

Fiscal Year Ended September 2014

Mitsubishi  
Research Institute

# Group Report



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### Editorial Policy/Caution Concerning Forward-Looking Statements

This report was produced to provide information about our financial results in the fiscal year ended September 2014 and our management strategies for the future. We also hope that it will contribute to improvement in our corporate value by enhancing our social reputation through the disclosure of information about the state of our business activities from a CSR perspective as a way of ensuring management transparency. In line with these aims, we have published this document as a tool for communication with our stakeholders, including society, customers, shareholders and employees.

This report was not published for the purpose of soliciting investment in marketable securities, and the Mitsubishi Research Institute, Inc. makes no guarantee or undertaking whatsoever. All opinions and forecasts stated in this report are judgments by Mitsubishi Research Institute, Inc. at the time when this report was compiled, and we provide no guarantee or undertaking as to the accuracy of this information. Our future financial results may differ from our forecasts.



This is our Communication on Progress  
in implementing the principles of the  
United Nations Global Compact.

We welcome feedback on its contents.

Participation in the  
United Nations  
Global Compact

On April 19, 2010, Mitsubishi Research Institute (MRI) became the first Japanese think tank to become a signatory of the United Nations Global Compact (UNGC). We endorse and support the Ten Principles of the UNGC and the United Nations Millennium Development Goals, and we are working toward their realization. For many years, one of the future visions toward which we have been working through our CSR activities is to earn respect as a company by contributing to world. We will continue to work on projects that contribute to the solution of global problems, such as peace-building initiatives and the prevention of global warming.

President and Representative Director  
Mitsubishi Research Institute, Inc.

Kyota Omori

大森京子



Changes in society and the world mean we must accelerate our growth strategy to meet our commitment to the co-creation of a brighter future.



### Co-Creating the Future

Since the establishment of the Mitsubishi Research Institute Group in 1970, our management philosophy has centered on the use of wisdom and information to solve our customers' problems. In line with our commitment to the co-creation of a brighter future, we aim to fulfill our corporate social responsibilities (CSR) by maintaining integrity and fairness in business activities, and by undertaking social contribution activities.

#### Management Philosophy

- (1) Use wisdom and information to contribute to society
- (2) Maintain integrity and fairness in business activities
- (3) Apply the integrated strengths by combining the ability of diverse individuals

## Activities and Mission of the Mitsubishi Research Institute Group

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The mission that we have identified for the Mitsubishi Research Institute (MRI) Group as one of Japan's leading think tanks is to contribute to value creation for our customers, and to prosperity for society. We bring a scientific and interdisciplinary approach to our activities, from the design of systems to the verification and testing of those systems for central and regional governments, to strategy proposals and support for strategy implementation in the business sector. We help our customers to overcome highly complex problems by providing diverse intellectual support and solutions.

As an integrated think tank, the MRI Group is involved in both think tank and consultancy services and IT services. Our corporate group includes the consolidated subsidiary Mitsubishi Research Institute DCS, which is structured as a one-stop source of ICT-based solutions for companies that need to improve the efficiency and sophistication of their management systems.

Japan has entered a major transitional phase. The challenges that we face in this environment are both diverse and intricately interwoven. To overcome these challenges, organizations and society must be reengineered using innovative ideas created by fusing knowledge from a variety of specialist fields. We believe that the MRI Group has a mission to work with society and our customers to create value, by systematically organizing and analyzing these issues, and by offering strategies that lead to comprehensive, over-arching solutions.

## Three-Year Overview

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In the fiscal year ended September 2011, the MRI Group suffered a serious downturn in its financial performance. We responded to this challenge by working to restore our financial performance and strengthen our financial base under a medium-term management plan covering the three fiscal years ending September 2012 through September 2014. A major transitional phase is in progress, both within Japan and at the global level. We implemented a process of self-reengineering with the aim of opening up new business opportunities for the MRI Group through changes to both our business structures and business processes. Our approach to business structure reform focused on business development and diversification, especially the use of our core competence in the think tank business to contribute to the solution of Japan's problems. The first direction of change was from specialization to a comprehensive approach. We began to build an active involvement in composite, multi-sector projects by making full use of the diverse capabilities of the MRI Group. We also expanded and diversified our business domains under the "Think & Act" approach, which has extended our involvement from planning to implementation through participation not only in surveys and research, but also in the planning and implementation of measures.

Mitsubishi Research Institute DCS, the MRI Group's core company in the IT service area, also expanded its operations to include not only systems development and maintenance services, but also data center operation and business process outsourcing (BPO). It also took steps to strengthen its business infrastructure, including the consolidation of its BPO sites and the expansion of the Chiba Business Center.

Our business process reforms covered aspects ranging from quality and productivity to organizational culture and employee satisfaction. We also improved our infrastructure for sustainable growth by formulating a comprehensive talent development program for individuals and the development of an integrated business accounting system. We aim to improve quality, productivity and employee satisfaction by making optimal use of this infrastructure, and by implementing reforms affecting work styles and work-life balance.

## Financial Results

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The Japanese economy remained on a recovery trend in the year ended September 2014, despite the effects of destabilizing factors, including a demand rush ahead of the consumption tax increase and the subsequent reactionary downswing, as well as abnormal weather patterns. Economic performance was underpinned by the recovery of the income environment, including an improvement in the employment situation and an upward trend in wages. Investment also benefited as improving business earnings helped to drive a rally in capital investment. Overseas, the economies of emerging countries began to rally, although their growth was not as vibrant as in recent years.

The MRI Group continued to give priority to quality and customer satisfaction, and to use its capabilities and services as an integrated think tank to build its business activities. In addition to focusing on support for Great East Japan Earthquake reconstruction, the solution of energy problems and the utilization of ICT, we also undertook consultation relating to the creation of new social frameworks, and business strategies and business process reengineering for private sector enterprises, and the development of systems for financial institutions.

These efforts were reflected in our consolidated net sales for the period, which rose 7.7% year on year to ¥87,400 million. Operating income increased by 13.2% to ¥6,079 million, ordinary income by 15.7% to ¥6,442 million, and net income by 18.0% to ¥3,405 million. We completed our three-year plan by achieving growth in both revenues and income for the third consecutive year.

During the fiscal year ended September 2014, we invested additional capital in IT-One Co., Ltd., a subsidiary of Mitsubishi Research Institute DCS. We also laid foundations for the further diversification of our involvement in the solutions business, including a new business partnership with and investment in the Japan Business Systems, Inc. Group.

## Outlook—The External Environment and Business Opportunities

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At a time when major changes are occurring in the world's economic and social structures, Japan faces many problems that require urgent solutions. For example, we need to lift the economy out of the deflationary spiral and back onto a sustainable growth track. We also need to rebuild and regenerate areas affected by the Great East Japan Earthquake, and to find solutions for the falling birthrate and demographic aging. Other priorities include access to energy resources and fiscal reconstruction.

Fortunately, there are signs that Japan is emerging from stagnation thanks to the "three arrows" of the government's growth strategy, the selection of Tokyo as the venue for the 2020 Olympics and Paralympics, and other factors. We have reached a stage at which only decisive action based on effective plans can overcome long-standing structural problems. Most importantly, we need to avoid the negative mindset that passively accepts the erosion of Japan's national potential by a falling birthrate and demographic aging. It would be no exaggeration to say that the potential for both economic growth and improvement in the quality of life is unlimited, provided that we focus on creative demand for the new types of services needed by the aged, and provided that we make use of ICT, biotechnology, robotics, 3D printing and other technology.

We believe that the MRI Group has a social mission to focus on these far-reaching trends, and to work with society and our customers to co-create the future by helping to find solutions and map out the path to tomorrow. We also see this as a major growth opportunity. We are determined to mobilize our wide-ranging knowledge, technology and management resources as an integrated think tank, and to play an active role in the creation of new value in a variety of fields, including the solution of national and social problems, initiatives to meet the needs of private sector enterprises, adaptation to change and the use of advances in science and technology to drive innovation.



## Group Medium-Term Management Plan

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In October 2014, we launched a new medium-term management plan. The basic policy for this plan calls for the achievement of sustainable personal and organizational growth under a six-year plan. The medium-term management plan itself will cover the fiscal years ending September 2015 through September 2017. However, our awareness of the approach of the MRI Group's 50<sup>th</sup> anniversary in 2020 led us to consider our growth strategy from a longer-term perspective, and to work steadily to lay foundations for growth under a six-year plan. The concept of personal and organizational growth acknowledges the fact that individuals are the most important assets of the MRI Group, that people do not learn and grow alone but rather within organizations, and that organizations grow as this learning is fed back and shared as knowledge. Organizational growth is not possible without personal growth, and our policy is therefore to increase our investment of ideas, efforts and resources in the growth of our employees.

Think tanks should be independent, interdisciplinary and future-oriented. The MRI Group has remained faithful to these principles since its founding, and we will continue to respect this spirit as we work to achieve personal and organizational growth by anticipating changes in trends and technology, and by helping society and our customers through the creation of new value.

## Business Strategy—Business Structure Reform

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Our medium-term business plan builds on our achievements in the three years to September 2014. It consists of a business strategy focusing on business structure reform, and a management improvement strategy centering on business process reform.

Our business strategy is based on a fundamental policy of maintaining and enhancing our existing strengths and adding new strengths. It consists of the following four elements.

First, we will strengthen our capacity to develop concepts and offer recommendations, thereby improving the value of our brand. The MRI Group was originally founded as a think tank, and one of our core missions has been to develop concepts for a creative and prosperous future society, and to design and present comprehensive plans for the realization of those concepts. To facilitate these activities, we will strengthen independent research activities based on concepts and issues defined by the MRI Group, and we will present the results of this survey and research work to society as future policy recommendations. We also aim to make this the starting point for efforts to link those activities to new business opportunities.

Second, we will enhance our existing strengths, starting with our role as a think tank for government agencies and local government organizations. With a team of approximately 450 researchers working in this field, the MRI Group has already built a solid presence. We will diversify our business activities dynamically under our "Think & Act" strategy with the aim of

making a continuing contribution to the solution of social problems and the implementation of reforms. Themes with the potential to lead to business opportunities include the creation of a society based on the advanced use of ICT, regional regeneration and revitalization, healthcare and social welfare, and energy, including nuclear power. MRI excels in business areas such as these, many of which form part of the government's growth strategy.

Our second strength is the development of solutions for financial institutions. Mitsubishi Research Institute DCS already excels in the development and maintenance of financial and card systems, but in the future it aims to enhance its capacity to propose and design upstream processes. Recently, it has also begun to strengthen its global support capabilities in partnership with its customers, including the establishment of overseas bases in Shanghai, Singapore, London and New York. MRI also offers unique services in areas that include marketing support based on customer data analysis, and market risk management using financial engineering. Mitsubishi Research Institute DCS will continue to strengthen collaboration and cooperation among its group companies.

The third element of our business strategy is the addition of new strengths. We believe that there are many business opportunities and scope for further growth in our existing areas of strength. However, we need to explore and develop new areas to ensure sustainable growth. Specifically, we have identified the three areas as services for private sector business corporations, overseas business development and new business development. In line with the thinking behind the six-year plan, this strategy calls for the dynamic development and long-term nurturing of concepts.

In the area of services to private sector business corporations, we will make maximum use of resources built through our government sector business, including knowledge, information

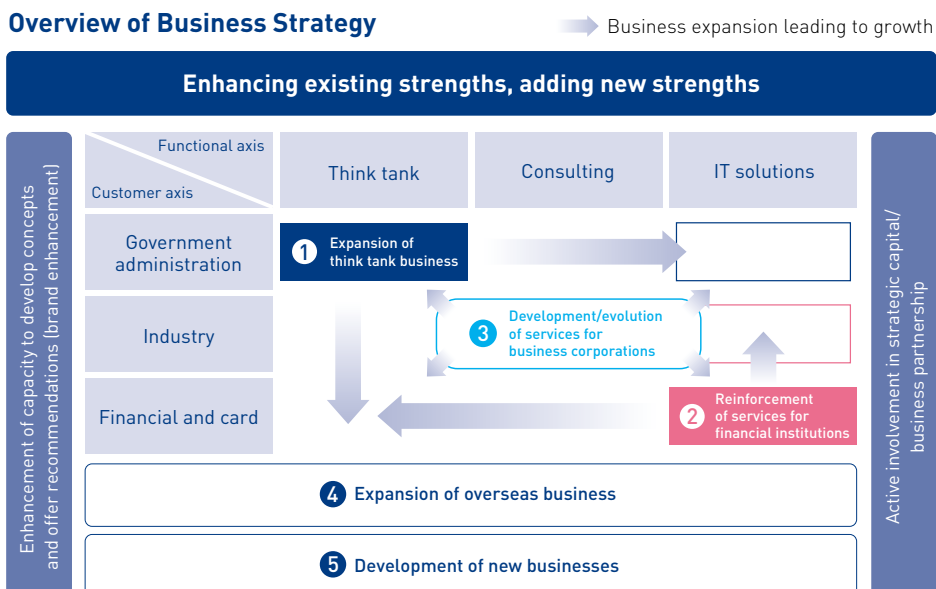
and networks. Our concept also encompasses services to support wide-ranging analysis of customers' data and support for management reform. The second area is overseas business. Our approach will include the use of our track record in social infrastructure exporting as a starting point for an involvement in policy and system design services for Asian governments, and the development of partnership roles for Japanese companies.

Overseas expansion is also a key focus for Mitsubishi Research Institute DCS. It is expanding its overseas bases and strengthening its capacity to provide services, especially to the financial sector. The third area is the development of new business activities that provide opportunities to use new technologies and innovations. The MRI Group already handles many advanced themes and technologies, but the challenge ahead is to link these to our own new business activities. We aim to increase opportunities for the development of new business activities by collaborating with our group companies and combining our respective strengths in such fields as data analytics, financial science and cyber security.

Obviously there are cases in which new projects and promising concepts cannot be realized solely with the knowledge and resources of the MRI Group. As the fourth element of our business strategy, we will give forward-looking consideration to strategic capital and business partnerships relating to opportunities and projects with the potential to yield synergy benefits, such as a rapid business startup or access to technology.

### Management Improvement Strategy— Business Process Reform

We will continue work dynamically to reform business processes under our management improvement strategy, with the aim of maximizing the benefits of business structure reform under our



business strategy. The three core elements of this reform process are the implementation of group management and collaboration, the development and reinforcement of human assets, and the reinforcement of productivity improvement, risk management and governance.

First, we aim to build structures capable of catching a wide range of business opportunities and efficiently providing integrated services based on the "Think & Act" concept, by promoting information sharing, collaboration and cooperation among group companies. We will also work to improve efficiency and security through integrated management of the MRI Group, including resource allocation, common administrative systems and compliance.

Second, we will expand our team of highly skilled professionals. People are the most valuable resource for the MRI Group, and both recruitment and the enhancement of specialist knowledge and skills are extremely important priorities. We will actively invest resources in our human assets, specifically through the enhancement and expansion of our training programs, and the improvement of the work-life balance and other aspects of the working environment. We will also focus on diversity and the creation of opportunities for female and older employees, as part of our efforts to strengthen employees' engagement with growth and build employer-employee trust. We believe that improvements in these areas hold the key to sustainable growth for people and organizations.

Third, in October 2014 we established the Risk and Quality Management Division with the aim of improving quality and productivity and strengthening risk governance. We will raise our management level by sharing and standardizing compliance and risk governance systems across the entire MRI Group, and by fostering change in employee awareness and culture. Also in October 2014, we introduced an integrated business accounting system as shared information infrastructure for the MRI Group. We expect this system to yield important benefits, including administrative rationalization and cost savings for group companies, as well as group-wide synergies.

## CSR Management

The two pillars of the MRI Group's approach to CSR management are contribution to the sustainable development of society through business activities, and engagement in business activities that allow us to earn the trust of society. Our basic CSR policy promotes contribution to society in three ways: by providing knowledge, by developing human resources and by fulfilling our corporate social responsibilities.

Contribution to society by providing knowledge is already part of the mission of the MRI Group as an organization centered on think tank activities. That mission calls for contribution to society through the provision of wisdom and information. Our future activities will be guided by our determination to make a wider and deeper contribution by disseminating information, making recom-

mendations, carrying out surveys and research, formulating policies and strategies, designing specific solutions and other activities, and by finding solutions to the problems of society and our customers through our role as a "Think & Act Tank."

Our activities for contribution to society by developing human resources include not only a continual involvement in the outsourcing and implementation of support services for educational and human resource development policies, but also the implementation of the comprehensive talent development program. Another priority is human resource development activities focusing on young people who will one day play key roles in society, including high school, university and postgraduate students.

Our approach to management is guided by our awareness of global standards for contribution to society by fulfilling our corporate social responsibilities, and ISO 26000, the international standard for CSR, is reflected in our management and business activities. In 2010, we signed the United Nations Global Compact and committed to support the Ten Principles, including those relating to human rights and labor.

## Looking Ahead

In the 21<sup>st</sup> century, we face increasing social and economic complexity and globalization, and we need to take up new challenges in the face of issues that we have never experienced before. The MRI Group is determined to meet the expectations of society by applying its total capabilities, including its knowledge, experience and management resources, to the task of showing the way to a future filled with hope. For this reason, too, we will remain profoundly aware of our social responsibilities as we continue to respond actively to challenges while maintaining integrity and fairness in business activities. We aspire to achieve sustainable growth and shared prosperity as a corporate group by creating value for society and our customers, by increasing our value to shareholders, by developing our human resources, especially employees, and by meeting the expectations of our diverse stakeholders. At the same time, we will respond to the expectations of our shareholders by aiming for a high standard of management quality, including the enhancement of management transparency and governance, and by achieving business growth and high returns.

December 2014

President and  
Representative Director  
Mitsubishi Research Institute, Inc.

Kyota Omori

大森京右



[Management Philosophy]

We will use wisdom and information to contribute to society.  
We will maintain integrity and fairness in business activities.  
We will apply integrated strengths by combining the ability of diverse individuals.

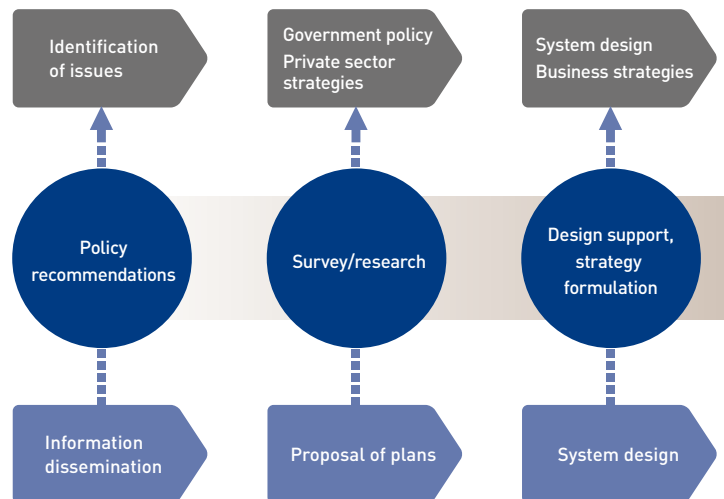
# Think&Act

Support for the solution of social issues—from planning to implementation



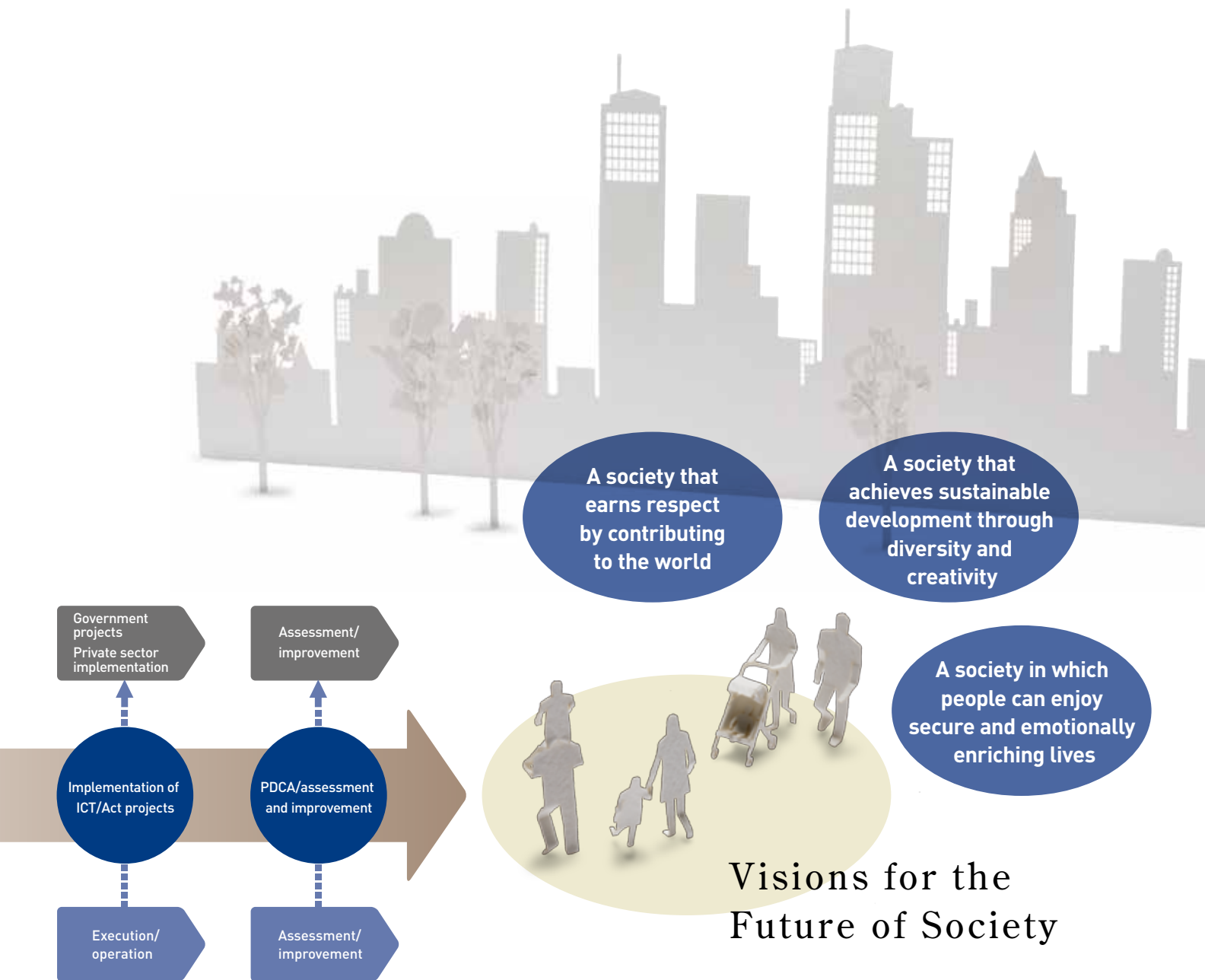
Social issues  
requiring solutions

## Social Trends



## Activities and Business Areas of the MRI Group

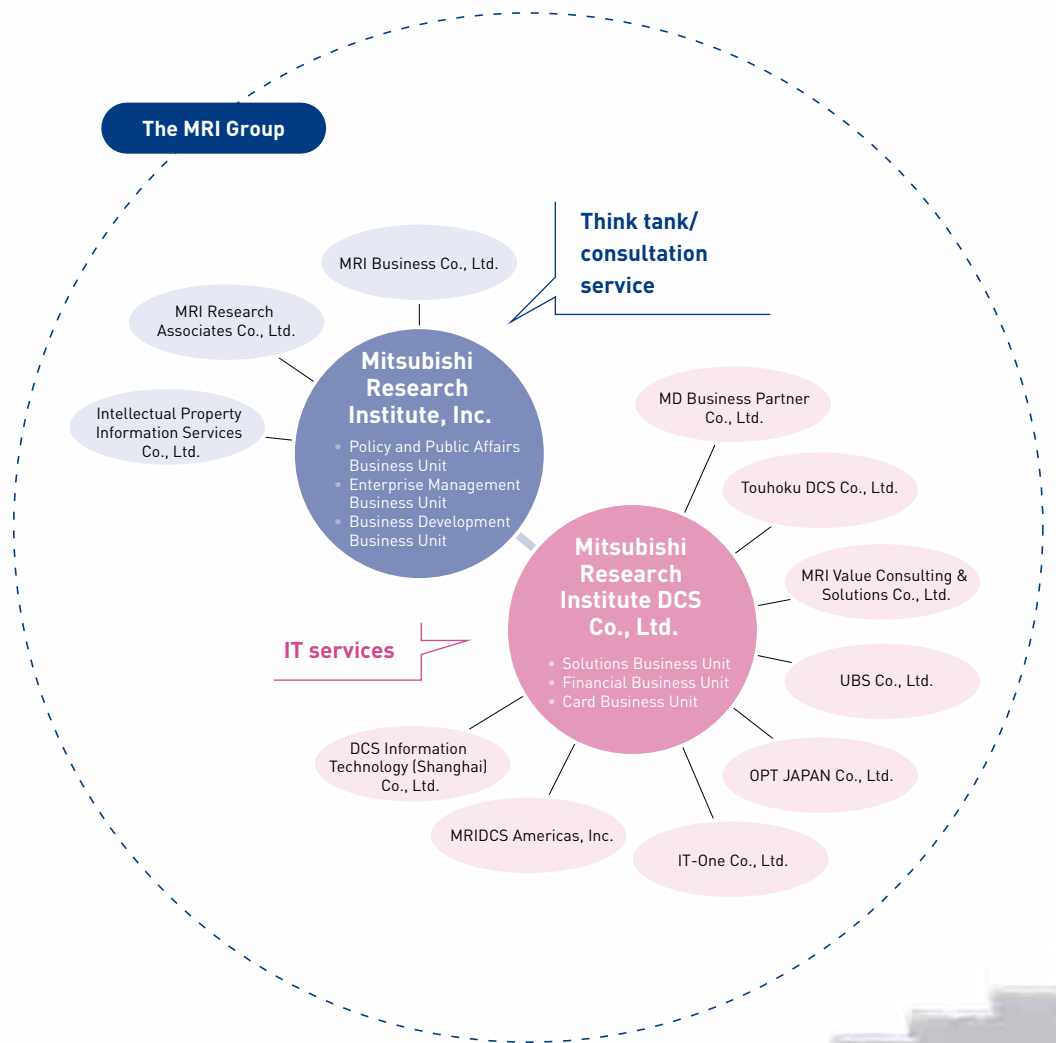




### [ Knowledge Value Chain ]

- The MRI Group aims to create a knowledge value chain linking social issues to business initiatives.
- Business opportunities for the MRI Group begin with social issues and arise at points of contact between the Group and society, such as government agencies or private sector enterprises.
- Our business activities are linked directly to social contribution, leading to the realization of visions for the future of society.

# MRI Group



# History

Mitsubishi Research Institute, Inc. (MRI) was founded in 1970 as a commemorative project to mark the centenary of the Mitsubishi Group. Its parent organizations were the Technological and Economic Information Center (science and technology), the Mitsubishi Nuclear Energy Integrated Computation Center (computers) and the Mitsubishi Economic Research Institute (management and economics). In the decades since that time, MRI has continually played a guiding role as one of Japan's leading integrated think tanks and has built an extensive track record in fields ranging from economics and ICT to science and technology. The basic mission of MRI and the focus for all of our activities is the creation of a better future for society through the provision of solutions for a wide range of issues affecting society.

Our experience and record of achievement have enabled us to expand the scope of our activities as a corporate group consisting of MRI and 12 consolidated subsidiaries. We have gained recognition as a truly unique integrated think tank capable of combining think tank and consulting services, including surveys, research, analytical forecasting and the proposal of system designs, management strategies and ICT utilization strategies, and integrated IT services, from the development, operation and maintenance of systems to outsourcing.

## 1970s

**The think tank concept is introduced and takes root in Japan. MRI begins to develop activities based on science and technology.**

- MRI is established as a commemorative project for the centenary of the Mitsubishi Group.
- MRI begins to provide policy recommendations based on global perspectives (joint research with think tanks in Japan, the United States and Europe)
- The first permanent multi-client macroeconomic projects are launched.
- World supply-demand models for food and ships are developed.
- MRI introduces and begins to use NASTRAN, a large-scale linear structural analysis program developed by the U.S. National Aeronautical and Space Administration (NASA).
- MRI begins to provide information services as the exclusive agent for the National Technical Information Service (NTIS) of the U.S. Department of Commerce.
- The head office of MRI is relocated to the Otemachi district of Chiyoda-ku, Tokyo.
- Diamond Computer Service (now Mitsubishi Research Institute DCS) is established.



## 1980s

**MRI becomes involved in key projects leading to growth in Japan and overseas and launches business activities anticipating the advent of the advanced information-based society.**

- Software development and related survey and analysis activities are expanded with the establishment of System Twenty-One (now MRI Research Associates).
- MRI Career Staff (now MD Business Partner) is established and begins to supply temporary staff to assist with surveys and other tasks.
- MRI participates in advocacy for the establishment of the Global Infrastructure Fund.
- MRI works on major international cooperation projects, including management system design and planning and survey work for the Suez Canal.
- MRI contributes to the improvement of infrastructure in Japan through its participation in projects relating to airport development and new Shinkansen lines.
- Japan's first Cray computer is installed by MRI.
- Work begins on R&D relating to artificial intelligence and expert systems.

## 1990s

**MRI develops solutions in response to rapid change in a wide range of fields.**

- The Research Laboratory for Advanced Science and Technology is established to carry out experimental research.
- The Global Environmental Research Center and Safety Engineering Research Center are established.
- The Internet membership business is launched.
- MRI begins to tackle new issues relating to social capital development, including the promotion of intelligent transportation systems (ITS).
- MRI carries out surveys and research relating to global warming countermeasures.
- A new energy/energy conservation vision is developed.
- MRI carries out surveys for use in earthquake damage forecasting, the design of disaster prevention systems, and disaster prevention planning.
- MRI conducts a diamond synthesis experiment in space.
- MRI assists with the development of utilization systems for data from Earth observation satellites.
- MRI assists government agencies with operational reforms and the procurement of systems.
- Diamond Computer Service opens the Chiba Business Center.

## 2000s

**MRI sets out on a new path to the co-creation of the society of the future.**

- MRI acquires an equity interest in Mitsubishi Research Institute DCS (DCS).
- MRI is listed on the second section of the Tokyo Stock Exchange.
- Full-scale business solutions services commence with the establishment of the Business Solutions Division.
- MRI Value Consulting & Solutions is established as a joint venture with Mitsubishi Electric Information Systems to strengthen the enterprise resource planning (ERP) system business.
- MRI provides recommendations about the design of new social systems, including the administration of a public business research group to study deregulation and opportunities for private sector business.
- MRI promotes the development of next-generation IT infrastructure, including R&D relating to the next-generation Internet protocol IPv6.
- MRI facilitates advanced scientific research and industrial applications, including human genome analysis.
- Experimental research concerning CO<sub>2</sub> emission rights trading is planned and implemented.
- Business systems based on data analysis, including a revenue management system, are introduced.
- MRI establishes a committee to make recommendations on the society of the future.

## 2010s

**As a "Think & Act Tank," MRI begins to provide support spanning all stages from planning to implementation.**

- MRI is listed on the first section of the Tokyo Stock Exchange.
- MRI works on earthquake reconstruction projects.
- The Platinum Society Center is established to advocate for the Platinum Society with the aim of finding solutions to social issues, including environmental problems, aging and employment.
- Market Intelligence & Forecast System (a consumer market forecasting system) becomes operational. The system is based on a 2,000-question survey of 30,000 people.
- The Future Designs and Analysis Center is established to carry out large-volume data analysis for customers.
- The Vision 2020 Center is created to promote legacy initiatives relating to the Olympics and Paralympics.
- NU Intellectual Property Financial Service (now Intellectual Property Information Services Co., Ltd.) is acquired as a subsidiary to strengthen intellectual property consulting capabilities.
- DCS acquires UBS Co., Ltd. as a subsidiary to strengthen business process outsourcing services.
- DCS acquires OPT JAPAN Co., Ltd. as a subsidiary with the aim of expanding business with school corporations.
- DCS opens the Tokyo Business Center.
- DCS establishes subsidiaries in Shanghai and New York and branches in Singapore and London.

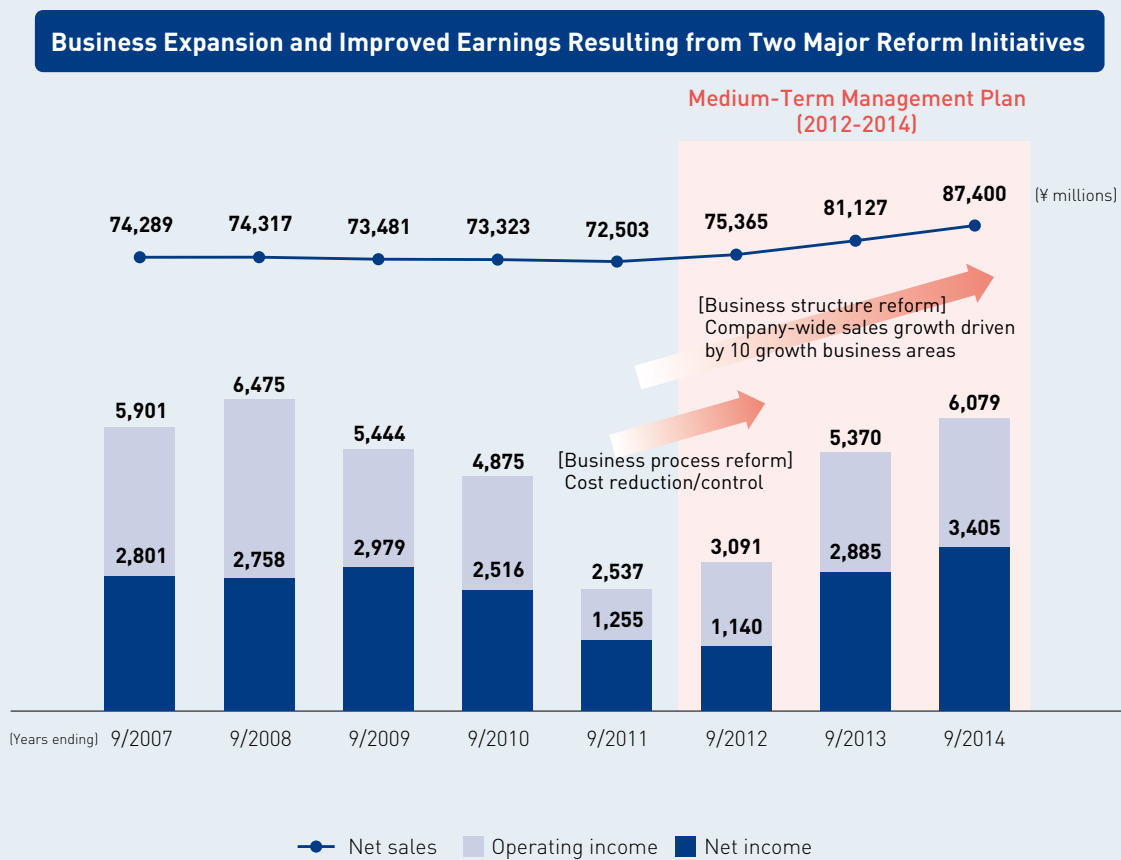
## Financial Results

Consolidated net sales in the fiscal year ended September 2014 were 7.7% above the previous fiscal year's result at ¥87,400 million. Factors contributing to this growth included major projects for government and public offices, and systems development projects, especially for the financial sector.

The cost of sales increased by 7.2% year on year to ¥68,661 million, but the ratio to net sales fell by 0.4% to 78.6%. Selling, general and administrative expenses amounted to ¥12,659 million, a year on year increase of ¥970 million, or 8.3%. The

higher figure reflects expenditure on a range of measures, including the development of a group information system.

Operating income was 13.2% above the previous year's level at ¥6,079 million, while ordinary income rose by 15.7% to ¥6,442 million. Net income increased by 18.0% year on year to a new record of ¥3,405 million.

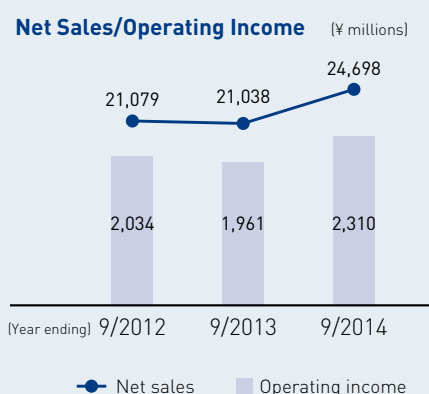


## Segment Information

### Think Tank and Consulting Business

There was an increase in the number of large-scale support projects for government and public offices relating to policy implementation in the areas of earthquake reconstruction and energy. This was reflected in a 17.4% year-on-year increase in net sales to outside customers, which amounted to ¥24,698 million.

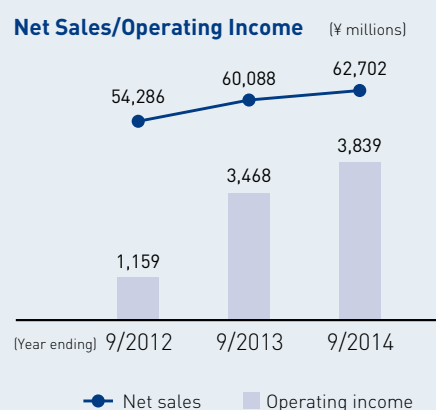
Higher cost and selling, general and administrative expenses relating to major projects were offset by revenue growth and improved operating rates. As a result, operating income was 17.8% higher year on year at ¥2,310 million.



### IT Solutions Business

Net sales increased by 4.3% year on year to ¥62,702 million thanks to an increase in systems development projects for the financial sector and growth in outsourcing services.

In addition to revenue growth, earnings also benefited from orders for high-margin projects. These factors compensated for an increase in selling, general and administrative expenses, with the result that operating income was 10.7% above the previous year's level at ¥3,839 million.



## Assets, Liabilities and Net Assets

### Assets

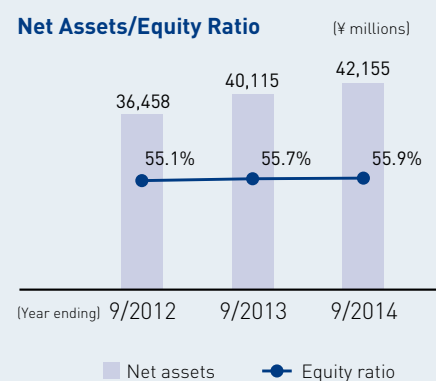
Total assets amounted to ¥65,354 million as of September 2014, an increase of ¥4,307 million, or 7.1%, from the position as of September 2013. Factors that contributed to the rise in current assets were increases of ¥1,173 million and ¥499 million respectively in notes and accounts receivable—trade and securities. Non-current assets rose because of a ¥1,204 million rise in intangible fixed assets, resulting in part from the development of a group-wide information system.

### Liabilities

Liabilities increased by ¥2,267 million, or 10.8%, from the position as of September 2013, to ¥23,199 million. This resulted mainly from increases of ¥1,251 million and ¥549 million, respectively, in accrued expenses and accrued consumption taxes, etc.

### Net Assets

Net assets reached ¥42,155 million, an increase of ¥2,039 million, or 5.1%, from the position as of September 2013. The main factor was a ¥2,748 million increase in retained earnings. The equity ratio was 55.9%.



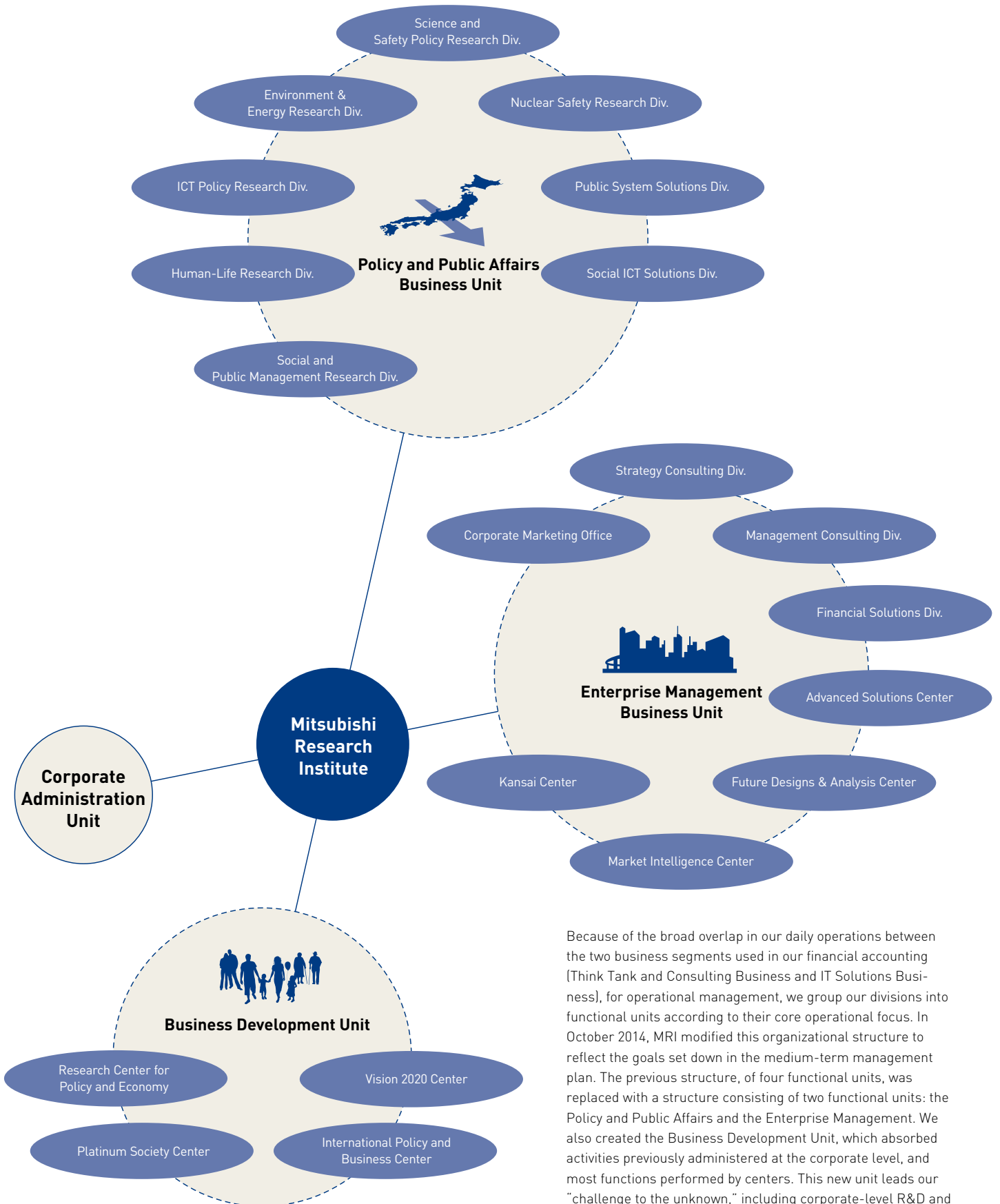
# 1

## Contributing to Society through Diverse Business Activities

Business Divisions of the Mitsubishi Research Institute Group



# Operational Organization



Because of the broad overlap in our daily operations between the two business segments used in our financial accounting (Think Tank and Consulting Business and IT Solutions Business), for operational management, we group our divisions into functional units according to their core operational focus. In October 2014, MRI modified this organizational structure to reflect the goals set down in the medium-term management plan. The previous structure, of four functional units, was replaced with a structure consisting of two functional units: the Policy and Public Affairs and the Enterprise Management. We also created the Business Development Unit, which absorbed activities previously administered at the corporate level, and most functions performed by centers. This new unit leads our "challenge to the unknown," including corporate-level R&D and business development. The Corporate Administration Unit provides support for business activities and management at the corporate level.



# Policy and Public Affairs Business Unit

## Business Environment

Japan needs to take urgent action on a range of issues, including economic renewal, regional revitalization, environmental and energy problems, the nuclear problem, a falling birthrate, demographic aging and declining population. The government has responded to these issues by launching a new growth strategy designed to drive Japan's resurgence. This strategy focuses on a number of areas that are key elements of MRI's business focus, including regional management, infrastructure, energy, health and welfare, science and technology and ICT. Government agencies are our main customers in this business area. There are expanding business opportunities for our think tank services in a number of areas, including the formulation of policies to solve social issues while also restoring fiscal soundness, forecasting of future changes in the business environment, the development of strategies in response to environmental changes, and supporting the improvement of Japan's presence through contribution to economic development in emerging and developing countries.

## Business Strategy

The Policy and Public Affairs Business Unit forms the core of our think tank business. In addition, we use knowledge gained through surveys and research carried out by this business unit as the basis for integrated solutions for a variety of customers in both the private and public sectors. In October 2014, we reorganized the business of this unit into eight divisions, including ICT solution-related divisions, with 452 staff. Their task is to develop integrated, comprehensive and practical solutions for a wide range of social issues. We also established the Nuclear Safety Research Division to provide a dynamic and sustained response to problems relating to earthquake reconstruction and nuclear safety. These divisions work together synergistically to support our efforts as an integrated think tank to find answers to social issues by developing solutions and reforms.

## Business Activities

In the areas of public land, infrastructure, transportation and city management, we propose policies and provide support for their implementation to achieve goals that include broad regional and inter-governmental/interagency collaboration, the development of compact cities, the improvement of transportation services, infrastructure management, and the creation of regional industries.

In the environment and energy fields, we respond to various policy priorities, including reliable access to resources and energy, the prevention of global warming, and waste disposal. In addition, MRI is promoting new business activities relating to megasolar projects and electric power system reforms and has itself become a project entity.

In the areas of health, welfare and education, we are working to find solutions to policy priorities that include human resource development and improvement of the quality of life in an aging society with a falling birthrate. From an industrial perspective, we are also supporting efforts to improve the competitiveness of the Japanese medical equipment industry.

In the science and safety area, we are involved in innovation strategies for all fields of science and technology, including space, aviation, national land, and oceans and initiatives toward the creation of an advanced, secure society.

Our consulting services in the ICT field relate to ICT policy and the use of ICT in the public and private sectors. We also provide advanced ICT-based solutions for social issues and support innovation relating to ICT systems used by government agencies.

### Divisions in the Policy and Public Affairs Business Unit

- |  |   |
|--|---|
| ● Social and Public Management Research Division | ● Science and Safety Policy Research Division |
| ● Human-Life Research Division                   | ● Nuclear Safety Research Division            |
| ● ICT Policy Research Division                   | ● Public System Solutions Division            |
| ● Environment & Energy Research Division         | ● Social ICT Solutions Division               |



## Representative Project 1

### Climate Change Simulation

In recent years, many parts of the world have been affected by extreme weather, such as floods and droughts. Japan has also experienced numerous unusual weather events including the greatest rainfall in decades as well as landslides caused by torrential rainfall.

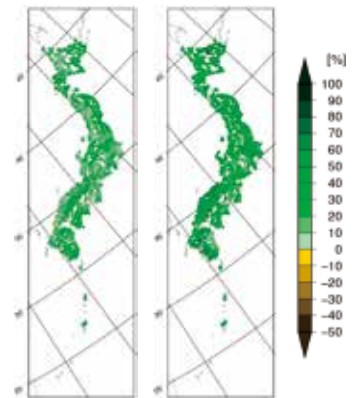
Japan has come up with policies to promote comprehensive countermeasures against the effects of climate change. The government is also formulating the "Climate Change Adaptation Plan" compilation of which is aimed for the summer of 2015.

For this purpose, the Japanese government plans to conduct a detailed climate change prediction for the vicinity of Japan, assess the impact of climate change, and organize measures for Japan to adapt.

MRI implemented climate prediction calculations using the model developed by the Meteorological Research Institute of the Japan Meteorological Agency.

We have processed the climate change prediction information, such as average temperature, the number of extremely hot or cold days, and precipitation amounts during heavy rain. Some of the results of this work were published by Ministry of the Environment in June 2014.

We will contribute to the solution for various climate change issues by feeding back the knowledge obtained through such analyses to the policy-making process.



■ A graphical representation of simulation results

Source: Ministry of the Environment

## Representative Project 2

### Using Manufacturers' Technology to Accelerate the Development of Medical Equipment Needed to Solve Problems in Medical Institutions

Despite expectations of future growth in the healthcare industry, Japan is still a net importer of medical equipment. Japan's world-famous manufacturing technology, supported by small- and medium-sized companies, has not been adequately applied in the field of medical equipment. The Japanese government has been working to remedy this situation through a scheme launched in fiscal 2010 to develop medical equipment through a problem-solving approach based on collaboration between the health sector and manufacturers. MRI is providing consultation

services for this project as a business management support organization. We are accumulating success stories and building a medical equipment development support network.

For example, an automotive parts manufacturer is working with the National Center for Child Health and Development to develop the world's first high-performance flexible forceps for use in various types of endoscopic surgery, using advanced cutting technology developed by manufacturers of motor vehicles and other products.

## Representative Project 3

### Catch Asia! Media Network—Bringing Japanese Technology to the World

The most important policy issues of the Japanese government are economic growth and global development of Japanese industry. MRI contributes to the expansion of Japanese industries in ASEAN countries and India through the Catch Asia! Media Network.

The Catch Asia! Media Network business is a membership organization with customers that include Japanese business corporations, business groups and local governments. Mini-documentaries about customers' technologies and business and cultural activities are produced and broadcast to an audience of 450 million people in six ASEAN countries and India. The 10

media partners for the business are state-owned television broadcasters and leading media companies in the target countries. In addition to broadcasting the programs over more than 48 channels, the Network also distributes news articles and press releases.



Japanese embassies in Vietnam and Laos have received inquiries from people who have viewed the programs locally. Some member companies have also won major orders following local broadcasting. MRI is starting to produce content in collaboration with overseas media partners.



# Enterprise Management Business Unit

## Business Environment

Japan has been among the first countries to experience a variety of social issues, and these problems are already starting to affect the business sector in a number of ways, including labor shortages. From a global perspective, while the growth potential of advanced countries wanes, the markets of emerging countries grow in importance. In this context, companies will need to step up their innovation in Japan and overseas. In addition, a changing competitive environment makes it increasingly important for companies to move quickly to commercialize ideas and concepts resulting from innovation, and develop and maintain the resulting business. Also, advances in ICT are expected to generate insights and knowledge, through the collection and utilization of big data, and new approaches to market development. ICT is also offering new opportunities to build and operate businesses that are more flexible and rapid than otherwise solid organizations and manufacturing sites.

## Business Strategy

Our business strategy is to continually contribute in such areas as the formulation of strategies and measures to improve earnings, guiding the future direction of business, business structure reform through cost reduction and developing human resources, and the optimization of operations, business continuity and risk management. Our specific contributions are based on the two points below:

- 1) The Enterprise Management Business Unit will utilize the total resources of MRI to predict changes in the market environment through the analysis of megatrends and forecasting. We will help our customers to achieve both technology- and market-driven innovation, and we will support business development based on core resources and ways to assure them, as well as the latest trends in related areas, such as regulation and standardization.
- 2) Through comprehensive visualization and quantification techniques, we will support the development of management innovations through the optimization of technology, human resources, organizations, and processes, with due regard to the utilization of ICT. Furthermore, we will help customers to respond to both opportunities and threats by identifying risks and discovering new approaches to markets.

## Business Activities

This business unit helps businesses to implement technology strategies, develop new business activities, products and services, and improve business processes. Another key theme is support for organizational development, including human resource strategies, human resource development and organizational integration.

With regard to ICT, we provide consulting services relating marketing and income improvement measures based on the use of big data, as well as services relating to structural reinforcement, such as the optimization of ICT infrastructure.

Services for financial institutions include support for lifting earnings through the improvement of brand position and marketing capabilities, and support for improving management structure through cost reductions, operational reforms, and asset utilization. We also visualize and quantify market risks and credit risks, provide mechanisms and tools that financial institutions can use to control these risks, and assist with the augmentation of organizational structures, such as risk-management-team development.

### Divisions in the Enterprise Management Business Unit

- |                              |                                    |                              |
|------------------------------|------------------------------------|------------------------------|
| ● Corporate Marketing Office | ● Financial Solutions Div.         | ● Market Intelligence Center |
| ● Strategy Consulting Div.   | ● Advanced Solutions Center        | ● Kansai Center              |
| ● Management Consulting Div. | ● Future Designs & Analysis Center |                              |

## Representative Project 1

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### Discovering New Business Opportunities through Visualization of Technological Potential

Technology is one of the key factors if manufacturing companies are to achieve continuous growth. The engineering or R&D staffs of many companies possess profound technological knowledge and capabilities, but such knowledge is not explicitly expressed on an organization-wide basis, which creates obstacles for the successful management and maximization of the technologies' business value.

One of the services offered by MRI is a visualization process to reveal technological capabilities possessed by the engineers

or technicians. Another service is the objective assessment of a company's technological capabilities and their business potential through the use of intellectual resource databases. By accurately identifying its technological capabilities and intellectual assets, a company can also gain a clearer understanding of its advantages and disadvantages relative to competitors. This insight can enable it to review or restructure its strategies for technology and business. We also propose new business opportunities based on this objective understanding of technology resources.

## Representative Project 2

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### Using Financial Engineering to Contribute to Financial Stability

Financial stabilization through stricter regulation has become an important priority since the global financial crisis triggered by the Lehman shock. Since around 2012, various countries and regions have introduced new financial regulations, including the Dodd-Frank Act in the United States and the European Market Infrastructure Regulation (EMIR) in Europe. In addition, the Basel Committee on Banking Supervision is expected to undertake a comprehensive review of market risk management methods and introduce tougher regulations with the aim of

improving derivatives markets.

MRI is responding to this trend toward stricter financial regulation by providing support for operational reform and the development of market risk and market credit risk management systems that incorporate highly accurate models based on financial engineering. Through these services, MRI not only helps clients to comply with regulations, but also facilitates the enhancement of internal controls and contributes to management stability in financial institutions.

## Representative Project 3

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### Producing Funds for IT Investment through the Visualization of Internal Systems and the Optimization of Systems Maintenance and Operating Cost

According a survey conducted by the Japan Users Association of Information Systems (JUAS), system maintenance accounts for around 60% of IT costs. However, because of the aging of skilled systems engineers, both users and vendors face shortages of people with a detailed knowledge of corporate systems. As a result, corporate systems increasingly become a "black box", IT costs are increased, systems productivity declines, and expert knowledge fails to transfer smoothly to younger genera-

tions. MRI is helping to overcome this problem by providing the application asset visualization service based on advanced reverse engineering technology. This service enables customers to visualize their own systems, leading to cost savings by reducing time required to investigate the effects of repairs. Customers utilizing this service also improve the productivity in systems departments by standardizing their maintenance operation processes.



# Business Development Unit

## Business Environment

Social and economic maturation are creating a wide range of issues in advanced countries, including falling birthrates, aging and population decline. The efforts of emerging countries to achieve material prosperity through economic expansion are meanwhile leading to global-scale problems that will require long-term solutions in such areas as the environment, energy, water, food supplies and disparity. We call our vision of a human-centered society in which these problems have been overcome, the "Platinum Society." We are working through a wide array of initiatives toward the realization of a society in which a pleasant natural environment has been restored, in which there are no fears about shortages of resources and energy, and in which men and women, young and old can all participate and enjoy stable employment and lifetime growth.

## Business Strategy

Our aim in this business segment is to find answers for social issues by realizing a new social model through the provision of platforms for future co-creation research groups and other organizations, through advocacy for the Platinum Society concept, and through the creation of medium-term opportunities for active projects and policies.

Social issues encompass a wide range of areas, including healthcare, care for the aged, earthquake reconstruction, regional development, science and technology, innovation, education, human resource development, inclusiveness, changes to industrial and employment structures, international relations, and peace-building. Researchers in a variety of fields develop business initiatives through collaboration within the MRI organization.

In addition to the Platinum Society concept, MRI is also involved in the development of models and new business initiatives, especially in relation to the Olympic and Paralympic legacy, overseas expansion of infra-systems, and business linked to ICT with a focus on data.

## Business Activities

Through the Platinum Society business, we aim to plan, promote and realize business activities and policies based on key themes, including aging, regional revitalization, community development, increased female participation in the workforce, work styles, and university innovation, through industry-government-academia collaboration in the research activities of the Platinum Society Research Association. The Legacy Co-creation Association works to spread the legacy benefits of the Olympic and Paralympic Games, and to create legacy-based business activities and policies. Overseas activities consist of policy and system design relating to infra-systems and support for the overseas activities of the Japanese government and companies through policy dialog with the governments of Asian countries, based on our track record in working on these issues in advanced countries. Our future society advocacy business draws on the total resources of MRI. We disseminate information about our research into future society concepts based on comprehensive surveys of policies and economic trends in Japan and globally. Our new business development activities start with our think tank approach to the creation of model projects designed to solve social issues. We develop growth businesses by using combinations of ICT-based services provided via the Internet and Engine-as-a-Service (EaaS).

### Divisions in the Business Development Unit

- Research Center for Policy and Economy
- Platinum Society Center
- International Policy and Business Center
- Vision 2020 Center

## Representative Project 1

### Advocacy for the Realization of the Platinum Society through Policy Recommendations

With approximately 450 member organizations from the industrial and government sectors and academia, the Platinum Society Research Association has been engaged in initiatives to change social mechanisms since its establishment five years ago. To focus on solutions for issues affecting the super-aged society, the Association maintains working groups such as the Sustainable Platinum Community (SPC) Policy Research Group, as well as working groups on senior human resource management, platinum finance, second careers, three-generation consumption, and communication robots. Among themes studied are life and work styles for the aged, finances, education, consumption and social interaction. Another important focus for working group activities is the development of safe, vibrant regional communities for a society characterized by a low birthrate, aging and population decline. Topics studied in this area include regional revitalization, public facility management, and national resilience. The Platinum Society Research Association widely disseminates the results of working group activities as policy recommendations, while also working to realize concepts through specific initiatives. One of the concepts advocated by the Platinum Society Research Association

is a Japanese version of the “Continuing Care Retirement Community” (CCRC). The government has adopted this as an example of approaches to regional revitalization. A CCRC is a senior community in which people can enjoy vibrant yet secure lifestyles from the years when they are still in good health until the time when nursing care is required. In the United States, there are around 2,000 of these communities with 600,000 residents. The aim of developing a Japanese version of the CCRC is to adapt the concept to Japan’s social systems so that it can be implemented in Japan.

The SPC Policy Research Group will continue to work toward the creation of Japanese-style CCRCs by making policy recommendations, and by lobbying for improvements in government support measures and other aspects. The SPC Policy Research Group is also encouraging efforts to establish actual projects in various parts in Japan, including support for the activities of Japanese-style CCRC research groups and other organizations established in local communities, such as Minami-Uonuma City and Akita Prefecture, with the aim of turning the concept into reality.

## Representative Project 2

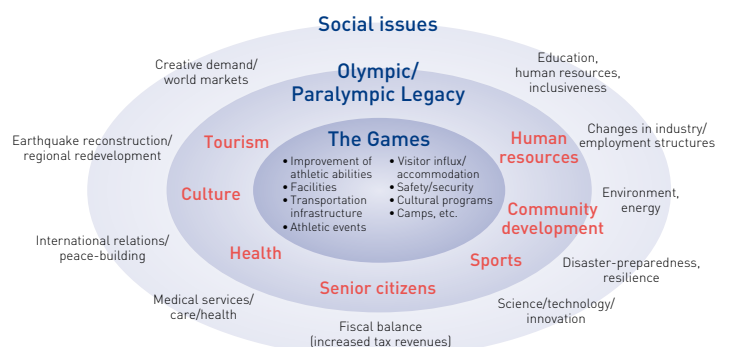
### Using the Olympic and Paralympic Legacy to Accelerate the Solution of Social Issues

A city that hosts the Olympic and Paralympic Games has an opportunity to use these events as a catalyst for sustainable changes, including the promotion of sports, tourism growth, the reinforcement of urban systems, technological innovation, and economic growth. The International Olympic Committee refers to tangible and intangible assets resulting from the Games as the “Olympic and Paralympic legacy.” This legacy has become extremely important in recent years. For example, the redevelopment of East London, including the construction of the Olympic Park, led to solutions of existing social issues and is now regarded as the greatest legacy of the 2012 London Olympic Games.

In retrospect, it is clear that the legacy of the 1964 Tokyo Olympic Games, including the Tokaido Bullet Train and Tokyo’s Shuto Expressway network, have formed part of the infrastructure that supports social economic activities in Japan. Legacy from the second Tokyo Olympics in 2020 is expected to include the solution of problems that face a maturing society, and the realization of a future vision that encompasses social inclusiveness, human resource development, health, the environment, energy, and safety and security. This legacy offers potential benefits not only to Tokyo, but also to other regions of Japan, as

well as Asia and the rest of the world.

MRI established the Legacy Co-creation Association in April 2014 as a platform for collaborative efforts by industry, government and academia. Our goal is to use the 2020 Tokyo Olympic Games as an opportunity to solve issues through the creation of legacy throughout Japan, and for the realization, after the Games, of a truly mature society in which everyone can participate.



■ Using the Olympic/Paralympic Legacy to Solve Social Issues



# Mitsubishi Research Institute DCS Co., Ltd.



Representative Director and President:  
Minoru Enjitsu

## Business Environment

Major changes are occurring in the ICT environment. New technologies and solutions are continually emerging, including cloud-based services and big data analysis, as well as the growth of web-based businesses. The ICT industry needs to adapt to these changes on various levels, including technology, investment and human resources.

From a technology perspective, business systems are now being significantly affected by the development of platforms for the provision of a wide range of cloud-based services, and by improvements in the mobile communications environment. At the investment level, the reduction of maintenance costs with the evolution of cloud-based services is creating an environment in which companies have more money to spend on new IT investment.

The key change affecting human resources is the need to train people who are not only able to carry out their allotted tasks, but also have the skills to envision better ways to configure operational processes, propose business initiatives that reflect user needs, and facilitate improvements.

## Business Strategy

This environment has also brought a dramatic rise in customer expectations toward Mitsubishi Research Institute DCS ("DCS"). DCS is responding to these needs in two ways.

First, we provide service systems that are even more customer-focused. We do not simply develop and operate systems under contract. We participate in customer projects from the planning stage so as to map out and develop services and systems from the customers' management and operational perspectives. The aim of this approach is to ensure that customers can confidently entrust their operating and maintenance requirements to us.

Second, DCS will grow and evolve as a team of professionals with the ability to carry out these tasks. By ensuring that every DCS employee can achieve personal growth as a professional, we are able to support the growth of our customers' business activities. We believe that this approach also leads to growth for DCS itself.

We define a professional as a person with the following attributes, and we devote considerable effort to the training of such people.

- (1) Advanced specialist skills
- (2) The ability to identify with the organization and commit to its overall performance
- (3) The ability to produce results

## Business Activities

DCS has extensive experience in finance-related fields, such as banking and credit cards. Other areas in which DCS excels include outsourcing and BPO services, which are provided primarily from the Chiba Business Center.

The PROSRV wage and personnel management service has been a core service since the founding of DCS in 1970. Today, the system is used at 2,000 business enterprises and is one of Japan's most successful products in this area.

Since 2004, DCS has been working to improve the corporate value of its customers in partnership with the Mitsubishi Research Institute, as a member of one of the few corporate groups in Japan able to offer an integrated value chain encompassing think tank services, consultation and BPO.

### Profile of DCS

<b>Establishment:</b> July 1970	<b>Business sites:</b> Headquarters (Shinagawa), Osaka Branch, Tokyo Business Center, Chiba Business Center, Hatsudai Service Center, London Branch, Singapore Branch
<b>Shareholders:</b> Mitsubishi Research Institute, Inc. Mitsubishi UFJ Financial Group, Inc.	<b>Affiliated companies:</b> MD Business Partner Co., Ltd., Touhoku DCS Co., Ltd., UBS Co., Ltd., MRI Value Consulting & Solutions Co., Ltd., OPT JAPAN Co., Ltd., IT-One Co., Ltd., DCS Information Technology (Shanghai) Co., Ltd., MRIDCS Americas, Inc.
<b>Capital:</b> ¥6,059 million	
<b>Employees:</b> 1,896	

## Representative Project 1

### Adapting to Rapid Globalization

DCS has built significant strengths in relation to international systems, such as those used for foreign exchange transactions. We have responded to the rapid globalization of society by expanding our network of overseas offices through the opening of branches in Europe (London) and Singapore, as well as affiliated companies in China [Shanghai] and the Americas [New York]. As a result, we are able to support international expansion by financial institutions and other customers from both the Japanese and overseas sides.



## Representative Project 2

### Open Source Software<sup>1</sup> Initiatives

DCS is developing a variety of new services based on the use of open source software to adapt to changes and needs in the ICT environment, including business continuity improvement, business speed acceleration and work style diversification. Particularly significant is our ability to provide development solutions that combine excellent cost efficiency with high quality and high speed using Jboss<sup>2</sup> middleware. This has allowed us to offer PROSRV on Cloud, an SaaS<sup>3</sup> personnel management and wage service. Recognition for these efforts includes the "Best Middleware Implementation" award at the 2013 Red Hat Forum hosted by Red Hat, Inc., the developer of Jboss. DCS is committed to continuing research and development with the aim of providing high-quality services that will help its customers to grow.



\*1 Software that is available free of charge and with the source code  
\*2 Execution infrastructure for open source web applications  
\*3 Acronym for "Software as a Service"— Software that is available via a network and can be called when needed by the user

## Representative Project 3

### IR\* Partnership Agreements with Universities

Services provided to universities and business corporations by DCS also include data analysis or the creation of analysis environments relating to big data utilization.

Since introducing institutional research (IR) services for universities in 2011, DCS has successfully completed numerous projects and continues to provide these services to universities.

On September 9, 2014, DCS entered into partnership with Yamagata University covering the following activities. We will continue to provide IR support to numerous universities.

- IR-related research cooperation
- Provision of lecturers for courses relating to data science, etc.
- Reciprocal cooperation for events and training, etc.

\*Institutional research helps a university to make various decisions by carrying out surveys and data analysis about the university itself.

# 2

## Wide-Ranging Approach to Human Resource Development

Human Resource Development Activities of the Mitsubishi Research Institute Group







# Training Highly Skilled Professionals

## Our Goal—Sustainable Growth for Individuals and the Organization

Professionals with advanced knowledge and expertise in various fields are the most important assets for the MRI Group, and we invest considerable effort in recruiting and training talented people, ensuring that the right people are assigned to the right positions, and promoting diversity. We also emphasize the achievement of a healthy work-life balance.

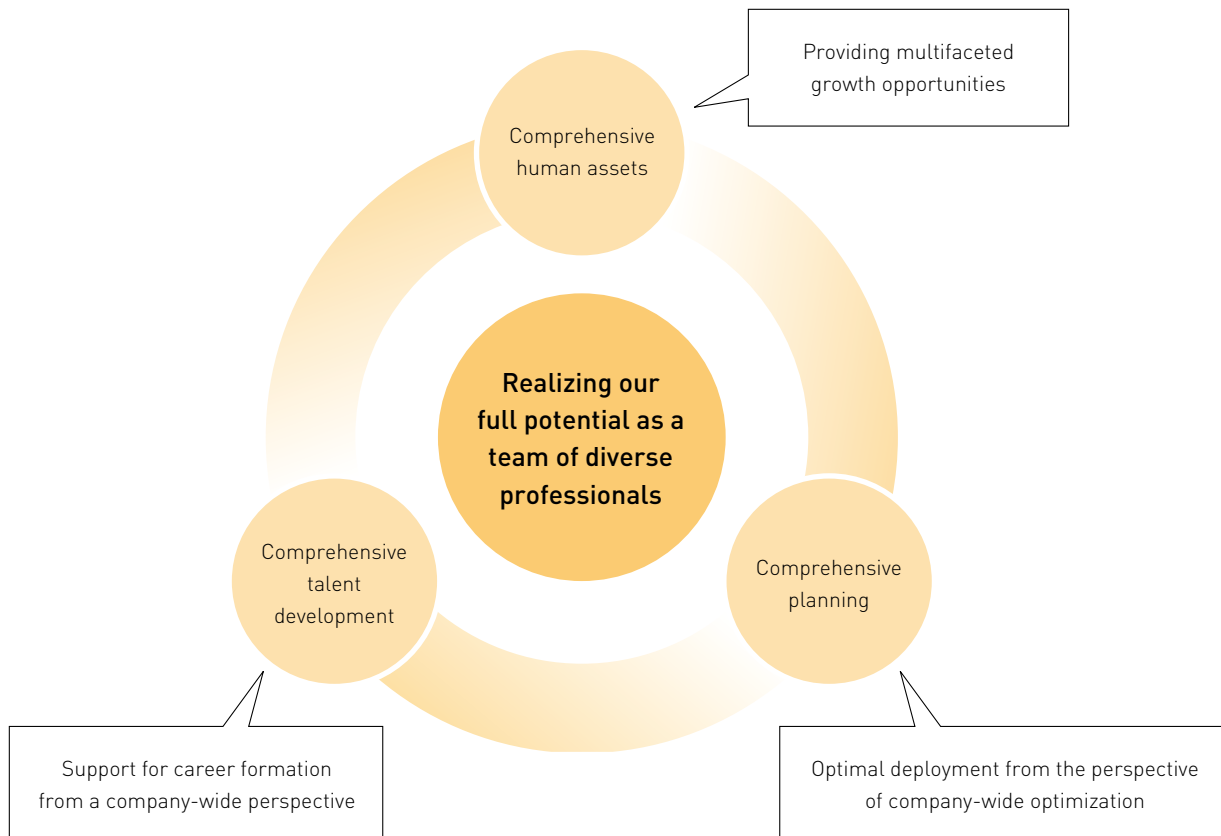
MRI maintains a planned approach to talent development and has structured related policies into a comprehensive talent development program. The aim of this program is to provide growth opportunities on various levels, and to create professionals who possess specialized expertise backed by the scientific and technical knowledge on which the strength of MRI is based, who are skilled in networking within industrial, government and academic circles, and who excel in both the theoretical and practical aspects of their work. By building a team of diverse professionals trained through this process, we believe that we can realize the full potential of MRI and contribute to the creation of new value that exceeds the expectations of customers and society.

We have also updated human resource management systems designed to support personal growth, which form part of the comprehensive talent development program. We have

introduced several new systems, including a new human resource management and remuneration system used to position the diverse roles created by the development of our “Think & Act” approach to business, and an assessment system designed to determine each individual’s growth level and provide links to the next stage of growth.

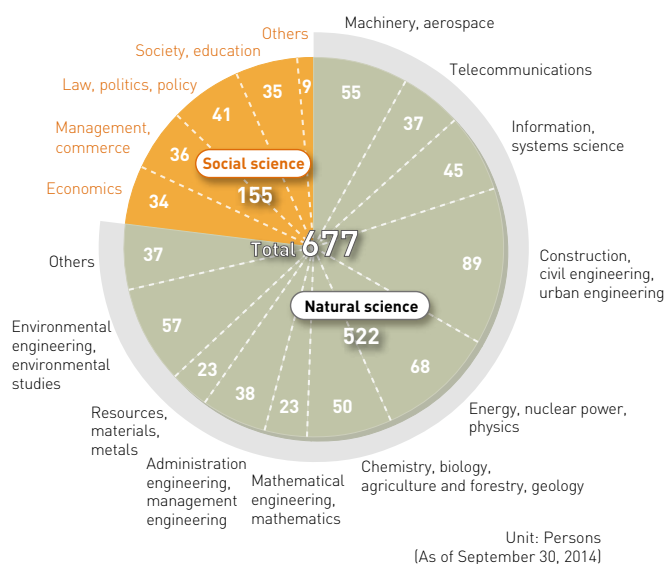
Sustainable personal and organizational growth under the comprehensive talent development program was identified as a goal under the three-year medium-term management plan launched in October 2014. This emphasis on personal and organizational growth reflects our awareness that people are the most important assets of the MRI Group, that people do not learn and grow in isolation but rather within organizations, and the results of learning are returned to the organization and shared as knowledge.

This is an era of far-reaching change, and both society and businesses face increasingly complex and diverse issues. Our ability to develop a comprehensive range of human assets will have a vital bearing on the future competitiveness of the MRI Group. We will continue to work toward sustainable growth for individuals and the organization through our ongoing commitment to the training of highly skilled professionals.

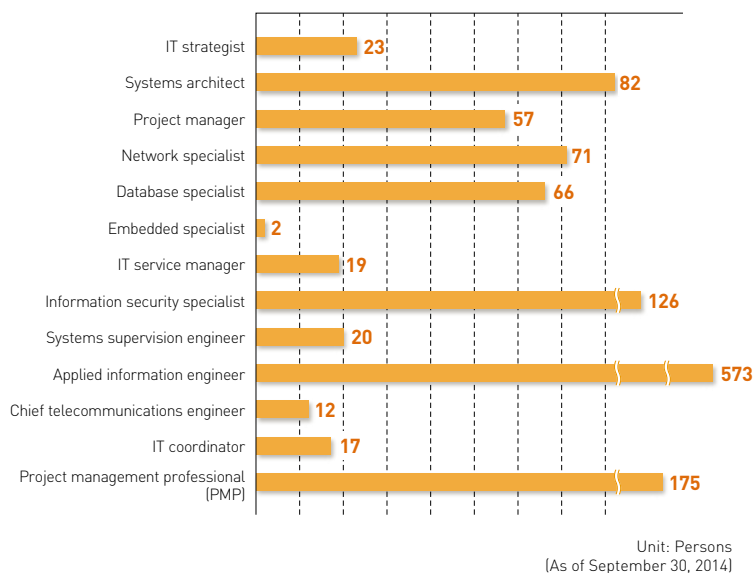


## Problem-Solving through Collaborative Efforts by Professionals in Wide-Ranging Fields

### Specialist Fields of MRI Researchers



### Qualifications of DCS Personnel



## Wide-Ranging Involvement in Human Resource Development Services

The MRI Group provides wide-ranging support for human resource development through its contracted services. In the year ended September 2014, we provided support for human resource development in a variety of fields and organizations.

### Main Human Resource Development Services Provided in the Year Ended September 2014

Name of Service	Customer
Assistance for top athlete discovery and training program in fiscal 2014	Tokyo Sports Association Headquarters
Comprehensive survey and research program for 2013 (survey and research concerning the state of education and training systems in Japan from the perspective of strengthening industrial competitiveness)	Economic and Industrial Policy Bureau, Ministry of Economy, Trade and Industry
Development of global human resource development road map for the Engineering Department	Tottori University
2013 human resource development project for new business creation	Toyohashi University of Technology
Survey and study relating to the recruitment and training of key personnel through visualization of the skills of skilled workers	Land Economy and Construction and Engineering Industry Bureau, Ministry of Land, Infrastructure, Transport and Tourism
Contract training project for new business creators (Kyushu, Okinawa) in fiscal 2013	University of Miyazaki
2013 strategic project on practical career improvement contracted services relating to the operation of a secretariat for Food & Agriculture Co-creation Producers	Cabinet Office
Survey for the 2014 IT Human Resources White Paper Research	Information-Technology Promotion Agency, Japan



# Human Resource Development as a Social Contribution Activity

## Future Co-Creation Seminars for High School Students

As part of our social contribution activities, we have run “Future Co-creation Seminars” for high school students since 2008. These seminars evolved out of our desire to help a new generation of

leaders to create visions of a brighter future. In the year ended September 2014, students from five schools engaged in lively debate in workshops and discussion sessions with instructors.

### Future Co-Creation Seminars in the Year Ended September 2014

School (Student Years)	Date	Theme (Format)
Koishikawa Middle School (Tokyo Metropolitan Government school, integrated junior and senior high school, all 160 first year senior high school students)	2/10/2013	Career formation (workshop)
Sozan Junior High School (Okayama Prefectural Government school)	6/11/2013	The Creative City Consortium
East Yamagata High School (Yamagata Prefectural Government school, 18 second year senior high school students)	21/11/2013	Messages from past students (seminar)
Tokyo Gakugei University International Secondary School (integrated junior and senior high school, all 127 third year senior high school students)	16/7/2014	General discussion about Phronesis 11 “Japan Quality” (the good things about Japan, health, broadcast content)
Kudan Secondary School (integrated junior and senior high school, all 160 first year junior high school students)	12/9/2014	Approaches to research (workshop)

## Support for University Education

We contribute extensively to university education by sending MRI researchers to present lectures at universities and graduate schools. Our researchers help undergraduate and postgraduate students in a wide spectrum of fields to develop broad perspectives by informing them about current social trends and showing how theoretical knowledge can be applied to society.

### Partner Institutions (In order of date of partnership establishment)

Hitotsubashi University Graduate Schools,  
Japan Advanced Institute of Science and Technology,  
Osaka University Graduate Schools,  
Yokohama National University Graduate Schools

### Institutions to which part-time instructors have been provided

(in order of listing in the 2014 edition of the *Zenkoku Daigaku Soran* [Handbook of Japanese Universities])

University of Tsukuba, Chiba University Graduate Schools,  
The University of Tokyo Graduate Schools,  
Tokyo Institute of Technology Graduate Schools,  
Tokyo University of Agriculture and Technology,  
University of Electro-Communications,  
Nagoya University Graduate Schools,  
Kyoto University Graduate Schools,  
Nara Institute of Science and Technology,  
Aomori Public University, University of Niigata Prefecture,  
University of Hyogo, Hiroshima City University,  
Reitaku University, Atomi university, Gakushuin University,  
Keio University Graduate Schools, Shibaura Institute of Technology,  
St. Luke’s International University, Tokyo City University,  
Tokyo University of Agriculture, Tokyo University of Science,  
Nihon University Graduate Schools, Hosei University Graduate Schools,  
Meiji University Graduate Schools, Waseda University Graduate Schools,  
Kanazawa Institute of Technology, Kwansai Gakuin University,  
Matsuyama University

## Asia Research Fellow Scholarship

In April 2010, MRI established the MRI Asia Research Fellow Scholarship program to support training and education for gifted people from Asian countries. Scholarships are awarded to students from the 10 ASEAN countries and India who are enrolled as privately funded students in masters and doctorate courses at Japanese universities. By providing scholarship support for students from Asian countries, MRI aims to contribute to the development of human resources who can play leadership roles in the Asia of the 21st century and work in the international community as bridges between their countries and Japan.

MRI provides active support during the scholarship, including opportunities for students to present their research, guidance from MRI researchers, and opportunities for internship appointments.

## Acceptance of Personnel from Local Governments and Related Organizations

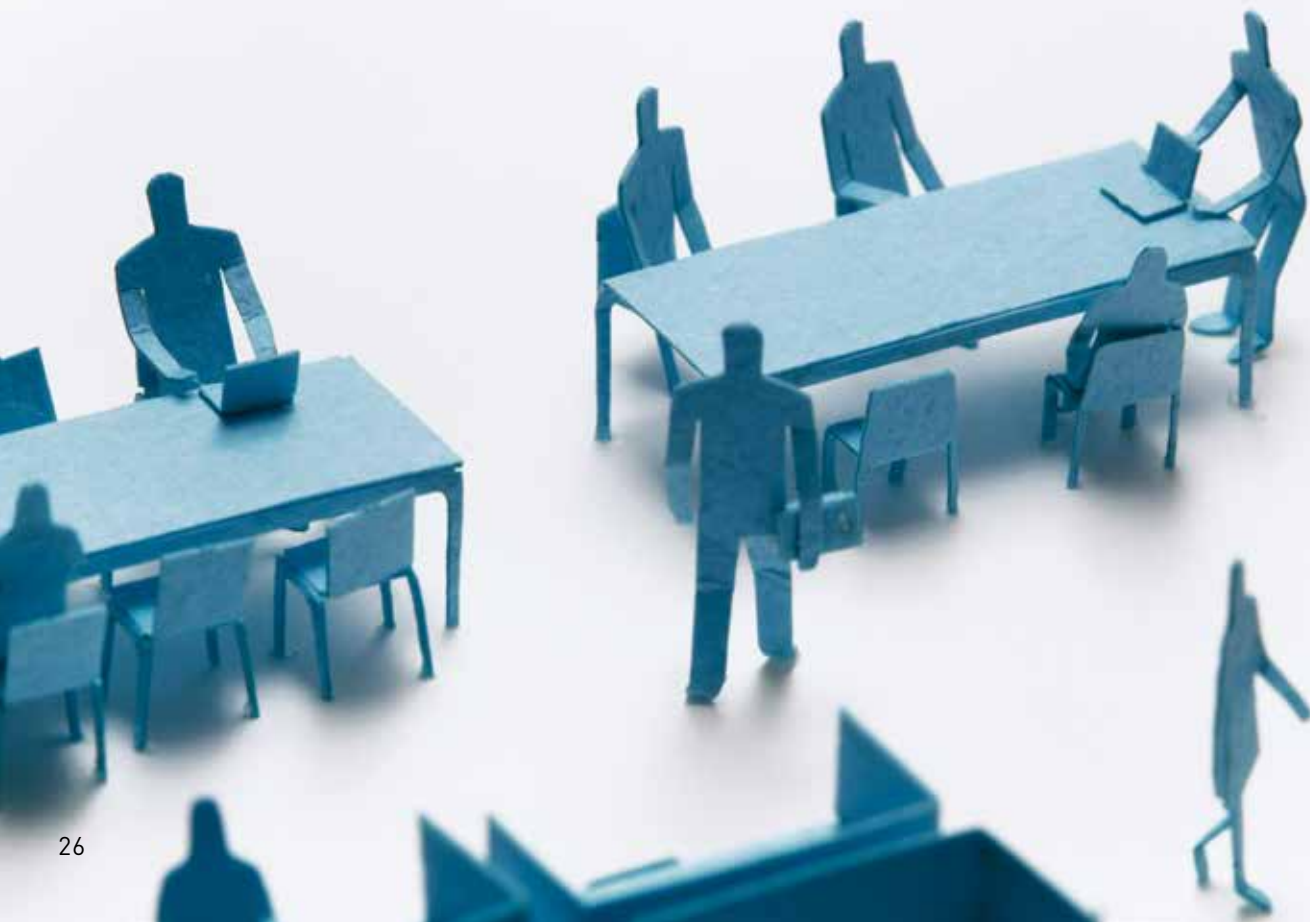
MRI contributes to education and training for young employees of local governments and related organizations by accepting them as trainee researchers. Since the inception of this program in 1983, we have accepted over 400 people from around 50 local governments and related organizations. The training program consists primarily of on-the-job training in business units. Participants also observe and experience a variety of activities within and outside of MRI and carry out independent research.

Trainee researchers undertake independent research under MRI guidance. The participants select themes, carry out surveys and analysis, and produce reports. Staff members from the participants’ home organizations are invited to attend research presentations.

# 3

## Fulfilling Our Social Responsibilities as a Business Corporation

The Management and Administrative Systems of the Mitsubishi Research Institute Group





# Responsibilities to Stakeholders

## Responsibilities to Society

- We believe that the business and corporate activities of the MRI Group are in themselves CSR activities. We approach our business activities with the aim of contributing to the creation of a better future for society.

Since 2012 we have purchased cookies produced by the Midori no Kaze Social Welfare Corporation (Sakura Bakery) for distribution as gifts to those who assist with our surveys and research activities. We also hold regular office sales events as opportunities for direct social contact between our staff and people with intellectual handicaps.

## Responsibilities to Our Customers

- We work to maintain a high level of customer satisfaction by applying our total resources, backed by our diversified advanced specialist knowledge, to the provision of creative, high-quality results.
- Information received from customers is carefully controlled to protect confidentiality.
- We assess risks on a group-wide basis and strive to prevent risk situations from emerging. We also monitor risk warning signs as the basis for timely preemptive measures. In the event of a major disaster, we will do everything possible to ensure the rapid resumption of our activities and minimize the impact on customers.
- We use the results of our research work to contribute to the environment by reducing the environmental loads of our customers and other organizations.

MRI is committed to continual quality improvement. In principle, a customer satisfaction survey is carried out for every project. Our continual efforts to ensure the satisfaction of every customer include accurate assessment of customer needs, the solution of issues, comprehensive project management to ensure customer confidence, and the establishment of a customer advice desk.

## Responsibilities to Our Shareholders and Investors

- In addition to timely and accurate information disclosure, we are continually working to enhance our communication with shareholders and investors. This commitment to good communications is also reflected in our IR activities.

### Timely and Accurate Disclosure

- Our approach to timely and accurate disclosure of information is guided by the principle that all stakeholders, including shareholders and investors, should have timely, accurate impartial and fair access to important information.

#### Basic Rules for Information Disclosure

1. **Timeliness:** Information about significant event must be disclosed without delay after the events have occurred.
2. **Accuracy:** All information disclosed must accurately reflect the facts.
3. **Impartiality:** All important information, whether favorable or unfavorable to MRI Group, must be disclosed in accordance with the timely disclosure rules of stock exchanges.
4. **Fairness:** All stakeholders, including stockholders and investors, must have equal access to information.

### Enhancing Shareholder Communication

- The 45<sup>th</sup> regular general meeting of shareholders in December 2014 was attended by 50 people. A variety of materials, including a narrated video, were used to aid understanding of our business report. The results of the general meeting were immediately posted on our website to ensure timely and fair access to the information.
- We publish two shareholder reports covering our financial performance, business activities, wide-ranging advisory services to society, and other aspects of our business. We also conduct shareholder surveys as part of our efforts to maintain good shareholder communications.

### IR Activities

- Our IR activities for shareholders and investors are based the core principals of information disclosure. Our aim is to present key information as clearly as possible to ensure that stakeholders can fully understand our business activities, management strategies, financial performance trends and other aspects.
- We hold half-yearly results briefings for institutional investors and analysts after the release of the final and second quarter financial results. At these meetings, the President and Representative Director gives a presentation on our activities, including financial results and medium-term management planning. Throughout the year, our executives also respond to interview requests and make regular visits to investors.
- We maintain an investor information page on our website. Many of our shareholders and investors use this as a convenient way to access timely disclosure information, financial flash reports, financial presentation materials, financial statements and other materials, which are posted on the site as soon as they become available. Videos of results briefings

are also available on the MRI website for viewing by a wide audience. Recognition for these efforts includes an award for excellence in the general section of the 2014 corporate website quality rankings compiled by Nikko Investor Relations Co., Ltd.

## Responsibilities to Business Partners and Group Companies

- Another way in which we endeavor to meet the expectations of society and our customers is by working to create the greatest possible value by bringing together the knowledge and wisdom of our group companies, partners and experts.
- We assess the quality standards of our partners under the ISO 9001 quality management system, and we are continually working to discover the best possible partners, and to collaborate with those organizations to improve the quality of our results.
- To improve the quality of our survey and analysis work, we support the development of our subsidiaries and encourage them to collaborate with quality partners. In cooperation with DCS, we work to develop partners capable of providing advanced IT solutions, and to help those partners to optimize their quality.
- We carry out all transactions appropriately and in accordance with the relevant laws, including the Act against Delay in Payment of Subcontract Proceeds, etc., to Subcontractors and the Personal Information Protection Law.
- We regularly share our management philosophy and medium-term management plans with group companies. We disseminate our management philosophy and basic CSR policy through various means, including consolidated management committee meetings attended by senior managers of key group companies, meetings attended by all senior executives of group companies, and the publication of a group newsletter. We also share and integrate management systems, new employee training programs and other systems.

## Responsibilities to Employees and Their Families

- Our management philosophy emphasizes the realization of integrated potential based on the diverse abilities of individuals. We respect the human rights of each individual employee, and we strive to create and administer systems and working environments within which a diverse range of people can enjoy fulfilling and interesting work.

### Support for Employee Skill Development

In addition to company-wide group training programs, MRI also supports employees' efforts to realize their full potential by providing subsidization and leave systems to help individual employees develop their own skills or undertake postgraduate studies as mature students.

### Promoting Diversity

We aim to provide systems and working environments within which people from diverse backgrounds can work together successfully regardless of gender, age or other attributes, including senior citizens, people with disabilities and foreign nationals. Human rights education activities are implemented to ensure that the rights of all employees are respected. Initiatives to prevent all kinds of harassment include the compilation of manuals and the establishment of dedicated contact points for advice.

### Initiatives to Promote Mental and Physical Health and Encourage Relaxation

All MRI business operations are conducted on a planned basis as activities of the entire MRI organization. We also encourage employees to use their allotted rest times and vacation days through personal time creation campaigns and other initiatives. In addition, MRI implements systems to promote the mental and physical health of employees in collaboration with industrial physicians and partner medical institutions. We place particular emphasis on measures to raise executives' awareness about mental health and improve their capacity to deal with issues in this area.

- One of the ways in which we are working to improve communications within the MRI organization is the "Twilight Talk" program for corporate officers and employees. We also conduct employee surveys as part of our efforts to improve working environments. In August 2014, we held the "MRI Family Day" to foster friendship among employees and their families. The program also included an opportunity for children to visit the office and see their parents at work. DCS has also held workplace visit days for employees' children since 2006 with the aim of fostering children's awareness about work and society and building good employee communications. A visit day was held, and in August 2014 the sixth such event was held at the company's head office in Shinagawa.



- MRI implements a range of work-life balance initiatives designed to maintain harmony between work and family life, and to create a virtuous circle based on work-home synergies. We have also developed and introduced systems targeting the factors responsible for Japan's falling birthrate and demographic aging. These include the payment of childcare allowances for employees' second and subsequent children, and a system of special childcare work schedules that is available until the end of April in the year in which the youngest child reaches the age of nine. We also organize information-sharing meetings for users of these systems and compile childbirth and care handbooks. Another example of our efforts to help employees balance their work and home responsibilities is our home-working system. Almost 100% of eligible female employees use the childcare leave and childcare work schedule systems. Use by male employees is also increasing. As a result of these efforts, both MRI and DCS have been approved by the Director of the Tokyo Labor Bureau as

general employers meeting the standards defined in the Act on Advancement of Measures to Support Raising Next-Generation Children.

- MRI supports social contribution activities through a matching donation scheme. Whenever an employee makes a donation to a public service organization, such as an NPO, or to an earthquake relief program or similar causes, the company donates the same amount. DCS has established a program that allows employees to take three days of leave each year to participate in voluntary activities.
- DCS holds twice-yearly blood donation days in its offices. By August 2014, there had been 15 of these events, which provide a convenient way for anyone to participate in a social contribution activity. The program is supported not only by DCS employees, but also by employees of partner companies. A total of 1,305 people have taken part, including 1,038 blood donors. A similar event organized by MRI in 2014 attracted 71 participants.

### Collection and Donation Initiatives by DCS —These activities offer an easy way for anyone to take part in social contribution activities.

#### 1. Collection of used stamps and prepaid cards (since 2002)

The stamps and cards are donated to social welfare organizations and are used to fund community welfare activities.

#### 2. Used PC donation program (since 2007)

Used PCs are donated to educational institutions, social welfare organizations and other groups through an NPO.

#### 3. Spoiled or unused prepaid postcards (since 2009)

These are donated to the Soratobu Kuramaisu (Flying Wheelchairs) group, which donates wheelchairs repaired by high school students to users in other countries, especially in Asia.

#### 4. Book Magic school support program (since 2012)

Books, CDs and other materials are donated to JEN (Japan Emergency

NGOs), a designated non-governmental organization involved in educational support activities in Afghanistan, Pakistan and elsewhere.

#### 5. Collection of foreign coins for UNICEF (since 2012)

Foreign coins are donated to the Japan Committee for UNICEF to support UNICEF activities.

#### 6. Bellmark (since 2014)

This is a new initiative. Money donated to the Bellmark Educational Support Foundation is used to fund school facilities and teaching materials.

\*In addition to these collection activities, DCS has also participated in the FIT Charity Run since 2011. The FIT Charity Run is a social contribution event for companies involved in the financial services sector and related business areas.



## Mechanisms for Fulfilling Our Social Responsibilities

Among our efforts to fulfill the MRI Group's social responsibilities, we develop corporate governance systems and implement risk management and compliance activities. We also work to maintain effective IT governance and information security. In addition, we administer three management systems as the foundation of our CSR (see Page 31).

### Corporate Governance

An extremely transparent and effective corporate governance system is the basis for our efforts to meet the expectations of

stakeholders, including society, our customers and shareholders, through fair, open and ethical business activities. We reflect outside perspectives in management by appointing four outside directors and three outside corporate auditors, out of a total of seven directors and five corporate auditors. In addition, we have built an internal control system, as shown on Page 30, that supports sustained improvement of our corporate governance, including sending inquiries to and requesting advice from committees before important executive actions. Since the year ended September 2014, we have further enhanced our capabilities by establishing the Legal and Compliance Division to foster

and instill a self-sustaining culture of legal compliance, and the Projects Review Division to carry out preliminary reviews of various aspects, such as project risks, while also working to improve productivity and acquire high-quality projects.

## Risk Management and Compliance

MRI has a comprehensive risk management structure known as the “Advanced Risk Management System” (ARMS), which is the basis for active risk management and crisis management across all group companies. Our group-wide approach focuses not only on specific risk categories, such as quality management, but also on active risk management based on risk assessment, as well as risk monitoring as the basis for a timely response to risk precursors. Crisis management includes business continuity management (BCM) systems to ensure a smooth transition from

the initial response to the resumption of business in the event of major disasters on the scale of the Great East Japan Earthquake, pandemics of influenza or other diseases, or system failures.

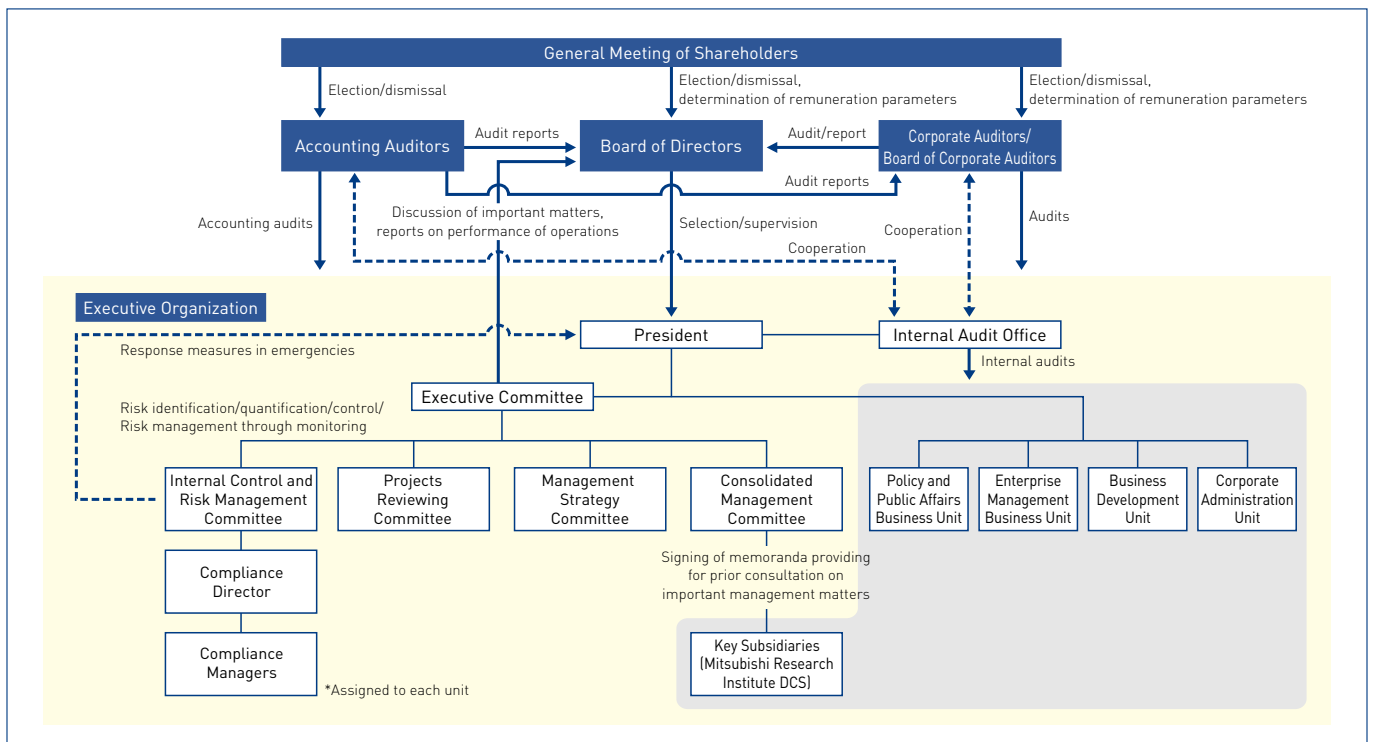
Compliance as our number one priority, and our code of conduct ensures that this commitment is shared across the entire MRI Group. We also focus on practical compliance measures, such as a whistle-blowing system that includes external contacts for reporting problems, and a mandatory reporting requirement for employees who discover compliance violations.

Each MRI Group company also maintains a firm stance against any antisocial forces that threaten the order and safety of civil society and has a fundamental policy of severing any relationships with such groups.

Further information can be found at the following website.

[www.mri.co.jp/ir/management/governance.html](http://www.mri.co.jp/ir/management/governance.html)

### Internal Control Systems



[As of October 1, 2014]

## IT Governance and Information Security

As an information-creating company, MRI regards the proper handling, utilization and security of information as the core priority for its business activities. With regard to IT governance, we have appointed a Chief Information Officer (CIO) with the task of improving the sophistication of our IT systems by coordinating the planning, development and operation of information sys-

tems. We have also appointed a Chief Information Security Officer (CISO) to implement measures to ensure information security and business continuity. The CIO and CISO work together under checks and balances to ensure information systems of higher productivity, convenience and information security.



## Corporate Management System

(Personal information protection, quality, the environment)

### The Three Management Systems

The Personal Information Protection Management System (PMS), the Quality Management System (QMS), and the Environmental Management System (EMS) form the core of our CSR management structure. Under these three systems, we aim to improve compliance and customer satisfaction, enhance services and productivity, raise performance levels, and contribute to society.

MRI is entrusted with around 1,800 projects every year. We handle personal information through various activities, including questionnaire surveys, committee administration and the hosting of seminars. We implement management systems to ensure that this information is handled appropriately. We also work to improve the quality of our services and outcomes, including through appropriate management of project implementation processes, and knowledge sharing.

We are improving the quality in the IT Solutions Business by standardizing and consolidating development processes based on CMMI\*. We are also contributing towards the creation of a sustainable society by considering the environment when making proposals to our customers, and we are implementing initiatives designed to contribute to the reduction of environmental loads.

### Status of Main Operations in the Past Year

We have continually improved management structures across the entire MRI Group by strengthening capabilities in the increasingly important area of information security. Under the QMS, we have worked to improve quality by consistently managing the performance of operations on an organizational basis, and by making improvements based on customer feedback. We

have used the EMS to ensure that the environment is considered when projects are implemented, and to promote environmental management through participation in the Ecocap Movement and other social contribution activities, and through office energy conservation measures.

### System Improvement Mechanisms

We use ARMS to monitor risks on a monthly basis and check operations quarterly. The results are reported to the Executive Committee. At the end of each fiscal year, management reviews are carried out as part of a continual systems improvement process, and a plan is drawn up for the following fiscal year.

### Awareness-Raising Initiatives

To ensure the effectiveness of our management systems, employees must understand and be able to apply them. We have a range of programs to raise awareness and provide opportunities to acquire basic knowledge and learn about system changes, social trends and other aspects. In addition to organization-wide e-learning programs, there are also level-specific programs, such as for new employees, mid-career recruits and project managers.

#### \*CMMI (Capability Maturity Model Integration):

Developed by the Software Engineering Institute of Carnegie Mellon University, CMMI is a standard international model for the assessment and improvement of software development processes. In 2008, we carried out a CMMI assessment of the units of MRI that now make up the Policy and Public Affairs Business Unit and Enterprise Management Business Unit, and the Card Development Division, Tohoku DCS Systems Division II, Financial Development Division and Solutions Development Division of DCS. The results showed that we had achieved a maturity level of 3, which indicates that an organization has development capabilities that enable it to provide a consistent standard of quality.

#### <Personal Information Protection Policies>

1. Management of personal information
2. Acquisition and use of personal information
3. Provision of personal information
4. Outsourcing of personal information
5. Security measures for personal information
6. Dealing with complaints and inquiries about personal information
7. Compliance with laws and regulations, government guidelines and other standards concerning the handling of personal information
8. Continual improvement of personal information protection management systems

[www.mri.co.jp/privacy\\_guide/privacy.html](http://www.mri.co.jp/privacy_guide/privacy.html)

#### <Quality Policy>

1. Our activities have value only when they help to develop the customer's business.
2. We will strive to ascertain customer needs accurately by discovering latent needs.
3. We will implement quality improvement activities independently to ensure that the quality we provide meets the customer's requirements.
4. We will build quality management systems and continually improve their effectiveness.

[www.mri.co.jp/privacy\\_guide/quality.html](http://www.mri.co.jp/privacy_guide/quality.html)

#### <Environment Policy>

The MRI Group will work to contribute intellectually to the development of a sustainable society, while complying with all laws, regulations and other requirements and working to achieve continual improvement through activities involving participation by all employees.

##### 1. Sustained implementation of environmental management

We will help to protect the global environment by reducing our environmental footprint, including energy and paper use and disposal of waste from business activities, and by reducing wasteful expenditure.

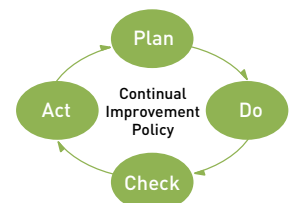
##### 2. Multifaceted development of environment-related business activities

We will contribute to the protection of the global environment by expanding products, services and business activities that contribute to the formation of a sustainable society.

##### 3. Contributing to the environment and society through the provision of knowledge

We will use our total group resources, in particular our think tank activities, to contribute to global environmental conservation by disseminating innovative environment-related recommendations, and through environmental contribution in initiatives.

[www.mri.co.jp/company/csr/environment.html](http://www.mri.co.jp/company/csr/environment.html)





# Environmental Initiatives

## Environmental Activity Policy

The MRI Group uses its total group resources, in particular its think tank activities, to contribute to the environment with innovative environment-related recommendations. We also contribute through our business activities by expanding our range of products and services that support building of a sustainable society. Group employees work to raise our corporate value by actively participating in a variety of environmental initiatives.

## Projects that Contribute to the Environment

MRI contributes to the environment through various projects and activities, including our mega-solar business, our survey services relating to the volume reduction of sewage sludge containing radioactive substances, and other survey, research and consulting services.

### Examples of Projects

<p>2013 Formulation of waste reduction guidelines</p>	<p>The Law Concerning the Promotion of Measures to Cope with Global Warming requires guidelines concerning waste reduction, etc. This project involved the formulation of guidelines for the energy conversion, transportation, sewage and water supply categories. As part of our follow-up work on existing guidelines, we surveyed achievement levels in relation to waste and explored measures to improve the efficiency of equipment used in the household sector.</p>
<p>2013 Survey of environmental performance of rental housing based on direct observations</p>	<p>We conducted a survey, including direct observations, of the relationship between the thermal insulation efficiency of houses and lighting and heating costs and analyzed the benefits of eco-rental housing (e.g., reduction of lighting and heating costs, improvement of comfort). We also surveyed rental housing providers and consumers and recommended that to increase the popularity of eco-rental housing, it would be necessary to inform the public about the benefits of thermal insulation and provide environmental performance labeling for individual properties.</p>
<p>2013 Support for ASSET scheme administration</p>	<p>We provided support for the administration of the Advanced Technologies Promotion Subsidy Scheme with Emission Reduction Targets (ASSET), established by the Ministry of the Environment to provide subsidies for emission volume trading as a cost-efficient way of maximizing the reduction of CO<sub>2</sub> emissions from existing factories and buildings. Under this scheme, subsidy applications are selected on a prioritized basis according to cost benefits based on anticipated emission reductions. Participants are also allowed to trade emission volumes in order to achieve the reduction targets pledged to the Ministry of the Environment.</p>
<p>2013 Survey concerning infrastructure development, including acquisition of joint crediting mechanisms (procurement support to develop registers, etc. needed for joint crediting mechanisms)</p>	<p>MRI contributed to the administration of the joint crediting mechanism (JCM) scheme, which is a new framework for greenhouse gas reduction, by updating the management system for emission reduction projects (the JCM website) and providing support for the procurement of a register system for credit issued as payments for projects. The government plans to apply the results of this work to administration of the JCM scheme and the procurement of a register system.</p>
<p>2013 International promotion of disaster-preparedness measures using protected areas</p>	<p>The Ministry of the Environment has formulated a green reconstruction vision centering on the creation of the Sanriku Fukko (Reconstruction) National Park, aiming to use the natural environment in reconstruction following the Great East Japan Earthquake. This project was undertaken in preparation for the first Asia Parks Congress held in Sendai in November 2013. Its purpose was to use the Congress as an opportunity to share ideas at the international level about the role of national parks and other protected areas in the prevention or mitigation of disasters.</p>
<p>International survey on power generation technology, etc.</p>	<p>We provided information needed for an update of the Best Available Technology (BAT) data used as reference for environmental assessments of thermal power stations by gathering information about the latest thermal power generation facilities in various countries, and by visiting locations to carry out on-site surveys.</p>
<p>2013 Basic survey for measures to promote introduction of new energy (survey assessing renewable energy policies)</p>	<p>After studying renewable energy supply chains in Japan and analyzing the positioning and strengths of Japanese manufacturers, we conducted a survey about the economic spin-off benefits, including employment. We also compiled historical information about technology development and outcomes and studied the background of Japan's present technology resources. Based on the results of this study, we provided recommendations concerning approaches to renewable energy administration.</p>
<p>2013 Large-scale JCM project for realization of a low-carbon society in Asia (Feasibility survey for a finance scheme to promote energy conservation in Jakarta, Indonesia)</p>	<p>The Indonesian Ministry of Energy and Mineral Resources has funded numerous energy conservation assessments, but there has been little progress toward commercialization. The biggest obstacle appears to be lack of financing schemes. This project began with a review of the outcomes of past energy conservation assessments. We conducted energy conservation assessments of multiple government buildings and provided recommendations. We also explored and proposed finance schemes suitable for government buildings.</p>
<p>Survey concerning the promotion of LNG infrastructure development</p>	<p>One of the goals set down in Kyoto's EcoENERGY Strategy is the siting of infrastructure for the reliable supply of energy, including liquefied natural gas (LNG) power stations and natural gas pipelines, within Kyoto Prefecture. We explored the potential for this approach using an industrial estate in Kyoto Prefecture as a case study. We also compiled a list of issues.</p>

## Environment-Related Recommendations, Dissemination of Research Results

We provided recommendations to society and highlighted issues by disseminating information through various media, including our website\* and publications.

### ■ Main Environmental Information Dissemination Activities

Medium		Title
Publications, website*	MRI Monthly Review	"Effective Utilization of Unused Heat to Create an Energy-Saving Society" (Topics, 6/2014) "Challenges and Outlook for the Establishment of a Hydrogen Supply Chain" (Topics, 6/2014) "Increasing Availability of New Services through Smart Meters" (Topics, 5/2014) "Japanese Technology Helping to Solve the PM2.5 Problem" (Topics, 2/2014) "Another Sustainability" (Foreword, 11/2013)
	Phronesis (published commercially)	"Japanese Aversion to Wastefulness Becoming a Global Phenomenon" (No. 11)
	Columns (website*)	What IPCC Fifth Assessment Report is Telling Us (5/30/2014) The Outlook for Energy-Related Technology (3/25/2014)
Articles in other publications		<ul style="list-style-type: none"> <li>● Regional Revitalization Strategy Based on Renewable Energy and Tourism in Regional Cities: Initiatives in Ichikikushikino City—The Environmental Restoration City</li> <li>● Developing New Energy Businesses in Middle Eastern Oil-Producing Countries</li> <li>● Mega-Solar Projects—Current Situation and Outlook</li> <li>● Achievements and Significance of COP19</li> <li>● Potential for Local Production and Consumption of Renewable Energy</li> <li>● Analysis of Recent Trends in and Outlook for the Japanese Wind Power Market</li> </ul>

\*www.mri.co.jp

## Environmental Contribution Activities by Employees

The MRI Group is participating with the Ecocap Movement to collect PET bottle caps as a way of funding polio vaccinations for children overseas. MRI Group employees collected approximately 490,000 caps, which was sufficient to fund the vaccination of around 565 children. This effort also reduced carbon dioxide emissions by 3.6 tons.

Another initiative is a book-recycling program, whereby MRI Group employees contribute books that they no longer need to two special NPOs: Shapla Neer (the Citizens' Committee in Japan and Overseas Support), which is helping to solve problems affecting the lives of impoverished people in South Asia, and Laboratory of Earth Conscious Life, which is working to realize its vision for forest growth.

A waste audit of the Tokyo Capitol Tower, which is leased by MRI, by the Refuse Collection Office of Tokyo's Chiyoda City also included inspections of our waste sorting area and waste receptacles in the office kitchen. As a result of this audit, MRI received the 2014 award for excellence in waste management as a tenant in a large commercial building.



■ A book-recycling event

## Reducing Environmental Loads

In the year ended September 30, 2014, the MRI Group reduced the amount of electricity used per square meter by 1%. To save power, we replaced PCs and office automation equipment in our offices in Nagata-cho, Shinagawa and other locations with more energy-efficient products. We also reduced the amount of paper used per person by 3.7% through continuing initiatives. Carbon dioxide emissions by the entire MRI Group rose by 11.6% year on year, in part because of increased air conditioner use at the Chiba Business Center.

### ■ Environment Loads\* for the MRI Group

		Year ended 9/2012	Year ended 9/2013	Year ended 9/2014
Electricity used per square meter (kWh/m <sup>2</sup> )	Entire group	402	415	411
	Chiba Business Center	1,144	1,181	1,212
	Other offices	91	95	90
Paper used per person (sheets/person/year)		8,548	7,083	6,819
CO <sub>2</sub> emissions (t-CO <sub>2</sub> )		10,568	11,098	9,809

\*Aggregate figures for ISO 14001-certified registered offices (Nagata-cho, Kanda, Kansai, Shinagawa, Chiba, Kiba)



## Directors

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**Kyota Omori**

President and Representative Director  
Officer in Charge of Internal Audit Office



**Seiei Ono**

Executive Vice-President and  
Representative Director  
General Manager,  
Corporate Administration Unit



**Takehiko Matsushita**

Director and Executive Officer  
Assistant General Manager,  
Corporate Administration Unit  
General Manager,  
Personnel Division



**Nobuo Kuroyanagi**<sup>\*1</sup>

Director

Senior Advisor,  
The Bank of  
Tokyo-Mitsubishi UFJ, Ltd.



**Mikio Sasaki**<sup>\*1</sup>

Director

Honorary Chairman  
Senior Advisor to the Board,  
Mitsubishi Corporation



**Kazuo Tsukuda**<sup>\*1</sup>

Director

Senior Executive Adviser,  
Mitsubishi Heavy Industries, Ltd.



**Taga Sota**<sup>\*1</sup>

Director

Representative, Sota Law Office

<sup>\*1</sup> Outside director as defined in Article 2 Item 15 of the Companies Act

## Corporate Auditors

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**Akira Kozu**  
Audit & Supervisory  
Board Member



**Toshiichi Utsugi**  
Audit & Supervisory  
Board Member



**Koukei Higuchi\*2**  
Audit & Supervisory  
Board Member  
  
Honorary Adviser,  
Tokio Marine & Nichido Fire  
Insurance Co., Ltd.



**Haruya Uehara\*2**  
Audit & Supervisory  
Board Member  
  
Senior Advisor,  
Mitsubishi UFJ Trust and  
Banking Corporation



**Toshihiko Matsumiya\*2**  
Audit & Supervisory  
Board Member  
  
Representative,  
Toshihiko Matsumiya Certified  
Public Accountancy Office

\*2 Outside corporate auditor as defined in Article 2 Item 16 of the Companies Act

## Executive Officers

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### Hitoshi Honda

Senior Managing Executive Officer  
General Manager,  
Policy and Public Affairs  
Business Unit

### Akihiko Fujiwara

Senior Managing Executive Officer  
General Manager,  
Enterprise Management  
Business Unit

### Isamu Chiba

Managing Executive Officer  
General Manager,  
Business Development Unit

### Kotaro Nagasawa

Executive Officer  
Representative Director and President,  
MRI Research Associates Co., Ltd.

### Koichi Nishioka

Executive Officer  
General Manager,  
Information Systems  
Management Division

### Hiroyuki Seyazaki

Executive Officer  
General Manager,  
Corporate Communications Division

### Kazunori Kondo

Executive Officer  
Deputy General Manager,  
Policy and Public Affairs  
Business Unit

### Hiroshi Iwase

Executive Officer  
General Manager,  
Projects Review Division  
General Manager,  
Risk Management Division

### Masato Takatera

Executive Officer  
Deputy General Manager,  
Enterprise Management  
Business Unit

### Taro Kamagata

Executive Officer  
General Manager,  
Platinum Society Center

### Toshiyuki Ogawa

Executive Officer  
Manager,  
Planning and Administration Office  
Policy and Public Affairs  
Business Unit

## Publications

We distribute information, including the results of work by our researchers, through publications. In the year ended September 2014, we published *General Guidebook to the Future: Phronesis 11—Japan Quality* (May 2014). Each book in this series focuses on a particular theme. In November 2014, we updated the *Phronesis* format with the publication of *Phronesis 12—The Third Industrial Revolution*.



General Guidebook to the Future—Phronesis 11



General Guidebook to the Future—Phronesis 12

## MRI Monthly Review

Launched in October 2011, the *MRI Monthly Review* is a compact, self-contained monthly round-up of knowledge gained through our recent research activities, together with perspectives and articles on a variety of themes.

In the year ended September 2014 we presented several special features, including “Using the Olympus Legacy to Build the Society of the Future” (April 2014), and “Learning from the Success of Leading Mid-Ranked Firms in Global Niche Markets” (September 2014). In October 2014, we updated both the design and content of *MRI Monthly Review* to enhance readability.



MRI Monthly Review (October 2014)

## Theme-Based Discussion Sessions with Media Organizations

MRI holds meetings with representatives of media organizations as opportunities to exchange views on highly topical subjects. Generally held once a month, these meetings begin with presentations by MRI researchers on the selected theme. Participants then exchange views on the theme, leading to the dissemination of information through media coverage and the publication of articles.

Themes during 2014 included Japanese cuisine as UNESCO an intangible cultural heritage, the industrialization of traditional Chinese medicine, and a society in which women can participate fully.

## Committees, Lectures, Publication of Articles and Columns, etc.

MRI researchers participate as members of international committees, government committees and research groups. They also disseminate information through press releases, lectures, interviews, articles, TV and radio programs and other media.

## Publications about the Platinum Society

In 1972 the Club of Rome’s *Limits to Growth* rang a warning bell that shocked the world. In the more than 40 years since, the world has been affected by increasingly acute changes, including the spread of the industrial revolution, rising life expectancies, and the saturation of the world with manmade objects. Our finite world is rapidly filling with quantitative prosperity, and we are approaching an historical turning point at which humanity’s pursuit of material prosperity will come face-to-face with the limits to growth.

Finding solutions for the challenges thrown up by these limits will be the next growth horizon. The key will be the creation of a society in which pursuit of quality of life (QOL) generates creative demand. Challenges that affect the QOL include ecology, resource and energy self-sufficiency, equal participation for young and old, male and female, the achievement of both material and spiritual affluence, and the creation of employment opportunities. We need to promote creative demand and new industries as driving forces to provide solutions for these challenges.

In his February 2014 book *Beyond the Limits to Growth—New Ideas for Sustainability from Japan* (Springer), MRI Chairman Hiroshi Komiyama defined the society in which these things can be achieved as the “Platinum Society” and stated that the creation of the Platinum Society would be the growth strategy for the future. He has shared the essence of his book in various forums, including the Club of Rome meeting in Hanover, Germany (August 27–29, 2014), the STS Forum in Kyoto (October 5–7, 2014), and the National Geographic Conference in Tokyo (October 16, 2014). At these meetings, Dr. Komiyama’s ideas were welcomed as a positive vision for the future based on Japan’s experience.



The Great Energy Challenge, a National Geographic Initiative in partnership with Shell, hosted a Big Energy Question event in Tokyo on Thursday, October 16, 2014, “Sustainable Cities: Challenges and Opportunities in Japan.” (Photo) Miyuki Sakae, Studio S.



## Stakeholder Communications

The MRI Group uses various methods to communicate with its diverse stakeholders. In addition to fulfilling our CSR management and accountability responsibilities, we also aim to monitor the wishes and expectations of our stakeholders as the basis for the continuing improvement of our CSR management and activities.

Our specific methods of communication are listed in the table below.

Category	Communication Method	Society	Customers	Shareholders, investors	Business partners	Employees and their families
Management policies, etc.	Basic management policies, medium/long-term management strategies, etc.	●	●	●	●	●
Reports	MRI Group Report	●	●	●	●	●
	Business reports to shareholders			●		
Periodical publications	Phronesis	●	●	●	●	●
	MRI Monthly Review	●	●	●	●	●
	Group journal					●
Internet, intranet	Website	●	●	●	●	●
	Internal information-sharing site					●
	Web-based in-house magazine					●
Meetings	General meeting of shareholders			●		
	Briefings on financial results	●		●		
	MRI-DCS Forum	●	●			
	Media social events and discussion sessions	●	●	●	●	●
	Seminars	●	●			●
	Corporate briefings	●				
	Twilight Talk					●
Surveys	MRI Family Days, DCS office visits for employees' children					●
	Customer satisfaction surveys, employee attitude surveys		●		●	●

## Comparisons with ISO 26000 and United Nations Global Compact

As shown in the following table, this report describes our activities in relation to the seven core subjects covered by ISO 26000, the international standard for social responsibility, and the Ten Principles of the United Nations Global Compact.

Contents of Mitsubishi Research Institute Group Report for the Year ended September 2014	Seven core subjects under ISO 26000	The Ten Principles of the United Nations Global Compact
	<ul style="list-style-type: none"> <li>① Organizational governance</li> <li>② Human rights</li> <li>③ Labor practices</li> <li>④ The environment</li> <li>⑤ Fair operating practices</li> <li>⑥ Consumer issues</li> <li>⑦ Community involvement and development</li> </ul>	<p><b>Businesses should, within their sphere of influence:</b></p> <ul style="list-style-type: none"> <li>① Support and respect the protection of internationally proclaimed human rights; and</li> <li>② Make sure that they are not complicit in human rights abuses.</li> </ul> <p><b>Businesses should uphold:</b></p> <ul style="list-style-type: none"> <li>③ The freedom of association and the effective recognition of the right to collective bargaining;</li> <li>④ The elimination of all forms of forced and compulsory labor;</li> <li>⑤ The effective elimination of child labor, and</li> <li>⑥ The elimination of discrimination in respect of employment and occupation.</li> </ul> <p><b>Businesses should:</b></p> <ul style="list-style-type: none"> <li>⑦ Support a precautionary approach to environmental challenges;</li> <li>⑧ Undertake initiatives to promote greater environmental responsibility; and</li> <li>⑨ Encourage the development and diffusion of environmentally friendly technologies.</li> </ul> <p><b>Businesses should:</b></p> <ul style="list-style-type: none"> <li>⑩ Work against corruption in all its forms, including extortion and bribery.</li> </ul>
A Message from the President	①—⑦	①—⑩
Company Profile	④, ⑥, ⑦	⑦, ⑨
1. Contributing to Society through Diverse Business Activities	④—⑦	⑦—⑩
2. Wide-Ranging Approach to Human Resource Development	②, ③, ⑦	①—⑥, ⑩
3. Fulfilling Our Social Responsibilities as a Business Corporation	Responsibilities to stakeholders	①—⑦
	Mechanisms for fulfilling our responsibilities to society	①—⑦
	Environmental initiatives	④, ⑦

### Comments from an Independent Expert



Director and Chief Researcher  
Business Ethics Research Center  
Professor Emeritus (formerly President)  
of the Tokyo College of Transport Studies

#### Hiroji Tanaka

Hiroji Tanaka graduated in law from Chuo University in 1959. After working for the Bank of Japan from 1954 to 1990, he began to take on various other tasks, including a graduate school lectureship at Waseda University, and was a graduate school professor at Rikkyo University between 2002 and 2006. He also served on a committee of the Ministry of Economy, Trade and Industry charged with converting ISO 26000 into a Japan Industrial Standard (JIS). He has published numerous books, including the CSR Handbook (PHP, 2009), for which he was the supervising editor.

The Mitsubishi Research Institute Group has built a long record of achievement as a corporate group originating from an integrated think tank. From a corporate social responsibility perspective, it has a responsibility to its stakeholders, and in particular to society, to work toward the creation of a healthy future society by seeking solutions to social issues that ordinary companies cannot tackle.

#### A Number of Excellent Characteristics

First, I am very impressed by its adoption of the concept of “future co-creation” as its corporate philosophy, and by its achievement of stable growth based on solid foundations, including (1) tackling key social issues through its business activities, (2) working to develop diverse human resources, and (3) making efforts to combine core business and CSR activities as part of its responsibilities to stakeholders.

Second, the President’s message in this report maps out a clear future course for the MRI Group, including its management strategy, medium-term plan and CSR management.

Third, financial results and other information are concisely presented in the context of the historical development of the MRI Group.

#### Areas in which Further Progress is Expected

First, as a corporate group working to deal

with social issues, I hope that the MRI Group will contribute more to the solution of the following priorities confronting Japan.

- (1) Recovery from the Great East Japan Earthquake
- (2) Approaches to Japan’s energy future
- (3) Specific initiatives in response to global environmental problems
- (4) Contribution to the development of human resources capable of working in the global community

Second, I hope that information about specific recent social responsibility activities can be more regularly included in the information distributed via the MRI Group’s website and other channels. This report can be positioned as a summary of activities over the past year.

During the period covered by the medium-term management plan for the year’s ending September 2012 through September 2014, the MRI Group has integrated its social responsibility activities with its business activities, and its reporting format has evolved from a CSR report into an integrated report. I hope that the MRI Group will provide a model for society by further expanding these efforts under the medium-term management plan launched in the year ending September 2015.



Executive Vice-President  
Mitsubishi Research  
Institute, Inc.

#### Seiei Ono

### Our Response to the Comments

The MRI Group has completed the medium-term management plan that began in the year ended September 2012 and is now moving forward toward the year 2020 under a new medium-term management plan launched in the year ending September 2015. We have received much valuable input from Professor Tanaka over the past three years, and we have made significant progress during this period, including a decision last year to merge our CSR Report and Annual Report to create an integrated report in the form of the MRI Group Report. I should like to take this opportunity to thank Professor Tanaka for his contribution.

In addition to his high praise for the philosophy and activities of the MRI Group, Professor Tanaka also expressed the hope that we would further expand our contributions in four key areas as a corporate group working to find answers to social issues. We also value Professor Tanaka’s input concerning the dissemination of information about our specific social responsibility activities.

The work of the management and employees of the MRI Group will continue to be guided by our awareness of the importance of our founding spirit of social contribution.



## Consolidated balance sheets

(Millions of yen)

As of September 30, 2013    As of September 30, 2014

Assets		
Current assets		
Cash and deposits	10,185	8,880
Notes and accounts receivable—trade	10,922	12,096
Securities	5,999	6,499
Inventories	5,803	6,165
Prepaid expenses	1,125	1,229
Deferred tax assets	1,880	1,838
Other	71	48
Allowance for doubtful accounts	(8)	(9)
<b>Total current assets</b>	<b>35,979</b>	<b>36,747</b>
Non-current assets		
Property and equipment		
Buildings and structures	14,371	14,026
Accumulated depreciation	(7,444)	(7,560)
Buildings and structures, net	6,926	6,466
Machinery, equipment and vehicles	145	122
Accumulated depreciation	(143)	(121)
Machinery, equipment and vehicles, net	2	1
Tools, furniture and fixtures	5,270	5,668
Accumulated depreciation	(3,705)	(3,959)
Tools, furniture and fixtures, net	1,564	1,708
Land	720	720
Leased assets	1,221	1,862
Accumulated depreciation	(457)	(666)
Leased assets, net	763	1,195
Construction in progress	174	51
<b>Total property and equipment</b>	<b>10,153</b>	<b>10,143</b>
Intangible assets		
Software	1,988	2,083
Software in progress	1,962	3,043
Goodwill	178	230
Other	69	45
<b>Total intangible assets</b>	<b>4,198</b>	<b>5,402</b>
Investments and other assets		
Investment securities	5,636	6,990
Long-term loans receivable	5	5
Lease and guarantee deposits	2,490	2,494
Net defined benefit asset	—	654
Deferred tax assets	2,002	2,157
Other	585	762
Allowance for doubtful accounts	(4)	(4)
<b>Total investments and other assets</b>	<b>10,715</b>	<b>13,060</b>
<b>Total non-current assets</b>	<b>25,067</b>	<b>28,607</b>
<b>Total assets</b>	<b>61,047</b>	<b>65,354</b>

## Consolidated balance sheets

(Millions of yen)

	As of September 30, 2013	As of September 30, 2014
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable—trade	3,883	4,320
Accounts payable—other	1,211	999
Accrued expenses	1,036	2,288
Income taxes payable	1,668	1,345
Accrued consumption taxes	628	1,178
Advances received	200	195
Provision for bonuses	3,438	2,633
Provision for loss on order received	48	—
Other	876	1,028
<b>Total current liabilities</b>	<b>12,991</b>	<b>13,988</b>
<b>Non-current liabilities</b>		
Lease obligations	415	661
Provision for retirement benefits	7,432	—
Net defined benefit liability	—	8,499
Other	92	50
<b>Total non-current liabilities</b>	<b>7,940</b>	<b>9,211</b>
<b>Total liabilities</b>	<b>20,931</b>	<b>23,199</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	6,336	6,336
Capital surplus	4,851	4,851
Retained earnings	21,704	24,453
Treasury shares	(0)	(0)
<b>Total shareholders' equity</b>	<b>32,891</b>	<b>35,640</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	1,131	1,398
Deferred gains or losses on hedges	—	(2)
Foreign currency translation adjustment	9	9
Remeasurements of defined benefit plans	—	(537)
<b>Total accumulated other comprehensive income</b>	<b>1,141</b>	<b>868</b>
<b>Minority interests</b>	<b>6,082</b>	<b>5,646</b>
<b>Total net assets</b>	<b>40,115</b>	<b>42,155</b>
<b>Total liabilities and net assets</b>	<b>61,047</b>	<b>65,354</b>

## Consolidated statements of income and consolidated statements of comprehensive income

### Consolidated statements of income

(Millions of yen)

	Fiscal year ended September 30, 2013	Fiscal year ended September 30, 2014
Net sales	81,127	87,400
Cost of sales	64,068	68,661
Gross profit	17,059	18,738
Selling, general and administrative expenses	11,688	12,659
Operating income	5,370	6,079
Non-operating income		
Interest income	6	5
Dividend income	89	203
Share of profit of entities accounted for using equity method	63	85
Other	49	84
Total non-operating income	209	380
Non-operating expenses		
Interest expenses	11	16
Other	2	0
Total non-operating expenses	13	16
Ordinary income	5,566	6,442
Extraordinary income		
Gain on sales of non-current assets	15	0
Gain on sales of investment securities	18	0
Subsidy income	—	1
Other	0	—
Total extraordinary income	34	2
Extraordinary losses		
Loss on sales of non-current assets	0	—
Loss on retirement of non-current assets	31	84
Impairment loss	31	—
Other	18	5
Total extraordinary losses	82	90
Income before income taxes and minority interests	5,518	6,354
Income taxes—current	2,329	2,527
Income taxes—deferred	(129)	(15)
Total income taxes	2,199	2,512
Income before minority interests	3,319	3,842
Minority interests in income	434	436
Net income	2,885	3,405

### Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended September 30, 2013	Fiscal year ended September 30, 2014
Income before minority interests	3,319	3,842
Other comprehensive income		
Valuation difference on available-for-sale securities	814	320
Deferred gains or losses on hedges	—	(2)
Foreign currency translation adjustment	12	0
Share of other comprehensive income of entities accounted for using equity method	14	3
Total other comprehensive income	841	321
Comprehensive income	4,160	4,164
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,576	3,670
Comprehensive income attributable to minority interests	584	494

## Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended September 30, 2013	Fiscal year ended September 30, 2014
<b>Cash flows from operating activities</b>		
Income before income taxes and minority interests	5,518	6,354
Depreciation	2,169	2,105
Impairment loss	31	—
Amortization of goodwill	133	96
Increase (decrease) in provision for bonuses	1,740	(804)
Increase (decrease) in provision for retirement benefits	31	—
Increase (decrease) in allowance for doubtful accounts	(4)	1
Increase (decrease) in provision for loss on order received	(145)	(48)
Increase (decrease) in net defined benefit liability	—	144
Interest and dividend income	(96)	(209)
Interest expenses	11	16
Share of (profit) loss of entities accounted for using equity method	(63)	(85)
Loss (gain) on sales of non-current assets	(15)	(0)
Loss on retirement of non-current assets	31	84
Loss (gain) on sales of investment securities	(18)	(0)
Loss (gain) on valuation of investment securities	0	—
Decrease (increase) in notes and accounts receivable—trade	(21)	(1,173)
Decrease (increase) in inventories	(832)	(362)
Decrease (increase) in net defined benefit asset	—	(410)
Increase (decrease) in notes and accounts payable—trade	673	437
Increase (decrease) in accrued consumption taxes	68	594
Increase (decrease) in advances received	28	(4)
Other, net	(2,100)	998
Subtotal	7,140	7,733
Interest and dividend income received	124	239
Interest expenses paid	(11)	(16)
Income taxes paid	(1,735)	(2,900)
Net cash provided by (used in) operating activities	5,518	5,056
<b>Cash flows from investing activities</b>		
Payments into time deposits	—	(300)
Purchase of securities	(2,998)	(2,998)
Proceeds from redemption of securities	4,205	1,999
Purchase of property and equipment	(2,686)	(917)
Proceeds from sales of property and equipment	238	0
Purchase of intangible assets	(1,983)	(1,911)
Purchase of investment securities	(12)	(1,067)
Proceeds from sales of investment securities	28	279
Purchase of shares of subsidiaries	—	(974)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(14)	—
Payments of loans receivable	(2)	(4)
Collection of loans receivable	5	3
Payments for lease and guarantee deposits	(100)	(24)
Proceeds from collection of lease and guarantee deposits	98	19
Other, net	5	160
Net cash provided by (used in) investing activities	(3,216)	(5,733)
<b>Cash flows from financing activities</b>		
Repayments of lease obligations	(241)	(336)
Cash dividends paid	(492)	(656)
Cash dividends paid to minority shareholders	(43)	(129)
Other, net	(10)	(5)
Net cash provided by (used in) financing activities	(787)	(1,127)
Effect of exchange rate change on cash and cash equivalents	12	0
Net increase (decrease) in cash and cash equivalents	1,526	(1,804)
Cash and cash equivalents at beginning of period	13,658	15,185
Cash and cash equivalents at end of period	15,185	13,380

## Segment information

Fiscal year ended September 30, 2013 (from October 1, 2012 to September 30, 2013)

(Millions of yen)

	Reportable segments		Total	Adjustment (Note 1)	Amount recorded in the consolidated financial statements (Note 2)
	Think tank and consulting business	IT solutions business			
Net sales					
Outside customers	21,038	60,088	81,127	—	81,127
Inter-segment sales and transfers	358	1,978	2,337	(2,337)	—
Total	21,397	62,067	83,464	(2,337)	81,127
Segment profit	1,961	3,468	5,429	(58)	5,370
Segment assets	10,304	44,692	54,997	6,050	61,047
Other items					
Depreciation and amortization	211	1,967	2,178	(9)	2,169
Amortization of goodwill	2	131	133	—	133
Investment in equity method affiliates	76	685	761	—	761
Increase in property and equipment, and intangible assets	740	4,211	4,952	(45)	4,906

Notes: 1. The details of adjustment amounts are as follows:

- (1) The adjustment of negative 58 million yen on segment profit represents negative 58 million yen in inter-segment transaction eliminations.
- (2) The adjustment of 6,050 million yen on segment assets includes corporate assets of 26,787 million yen not allocated to any reportable segment and negative 20,736 million yen in inter-segment transaction eliminations. Corporate assets mainly consist of cash and deposits, surplus operating funds (securities), long-term investment funds (investment securities) and other investments of MRI that are not attributable to any reportable segment.
- (3) The adjustment of negative 9 million yen on depreciation and amortization represents negative 9 million yen in inter-segment transaction eliminations.
- (4) The adjustment of negative 45 million yen on increase in property and equipment, and intangible assets represents negative 45 million yen in inter-segment transaction eliminations.

2. Segment profit is adjusted with operating income in the consolidated financial statements.

Fiscal year ended September 30, 2014 (from October 1, 2013 to September 30, 2014)

(Millions of yen)

	Reportable segments		Total	Adjustment (Note 1)	Amount recorded in the consolidated financial statements (Note 2)
	Think tank and consulting business	IT solutions business			
Net sales					
Outside customers	24,698	62,702	87,400	—	87,400
Inter-segment sales and transfers	318	2,357	2,675	(2,675)	—
Total	25,016	65,059	90,075	(2,675)	87,400
Segment profit	2,310	3,839	6,149	(70)	6,079
Segment assets	11,490	48,867	60,358	4,996	65,354
Other items					
Depreciation and amortization	210	1,901	2,111	(5)	2,105
Amortization of goodwill	—	96	96	—	96
Investment in equity method affiliates	97	1,783	1,881	—	1,881
Increase in property and equipment, and intangible assets	444	3,089	3,534	(188)	3,346

Notes: 1. The details of adjustment amounts are as follows:

- (1) The adjustment of negative 70 million yen on segment profit represents negative 70 million yen in inter-segment transaction eliminations.
- (2) The adjustment of 4,996 million yen on segment assets includes corporate assets of 24,382 million yen not allocated to any reportable segment and negative 19,386 million yen in inter-segment transaction eliminations. Corporate assets mainly consist of cash and deposits, surplus operating funds (securities), long-term investment funds (investment securities) and other investments of MRI that are not attributable to any reportable segment.
- (3) The adjustment of negative 5 million yen on depreciation and amortization represents negative 5 million yen in inter-segment transaction eliminations.
- (4) The adjustment of negative 188 million yen on increase in property and equipment, and intangible assets represents negative 188 million yen in inter-segment transaction eliminations.

2. Segment profit is adjusted with operating income in the consolidated financial statements.

## Company Information

Company Name	Mitsubishi Research Institute, Inc.	<b>Group Companies</b>
Head Office	10-3, Nagatacho 2-Chome, Chiyoda-Ku, Tokyo 100-8141, Japan	Mitsubishi Research Institute DCS Co., Ltd. MRI Business Co., Ltd.
Date of Establishment	May 8, 1970	MRI Research Associates Co., Ltd.
Representative Directors	Kyota Omori, President Seiei Ono, Executive Vice President	Intellectual Property Information Services Co., Ltd. MRI Value Consulting & Solutions Co., Ltd.
Chairman of the Institute	Hiroshi Komiyama	MD Business Partner Co., Ltd. Touhoku DCS Co., Ltd.
Capital Stock	6,336 million yen	OPT JAPAN Co., Ltd.
Number of Employees	(Consolidated) 3,580 (Non-consolidated) 894 (As of September 30, 2014)	UBS Co., Ltd. IT-One Co., Ltd.
URL	<a href="http://www.mri.co.jp/english/">http://www.mri.co.jp/english/</a>	DCS Information Technology (Shanghai) Co., Ltd. MRIDCS Americas, Inc.

## Share-related Information (As of September 30, 2014)

Authorized Shares Capital	60,000,000
Number of Shares Issued	16,424,080
Number of Shareholders	3,980

### Principal Shareholders (Top 10 shareholders)

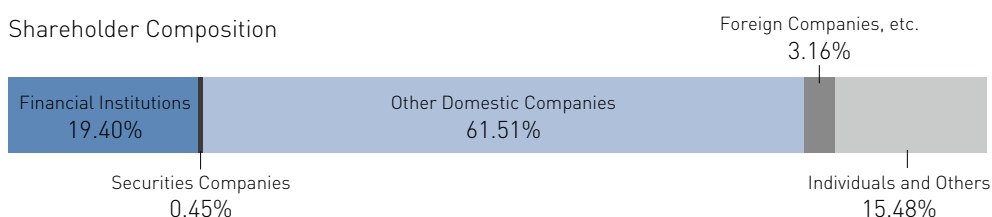
Shareholder's Name	Number of Shares	Shareholding Ratio (%)
Mitsubishi Corporation	1,213,876	7.39
Mitsubishi Heavy Industries, Ltd.	1,113,800	6.78
Mitsubishi Electric Corporation	1,020,900	6.21
Mitsubishi Chemical Corporation	877,900	5.34
Mitsubishi Research Institute Group Employee Shareholding Association	867,880	5.28
Mitsubishi Materials Corporation	752,300	4.58
Mitsubishi UFJ Trust and Banking Corporation	681,974	4.15
Mitsubishi Estate Co., Ltd.	681,900	4.15
Kirin Holdings Company, Limited	681,900	4.15
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	654,074	3.98

### Shareholder Composition

	Number of Shareholders	Composition Ratio (%)	Number of Shares Held (Thousands of Shares)	Share Holding Ratio (%)
Financial Institutions	22	0.55	3,185	19.40
Securities Companies	20	0.50	73	0.45
Other Domestic Companies	167	4.20	10,101	61.51
Foreign Institutions, etc.	89	2.24	519	3.16
Individuals and Others	3,682	92.51	2,542	15.48
Total	3,980	100.00	16,424	100.00

Note: Number of shares held are rounded down to the hundred

### Shareholder Composition



Send questions or  
comments about  
this report to:

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