest in and strengthen our knowledge, human resources, and co-creation infrastructure from a long-term perspective.

In this section, we will introduce some of our ESG initiatives.

Socially responsible management through ESG initiatives		
Sustainable growth is a corporate responsibility for the MRI Group.		
	Improvement of renewable energy ratios, dissemination of information about carbon neutrality	p. 65
	Promotion of diversity and inclusion, introduction of new workstyles, implementation of health management	p. 69
	Enhancement of governance structures, management of risks	p. 83
Leveraging ESG activities to enhance our capacity to resolve societal issues		
We will use the MRI Group's competitiveness and unique capabilities to achieve a desirable future world.		
	Knowledge	<ul style="list-style-type: none"> Research & Recommendations (p. 69) Expanding Intellectual Property (p. 72) Information Security (p. 73)
	Human Resources	<ul style="list-style-type: none"> Human Resource Management (p. 75) Workstyles (p. 77) Expertise on fields & industries (wide-ranging, advanced) Practical knowledge Business & project management capabilities Scientific analysis, structuring, goal setting, future conceptualization, digital expertise Co-creation, business development
	Co-creation Infrastructure	<ul style="list-style-type: none"> Investment & Co-creation Partners (p. 80) Network of experts Network of clients Group collaboration & partnering

Environmental

Basic Strategy

We aim to be a leading company contributing to the creation of an economy and society in harmony with the environment

In line with this fundamental principle, MRI will work to reduce the environmental footprint of business activities while sustainably pursuing environmental management. We will also use resources of knowledge, technology, and expertise

built through our activities as an integrated think tank to develop multifaceted environmental businesses and contribute to environment and society by providing knowledge.

Fundamental Principles

The Mitsubishi Research Institute Group aims, through its business activities, both to reduce burdens on the global environment and to contribute to the realization of a sustainable society. The MRI Group aspires to be a leader in creating an economy that is in harmony with the environment.

Environmental Policy

The Mitsubishi Research Institute Group contributes through knowledge to building a sustainable society, as it complies with relevant laws and regulations and strives for continual improvements through the efforts of all its employees.

1 Sustainable Environmental Management

Our activities to reduce energy consumption, paper consumption, and waste generation contribute to conserving the global environment, while also reducing unnecessary expenses.

2 Multifaceted Development of Environmental Businesses

We contribute to conserving the global environment by expanding our product, service lineups, and businesses that contribute to the creation of a sustainable society.

3 Contributing to the Environment & Society by Providing Knowledge

We leverage our integrated strengths as a think tank to make innovative environmental conservation recommendations and to undertake activities that contribute to the environment.

Enacted: July 10, 2002
Revised 8th edition: December 17, 2021

Main activities 1 Sustainable environmental management

Declaration of support for the TCFD recommendations

Following the amendment of the Corporate Governance Code in 2021, MRI declared its support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) in September of that year. We also joined the TCFD Consortium, which consists of companies, financial institutions, and other organizations that support

the recommendations. At the same time, the Sustainable Management Office was established within the Corporate Planning Division.

We will continue to implement medium- to long-term initiatives focusing on climate change and disclosure of accurate information under the TCFD framework.

Enhancing MRI's Non-financial value through support for the TCFD

I joined MRI as a mid-career recruit in 2015. I am currently applying my experience from my previous job in a financial think tank to my current work in the Sustainability Division. I help private sector companies to implement sustainability management, with a particular focus on information disclosure based on the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). I am determined to contribute to initiatives designed to improve MRI's non-financial value. During divisional training in 2021, I acted as leader of group that recommended specific initiatives on the theme of improving the environmental value of MRI. I also participated in a TCFD disclosure project by the Sustainable Management Office, which was established in response to our recommendations. The TCFD is a framework for the disclosure of information. However, my goals are not limited to disclosure. I also want to use the Sustainability Division's expertise in the areas of climate change responses and sustainability management to play a role that will contribute to the improvement of MRI's non-financial value.



Atsuko Saida
Environmental Innovation Group,
Sustainability Division,
Policy Consulting Unit

Activities based on renewable energy ratio targets

As part of our response to climate change, we aim to increase our sustainable energy ratio to 60% by 2030 and 100% by 2050. We are taking steps toward the realization of this goal by partially switching to electricity generated using renewable

energy at our head office building and the Chiba Information Center of Mitsubishi Research Institute DCS. We plan to increase our overall renewable energy ratio to 10% in FY9/22 and 20% in FY9/23.

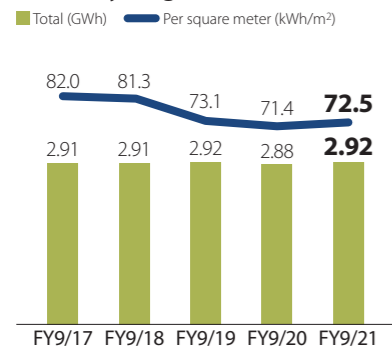
Continuous reduction of environmental burdens

We are working to reduce the environmental footprint of our business activities. We regularly monitor electricity and paper usage and waste outputs, devise countermeasures, and carry them out. We are conducting workstyle reforms under the “New Normal Management” strategy (p. 48), and these efforts are reflected in a steady reduction in paper usage and waste outputs*.

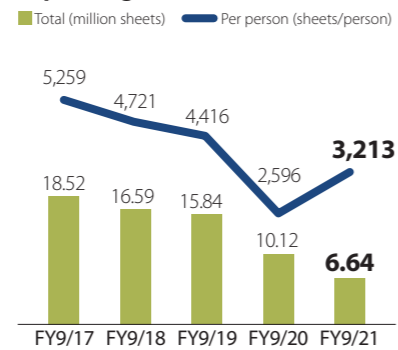
In addition to our ongoing efforts to reduce electricity use, which has changed little in recent years, we will focus on other initiatives to mitigate environmental burdens, such as shifting to renewable energy in our head office building.

* In FY9/21, we changed the basis for calculating paper use and waste outputs per person from the number of registered employees to the number of people present in the office

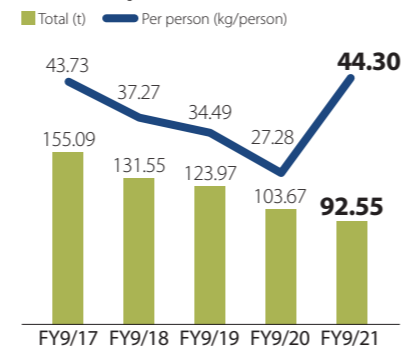
Electricity usage



Paper usage



Waste output



Main activities 2 Multifaceted development of environmental businesses

Utilizing our accumulated knowledge, technology, and expertise

Through our business activities, we have accumulated environment-related knowledge, technology, and expertise.

Environment-related business initiatives

Business initiatives relating to environmental management consulting and the societal implementation of renewable energy

We provide consulting services to companies that are implementing sustainability management systems. This activity focuses in particular on the analysis and conceptualization and design and testing areas of our Value Creation Process (VCP Management, p. 47). Specifically, we assist with the formulation of policies for energy supply mix reforms leading to the adoption of renewable energy for mainstay power supplies. We also support the design and testing of next-generation intermittency smoothing schemes.

In the area of societal implementation, we invest in renewable energy generation projects, including mega solar schemes. We also provide decision-making support services for wholesale transactions using the MRI Power Price Index (MPX).



Omuro Mega Solar Power Plant (Agano Mega Solar GK*)
* This limited liability company was jointly founded by Mitsubishi Research Institute, Inc., Tokyo Century Corporation, Kyocera Corporation, Rexport, Ltd., and Yonden Engineering Co., Inc.

Main activities 3 Contributing to the environment & society by providing knowledge

Environmental and energy information services prioritized as part of our focus on carbon neutrality

Through our Research & Recommendation activities, we contribute to the solution of societal issues by providing information to industrial, government, and academic organizations and a wide range of other stakeholders. Our basic stance is to supply information that is backed by scientific knowledge.

In the energy field, we are responding to the global shift toward carbon neutrality by providing policy recommendations relating to carbon pricing

and other aspects. We also offer recommendations based on technological developments in such areas as electric vehicles and carbon dioxide capture, utilization and storage (CCUS).

In 2020, we compiled and published *2050 Energy Vision*, in which we present our vision for the future of energy supply and demand as the basis for these research activities and recommendations.

International activities and committee participation

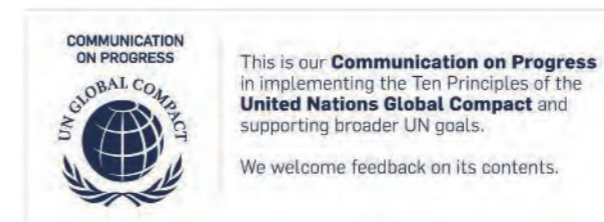
Active participation in international activities is vital to the timely dissemination of a wide range of high-quality information. Past initiatives by MRI include a declaration of support for the United Nations Global Compact, participation in the Japan

Climate Initiative and the Consumer Goods Forum, and a declaration of support for the TCFD recommendations. We also participate in a variety of communities focused on the realization of a sustainable society.

Support for and engagement in initiatives and communities

United Nations Global Compact (UNGC)

In April, 2010, MRI became the first Japanese think tank to become a signatory to the United Nations Global Compact. Since then we have actively participated in working group activities and other initiatives. In the year ended September 2021, 10 staff members participated in seven working groups.



Japan Climate Initiative (JCI)

Since the 2015 signing of the Paris Agreement, non-governmental organizations around the world have played major roles in measures aimed at combating climate change. The Japan Climate Initiative was launched in July 2018. MRI has participated in this organization since its inception.



The Consumer Goods Forum (CGF)

MRI joined the Consumer Goods Forum (CGF) in FY9/18. The CGF is a consumer goods distribution industry organization with roughly 400 member organizations from 70 countries. By participating in the CGF, MRI is helping to resolve the societal issues targeted by the organization, such as environmental sustainability, social sustainability, and food safety.



The TCFD Recommendations

In FY9/21, MRI declared its support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), which was established by the Financial Stability Board. We also joined the TCFD Consortium, which is made up of companies, financial institutions, and other organizations that support the recommendations. We will continue to disclose climate change-related information in accordance with the TCFD recommendations and to engage actively in dialogue with stakeholders.



Social Intellectual capital

Basic Strategy 1 Research & Recommendations

Strengthening intellectual capital through research and recommendations focused on core social changes

The think tank function of the Mitsubishi Research Institute (MRI) brings together knowledge and expertise from a wide spectrum of fields and experience gained through the implementation of solutions in society. We use these resources to inform our own research activities and recommendations. Strategies, policies, and plans for these activities are determined

through deliberations by the company-wide Research & Recommendations Committee.

We strengthen intellectual capital and improve medium- to long-term corporate value by integrating the latest knowledge from the fields of policy, economics, science, and technology as the basis for research activities and recommendations focusing on core aspects of social change.

Main activities

Enhancing our intellectual foundations as a think tank through research and recommendations

MRI strengthens its intellectual foundations as a think tank through research in various fields, including macroeconomics and advanced technologies.

Through our macroeconomic research, we have conducted analyses based on multiple scenarios concerning the impact of the COVID-19 pandemic on the world economy and the Japanese economy. Our forecast about the economic cost of the state of emergency declarations attracted intense interest. Through research relating to advanced

technologies, we are exploring current trends and the outlook and challenges for efforts to resolve societal issues caused by virtual technology, which we have identified as a foundational field with generalized applications.

We will continue to assist the government, businesses, the media, and other organizations through research and recommendations leading to solutions and the realization of a brighter future.

TREND 1

Three trends that intensified during the COVID-19 pandemic

The COVID-19 pandemic has triggered far-reaching shifts in trends, including global economic and social transitions toward a new normal. Three major changes have emerged in recent years. First, the international community is being increasingly drawn into growing tensions between the United States and China, while the international situation is transitioning to multipolarity. This situation has heightened the need to strengthen our resilience in terms of economic security. Second, social divisions have formed in response to the accelerating growth of economic

inequality during the COVID-19 pandemic, with the result that the redesign of capitalism has become an urgent priority. Third, there has been a global rise in the importance placed on sustainability, including the achievement of carbon neutrality.

MRI has envisioned a desirable future world in light of these trends. We use backcasting techniques to recommend specific solutions leading to the realization of such a world.

Concepts for the future of society—exploring social trends from a medium- to long-term perspective

In 2020 we commemorated the 50th anniversary of the founding of MRI with a special research project targeted toward the realization of a prosperous and sustainable future world. The project looked toward the world 50 years in the future when the population will reach 10 billion and 100-year life spans will be commonplace. Based on that research, we suggested that the innovative technologies needed to turn that future into reality would center on three primary transformations that we call the “3X”—digital transformation (DX), bio-transformation (BX), and communications transformation (CX). We also

proposed the *mutual sphere* as a model for future communities. Since then we have extensively shared our approach to the realization of this future world, including the publication of a book entitled 3X.

We have also initiated post-COVID research activities for the purpose of analyzing the impact of the pandemic on the international situation, industry, business, society, and individuals. Based on this analysis, we are offering specific recommendations for the creation of a resilient and sustainable post-COVID world.

TREND 2

Recommendations for the post-COVID world

In addition to causing social changes, the COVID-19 pandemic has also had a major economic impact on Japan and the world. To build a better post-COVID future, we need to approach the changes triggered by the pandemic as opportunities that can be linked to the solution of societal issues and the improvement of economic growth and prosperity through initiatives based on the pivotal concept of an independent and dispersed yet

coordinated world.

We are helping to create this new social model by offering realistic solutions, including the creation of digital and real added value, resilient supply chains for the Japanese economy and businesses, and sustainable fiscal policies to support Japan's fundamental social and economic structures.

VCP-linked research in five priority fields

One of the basic strategies defined in Medium-Term Management Plan 2023 is Value Creation Process (VCP) Management. Under this system, we form teams to carry out research and produce recommendations in the five areas of healthcare, human resources, urban life and mobility, energy, and ICT. In each of these areas, we carry out research

combining policies and economic concepts with scientific and technological knowledge as the basis for recommendations to government agencies, businesses and media. As a company dedicated to resolving societal issues, we aim to create case studies for social innovation by linking narratives about the solution of issues with research and recommendations.

TREND 3

Recommendations for the achievement of carbon neutrality

In recent years there has been a global trend toward carbon neutrality. Japan has declared its intention to achieve carbon neutrality by reducing its greenhouse gas emissions to net zero by 2050, a goal that will require fundamental changes to industrial structures and lifestyles.

We have recommended specific policies to drive this transition through initiatives in three key areas: an early transition to zero

emissions in the electric power sector, the encouragement of strategic innovation, and demand-side behavior modification.

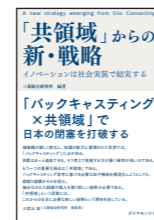
We will work to reflect these recommendations in specific policies and measures through participation in government deliberative bodies, industry committees, and other groups. At the same time, we will work with media organizations to generate social trends.

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



Hiroshi Komiyama
Chairman of the Institute

Researchers in our Think Tank Unit use our company-wide knowledge resources to conduct research and provide recommendations under the leadership of Institute Chairman Hiroshi Komiyama and our research fellows (p. 88). All are extensively qualified and bring networks spanning industry, government, and academia. Experts representing every part of the MRI organization serve on the Research & Recommendations Committee, which works to enhance research quality by discussing individual plans and activities. We generate new trends by publishing the results including *3X and Kyoryoiki kara no Shin Senryaku* [A new strategy emerging from connecting silos].



Kyoryoiki kara no Shin Senryaku
[A new strategy emerging from connecting silos]
Mitsubishi Research Institute
Published in December 2021 by Diamond, Inc.



3X—Kakushinteki na tekunoroji to komyuniti ga motarasu mirai
[The Future Created by Innovative Technology and Communities]
Mitsubishi Research Institute
Published in May 2021 by Diamond, Inc.

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

Our groundbreaking work on issues is made possible by the blending of knowledge from our extensive networks in Japan and abroad built by

each of our business segments, and by our access to cutting-edge research on a global scale through collaboration with overseas think tanks.

Intellectual curiosity the key finding solutions to global issues

I joined MRI in 2020. My work involves researching and analyzing issues confronting the world, such as macroeconomic trends amid COVID, international relations amid U.S.-China tensions, and healthcare policy on the increased use of preventive medicine. Tracing macro trends can be difficult. Working in a think tank is an excellent opportunity to deepen my understanding through discussion with colleagues and outside experts, and my intellectual curiosity is continually stimulated. I strive to improve my abilities and develop the broad perspectives needed to recommend solutions for today's increasingly diverse and complex issues.



Takahiro Tanaka
Center for Policy and the Economy,
Think Tank Unit

Basic Strategy 2 Expanding intellectual property Acquisition of patents across multiple business areas is vital for maintaining competitiveness.

MRI has unique qualities linked to its role as a company with think tank services as its core activity. Our focus is to use those qualities to identify the core elements of social changes and bring about solutions to societal issues. We enhance our business competitiveness by actively creating intellectual property from the differentiation factors that emerge from these activities, including technologies and expertise.

When obtaining patents for subscription-based businesses, our policy is to secure an advantage by raising barriers to participation through the acquisition of patents providing comprehensive coverage of multiple business areas across the MRI Group, rather than for individual businesses. In FY9/21 we acquired a total of 11 patents, including eight relating to subscription-based businesses.

Main activities

Acquisition of patents to support subscription-based businesses targeting HR and urban life and mobility

We develop subscription-based businesses by using technologies and expertise accumulated through our think tank activities and consulting services, and by participating in the societal implementation of solutions. We establish rights over our expertise

and other assets by actively obtaining patents as part of our business development. As of November 2021, we held multiple patents for subscription-based businesses, especially in the HR and urban life and mobility fields.

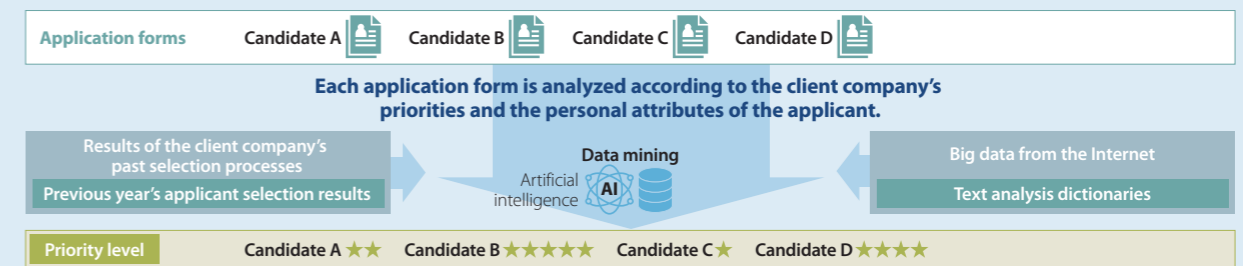
Joint development of graduate recruitment services using original AI advances with Mynavi Corporation

Through our AI-based subscription-type business in the HR field, we are able to offer services with advantages that competitors cannot emulate. We achieve that by obtaining basic patents for general-purpose technologies, and by combining unpatented know-how with application patents to address the needs of individual businesses.

One example of this approach is the PRaiO** system that we developed jointly with Mynavi Corporation. Using HaRi®, a

specialized HR AI technology owned by MRI, this system analyzes application forms used by companies in their recruitment activities. We have obtained a patent for the general-purpose technology used to realize the HaRi® concepts (harmony with people, users first), and a software patent covering the content of the service. These patents enable us to maintain our advantage by providing user-friendly support in the area of AI-based recruitment services.

* PRaiO® is a registered trademark of Mynavi Corporation



Social Information security

Basic Strategy

Applying our advanced security technologies

Clients face increasingly complex information management needs. Companies must the boost efficiency of emerging new-normal work styles using IT. They also face growing threats from malware that can trigger serious information leakage.

With a wide range of digital work, we recognize our responsibility for information

security and use our total corporate resources to implement and continually improve information security measures.

We also aim to enhance information security across society by putting our expertise to use in such areas as advanced security technology and management systems.

Main activities

Ongoing initiatives under our Basic Information Security Policy

We recognize information management risks as particularly serious and continually enhance our management systems. In December 2021 we revised our Basic Information Security Policy and established an information security management system. We also tightened our compliance with regulatory requirements, including information asset laws. Other activities include:

- Implementing effective information security measures in response to the latest threats, vulnerabilities, business environment trends, and business models
- Continually 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

Basic Information Security Policy

- Establish information security management structure
- Comply with regulations on information assets
- Implement appropriate information security measures
- Provide information security training
- Continually improve information security management

Business development using information security technology 1

Improving information security for supply chain globalization

As part of the globalization process, Japanese industries, especially manufacturers, have sourced from overseas partners to expand abroad and optimize their supply chains. However, many companies have been exposed to threats as supply chains become more complex and diverse. For example, there have been cases in which malware has been embedded in IT equipment and parts procured through supply chains, and security vulnerabilities

in supply chain companies have been used to attack others up the chain. MRI addresses these problems by helping supply chain companies to strengthen their information security. We have developed methods to verify black box IT devices and support the creation of the Technology Information Control System (TICS).

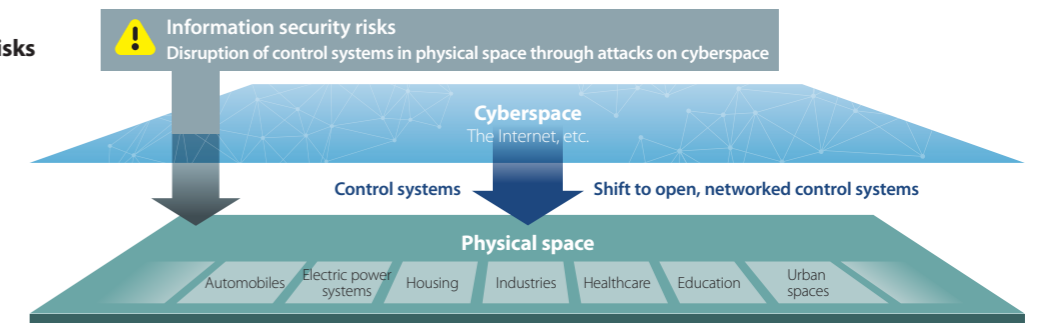
Business development using information security technology 2

Cyber-Physical Security services for the government and business sectors

Cyberspace and the Internet intersect with the physical world in areas ranging from electric power to automobiles. The physical world is increasingly controlled by open systems via sensors and other devices connected to networks using IoT technology. Advances in these technologies have been accompanied by the

emergence of new risks, such as attacks on physical space through cyberspace. MRI's activities in this area include support for the development of government guidelines. We also offer our Cyber-Physical Security services, such as security assessments for the control systems of electric power companies.

Proliferation of information security risks



Business development using information security technology 3

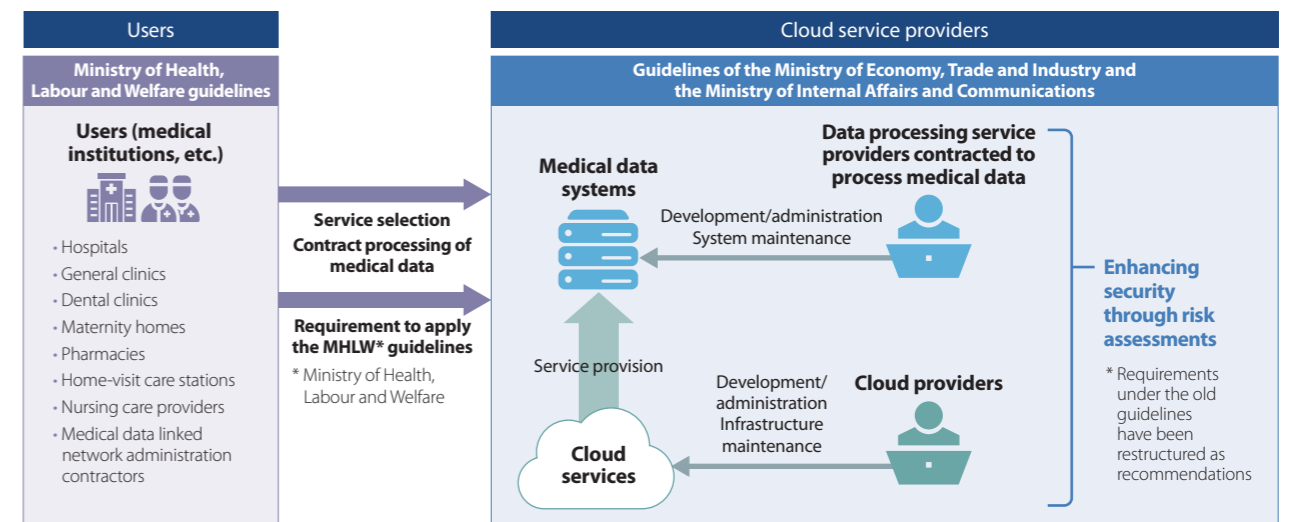
Cloud Security Reference service: helping users to understand the guidelines of IT service providers

Today important data, including personal information, is commonly managed in the cloud. Government agencies and financial institutions formulate various guidelines to reduce risks affecting the information that they handle. However, it is extremely difficult for a third party to determine whether specific

cloud services comply with these guidelines. MRI provides a simple way for third parties to understand the level of security by publishing findings from its surveys concerning the compliance of cloud services with the security guidelines used in the healthcare, financial and government sectors.

Guidelines for the Security Management of Medical Information Systems

—Relationship between the guidelines of the Ministry of Health, Labour and Welfare and other agencies—



Source: Compiled by MRI with reference to Ministry of Health, Labour and Welfare *Guidelines for the Security Management of Medical Information Systems version 5* and Ministry of Economy, Trade and Industry *Guidelines for the Handling of Medical Information by Information Systems Providers*

Social Human capital

Basic Strategy 1 Human resource management

Human resources as the source of competitiveness —focus on training and working environments

We see human resources as the source of MRI's competitiveness. This is reflected in our strong focus on the recruitment and training of diverse and talented people with the advanced expertise needed to resolve a wide range of societal issues and execute our business strategies. We actively

pursue a policy of diversity and inclusion and continually review our human resource management systems to ensure that every individual can achieve continuous growth and reach his or her full potential.

Main activities

Increased opportunities for people with advanced skills to excel under our new human resource management system

In April 2021, we implemented major changes to our human resource management system under Medium-Term Management Plan 2023. The purpose of these changes was to enhance the capacity of our human resources to carry out our management and business strategies.

The main change was to shift away from rewards for meritorious and long service through the introduction of a job-focused approach providing

recognition of professional roles and achievements. By administering this system under our newly introduced human resource portfolio management philosophy, we aim to attract human resources capable of working in such areas as business development and DX, and to foster an organizational culture in which people with advanced expertise can actively and continuously take up the challenge of finding solutions to societal issues.

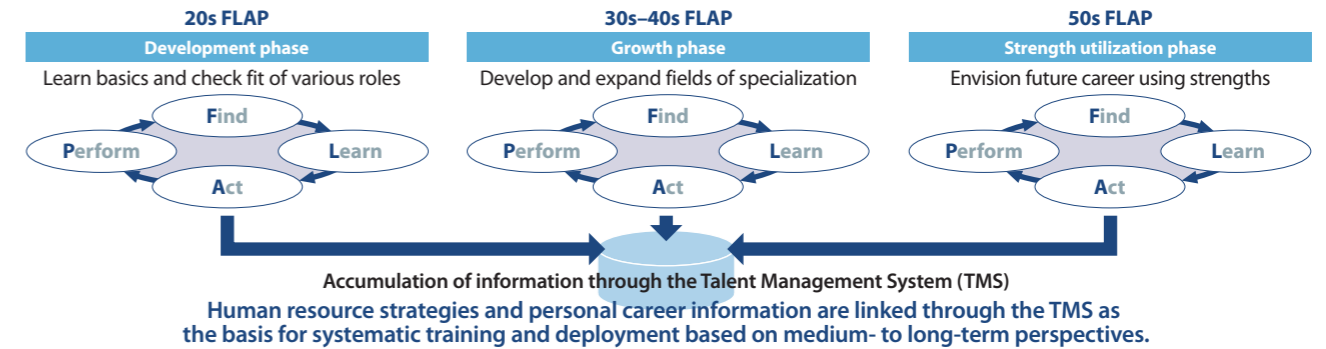
Individual career formation through the MRI FLAP Cycle®

We help individual employees to achieve development and growth according to their aspirations and abilities under medium- to long-term career plans. To achieve this, while also building the human resource portfolio needed to achieve our goals, we introduced an internal rendition of the MRI FLAP Cycle® (p. 39) at the same time as the changes to our human resource management system.

The FLAP Cycle®—Find, Learn, Act, Perform—is a sequence of processes through which individuals find their own aptitudes and the elements required for their work, learn the knowledge required to improve their skills, act toward their goals, and perform tasks at each new stage.

Employees record their future visions and skill development in their career records under a talent management system based on data relating to individual skills and career information. Each year they check their progress through the FLAP Cycle® as they move through the three stages of their careers—the development phase covering the period from joining MRI until the age of around 30, the growth phase, which covers the 30s and 40s, and the 50-plus stage, when people make full use of their strengths. This systematic approach ensures that human resource development is geared toward employee motivation and is guided by medium- to long-term visions rather than short-term thinking.

Career development under the MRI FLAP Cycle®



Enhanced ability to recruit people capable of driving sustainable growth

MRI is enhancing its recruitment methods to find the people required for MP2023, in the long term, and for sustainable growth.

In FY9/21, we shifted to online recruitment as the pandemic and state of emergency prolonged these processes. We raised our profile with new graduates through information events and other activities targeting students. We also actively contacted potential candidates through scouting services and other methods. We are striving to

recruit more women, and events for female students were expanded.

Our measure for mid-career recruitment reflected current trends in the job change market. We also utilized new recruitment services and channels such as direct recruitment and agencies specializing in specialist skills.

We will use our accumulated expertise to pursue approaches that capitalize on the benefits of in-person and online methods under the new normal.

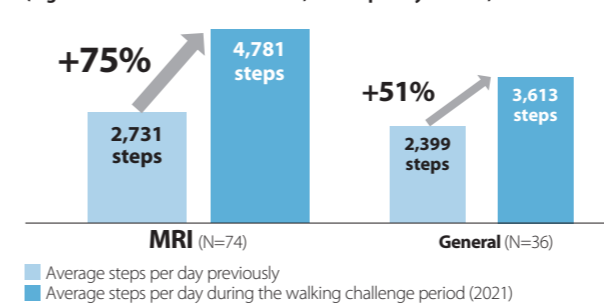
Health management

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.

In May 2021, we launched the MRI Walking

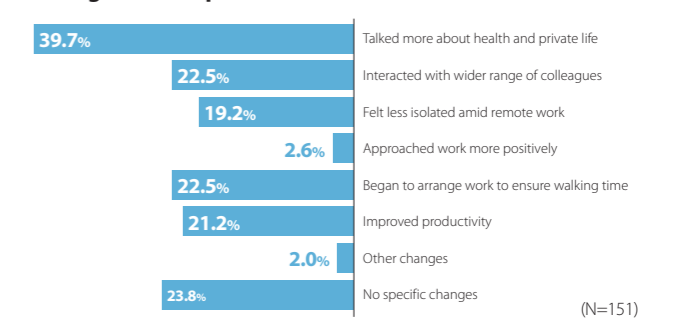
Challenge to foster health awareness and communication among employees. The program used the ACT5 Member Point app (p. 36). Participants competed to record the highest number of steps walked, either as members of departmental teams or teams formed among colleagues.

Progress during the walking challenge period (Figures for those with less than 4,000 steps/day in June)



Source: Mitsubishi Research Institute, Survey after the Departmental Walking Challenge

Changes in workplace environments and attitudes to work



Source: Mitsubishi Research Institute, Survey after the Departmental Walking Challenge

Basic Strategy 2 Workstyles

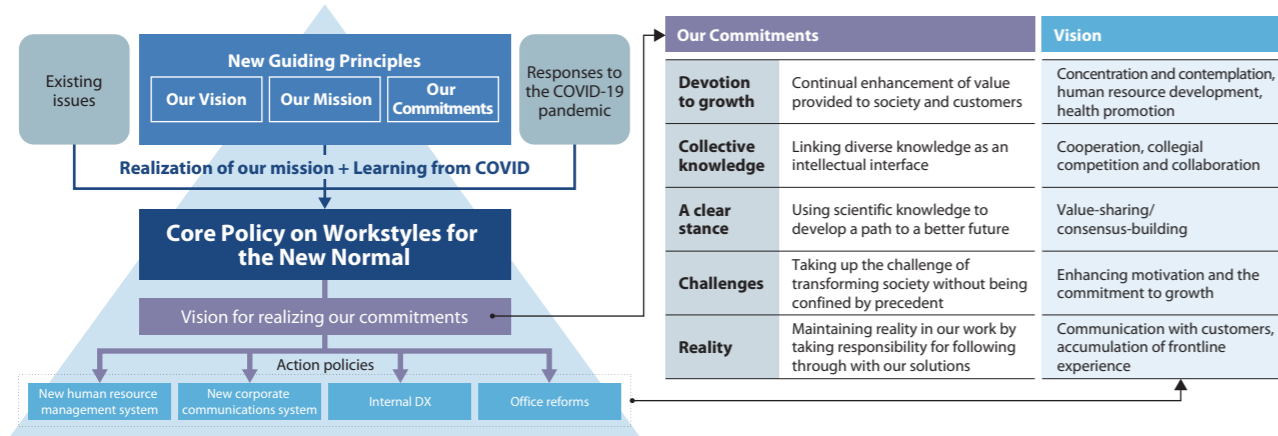
Core policy on workstyles for the new normal

We formulated the Core Policy on Workstyles for the New Normal to provide support for diverse workstyles for our diverse workforce. The aim is to create exciting work involving the co-creation of cutting-edge innovations for society, and intelligent work that yields high levels of flexibility and efficiency.

Countermeasures against the pandemic have become a key long-term priority since the spring of 2020 requiring increased efforts to create working environments that ensure the safety of our employees, customers, and suppliers. This perception of the situation led in March 2021 to the formulation of the Core

Policy on Workstyles for the New Normal, in order to establish clear corporate guidelines for the human resource management system, the corporate communications system, office reforms, and internal digital transformation (DX) for the new normal. The policy is based on experience and expertise gained under the remote working system that we introduced before the onset of the COVID-19 pandemic. We also announced workstyles designed to realize the five commitments stated in our Guiding Principles and published the New Normal Workstyle Guidebook as a framework for translating the Core Policy into actions.

Vision and roadmap for the core policy on workstyles for the new normal



	Current fiscal year (year ending September 2022)	Year ending September 2023	Year ending September 2024 and beyond
Realizing our vision	<ul style="list-style-type: none"> Introduction of a flexible human resource management system designed to accommodate flexible workstyles Elimination of the use of seals in internal processes (with some exceptions) Development of office environments for the new normal 	<ul style="list-style-type: none"> Consolidation/dissemination of the new human resource management system Liberation from a portion of office work (provision of more creative time) through the creation of a middle office 	<ul style="list-style-type: none"> Achievement of even greater flexibility through the introduction of the human resource management "Cafeteria" Plan (Phase 2) Full elimination of seal use through the completion of the Post BASICS release
Workstyle reform infrastructure	New human resource management system (a tiered mission-grade system, changes to commuting expense system, relocation to rural areas, etc.)		
Human resource management system	"Cafeteria" Plan (Phase 1)		Phase 2
Corporate communications system	Reform of corporate communications system, message vetting guidelines (quantitative and qualitative improvement of messages)		
Internal DX	Elimination of seal use (130 out of 136 items already completed)		Full elimination of seal use (Post BASICS)
Office		Introduction of middle office	
	New office (FA, communication area, enhancement of ICT equipment)		

Main activities

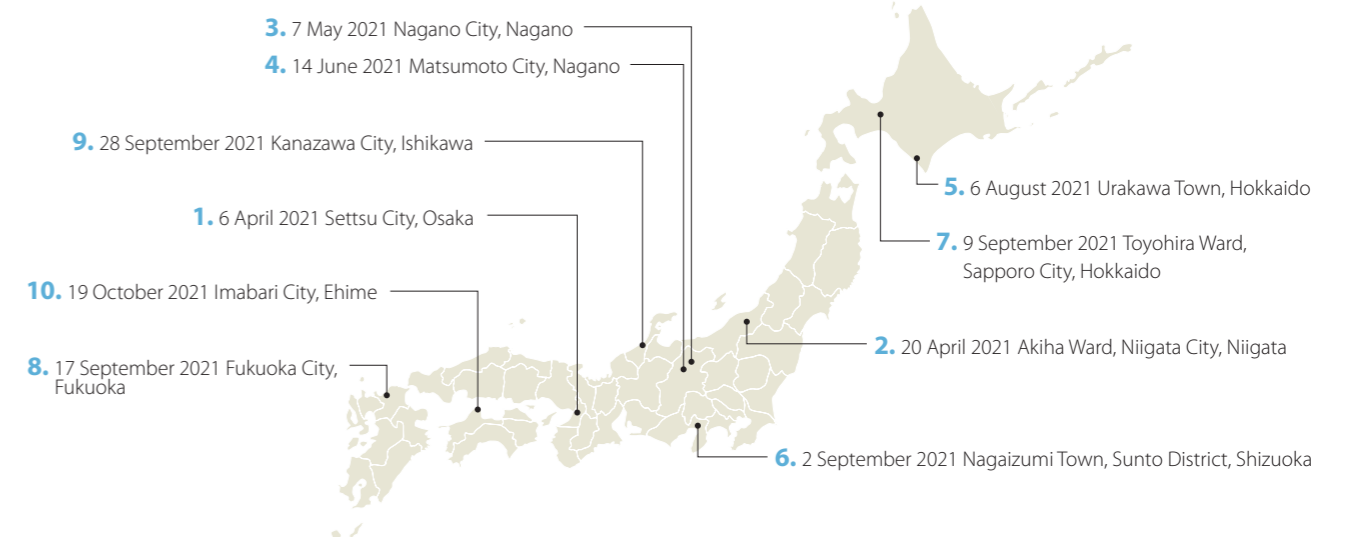
Creating an environment in which individuals can work flexibly and autonomously toward the realization of their missions

In April 2021 we revised our human resource management system (p. 75) to clarify work missions and create a structure in which those missions would be reflected in remuneration. These changes are now resulting in the development of an environment in which individuals understand their roles, even in a remote working environment, and can work autonomously to reach their potential. We are also introducing new workstyles for the new

normal, including working at home or in satellite offices, as well as systems that allow people to relocate to rural areas and carry out their work regardless of their place of residence.

In October 2021 we launched our new selection-based "Cafeteria Plan" for employee welfare systems. This allows us to respond flexibly to the welfare needs of individual employees according to their life stage.

Locations used by employees under the rural relocation system (As of November 2021)



My experience under the new human resource management system

MRI's new human resource management system has brought a number of innovations, such as the rural relocation system* and workation. Employees from various units and age groups are working from locations across Japan. For example, even from Hokkaido, I am able to participate in discussions with people from various units. Another advantage is that we can use the rural relocation system to continue working after major life events, such as a partner's work transfer. I used the system to relocate to Hokkaido, where I am in search of the perfect work-life balance. My colleagues and I started the Workstyle Diversity Support Club at work as a forum for debates across organizational boundaries about finding a good balance between work and life. People are the source of MRI's strength. We want to help people to achieve even greater success by promoting a variety of workstyles that individuals can use to build their ideal careers and reach their full potential.



Tomomi Nakao
Healthcare Innovation Group,
Healthcare and Wellness Division,
Policy Consulting Unit

* This system enables employees to move to rural locations for personal reasons while working for MRI remotely. Eligibility is determined through consultations focusing on various factors, such as access to a satellite office and the frequency of physical attendance at the office

Corporate communication reforms—improving the quality of our messages

Our researchers and consultants play a pivotal role in our efforts to earn understanding and support for our initiatives as a company dedicated to resolving societal issues; we are enhancing the methods that we use to disseminate information. In addition to the release of our findings and policy recommendations, those methods also include the creation of research articles and reports, either as an organization or by individuals based on their own knowledge, for publication in various media. Our first priority when issuing messages is to ensure that the content is based on scientific knowledge, addresses real issues, and is clearly written.

We are continually working to raise our profile through these extensive communication activities.

To achieve that goal, we need to enhance the quality of messages, strengthen motivation toward the dissemination of information, and foster open-minded debate. In April 2021, we revised our corporate communication system and created a clearly defined system based on incentives and personal responsibility for the quality of information. We are also enhancing our peer review and training systems, formulating a basic philosophy on communications, and compiling guidelines that include writing techniques and implementation procedures. Through these initiatives, we are motivating employees toward communications and helping them to improve efficiency and quality.

Using DX to enhance remote work environments

We used the start of updates to our integrated business accounting system as an opportunity to eliminate the use of paper and seals from various processes to create structures that are more amenable to remote work under the new normal. In FY9/21, we completed 100% of the preparations

needed to support remote work.

We are also taking steps to maximize performance under the new normal. For example, we have created a centralized administrative structure that allows employees to spend more time on creative work.

Combining physical attendance and remote work through hybrid workstyles

In November 2021 we launched a company-wide free-address system as part of our office space enhancement initiatives. We also facilitated communication among employees by expanding the available space for face-to-face discussions.

Additionally, we have taken steps to optimize and facilitate the benefits of physical attendance and remote work through the development of spaces based on the concept of value co-creation across the entire MRI Group.



A communication and collaboration space



Work cubicles

Social Relationship capital

Basic Strategy

Creating growth businesses through investment in partner companies

We invest in companies that can contribute to the improvement of the Group's financial, non-financial, and social value. Our goals with key business partners include deepening relationships, forming partnerships for the future, complementing existing business activities, and developing new business.

For the long term, we work with companies, including startups, featuring technologies that can contribute to resolving issues affecting our customers, partners, and society. We also run co-creation platforms with membership spanning industry, government, and academia.

Our basic approach to investment is to use

profits from our core businesses to expand growth businesses. MP2023 calls for prioritized investment in partners with advanced technologies and knowledge that can help to expand our DX work and subscription-based businesses, and customer bases that can fuel business synergy.

In October 2021, we created the Strategic Planning Group as a specialist organization within the Corporate Planning Division. It assesses and executes investment across the Group, enhances strategic M&A, develop collaborative initiatives with investee companies, and accelerates business development.

Main activities

Conclusion of capital partnership agreement with a French DX startup company

In April 2021, MRI entered into a capital and business partnership agreement with ForePaaS, a French startup specializing in DX. ForePaaS provides platform-as-a-service (PaaS) technology to support an all-in-one approach to processes, including data collection for big data analysis, AI modeling, applications development, security measures,

resource management, user team management, and system administration and management. MRI uses this service in its solutions to help clients transition to data-driven management, including formulating problem-solving DX strategies, proposing data utilization strategies, support for environment development, and transferring data utilization skills.

Investment system for startups

MRI has operated the Future Seeds Investment system since FY9/19. Under this system, we invest in startups with unique technologies, such as AI applications, in fields that offer the potential for future technology partnerships. These initiatives are

carried out separately from normal investment under the leadership of business divisions. Since FY9/21, we have been considering the linkage of this system with the ICF Business Acceleration Program (p. 44), including investment in prize-winning companies.

Examples of investees under the Future Seeds Investment system

Lily MedTech Inc.	Development of devices for patient-friendly breast cancer screening
LocationMind Inc.	AI-based positioning data analysis services
Exergy Power Systems Inc.	Distributed energy services using storage batteries developed in-house
Institution for a Global Society Corporation (IGS)	AI-based human resource assessment services

Initiative for Co-creating the Future (ICF): a new platform for multi-stakeholder participation

In April 2021 we launched a new membership organization—the Initiative for Co-creating the Future (ICF). This step was prompted by our recognition of opportunities to discover solutions for societal issues and other problems and maximize the benefits through the collective impact that can be achieved when various entities from the industry, government, and academia pool their knowledge and expertise.

We want the ICF to be a co-creation platform

for the realization of business eco-systems through collaboration among stakeholders in industry, government, and academia, including startups and university-based ventures—entities that will lead the solution of societal issues in the future. We are now implementing programs covering various aspects, from the identification of issues to the implementation of solutions in society, on the basis of this approach. (p. 43)

Partner meetings—forums for dialogue with partner companies

Starting in FY9/17, we have held annual partner meetings to foster alliances with our partner companies and facilitate networking among partners. Held in December 2020, the FY9/21 meeting was attended by over 100 people. The program for the meeting included messages and

presentations by MRI about priority business areas, as well as presentations from partner companies about strategic themes and case studies. Discussions and other activities also helped to build fellowship among attendees.

MRI Forum—discussion sessions focusing on advanced themes

We hold the MRI Forum each year with the aim of deepening our relationships with our customers and partner companies. The FY9/21 forum, which was held in January 2021, commemorated the 50th anniversary of our founding. The event was

streamed live to an audience of 470. We used the forum to express our determination to contribute over the next 50 years to the solution of the many issues affecting the world today, and to the co-creation of a brighter and more sustainable



50th Anniversary Forum



From left: President Takashi Morisaki, Research Professional Nanae Yamamoto, Research Professional Atsuya Fujimoto, Chairman of the Institute Hiroshi Komiyama

future. We also presented the results of our work on a roadmap to the world of the future under the 50th Anniversary Research Project.

In November 2021 we hosted a forum on the theme of building a resilient and sustainable society through the transformation of people and companies. In addition to the presentation of research findings by MRI researchers, there were

also discussions with outside experts concerning the changes and the types of people needed to achieve well-being in the post-pandemic future. Because the pandemic had stabilized, it was decided to hold a hybrid meeting combining physical attendance with live streaming. The event was very successful, with over 300 people attending or watching.



Principal Researcher Masashi Santo



MRI Forum, November 2021



Yoko Takeda (Deputy General Manager, Think Tank Unit, General Manager, Center for Policy and the Economy),
Noriyuki Yanagawa (Professor, Graduate School of Economics, Faculty of Economics, University of Tokyo)



Hiroaki Miyata (Professor, Keio University School of Medicine),
Hiroshi Komiyama (Chairman of the Institute)

Media engagement: Media Conference and Media Workshops

Every year MRI holds its Media Conference and around 20 theme-based Media Workshops to build relationships with people working in the media throughout Japan.

In FY9/21, the Media Conference focused on the

essentials of resolving societal issues. Following an outline of MRI's wide-ranging research and recommendation activities, researchers interacted directly with the media and exchanged views on their fields of expertise.

Governance

Corporate governance structure

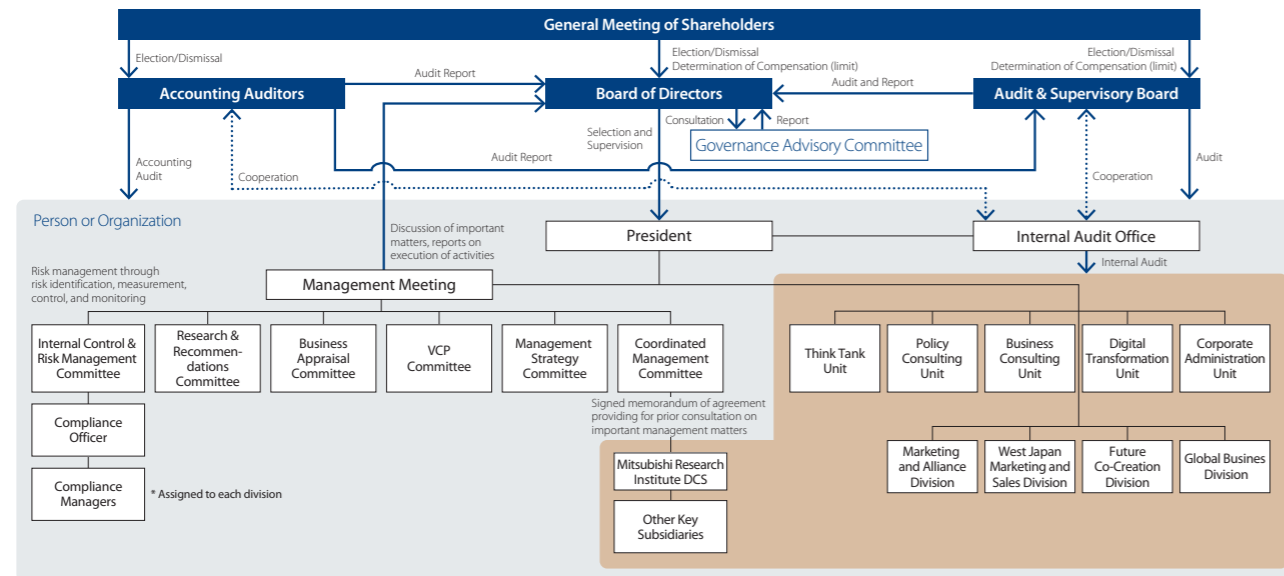
Our basic corporate governance policy is to ensure proper execution, based on our management philosophy of sustainably improving corporate value—the aggregate of: social, customer, shareholder, and employee value.

More than one-third of our directorship 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 own effectiveness and implements operational improvements.

FY9/21 analyses and evaluations demonstrated that the Board of Directors had been effective. It has mechanisms that enable it to hold free and open discussions and exchanges of opinions; it also exercises supervisory functions. The MRI management is committed to bettering administration of the Board of Directors through initiatives that reflect Board

members views. Assessments indicate an appropriate level of tension built on a relationship of trust between the management team and the Board of Directors, enabling both to function effectively.

Evaluations have also resulted in a renewed awareness that the Board of Directors must deepen its discussions about investment in human resources, including ensuring diversity among key personnel, and play a greater role in succession planning through the Governance Advisory Committee.

We will thus continue to enhance the effectiveness of the Board of Directors.

Governance Advisory Committee Activities

Our Governance Advisory Committee advises the Board of Directors. The board can ask for opinion on the election, dismissal, and compensation of

officers, and for the committee to examine the effectiveness of the Board of Directors.

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>Kazuo Tsukuda</u>	<u>Mariko Bando</u>	<u>Ken Kobayashi</u>	<u>Nobuyuki Hirano</u>

Activities

Date	Activity	Theme
October 2020	1st meeting of the Governance Advisory Committee for FY9/21	Analysis and evaluation of the effectiveness of the Board of Directors
November 2020	2nd meeting of the Governance Advisory Committee for FY9/21	Officer compensation in FY9/21
July 2021	3rd meeting of the Governance Advisory Committee for FY9/21	Executive officer succession planning

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 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 FY9/21, we screened 10 new projects, most being large-scale and international, and 12 new business initiatives, including business and capital partnerships.

Internal Control & Risk Management Committee

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

Officer compensation*

Decisions about compensation for officers are made on the basis of MRI's Basic Policy Regarding Officer Compensation after deliberations by the Governance Advisory Committee. Decisions on compensation for directors and Audit & Supervisory Board members are based on deliberations by the Board of Directors and Audit & Supervisory Board, respectively. A breakdown of the compensation structure is provided below.

Internal officers

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

compensation. The intent of variable stock compensation is to motivate and incentivize officers to enhance business performance and corporate value over the medium to long term by linking their compensation to Group performance.

Outside officers

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

Audit & Supervisory Board members

To ensure independence, their compensation consists only of base pay.

Basic Policy Regarding Officer Compensation

- (1) To put in 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.

* For details of the compensation system for officers, please refer to the Convocation Notice for the 52nd General Meeting of Shareholders

Total amount of officer compensation, etc. for FY9/21

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)	9 (3)	230 (18)	147 (18)	48 (-)	34 (-)
Audit & Supervisory Board members (Outside Audit & Supervisory Board members)	7 (4)	63 (18)	63 (18)	- (-)	- (-)
Total (Outside officers)	16 (7)	293 (36)	210 (36)	48 (-)	34 (-)

(Notes)

1. The above information includes one director and two corporate auditors who retired during FY9/21
2. 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
3. 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
4. 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 FY9/21, 13,045 shares were issued to one director (not an outside director) who retired in December 2020
5. No bonuses are paid to officers

Skill matrix of directors and corporate auditors

As detailed below, MRI appoints officers on the basis of key specialist skills and knowledge required to oversee and support business activities

toward the achievement of the goals in Medium-Term Management Plan 2023 based on its 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	Kazuo Tsukuda	●			●	●
Outside Director	Mariko Bando	●			●	●
Outside Director	Ken Kobayashi	●			●	●
Outside Director	Nobuyuki Hirano	●	●	●	●	
Audit & Supervisory Board Member	Michio Atsuda		●	●		
Audit & Supervisory Board Member	Junichi Egawa	●	●	●		
Outside Audit & Supervisory Board Member	Kenji Matsuo	●	●		●	●
Outside Audit & Supervisory Board Member	Kunio Ishihara		●		●	●
Outside Audit & Supervisory Board Member	Yutaka Kawakami		●	●		●






* This is not an exhaustive list of all specialist skills and knowledge possessed by our directors and Audit & Supervisory Board members

Officers

Directors

Name	Position and responsibilities	Attendance at Board of Directors meetings	Principal positions to date
 Takashi Morisaki	Chairman of the Board	100% (10 of 10 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	—	Career summary • Joined The Mitsubishi Bank, Ltd. in April 1983. Held various posts, including Director and 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 2021 and President and Representative Director in December 2021 (current).
 Hidemoto Mizuhara	Executive Vice President and Representative Director Officer in Charge of Business Management, Responsible for Company-Wide Divisions	75% (6 of 8 meetings)	Career summary • Joined Mitsubishi Corporation in April 1981. Held various posts, including Executive Vice President of Mitsubishi Corporation, 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	—	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).
 Kazuo Tsukuda	Outside Director Independent Officer	100% (10 of 10 meetings)	Career summary • President and CEO (Member of the Board) of Mitsubishi Heavy Industries, Ltd. in June 2003. Director of Mitsubishi Research Institute, Inc. in December 2010 (current). Principal concurrent positions • Honorary Advisor of Mitsubishi Heavy Industries, Ltd., Outside Director (Audit and Supervisory Committee Member) of Yamaguchi Financial Group, Inc., Outside Director of FANUC CORPORATION, Outside Director of Internet Initiative Japan Inc.
 Mariko Bando	Outside Director Independent Officer	100% (10 of 10 meetings)	Career summary • Director General of Gender Equality Bureau, Cabinet Office in January 2001. Chancellor (Rijicho) of Showa Women's University in April 2014 (current). Chancellor (Socho) of Showa Women's University in July 2016 (current). Outside Director of Mitsubishi Research Institute, Inc. in December 2019 (current). Principal concurrent positions • Chancellor (Rijicho) of Showa Women's University, Chancellor (Socho) of Showa Women's University, Outside Director of MS&AD Insurance Group Holdings, Inc.
 Ken Kobayashi	Outside Director Independent Officer	—	Career summary • Became President of Mitsubishi Corporation in June 2010 and Director of Mitsubishi Research Institute, Inc. in December 2021 (current). Principal concurrent positions • Chairman of the Board of Mitsubishi Corporation, Outside Director of Nissin Foods Holdings Co., Ltd., Outside Director of Mitsubishi Motors Corporation, Outside Director of Mitsubishi Heavy Industries, Ltd.
 Nobuyuki Hirano	Outside Director	—	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., Director of Mitsubishi UFJ Morgan Stanley Securities Co., Ltd., Outside Audit & Supervisory Board Member of Toyota Motor Corporation, Outside Director of Mitsubishi Heavy Industries, Ltd.

Audit & Supervisory Board members

Name	Position and responsibilities	Attendance at Board of Directors meetings	Principal positions to date
 Michio Atsuda	Audit & Supervisory Board Member	100% (10 of 10 meetings)	Career summary • Joined The Mitsubishi Bank, Ltd. in April 1982. Held various posts, including General Manager, Credit Examination Office, Internal Audit Division of The Bank of Tokyo-Mitsubishi UFJ, Ltd., Executive Managing Officer of ACOM Co., Ltd., before becoming Audit & Supervisory Board Member of Mitsubishi Research Institute, Inc. in December 2018 (current).
 Junichi Egawa	Audit & Supervisory Board Member	100% (8 of 8 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).
 Kenji Matsuo	Outside Audit & Supervisory Board Member Independent Officer	100% (10 of 10 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 • Senior Advisor of Meiji Yasuda Life Insurance Company, External Auditor (Audit and Supervisory Board member) of Daido Steel Co., Ltd.
 Kunio Ishihara	Outside Audit & Supervisory Board Member Independent Officer	100% (10 of 10 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., External Director (Audit and Supervisory Committee Member) of NIKON CORPORATION Outside Audit & Supervisory Board Member of Tokyu Corporation
 Yutaka Kawakami	Outside Audit & Supervisory Board Member Independent Officer	100% (8 of 8 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
Shin-ichi Kamei	Research Fellow Company-wide research and recommendation activities, internal guidance
Kazuo Hiyaue	Research Fellow Deputy General Manager, Digital Transformation Unit
Yoko Takeda	Research Fellow Deputy General Manager, Think Tank Unit, General Manager, Center for Policy and the Economy

Executive Officers

Kotaro Nagasawa	Senior Managing Executive Officer	General Manager, Think Tank Unit
Hiroshi Iwase	Senior Managing Executive Officer for VCP	
Takehiko Matsushita	Senior Managing Executive Officer	Representative Director and President, Mitsubishi Research Institute DCS
Toshiyuki Ogawa	Managing Executive Officer	General Manager, Policy Consulting Unit
Shuji Nakamura	Executive Officer	Managing Executive Officer, Mitsubishi Research Institute DCS
Yoshihiko Ito	Executive Officer	General Manager, Digital Transformation Unit
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

Note: 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)

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
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 involving 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, or service disruptions caused by system failures, leading to the suspension of business operations or claims for compensation 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.
Information security	Because we handle confidential information belonging to our clients and business partners, information security management, including the prevention of computer virus infections and cyber-attacks, is an important priority that has a direct bearing on 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, and regular training for employees. We have also developed information handling rules covering the methods used to handle information in a remote working environment.
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

Prevention of compliance violations, such as information leaks or fraudulent accounting, is a foundational priority for our business activities. We implement compliance activities across our entire group.

Specifically, compliance managers in each unit implement the necessary checks and other processes in collaboration with the Risk and Compliance Management Division as the coordinating organization in this area. We also provide continual education for officers and employees, including e-learning programs, and run yearly compliance workshops at which employees in each unit discuss compliance issues that they have personally encountered. We have also established whistleblowing and advisory systems to ensure the early discovery and rectification of

compliance violations. To protect whistleblowers, the units to which reports and inquiries can be submitted through the system include an external legal firm.

The theme for compliance workshops in 2021 was the spirit of integrity and fairness as expressed in our Code of Conduct, which is used by our officers and employees as guidelines for decisions and behavior. At the end of the workshops, which provided opportunities for officers and employees to renew their awareness of compliance, all participants pledged that they would never commit compliance violations.

We will continue to pursue various initiatives with the aim of spreading awareness of our commitment never to commit compliance violations, or to overlook such actions.

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

In line with our Basic Policy on Information Disclosure, we endeavor to ensure timely and accurate disclosure of information to shareholders, investors, and analysts. We are also working to enhance and expand opportunities for dialogue. We take special care to present information clearly in our explanatory materials, which contribute to the improvement of our corporate value by helping stakeholders to understand our business activities and management strategies. Input received from stakeholders is fed back to our management team.

Maintaining and expanding opportunities for dialogue

We held our 52nd General Meeting of Shareholders in December 2021. We took all possible steps to prevent COVID-19 infections on the day of the meeting, including the use of video to present reports. Explanatory materials and the content of questions and answers were published on our website on the day of the meeting.

We issue reports to shareholders twice each year and distribute financial results and information about our medium-term management plan and business activities. Shareholder surveys

also play an important role in our communication activities. In the year ended September 2021, we implemented surveys at the end of 2020 and again in June 2021. Many shareholders cooperated in the survey, resulting in response rates of 26.7% (1,132 out of 4,246 possible respondents) and 35.4% (1,560 out of 4,401). The results, including free comments, were reported to the Board of Directors and will be used in future management decision-making and to improve the clarity of information provided to shareholders.

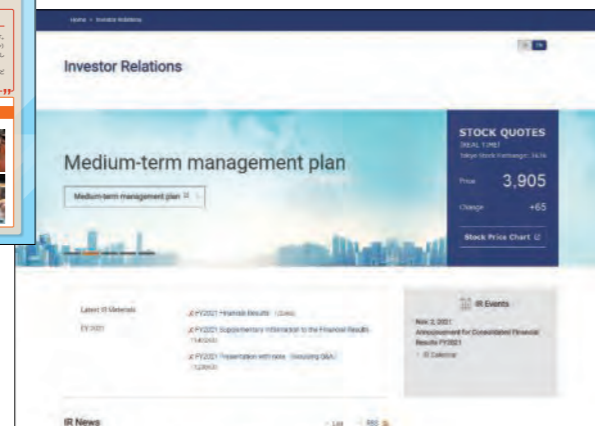
The President and Representative Director also outlines our financial results, the medium-term management plan, and other information at two online investor briefings held at the end of the second quarter and the end of the financial year. Because of the COVID-19 pandemic, most individual interviews and small meetings have been held online, enabling us to maintain and expand dialogue. In the year ended September 2021, we also held online briefings for individual investors.

Fair disclosure

As part of our commitment to fair disclosure, we are working to enhance the English-language information available to overseas investors. We publish both Japanese and English versions of our financial results, IR presentation materials, corporate information, and results briefings (including questions and answers) on our website.



Aspects of our medium-term management plan are explained for individual investors in our business reports.



For the benefit of overseas investors, we provide English versions of financial results and other information on the Investor Relations page of our website.

Message from the Chairman of the Board



Ensuring progress in alignment with our Guiding Principles: diverse perspectives centered on sustainability are essential

Takashi Morisaki
Chairman of the Board

Applying my experience as President to serve as Chairman of the Board

I became Chairman of the Board of Directors in December 2021. My previous tenure as president coincided with the 50th anniversary of the company's founding. At this watershed, we renewed our Guiding Principles which served as our reference in formulating MP2023, a significant first step in our next 50 years. In my first year as Chairman of the Board of Directors my mission is to assure MP2023 implementation is true to our management principles, in light of my hands-on experience.

Sustainability is the heart of management

At the heart of MP2023 are the goals of resilience and sustainability. Progress toward these goals is coupled to our sustainable growth as a company that resolves societal issues. As the board's chairman, I will encourage discussion on relevant topics backcasted from our future goals.

Diverse opinion is the lifeblood of board meetings

To achieve sustainability, we must pursue diversification in three forms.

First is business diversification. In preparation we are integrating all four functions of our Value Creation Process. Tighter functional integration is the matrix for stronger expansion of our business domains.

Second is human resource diversification. Talent

is our most valuable asset. Our future depends on greater diversity in gender, ethnicity, and other variables. Particularly critical is the recruitment and cultivation of highly specialized international talent if we are to pioneer innovation in a VUCA world.

Third is network diversification to increase the impact of our Research & Recommendations function and our Societal Implementation function. This calls for international and domestic expansion of interactions between different industries and participation in collaborations between industry, government, and academia. Accelerating such network diversification is key to reaching the next level of performance.

This requires diversity in board membership. Multi-perspective discussion is key to success in the areas described above. As societal issues grow more complex, it is ever more important that we enhance governance by expanding the scope of knowledge and experience brought to bear by board members.

Inspiring trust and high expectations

We contribute to society by investing corporate profit in non-financial value, comprising intellectual and human capital, as well as ESGs. In this capacity we need to inspire trust and high expectations among all stakeholders, so that when they seek to resolve societal issues, MRI will be their first point of contact.

Messages from Outside Directors



Contributing to greater innovation as part of our growing role in society

Ken Kobayashi
Outside Director,
Independent Officer

MRI updated its Guiding Principles as part of the commemoration of the 50th anniversary of its founding in 2020. Its mission under the new Guiding Principles is to resolve societal issues and co-create a prosperous, sustainable future. The Group is on the verge of facilitating transformation across society, all the while building its existing business base as a leading think tank—truly a Group “envisioning the future, leading change.”

Today the world is transformed by dramatic changes: the prolonged impact of the COVID-19 pandemic, accelerating moves toward decarbonization in response to climate change, and accelerating technological innovation. Amid this fluid situation—essentially unknown territory—we must envision and forge a robust future. As I look toward this future, I am convinced that the mission of the MRI Group will become increasingly important to society.

Since 2020, MRI has established overseas offices in Vietnam and the United Arab Emirates (UAE). The decision to open these offices was based on MRI’s awareness of the vital importance of access to information based on first-hand experience of

overseas environments. This information will help to create new business opportunities as it provides an overall picture of the increasingly diverse and complex societal issues affecting Japan and other countries. A pivotal aspect of the support that MRI can provide to Japanese companies is its ability to gather intelligence about economic growth, infrastructure demand, and environmental policies in emerging economies, which are expected to benefit from recovery and accelerated growth in the post-COVID world. MRI will also continue to monitor U.S.-China tensions and other geopolitical risks.

In this time of accelerating change in the global environment, MRI must demonstrate its capacity to respond quickly to the needs of the government and business sectors by offering professional insights backed by the timely identification of new technologies and environmental shifts.

As an outside director, I look forward to contributing to the realization of MRI’s important mission to build a prosperous society by leading change as a societal solution company.



Turning change into opportunity through flexible and timely discussion

Nobuyuki Hirano
Outside Director

The present time is seen as a once-in-a-century transitional phase and has been described as the era of VUCA—volatility, uncertainty, complexity, ambiguity. We need to take a new look at our ideas about the Earth, humanity, society, and the economy to take action toward the creation of a better future.

MRI marked the 50th anniversary of its founding in 2020 by redefining itself and restructuring its business activities as a company dedicated to the solution of societal issues. I was very happy to become a member of the Board of Directors of a company that has taken up the challenge of creating new value.

Throughout its history, MRI has built an excellent reputation as a consulting company with strengths that are especially useful to the public sector. The role of government is expanding due to the growing seriousness of issues that cannot be resolved solely through market mechanisms, such as the global environment, the pandemic, and social inequality. However, government initiatives must always contribute to the vitality of the private sector, and actions that result in further deterioration of public finances due to inefficient expenditure must be avoided. There is a need for policy proposals backed by scientific evidence, and for wise spending. MRI must be prepared to take a more active role by making policy recommendations and becoming involved in the planning and trial of policies.

The digital transformation will be a major business opportunity for MRI, as a company that

has made IT services one of its core areas of activity. However, I do not believe that MRI is achieving its full potential in this area at present. It will need to identify business areas with major potential, and to invest its resources in ways that enhance its competitiveness and result in vertical integration with its think tank and consulting business. If this remodeling can be achieved, IT services could become a major growth driver for MRI.

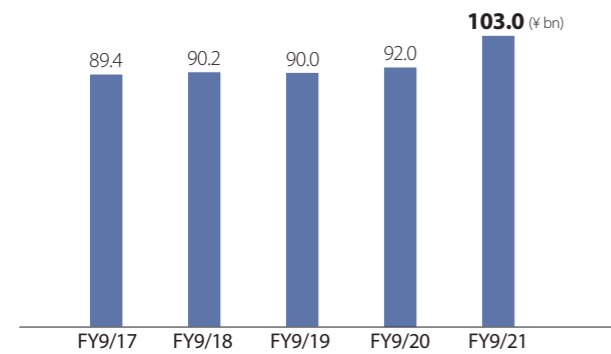
The key to these efforts will be the reinforcement and organic utilization of MRI’s think tank functions, which are the starting point for a value chain leading from research and recommendations to the implementation of measures in society. In a world without absolute answers, MRI’s dedication to the concept of collective knowledge will also help to differentiate it from its competitors.

I hope that MRI will expand its global networks to absorb leading thought, and that it will further enhance its capacity to ensure that all of its divisions disseminate its original insights as a think tank.

Most of my suggestions are already encompassed in the Medium-Term Management Plan 2023 launched in 2020. In addition, MRI has the talented people needed to implement these changes. Change is opportunity. My duty as a director is to ensure that these ideas made a reality by working alongside management and arguing for flexible and timely responses to a changing situation. I believe that MRI deserves the support and understanding of all stakeholders.

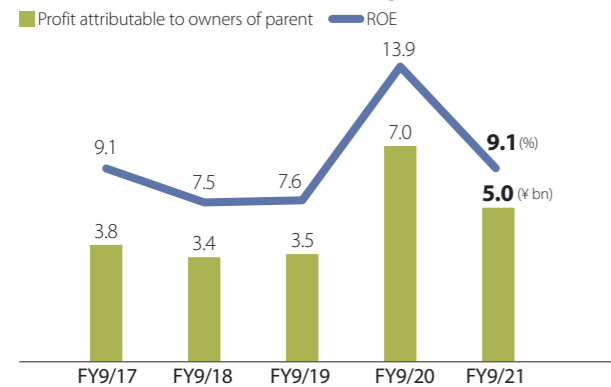
Financial Highlights

Net sales



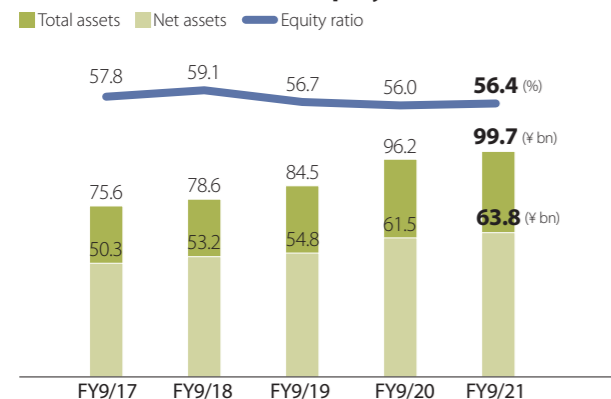
In the first year of MP2023, we worked to achieve steady growth through initiatives under our three basic strategies—VCP Management, Coordinated Management, and New Normal Management. We achieved higher revenues in both the Think Tank & Consulting Services and IT Services segments, and consolidated net sales exceeded ¥100 billion for the first time.

Profit attributable to owners of parent / ROE



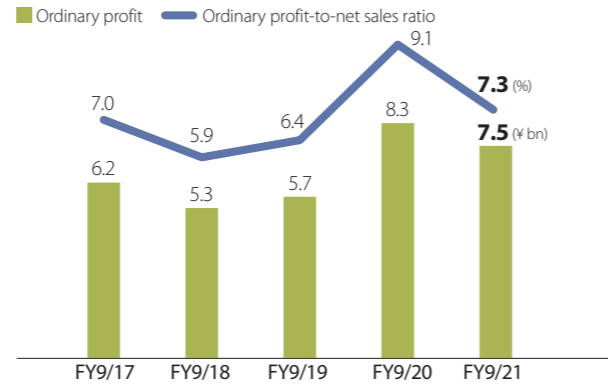
Profit was lower, since the results were no longer affected by the previous year's one-off profits, including profit on an equity method subsidiary, and a ¥2,731 million gain on the sale of investment securities. Without these factors, the results represent a continuation of our profit growth trend.

Total assets / net assets / equity ratio



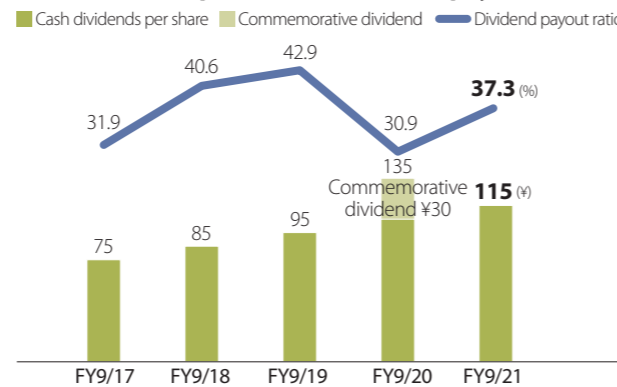
While executing strategic investments, we are also maintaining a high level of asset soundness.

Ordinary profit / ordinary profit-to-net sales ratio



Profit was lower since the results were no longer affected by the previous year's one-off investment profit of ¥1,333 million on an equity method subsidiary. After adjustment for this factor, the results represent a continuation of our profit growth trend.

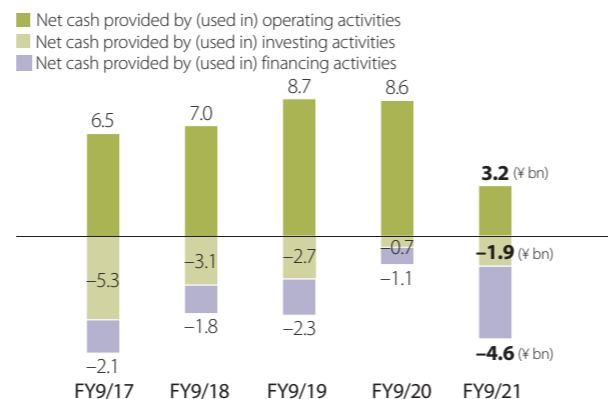
Cash dividends per share* / dividend payout ratio



The Company's basic stance is to maintain stable dividends; nevertheless, we endeavor to raise dividend levels while maintaining balance between performance and the financial health.

* The figure for FY9/20 includes a commemorative dividend of ¥30. We have increased the ordinary dividend in nine consecutive years up to and including FY9/21

Statement of cash flows



We invest and pay dividends from cashflow derived from regular operating activities.

Non-Financial Value Benchmarks

Category	Indicators for FY9/21	2020 → Target for FY9/23	Results for FY9/21		Progress (MRI Group)*		
		Published indicators	MRI	DCS			
Capacity to resolve societal issues							
Intellectual Capital	Knowledge	Number of recommendations published on the official website	12 → 20 publications/year	20 publications	-	100%	
Human Capital	Human resources	-	-	-	-	-	
Relationship Capital	Co-creation infrastructure	Partnerships and collaborations with startups	Number of startups: 120 → 170 Partnering, commercialization: One or more per year	Membership: 140 companies	-	102.4% 0.0%	
ESG							
Environmental		Energy from renewables	2023: 20% 2030: 60% 2050: 100%	-	-	-	
Social	Diversity & inclusion	Women among new hires	30% → 35%	New graduates: 37.8%	39.4%	108.6%	
		Women in management positions	+5%	8.9%	11.6%	91.5%	
	Work-life balance	Parental leave uptake	Women	100% → 100%	100%	100%	100%
			Men	10% → 30%	16.7%	10.3%	74.4%
		Paid vacation uptake	65% → 75%	46.8%	55.0%	77.3%	
Health management	Have remote working environment	93% → 95%	100%	90.4%	99.2%		
	Proportion of those needing follow-up exams that actually received them	60% → 100%	43.6%	75%	89.6%		
					85.7%†		

* Achievement ratio (for each category): Average value if multiple indicators have been set
† Overall progress level: Average of achievement ratios for each category

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	4,231 (consolidated) 1,021 (non-consolidated) (as of September 30, 2021)
Group companies	Mitsubishi Research Institute DCS Co., Ltd. MRI Business, Inc. MRI Research Associates, Inc.

Share-related information (as of September 30, 2021)

Authorized shares capital:	60,000,000
Number of shares issued:	16,424,080
Number of shareholders:	5,848

Principal shareholders (Top 10 shareholders)

Shareholder's name	Number of shares	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (trust account)	1,274,100	7.75
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	764,980	4.65
Mitsubishi Chemical Corporation	624,000	3.79
Mitsubishi UFJ Trust and Banking Corporation	598,574	3.64
Mitsubishi Materials Corporation	554,600	3.37
MUFG Bank, Ltd.	505,074	3.07
Custody Bank of Japan, Ltd. (trust account)	491,200	2.99

(Notes)

- The shareholding ratio is calculated after deducting treasury stocks (415 shares)
- The number of treasury stock does not include Company stock (212,011 shares) owned by Board members' compensation BIP trust

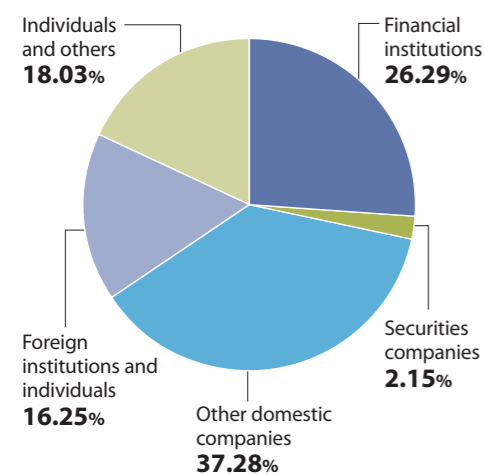
Shareholder composition

	Number of shareholders	Composition ratio (%)	Number of shares held (thousands of shares)	Shareholding ratio (%)
Financial institutions	23	0.39	4,317	26.29
Securities companies	24	0.41	353	2.15
Other domestic companies	120	2.05	6,122	37.28
Foreign institutions and individuals	174	2.98	2,669	16.25
Individuals and others	5,507	94.17	2,962	18.03
Total	5,848	100.00	16,424	100.00

(Note)

The number of shares is rounded down to the nearest hundred

Shareholder composition



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	3,005 (consolidated) 2,215 (non-consolidated) (as of September 30, 2021)
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	54 (as of September 30, 2021)

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	161 (as of September 30, 2021)

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