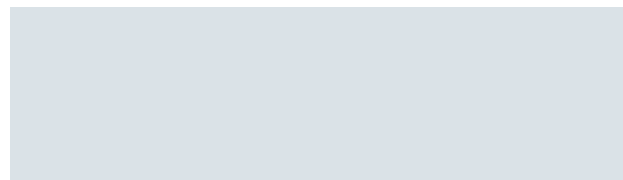
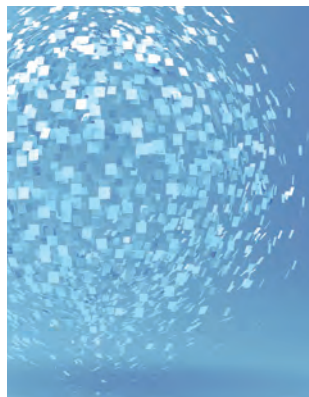




Fiscal Year Ended September 2020

Mitsubishi Research Institute Group Report 2020





Envisioning the future, leading change

We, the Mitsubishi Research Institute, will continually envision a desirable future, resolve societal issues, and lead change in society to co-create a sustainable and abundant future.



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Note on editorial policy and forward-looking statements

This report provides information on our business of helping resolve societal issues and is being published to enhance our corporate value. In line with its objectives, we have referenced the International Integrated Reporting Council's framework and the Ministry of Trade, Industry, and Economy's Guidance for Value Co-Creation in preparing this report. It is not intended to solicit investment in marketable securities, and in it Mitsubishi Research Institute, Inc., makes no guarantees or commitments whatsoever. All opinions and estimates reflect the judgement of Mitsubishi Research Institute, Inc., at the time of compilation. We make no guarantee of or claims to the accuracy of information provided. Readers should be aware that actual performance may differ substantially from forecasts contained herein.

Message from the President



Takashi Morisaki
President and Representative Director
Mitsubishi Research Institute, Inc.

The World We See, the World We Envision

A historic juncture, now is the perfect opportunity to orient ourselves to creating a prosperous, sustainable future capable of supporting 10 billion people with 100-year lifespans a half century on

Twenty-twenty will undoubtedly go down in history as a huge turning point. Humankind has entered an age of volatility, uncertainty, complexity, and ambiguity—“VUCA,” social and market macrotrends that reduce transparency and make the future more difficult to forecast. As global warming, massive resource consumption, and other consequences of rampant economic growth continue to have repercussions around the globe, a pandemic caused by a newly emerged coronavirus comes along to further lay bare the downsides of pursuing economic growth to excess. And dramatic advances in science and technology, too, have significantly changed people’s lives and societies.

The whole world is battling the COVID-19 pandemic; meanwhile people everywhere have begun the search for a post-COVID world and a new normal. This search will have anything but passing consequences, bringing about far-reaching structural changes that will result in a new normal and continue far beyond the pandemic. There is little chance of returning to the world as it was before the virus struck.

MRI celebrated its 50th anniversary in 2020. Looking back, the 1970s, the decade of MRI’s founding, were also a time of upheaval and a turning point in history. Japan was nearing the end of its rapid post-war economic growth, while overseas events like US President Nixon’s sudden China visit, the first oil crisis, and the Club of Rome’s publication of *The Limits to Growth* typified the upheaval of the time. And now here we are half a century on, standing at yet another huge turning point.

What kind of future will we have half a century down the road?

Our 50th anniversary as an impetus, we have been advancing research on the future we aim to bring about over the coming half century: the achievement of prosperity and sustainability in an era when the world will be populated by some 10 billion people and century-long lifespans will be nothing extraordinary.

We believe the societal issues brought to the fore by the pandemic present humanity with a golden opportunity and that the process of resolving them will bring about a shift to a new model of affluence. We envision it as being informed by pursuit of personal choice and realization of personal potential

rather than economic growth and mere material abundance. And we think it will facilitate the emergence of a sustainable future for generations to come.

In Japan, the last three decades are often termed “the lost thirty years.” They were characterized by reluctance to give up old ways for the successes they once brought, an aversion to risk-taking, and a lack of diversity that undermined Japanese society’s ability to reinvent itself. Now that we are well into the 21st century, the time has come for us to break free of our preoccupation with 20th-century notions of manufacturing’s importance, get over the trauma that still plagues us in the aftermath of the 1980s financial bubble’s burst, and get on with the challenge of pursuing an updated vision for a new future.

Societal challenges and the technologies for resolving them have grown both more complex and more intricate over the years. This means that, in its capacity as a think tank, MRI is being asked to perform broadly encompassing, evidence-based analyses of issues and formulate forecasts driven by new value sets. The public has unprecedentedly strong expectations of us, asking that we directly commit to transformations aimed squarely at resolving issues and bringing about the kind of future people desire.

There are, of course, limits to what we at MRI can do on our own. This is why we work to network with diverse partners—they are indispensable to our ability to function as a hub of collaborators, co-create, and implement solutions.

New Guiding Principles

Resolve societal issues; co-create a prosperous, sustainable future

Embarking anew on our next half century in this landscape, we have overhauled our Guiding Principles through a process of multilevel dialogue between all employees and management.

Our new Guiding Principles will inform how we do business going forward. While building on past achievements, they also embody our promise to actively and resolutely pursue transformation oriented to resolving the multitudes of issues that humanity faces.

We believe that today, MRI’s role as a think tank is to drive practical solutions forward, seeing through with their real-world application. To do so, we must go beyond just analyzing issues, forming ideas, and making recommendations.

Along with restating that MRI’s mission is to *resolve societal issues and co-create a prosperous, sustainable future*, our new Guiding Principles unambiguously define our vision of how we will do this, obligating us to *continually envision the future and lead transformation*. And to ensure that we follow our vision and fulfill our mission, all of us at MRI, from front-line employees

to upper management, obligate ourselves to honoring five commitments. The first two—to qualitative Growth and to Collective Knowledge—represent legacies dating back to MRI's founding; the other three—to maintain a firm Stance, to take up Challenges, and to remain true to Reality—epitomize employees' collective dedication to transforming themselves and, by extension, MRI.

Moving forward, we are committed as an integrated think tank group to helping co-create a prosperous and sustainable future by resolutely applying ourselves to resolving societal issues and transforming the world for the better.

New Guiding Principles

We, the Mitsubishi Research Institute, will continually envision a desirable future, resolve societal issues, and lead transformation in society to co-create a sustainable, prosperous future.

Our Mission (What we strive to accomplish)

To resolve societal issues and co-create a prosperous and sustainable future

Our Vision (How we intend to do it)

Envisioning the future, leading change

Our Commitments (What our professionals are dedicated to)

Commitment 1

Devotion to Growth

Continually honing our value to society and our customers

Commitment 2

Collective Knowledge

Acting as a hub between diverse branches of knowledge

Commitment 3

A Clear Stance

Using scientific insights to discern the proper path toward the ideal future

Commitment 4

Taking on Challenges

Transforming the world in new ways

Commitment 5

Reality

Devotion to feasible recommendations and their implementation

MP2023: Our Vision of the Future

Be a company that resolves societal issues and leads change amid uncertainty

Drawing up a set of guiding principles is not an end in itself. The company and each of its employees are acutely aware that guidelines are of little use if not translated into practice through our routine behavior. The first step we took to realize our new Guiding Principles was to develop *Medium-Term Management Plan 2023: Vision for Society and Vision for the MRI Group* (MP2023). MP2023 will serve as MRI's compass for navigating the with-COVID and post-COVID world.

When formulating MP2023, we envisioned a future that would be both more resilient and more sustainable than what we have today. We will work to bring about this future—one where individuals enjoy greater independence and freedom from the necessity to root one's activities in a single concentrated physical location, a change that would serve to correct the excessive temporal and spatial concentration laid bare by the COVID pandemic. In that world, national government, local governments, businesses, and individuals would coordinate their activities for the common good on their own initiative.

As to MRI and our vision for it, MP2023 states unambiguously that our sights will be set firmly on being a company that resolves societal issues—the aim that MRI has consistently pursued since its founding.

In this way, MRI is committed to addressing challenges confronting humanity, drawing on diverse networks and insights into policy, frameworks, and advanced technology while staying focused on the road ahead to identify elements of key importance. Our purpose is to arrive at solutions driven by scientific insights and a systematic understanding of the issue at hand.

Amid heightening uncertainty, the number of unprecedented societal issues continues to rise; meanwhile, science and technology continue their unrelenting progress towards greater sophistication and complexity. It is precisely at junctures like this that MRI's scientific insights and ability to integrate knowledge from diverse domains makes a difference. MRI's accrued, experience-driven knowledge is at its most effective when applied to working out solutions through cross-domain, interdisciplinary, and socially informed in-depth debate among experts in a broad range of specialties.

There are plenty of technologies and ideas of excellence in Japan, but the hard truth is that few ever see implementation in the real world. MRI willingly accepts the role of integrator of such knowledge to facilitate Japanese society's ability to transform, and we commit ourselves to communicating the results of that work to not only Japan, but the global community as well.

MP2023: The Kinds of Value We Provide

Maximizing the sum of our social, non-financial, and financial value triad to bring about a prosperous and sustainable future for all

MRI's value creation is premised on *resolving societal issues*; creating social value through their resolution is what MRI was called into existence to do.

In the past, our primary objective was creating financial value through business growth. From here on out, we are shifting emphasis to generating more social value—value that contributes to the common good through business, and non-financial value—value that underpins the qualitative growth of our employees and organization. We intend to pursue this value triad in optimum balance, with financial value deriving from that balance. And our aim is to maximize the sum of these three value types to contribute to the realization of a prosperous and sustainable future for all.

To create social value, we will be focusing on healthcare, human resources, energy, Mobility as a Service (MaaS)*, and information infrastructure. Japan faces its most pressing societal issues in these five areas, where our objectives are to achieve inequity-free healthy longevity for all, active participation in the labor market regardless of age, decarbonization and zero greenhouse gas (GHG) emissions, greater access to opportunities for social interaction, and limitless connectivity for all.

Consisting of human value, intellectual value, and relationship value, non-financial value is essential to sustainable qualitative growth of the organization and the people in it. As issues and their solutions grow in complexity and intricacy, nothing is more crucial than having a diversity of employees (human value) able to come up with fresh, innovative ideas and see through with their real-world application.

Since we are a think tank, we aim to fortify our presence in society by bettering our research and recommendations, ensuring these insights reach all, taking part in their implementation, and helping transform society. To that end, we will cultivate a deep bench of partners, including agile startups with distinctive technologies, in a vast range of fields through tie-ups and collaborations (relationship value). Further, from the ESG perspective, we define objectives and measures for assessing success in care for the environment and care for human resources while stepping up engagement in these quests, both necessary for the ethical conduct of business.

To generate further financial value, we are aiming for 12% ordinary-profit growth to achieve ¥10 billion ordinary profit and an ROE of 10% in FY3/23. We intend to do this through a



combination of running our primary core businesses (Think Tank & Consulting and Financial Solutions) efficiently and actively investing, including upfront investments, in our growing digital transformation (DX), subscription[†], and global businesses.

Investing non-financial and financial capital in resolving societal issues will bring about qualitative growth of our people and the organization as well as quantitative business growth. We can then reinvest this fortified capital, non-financial and financial, in resolving the next issue to come along. This favorable value-creation cycle will let us maximize the sum of our social, non-financial, and financial value triad, propelling further forward our work to bring forth a prosperous and sustainable future for all.

MP2023: Basic Policies and Growth Businesses

Three Basic Strategies for Translating “Lead Change” into Action

Eyes set firmly on sustainable growth over the next half century, we will move forward with the Five Transformations laid out

* A mobility scheme connecting transportation providers via IT to efficiently enable people to conveniently and quickly where they want to go.

† Unlike businesses engaged in once-off, self-contained projects, these businesses employ a subscription model to generate revenue streams from services provided and paid for on an ongoing basis.

under MP2023's Three Basic Strategies (see table) as a means of transforming MRI and the world we live in for the better.

The first of our Three Basic Strategies for putting our commitment to leading change into action, is Value Creation Process (VCP) Management—running the company on our unique value chain. We start with an issue that needs resolving, then set into motion the quad of functions making up our value chain—research and formulation of recommendations, analysis and conceptualization, design and testing, and implementation—to generate ideas that will help customers and society resolve their challenges and transform themselves for the better.

The second basic strategy is Coordinated Management. In order to boost the effectiveness of VCP Management, we enhance the value we provide as a group by intensifying collaboration among Group companies and partners; this also indirectly fortifies our business foundations and competitiveness.

The third is New Normal Management. The world is likely to continue changing dramatically as we transition from a with-COVID to a post-COVID habitat. But this change is also an opportunity to resolve the growing mountain of issues societies face. Using our strength in scientific insights, we will work to lead the transformation by accelerating our businesses geared towards the new normal while bolstering our research, analysis, and recommendations on emerging trends.

To transform our growth businesses, in MP2023 we positioned our DX interests as the driver of growth as we head into the new normal. The DX segment is active in areas where customer needs are intensifying rapidly, namely digital technologies typified by cloud computing, big data, and AI.

In October 2010 we launched a mirror organization between MRI and consolidated subsidiary Mitsubishi Research Institute DCS (DCS) to put into place a one-stop organization capable of providing DX services drawing fully on both companies' capabilities. In addition, we built a platform involving equity method-subidiaries Japan Business Systems (JBS) and INES Corporation (INES) plus start-ups with breakthrough technologies to provide vertically integrated services covering the gamut from initial consulting to solution.

We are also proceeding with a digital transformation of our think tank capabilities (Think Tank DX). Here, we aim to create a model case for the new normal. We want to lead the way in leveraging digital technologies to adopt work styles aligned with changes in social trends and personal values, and to practice flexible risk management.

We will step up engagement in our subscription businesses, which we launched during the previous medium-term management plan. *Subscription services* is an umbrella term for businesses that generate steady revenue streams by providing

ongoing services for a regularly recurring fixed fee rather than once-off fees for bespoke services. Expanding our subscription offerings will allow us to establish a new earnings base and put us on a firmer financial footing.

At this point our subscription businesses are still at the upfront-investment stage, but the products they offer—such as local digital currencies, wholesale electricity sales, and human resources training and recruiting services—are beginning to take wider root, and MP2023 sees them growing substantially.

In our global business, we will be focusing on expansion in Asia and the Middle East, which promise opportunities for making contributions to both economic growth and resolving societal issues. Societal-issue awareness is high in these regions, and we have received numerous enquiries asking us to go beyond merely consulting to also help implement solutions.

Three Basic Strategies

VCP Management

Sustainable growth and enhancement of value provided via the value-creation process

Coordinated Management

Strengthening competitiveness and business foundations through coordinated management

New Normal Management

Leading transformation into the post-COVID world

Five Transformations

1. Growth Businesses

Establish a new earnings driver through focused development of growth areas via upfront investment and partnerships (DX businesses, subscription services, overseas business, marketing and alliances, investing)

2. Core Businesses

Enhance quality and productivity of businesses comprising our traditional earnings drivers (Research & Consulting, Financial Solutions)

3. Think Tank Function

Strengthen transformation-leading research and recommendations capabilities, create new value through DX (Research & Recommendations, Messaging, Think Tank DX)

4. Human Resources and Organizational Culture

Furnish a work environment conducive to the flourishing of diverse and multifaceted employees in the with- and post-COVID ages

5. Management Systems

Strengthen management frameworks for implementing business strategies

In December 2020 we opened new locations overseas for the first time in 28 years, one in Hanoi and one in Dubai. They shore up our ability to respond more agilely and closely to local issues and customer needs, in healthcare and transport infrastructure in Asia and in energy and the environment in the Middle East.

Investment Strategy

Upfront investments to make value creation happen and bring us closer to a prosperous, sustainable future for all

Upfront investment is indispensable for broadening the scope of our businesses so we can resolve societal issues.

Particularly in the DX segment, we are in a battle against time. For example, to be able to provide digital currency services, there is no way around investing in people who are comfortable with and able to fully exploit all the necessary technologies, including blockchain, and putting the needed infrastructure in place. In that context, we intend to be swift with upfront investing in the businesses that we anticipate will be viable five to ten years down the road to ensure dramatic growth over the mid-term. And of course such investment will be strategic and in line with established management policies and business strategies.

Specifics in business and research development include focusing investment on future growth areas such as provision of infrastructure geared for the digital transition of our think-tank capabilities and the rollout of overseas and new businesses, all with emphasis on the five business domains laid out in MP2023. In addition to investment in creating new technologies and methodologies drawing on MRI's distinctiveness, we will make strategic investments in ventures we can partner with to co-create new businesses geared for helping resolve the issues society faces. Building solid, long-term relationships with investments recipients by providing them with know-how and resources as well as capital, will ultimately help us tap into new business opportunities and improve financial outcomes.

Investment in non-financial value will take a mid- to long-term perspective and focus on building Intellectual Capital and Relationship Capital. Intellectual Capital covers investing in employee career development, implementing workstyles geared to the new normal post-COVID, and recruiting human resources with AI and DX expertise; Relationship Capital entails collaborating at a deeper level with co-creation partners starting with the Initiative for Co-creating the Future (ICF)*.



Moving Towards a Prosperous, Sustainable Future for All

In 2021, humankind is still in the with-COVID age, and the Super VUCA era also looks set to continue. But precisely because we find ourselves at such a historical crossroads, we at MRI, in our role as company that resolves societal issues, are determined to fully utilize the scientific insights and technologies we have amassed over the past half century, pushing ahead with the integration of knowledge from diverse domains to co-create a prosperous, sustainable future for all. To that end, we will join hands with partners across the globe in industry, government, academia, and civic organizations to increase the impact of our work.

Takashi Morisaki
President and Representative Director
Mitsubishi Research Institute, Inc.

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*The Initiative for Co-creating the Future (ICF) launched in April 2021 with the merger of the Innovation Network for Co-Creating the Future (INCF) and the Platinum Society Research Association, both membership organizations run by MRI.

Within a Half Century: On to the 10-Billion Population and 100 Year-Life Era

Designing the Ideal Future with a 50-Year Horizon: Balancing Well-Being for All with Sustainability Key

For everyone in the MRI Group, 2020 was a year of great consequence in many ways, but especially because:

- We celebrated our 50th anniversary in September
- We researched design and implementation of ways to achieve our aspirations for the future over the next 50 years
- We formulated our new Guiding Principles and launched *Medium-term Management Plan 2023* (MP2023) as we made a fresh start for our next half century

A half century from now, in 2070, the world's population will approach 10 billion people, while Japan and other advanced countries are set to see a rising proportion of their populations enjoy lifespans of 100 years or more. Our 50th Anniversary Research Project resulted in five proposals for bringing about a prosperous and sustainable world by the time we reach that era.

Among them, three concern pursuit of well-being for all, while the remaining two focus on ensuring the sustainability of the foundations our existence—the earth and our societies. The research sought to form a broadly encompassing view of the path forward for putting into action our ideas, concepts of what could be achieved and, as such, hypotheses that need to be tested.

At the same time, the proposals also have the potential to serve as starting points for the MRI Group's business activities. With curiosity about challenges and goals, we seek to chart a path forward, finding solutions to challenges and being quick off the mark to take the lead in applying them. This ability to combine think tank functions with capabilities in ICT solutions is our strength, and it defines our Group's distinctiveness. Amidst rising uncertainties, we have reconceptualized the role of the MRI Group and have embarked upon a new journey across the next 50 years.

50th Anniversary Research

www.mri.co.jp/en/50th/anniversary_research/

New Guiding Principles
Medium-term Management Plan 2023
50th Anniversary Research Project

2020

50th Anniversary

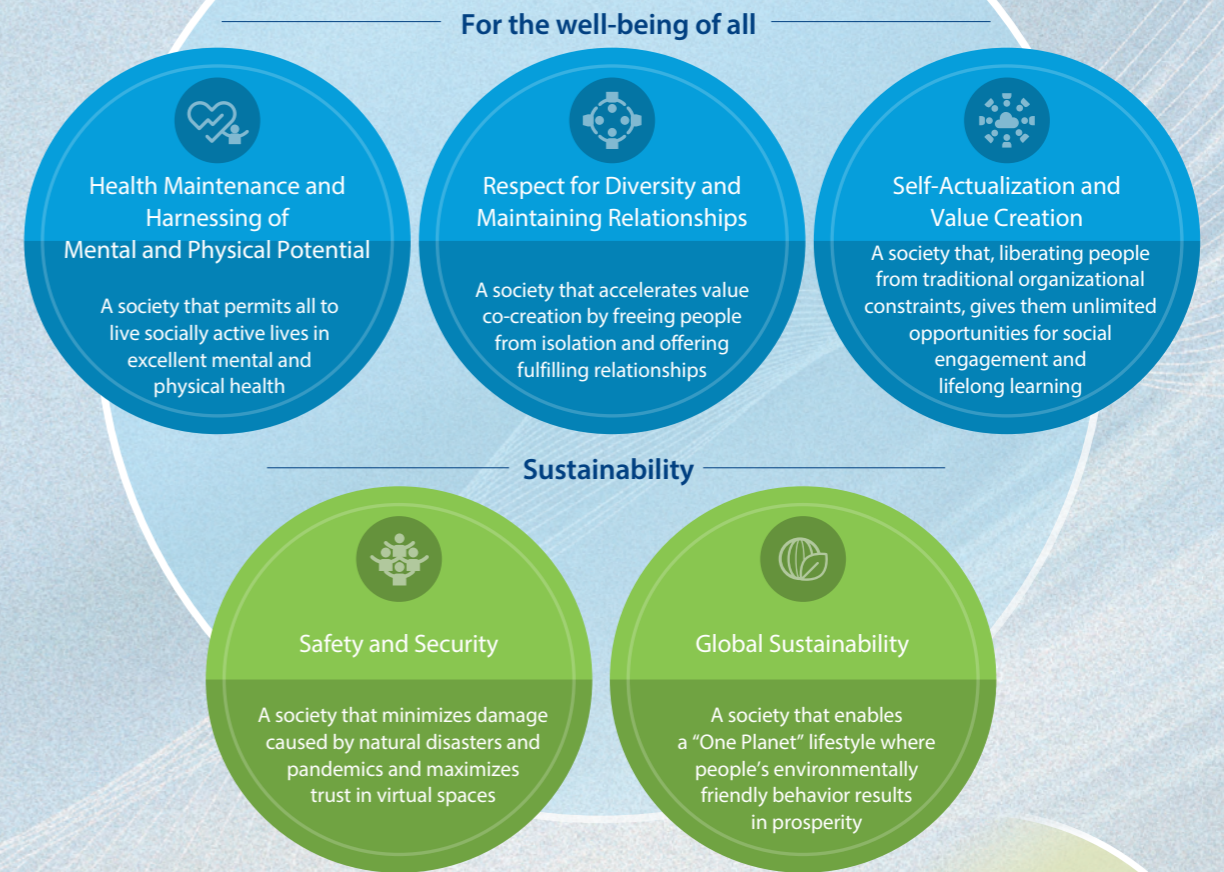
Medium-term Management Plan 2023

MP2023 Vision for the World
A Resilient and Sustainable World: Independent and dispersed yet coordinated

2023

MP2023 Vision for MRI
A company that resolves societal issues

Five proposals to ensure prosperity and sustainability in the 10-billion population and 100 year-life era



With a half-century horizon, we are setting our sights on a prosperous, sustainable world in a 10-billion population and 100 year-life era

2070

Back Casting

New Guiding Principles and Aspirations

We formulated new Guiding Principles to raise the value we provide as a company that resolves societal issues.

We are leading transformation in society for a prosperous and sustainable world in the era of 10-billion population and 100-year lifespans.

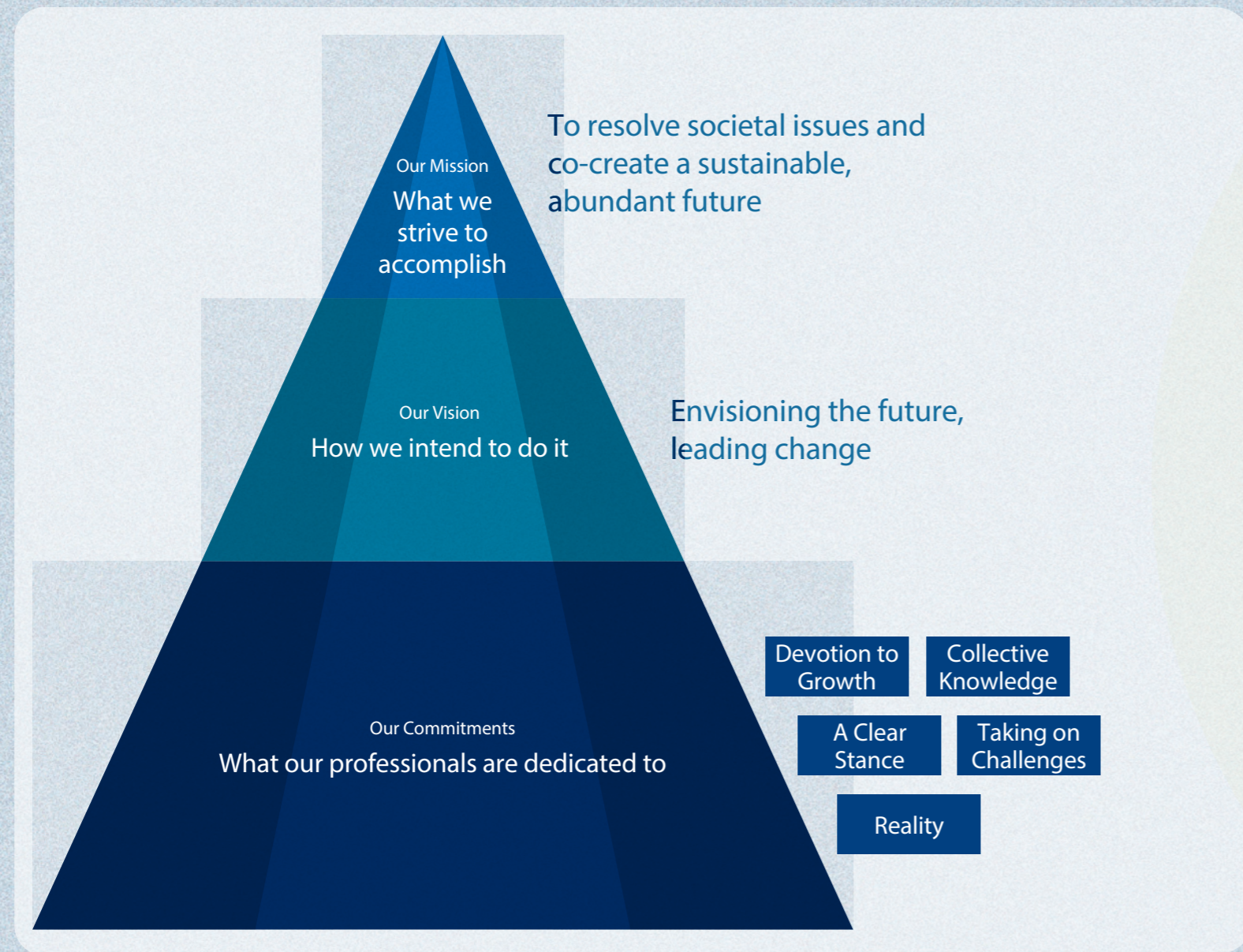
Along with continuing our legacy of strengths as a think tank, our new Guiding Principles aim to find solutions to the host of issues confronting society and embody our commitment to proactively address transformation.

These principles encapsulate the mission that we strive to accomplish, the vision we pursue, and the commitments held by our officers and employees who interact with all our stakeholders. It demonstrates our renewed resolve.

Along with identifying the issues that arise as we work to bring about a prosperous, sustainable world in a 10-billion population and 100 year-life era, we will navigate a change-oriented course to resolving societal issues.

Guiding Principles

We, the Mitsubishi Research Institute, will continually envision a desirable future, resolve societal issues, and lead change in society to co-create a sustainable and abundant future.



A half-century horizon

Setting our sights on a prosperous, sustainable world in a 10-billion population and 100 year-life era

A Legacy of Growth

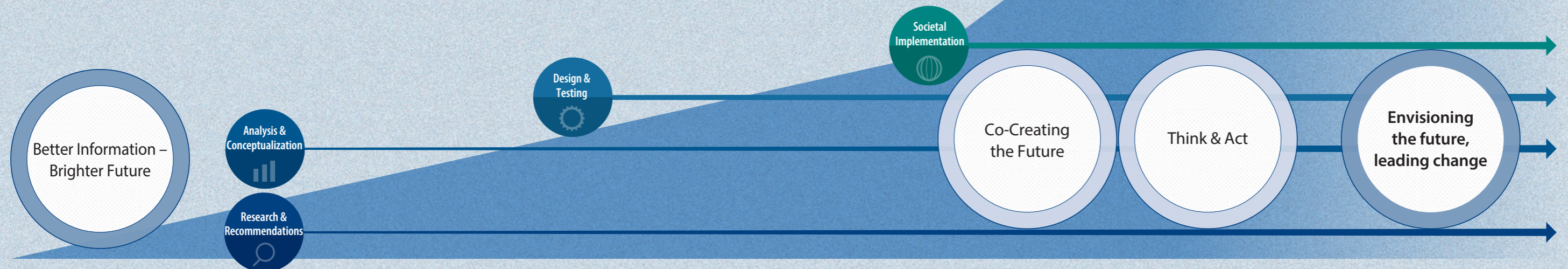
We have achieved growth by contributing to the intelligence- and data-driven resolution of societal issues.

To enhance our ability to help customers and society resolve the issues they face, we have built a value chain—our value-creation process—befitting an enterprise dedicated to that purpose. The process builds on our concepts of Co-Creating the Future (creating the future in collaboration with diverse partners) and Thinking & Acting (providing the gamut of services from Research & Recommendations to Societal Implementation).

MRI was launched in 1970 in anticipation of the coming advanced information-oriented society as a think tank that would perform an array of research and development work. Its founding commemorated the centenary of the Mitsubishi Group with investment from 27 group companies. Ever since, under the motto "Better Information – Brighter Future" and today "Envisioning the future, leading change"—the encapsulation of our mission, we have continued to participate in major projects in Japan and abroad, leveraging on wisdom and data to help resolve issues our customers and society face.

In the 1980s, we established four focal think tank domains (Economics & Management, Society & Public Sector, Science & Technology, and Systems & Information) and in the 1990s forged a solid position for ourselves in offering support services to the public sector for policy formation. In 2005, we made Mitsubishi Research Institute DCS Co., Ltd. a consolidated subsidiary in a committed move into the ICT solutions business.

More recently, we have worked to create social value with ever greater impact, enhancing our Societal Implementation function as well as our Research & Recommendations, Analysis & Conceptualization, and Design & Testing capabilities.



Founding–1990

Dedicated ourselves to establishing our business model and a presence in society by focusing on Research & Recommendations and Analysis & Conceptualization

Founding

- Founded to commemorate Mitsubishi Group's centenary with investment from 27 group companies on the principle of being "an independent, multidisciplinary, future-oriented think tank." Started out with multidisciplinary work in research and analysis, consulting, and information analysis

1970s

- Established Diamond Computer Service (now Mitsubishi Research Institute DCS)
- Established Technology & Economy Information Center (now MRI Business, Inc.)
- Began offering policy recommendations with global perspectives (joint research with Japanese, US, and European think tanks)
- Began using NASTRAN, a large-scale linear structural analysis program developed by National Aeronautics and Space Administration (NASA)
- Launched permanent multi-customer macroeconomic project
- Developed global supply-demand models for food and ships

1980s

- Founded System 21 (now MRI Research Associates, Inc.)
- Introduced the CRAY-1 supercomputer into Japan
- Launched planning study to design Suez Canal operation management system
- Advocated for and participated in setting up the Global Infrastructure Fund (GIF)
- Launched R&D on artificial intelligence and expert systems
- Began providing information services as exclusive agent of National Technical Information Service (NTIS), US Department of Commerce

1990s–2000s

Expanded range of customers from an emphasis on the Mitsubishi Group ↗

1990s

- Established Research Laboratory for Advanced Science and Technology to do experimental research
- Established Global Environmental Research Center
- Established Safety Engineering Research Center
- Did study on advancing intelligent transport systems (ITS)
- Did studies and research on policy measures to counter global warming
- Supported development of systems for utilizing GPS data

↘ at the time of founding, to the broader private and public sectors, and contributed to resolving a variety of societal issues (Analysis & Conceptualization)

2000s

- Converted Mitsubishi Research Institute DCS into a consolidated subsidiary (2005)
- Listed, Second Section, Tokyo Stock Exchange (2009)
- Set up Business Solutions Division
- Did advanced research on human genome analysis and related themes and moved forward industrial applications for the results
- Ran trials on carbon emissions trading schemes
- Facilitated systems integrations at megabanks

2010–

Broadened business foundations by steadily expanding the business model to cover Design & Testing and Societal Implementation

2010s

- Listed, First Section, Tokyo Stock Exchange (2010)
- Launched Platinum Society Research Association and Innovation Network for Co-Creating the Future
- Launched projects to support post-earthquake recovery
- Participation in mega-solar power generation business
- Commenced AI-based initial application ranking service (PRaiO), which facilitates businesses' recruiting activities
- Launched AI-based municipal chatbot service in collaboration with local governments
- Developed and tested regional digital currency business
- Launched education and data-management service offerings

2020–

- 50th anniversary
- Renewed Guiding Principles
- Established DX (Digital Transformation) Business
- Opened offices in Vietnam and the United Arab Emirates (UAE)
- 50th Anniversary Research Project
- Commenced project using AI to simulate how COVID-19 spreads

Note: Projects shown below the dotted line are principal ones carried out during the decade.

The MRI Group Today

We are working to resolve the issues facing society and our customers by providing one-stop solutions covering the gamut of services from recommendations to implementation. We leverage synergies achieved by combining our think tank consulting service with potent public sector capabilities and IT services known for their expertise in the financial field.

The MRI Group offers its Think Tank & Consulting (TTC) Services primarily through Mitsubishi Research Institute and relies on Mitsubishi Research Institute DCS to provide IT Services (ITS).

As an integrated think tank, TTC brings together diverse forms of expertise and a high degree of independence to offer powerful public-sector policy formulation and implementation support through its research, analysis, testing, and other services for public entities.

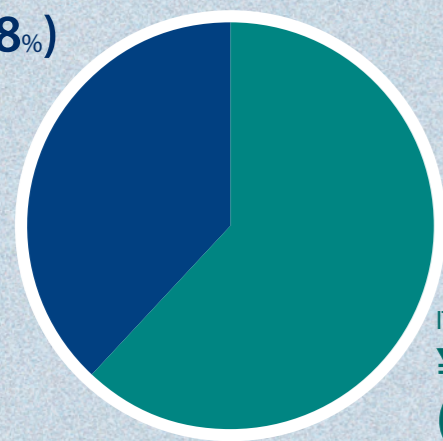
ITS offers know-how gained through years of accumulated experience in IT services, such as development and operation of mission critical systems for financial and credit card enterprises.

Bringing to bear the respective strengths of both segments works to reinforce synergies, and by focusing the findings and know-how gained from ever more diverse collaborations and our co-creation partners, we strive to provide value to resolve complex and diverse issues alongside customers and society.

Sales by Segment (FY9/20)

Think Tank & Consulting Services

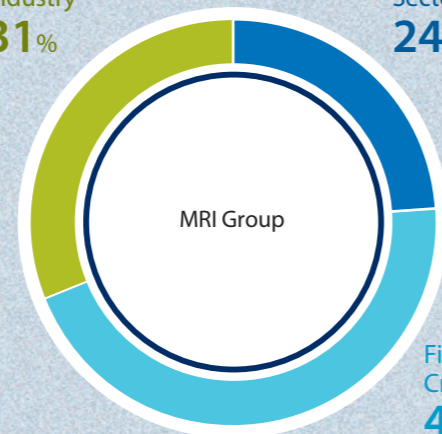
¥34.5 bn
(38%)



IT Services
¥57.4 bn
(62%)

Sales by Industry Segment (FY9/20)

Private-Sector Industry
31%

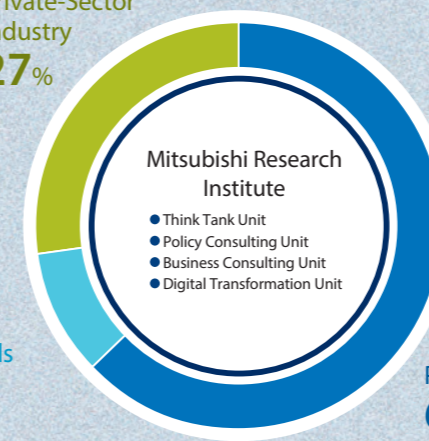


Public Sector
24%

Finance & Credit Cards
45%

Think Tank & Consulting Services

Private-Sector Industry
27%

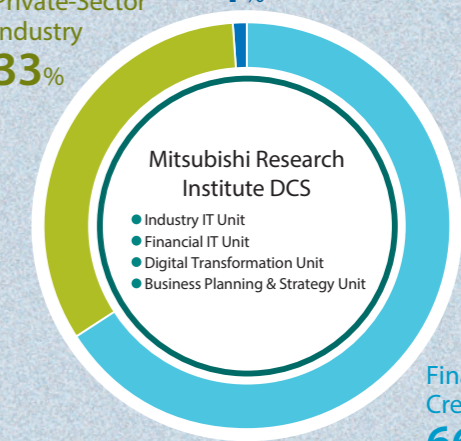


Finance & Credit Cards
10%

Public Sector
63%

IT Services

Private-Sector Industry
33%



Public Sector
1%

Finance & Credit Cards
66%

Mitsubishi Research Institute and Mitsubishi Research Institute DCS are the main providers of TTC and ITS, respectively, along with 10 consolidated subsidiaries and three equity-method affiliates.

Business Segments (FY9/20)

Think Tank & Consulting Services

Net sales ¥34.5 bn
Ordinary profit ¥5.2 bn

Think Tank & Consulting Services	
Mitsubishi Research Institute, Inc.	
Equity-method affiliates	
MRI Research Associates, Inc.	Japan Business Systems, Inc.,
	Nippon Care Communications Co., Ltd.
MRI Business, Inc.	INES Corporation

IT Services

Net sales ¥57.4 bn
Ordinary profit ¥3.0 bn

IT Services	
Mitsubishi Research Institute DCS Co., Ltd.	
MRI Value Consulting & Solutions Co., Ltd.	IT-One Co., Ltd.
MD Business Partner Co., Ltd.	MRIDCS Americas, Inc.
Touhoku Diamond Computer Service Co., Ltd.	HR Solution DCS Co., Ltd.
UBS Co., Ltd.	

Major Clients

Public Sector
Private-Sector Industry

Principal Services

Research, analysis, testing
Consulting

Competitors

Think tanks
Domestic consulting firms (management, construction, IT)
Foreign consulting firms

Strengths

Public-sector
Covering a wide range of fields

Finance
Private-Sector Industry

System development and maintenance
Outsourcing

IT consulting firms
System integrators (SI)
Payroll service providers
Data center providers

Finance and credit-card industries
Development of highly reliable, robust systems

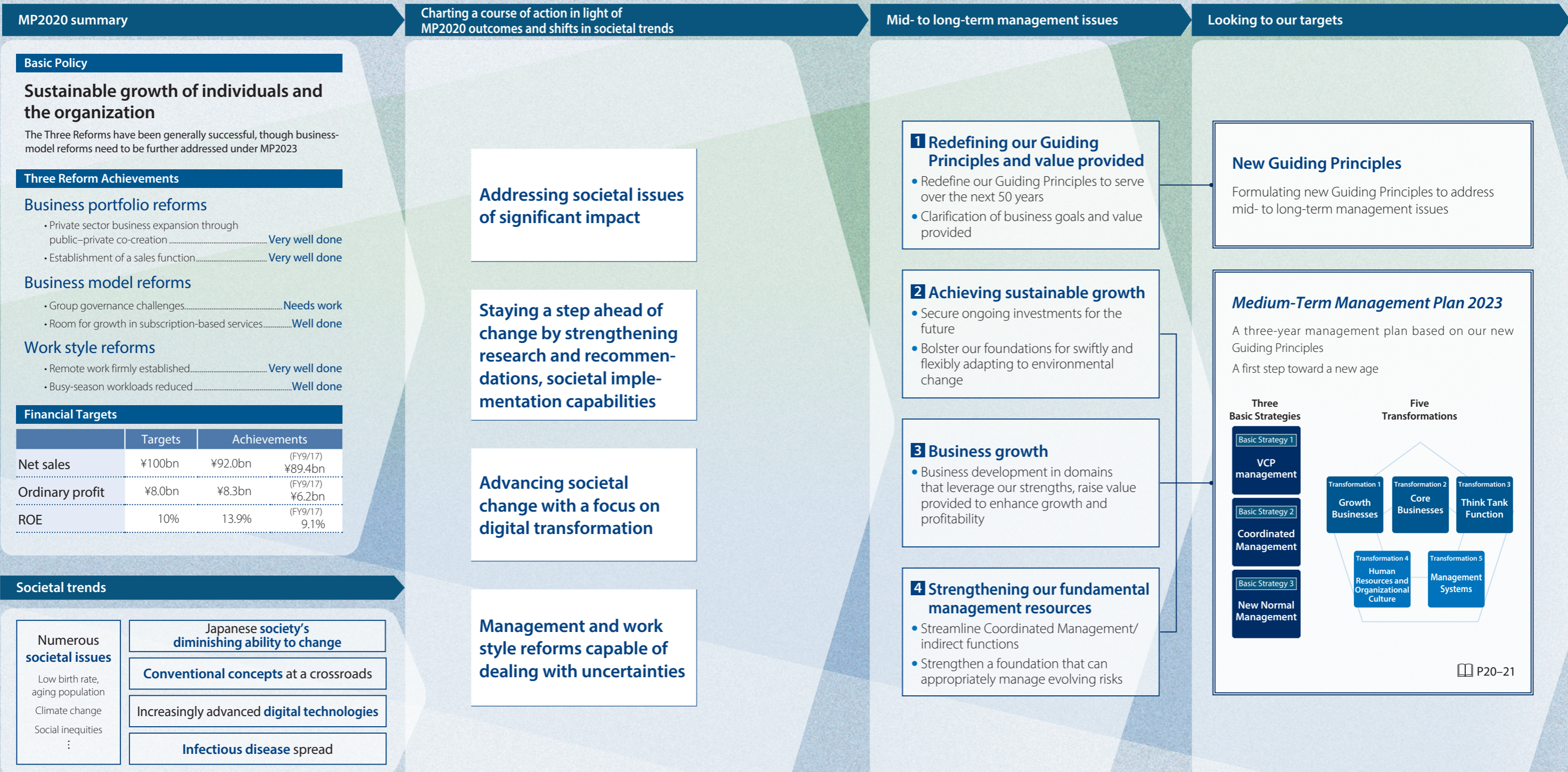
Addressing Mid- to Long-Term Management Challenges

The company has defined the mid- to long-term challenges management needs to address as it moves forward on *Medium-Term Management Plan 2023* in light of the outcomes of *Medium-Term Management Plan 2020*, the previous management plan, and changing societal trends.

Under *Medium-Term Management Plan 2020* (MP2020), MRI positioned as its basic policy the sustainable growth of individuals and the organization. Although some business-model issues remain, the plan's business-portfolio and work-style reforms were generally successful.

With an eye on evolving societal trends, we have identified four mid- to long-term challenges that we must address if we are to achieve further growth and development. In fiscal 2021 we are commencing initiatives with a strategic outlook for the next 50 years.

To deal with the first of the four challenges—redefining our guiding principles and value provided—we have formulated new Guiding Principles in conjunction with MRI's 50th anniversary; these will serve as management's compass for navigating the long term. To address the other three—achieving sustainable growth, growing our businesses, and strengthening our enterprise's fundamentals—we will move steadily forward in line with specifics spelled out in *Medium-Term Management Plan 2023* (MP2023).



MRI's Unique Value Chain

We marshal our value chain (Value Creation Process) to develop solutions and, working hand-in-hand with customers and partners, implement them in the real world.

As an enterprise dedicated to resolving challenges, the MRI Group has an orderly process for resolving society's and customers' issues. Taking an issue as our departure point, we begin the process with research to envisage how the future would be were the issue resolved and formulating that vision into recommendations. We then analyze relevant information and conceptualize ways to resolve the issue, design and test specific hypotheses, and finally move on to societal implementation—putting our solutions to work in the real world.

At the MRI Group we have leveraged our think-tank strengths to take on ourselves the role of a solutions-oriented business pursuing the societal implementation of our recommendations through co-creation with customers and partners. Under our *Medium-Term Management Plan 2023*, and as an intermediary goal toward achieving our vision for the future, we aspire to first bring about a more resilient and sustainable world informed by individuals' increased independence and greater geographic distribution coupled with greater coordination of their activities. Given the core competencies of the MRI Group, we feel best placed to effectively help tackle societal issues in five domains: healthcare, human resources, energy, MaaS (Mobility as a Service), and ICT. In addition, by leveraging the Group's strengths, our endeavors work toward public, financial, and corporate digital transformation. We are also striving to strengthen our three forms of capital, the source of our value creation—human capital, intellectual capital, and relationship capital—which will work to further enhance our value chain.



Transformation over the Course of MP2023

MP2023 positions VCP* Management, Coordinated Management, and New Normal Management as the basic policies underpinning our work to achieve five sets of transformations.

* VCP: Value Creation Process

MP2023 calls on us to optimize our value chain (Value Creation Process) for fulfilling our role as an enterprise that resolves societal issues. Doing so will raise the level of value we provide while facilitating sustainable growth. It is also why we will be advancing management in collaboration with the Group and our partners.

In addition, we are strengthening our until-now inadequate Coordinated Management by bolstering and expanding our Digital Transformation (DX) and other growth businesses while fortifying our fundamental core competencies and business resources. Leading transformation into the post-COVID world, we will be accelerating business and structural change by applying our VCP across its full range from research and recommendations to societal implementation. Grounded in our basic policies, we will advance transformations in five areas; specifically, our growth businesses, core businesses, and think tank function and—in terms of the business resources available to management—the two domains of human resources & corporate culture and management systems.

Three Basic Strategies → Five Transformations

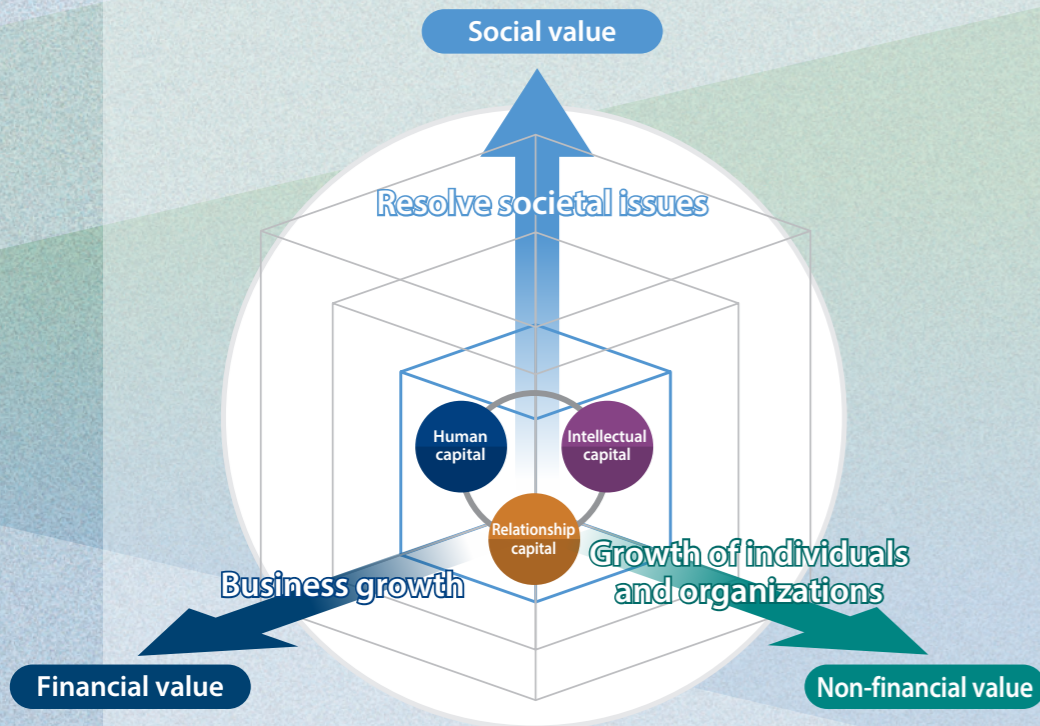


Creating Value as a Societal Solution Company

We seek to maximize synergies from our triad of social value, non-financial value, and financial value through investment in human capital, intellectual capital, and relationship capital, and to contribute to a resilient and sustainable world.

A Societal Solution Company

Maximize synergies of our social, non-financial, and financial value triad



Under MP2023 and in parallel with enhancing and integrating our human capital (high-level professionals), intellectual capital (broad base of empirical knowledge), and relationship capital (diverse networks in- and outside the Group), we will work to generate social value (resolve societal issues), non-financial value (qualitative growth of individuals and organizations), and financial value (business growth) in our aim to maximize synergies among these three types of value. We seek to generate value for society (social value) by pursuing our vision for the future (societal KPIs) through focus on the Healthcare, Human Resources, Energy, MaaS, and ICT domains and solid business results (business KPIs). In this process, non-financial value is generated through the qualitative growth of individuals and the organization, resulting in higher ordinary profit and ROE (the creation of financial value). In this way MRI generates new value by reinvesting the capital accumulated through these activities back into our corporate activities. This cyclic chain reaction of value created creating more value enables us to provide social value of greater impact and help bring about a resilient, sustainable world while continuing to grow MRI as an enterprise.

Resolve Societal Issues	The Future MRI Envisions	Societal KPIs (Examples)
Healthcare	Longevity in good health for all	<ul style="list-style-type: none"> Inequities in average life span and healthy life expectancy Caregiver turnover
Human Resources	Active participation in social life for all ages	<ul style="list-style-type: none"> Employee turnover (labor mobility) Off-JT implementation
Energy	Decarbonization and zero GHG emissions	<ul style="list-style-type: none"> Renewables-sourced energy Nuclear-sourced energy Electricity market transactions
MaaS	Convenient access to opportunities for social interaction	<ul style="list-style-type: none"> Socially active 65–74 year olds in Japan's three major metropolises
ICT	Unlimited connectivity for all	<ul style="list-style-type: none"> Next-generation mobile communications uptake High-end services uptake

Growth of Individuals & Organization	Key MRI Themes	Non-financial Value Indicators (Examples)
Human Value	Diversity	<ul style="list-style-type: none"> Recruitment of women Women in management
Intellectual Value	Research and recommendation capability	<ul style="list-style-type: none"> Research & recommendation publications on website
Social Value	Vitalization of collaborations and alliances with startups	<ul style="list-style-type: none"> Members Collaborations and co-development projects
Environment (E)	Environmental impact (decarbonization progress)	<ul style="list-style-type: none"> Energy from renewables
Social (S)	Work-life balance Health and productivity management	<ul style="list-style-type: none"> Utilization of childcare leave and paid vacation Remote work environment provision Health examinations requiring follow-up

Business Growth	Financial Value
Ordinary Profit	ROE
¥10bn	10%

Vision for Society under MP2023

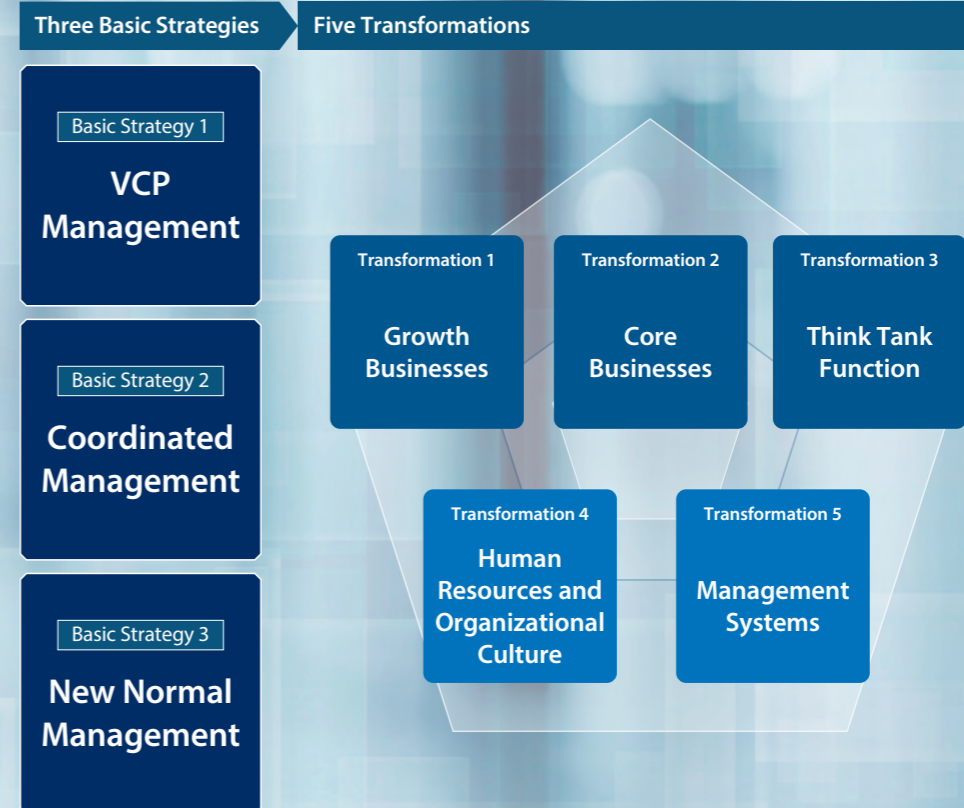
A Resilient and Sustainable World:
Independent and dispersed yet coordinated

Medium-term Management Plan 2023



Medium-term Management Plan 2023 (MP2023) will help MRI navigate during the pandemic and into the post-COVID era.

MRI, a company that resolves societal issues, will employ value chain management, digital transformation across the group, and management system reforms to spearhead the move to a resilient, sustainable post-COVID world.



Basic Strategy 1

VCP Management

Management focused on the value chain (value creation process) as a company that resolves societal issues

We aim to enhance value provided to all stakeholders and achieve sustainable growth by optimizing the entire value creation process (VCP) across the Group and among partners

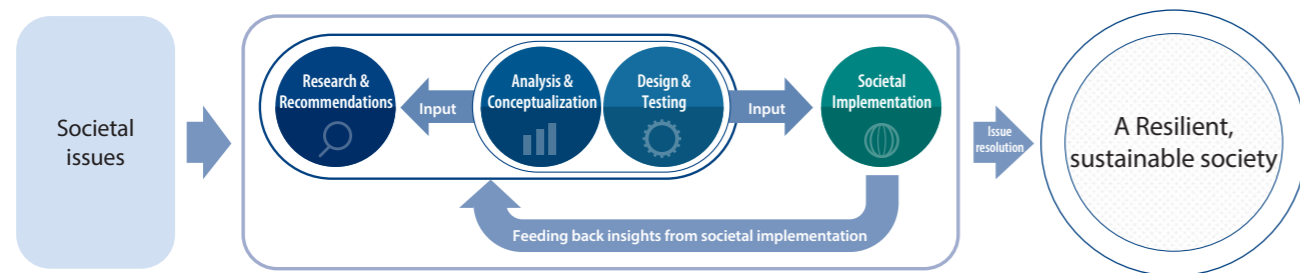
- Goal of VCP management = Maximizing value (social + non-financial + financial)
- Going beyond Analysis & Conceptualization and Design & Testing to boost impact and value of Research & Recommendations and Societal Implementation
- Deploy resources to Societal Implementation areas to grow and broaden earnings sources while maintaining earnings from Analysis & Conceptualization and Design & Testing

Overview

VCP management builds a complete value chain in house for individual issues facing society. By linking our four primary functions, we see through with the application of solutions and thus overcome issues. Moving ahead we will enhance aspects of our Research & Recommendations and Societal Implementation that have fallen short in sparking real-world transformation.

Furthermore, we will frame our Analysis & Conceptualization and Design & Testing functions to bolster our other functions and support of clients in putting solutions to work. Lastly, we will use our experience in undertaking Societal Implementation to ensure continual improvement across the value chain.

Improving value chain quality as company that resolves societal issues



Five Priority Domains

Healthcare	Healthcare innovation with twin aims of healthy longevity and sustainable social security finances
Human Resources	Implement FLAP cycle* to transform human resource portfolios to better fit the needs of society and the industrial structure by equipping people in ways that will facilitate their finding suitable jobs, learning new skills, and moving between jobs
Energy	Decarbonize society (reach carbon neutrality by 2050) and shift to renewables as the mainstay power source augmented by intermittency smoothing schemes while ensuring enough generating capacity (supply) to satisfy 3Es+S criteria
MaaS	Bring about a world where transportation services function while adapting to ever changing travel patterns in the new normal so that everyone can move about freely and enjoy easy access to a variety of services
ICT	Uptake of next-generation mobile technologies, efficient installation of infrastructure (in terms of cost and time), securing frequency resources (bandwidth), and optimization of usage patterns

* FLAP cycle: An MRI term denoting an end-to-end cycle in which individuals understand their aptitudes, abilities, and job requirements (Find), acquire necessary skills (Learn), move in the desired direction (Act), and take an active role on a new stage (Perform)

Basic Strategy 1 Initiatives and case studies

Transformation 1 Growth Businesses

Our subscription-service, global and digital-transformation (DX) businesses are MRI's growth segments. We are working to establish new sources of earnings through upfront investments and collaboration with our partners in these areas. (DX is discussed as a Strategy 2 initiative as it constitutes the core of efforts to strengthen competitiveness using Coordinated Management of the Group.)

Initiative | Growth Segments under VCP Management

Subscription-Based Service Business

We will proactively roll out subscription-service businesses that directly help resolve societal issues to establish new sources of earnings using a different business model from that of our current consulting businesses.

We aim to grow using a strategic approach entailing upfront investments and collaboration with partners, leveraging strengths that stem from our ability to find the key elements in policy-, market-, and technology-oriented solutions

- Policy Oriented: MPX (Energy, p. 44), PRaiO (Human resources, p. 47), Behavioral change platform and regional digital currency (MaaS, pp. 48–9)
- Market Oriented: PROSRV (HR), miracompass (Education)

Global Business

We will develop businesses to help bring about a better future and resolve societal issues overseas. Our central purpose will revolve around resolving challenges local societies face, instead of simply focusing on developing IT, recruiting engineers, and expanding our presence in overseas growth markets. Our key focus areas are Asia and the Middle East, which need economic growth and solutions to societal issues. Both face challenges that could benefit from the experience and insights of Japan, specifically in areas such as ageing society, social welfare, environment, energy, and infrastructure. We aim to leverage our expertise and help resolve issues humanity faces in the international arena with a view to longer term growth.

- Asia: Provide solutions in line with VCP, tailored to the local environment, through development and test operation of a public-private co-creation (domestic/local) solutions platform

We will be putting institutional functions and internal systems in place designed to facilitate creating and growing sustainable subscription-service businesses in line with our overarching VCP policies. Part of our focus will be on nurturing, by building and deepening ties, start-ups and other partners that share our ethos of addressing societal issues, as we also double down on training personnel and recruiting experienced outsiders to instill commercial skills and an entrepreneurial mindset.

- Middle East: Earn the trust of local governments and establish our credentials as a problem-solving partner

We will strengthen our local capabilities by establishing in-country offices and develop businesses that meet local needs and solve local issues.

We will need to recruit and train personnel who have a global perspective to develop our overseas operations. We will be assigning promising employees to posts, including secondments abroad, that will enable them to acquire the requisite skill sets and experience, hiring new recruits with international experience, and actively taking on local staff leveraging our networks on the ground.

Basic Strategy 1 Initiatives and case studies

Transformation 2
Core
Businesses

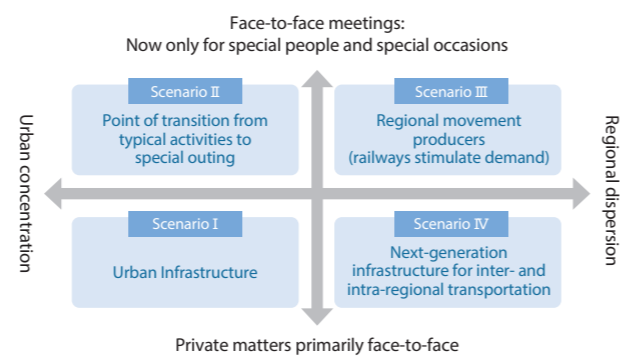
Our initiatives in the areas of Analysis & Conceptualization and Design & Testing, our traditional strengths, focus on our research and consulting and financial solutions businesses: We see these as core businesses and will be working to improve their quality while maintaining them as earnings sources.

Initiative 1 Consulting for the Post-COVID Era

The operating environment has changed completely due to COVID-19. Many companies have been forced to re-evaluate their business strategies. These reassessments range from defensive, to deal with the current crisis, to offensive, aimed at incipient structural changes. MRI sees the pandemic as an ideal opportunity for companies that have been previously unable to embark on structural reform. Amid mounting uncertainty, we will help them assess their future management and business directions, using our forecasting strengths as a think tank.

For example, for railway operators, in one of the pandemic's most severely affected industries, we quantify changes to consumers' and corporate managers' thinking and suggest trends to watch for, future scenarios, and actions to take. We created a matrix of four scenarios combining changes in consumer values

and societal structure, incorporating future work styles. Using the scenarios, railway operators are able to make concrete steps toward structural change that reflect their own preferences and nature with a view to the post-COVID era.



Initiative 2 Osaka Expo 2025 as a societal implementation consulting opportunity

Osaka will host the World Expo in 2025. The master plan was released in December 2020. MRI researched and developed the master plan as a part of a project the organizer, the Japan Association for the 2025 World Exposition, commissioned to MRI.

The Expo's significance can be summarized four-fold: "Designing Future Society for Our Lives," "Achieving and moving beyond the UN's SDGs," "Concept-testing Japan's Society 5.0* vision," and "Taking the opportunity for Japan to make a leap forward."

In a post-COVID world, individuals will play a role in overcoming humanity's challenges, thus forging a way into the future, supported by new technologies and services. The four headings encapsulate the hope that the Expo will provide a chance for Japan and the world to make great strides toward the future.

The Expo project incorporates plans for the introduction of state-of-the-art services and frameworks likely to take firm root

in the society of the future. Under the concept of the People's Living Lab, a testing ground for future society, it will offer a variety of new services spanning life with robots, electronic entry tickets, data-driven events management, MaaS, and flying cars.

MRI will assist in bringing these new services to the Expo and to broader society with a view to creating a future world where all can truly thrive.



* Society 5.0: Japan's Cabinet Office defines this as "A human-centered society that balances economic advancement with the resolution of social problems by a system that highly integrates cyberspace and physical space." Source: https://www8.cao.go.jp/cstp/english/society5_0/index.html

Basic Strategy 1 Initiatives and case studies

Transformation 3
Think Tank
Function

Research & Recommendations is the departure point of VCP Management. Through the transformation of our Think Tank Unit, we aim to do creative research and make recommendations to drive societal change while enhancing our ability to communicate with stakeholders. We will also create new value with our Think Tank DX initiative and pioneer disruption in the think tank industry.

Research & Recommendations

As a think tank leading societal transformation, MRI is conducting research toward a post-COVID world including international affairs, economic currents, and advances in technology potentially useful in resolving emerging challenges. We envision future society from short-, medium-, and long-term perspectives, and are making recommendations for the post-COVID world.

Due to our engagement with government advisory and industry committees, our proposals are reflected in real-world policies and measures, and we help create social trends by communicating them in collaboration with the media.

Under VCP Management we combine insights from the realms of policy & economics and science & technology in novel ways to address problems in our five priority domains (Healthcare, Human Resources, Energy, MaaS, and ICT), as well as create templates for social transformation. We tackle issues with a companywide approach under the leadership of research and recommendation teams in respective VCP areas.

Our quality research and recommendations incorporate insights from cutting-edge research done around the world gained through our institutional tie-ups with research organizations, universities, and analysts in Japan and abroad.

Think Tank DX

MRI will drive its own digital transformation to boost productivity in research and consulting, the essence of think tank services, and develop new value propositions.

The digital tools that we develop and enhance will be used in our customers' DX activities as well as in-house. We aim to develop services that bring innovative value to the think tank industry further out.

Digital Infrastructure

Deploying remote conferencing, document management tools, and electronic contract services, MRI proactively works to digitize and streamline all internal business processes.

Digital Tools

We are developing digital tools using our own cutting-edge AI technologies, such as natural language processing, to aggregate information online, host meetings of public-sector committees, analyze data, and run simulations to support our researchers' work. We will also develop tools for visualizing analysis outputs and prototyping consulting benefits to enhance the value we provide.

Research & Recommendation Categories

Research to Conceptualize Our Future World	Research envisioning future society from short-, medium-, and long-term perspectives, and recommendations on how to make it happen
Independent Research & Development	Research forming basis for conceptualizing the world of the future, including macroeconomic and advanced-technology topics using fixed-point observations, forecasting, foundational research, surveys, and other relevant methods
VCP-Based Research	Research and recommendations in five VCP Management priority areas and cross-sector research and recommendations

Basic Strategy 2

Coordinated Management

Enhancing DX business competitiveness and platforms based on Coordinated Management

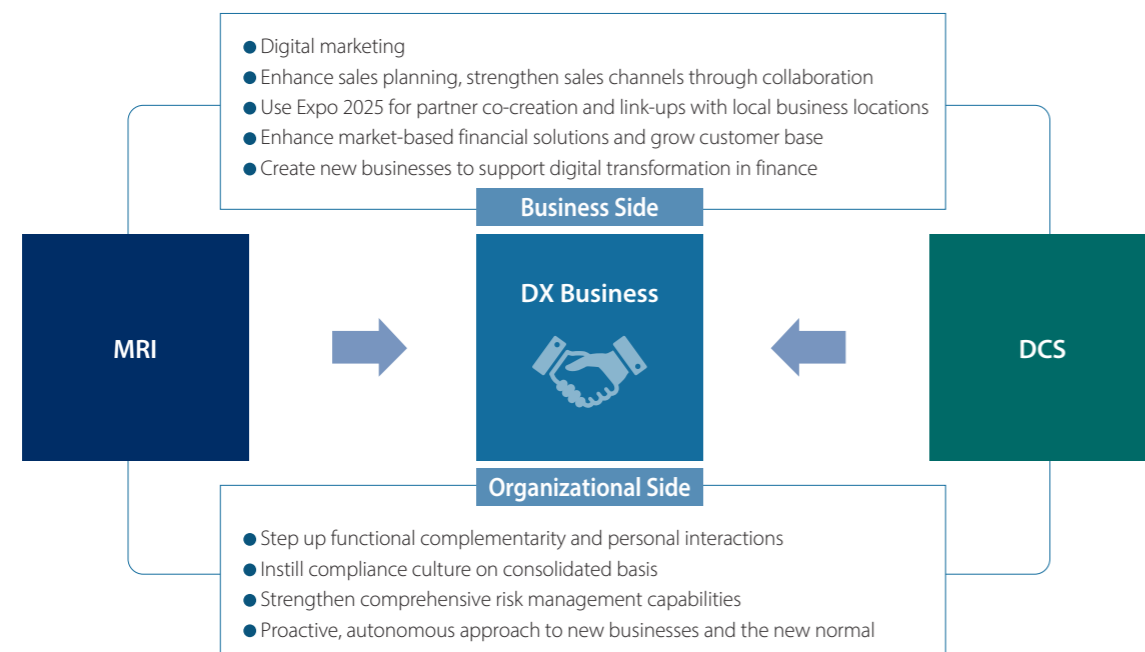
- Using Coordinated Management to enhance competitiveness and strengthen offensive and defensive aspects of our platforms to boost effectiveness of VCP Management
- We will step up Coordinated Management of MRI and DCS to derive synergies from our business and management platforms
- With MRI and DCS playing the core role in tandem, we will deepen collaboration with JBS, INES, and other partners to grow business in the societal implementation domain

Overview

We aim to further diversify our business through Coordinated Management and enhance the offensive and defensive aspects of the Group's competitiveness to boost the effectiveness of VCP Management. We will redouble our efforts to use a consolidated approach to grow businesses in the societal implementation domain, including offerings such as ICT solutions, to underwrite sustainable growth (and the fundamentals of our business) for the Group.

With a focus on MRI and key subsidiary DCS, we will team up with affiliates JBS, INES, and other partners to further grow societal implementation services under VCP.

We see the DX business as a key driver of growth segments and have specific plans for both our business and management platforms to strengthen Coordinated Management of MRI and DCS with a view to growth (figure below).



Basic Strategy 2

Initiatives and case studies

We will enhance value creation capabilities and contribute to sustainable Group growth

Looking back over first year as CEO

Since being appointed CEO in October 2019, I have been putting in place new functions spanning business and management (governance) with the aim of enhancing enterprise quality. On the business side, we have been developing a business model for sustainable growth and revamping our customer portfolio. We have boosted our competitiveness with frameworks in areas that underpin and help further develop our ability to do business, such as sales and R&D. On the management side, we have improved governance by setting up structures that provide expert advice and counsel to executives in key areas and a framework for incorporating the insights of outside experts.

Meanwhile, we developed a three-year plan that starts in October 2020, *DCS Medium-Term Plan 2023* (DCS MP2023), to define our medium-term growth strategy, following no-holds-barred companywide debate.

Looking back over the past year, we have made progress in building the foundations both for the business and management. Our greatest achievement was multifaceted and substantive discussion on what our aspirations should be when developing DCS MP2023. I am confident that the openness and willingness to collaborate cultivated through companywide activities will be a great asset for future growth.



Takehiko Matsushita
President & CEO
Mitsubishi Research Institute DCS Co., Ltd.

DCS Medium-Term Plan 2023 Strategies

DCS MP2023 unambiguously defines the position of our Digital Transformation (DX) Business as the key to growth, in strategic collaboration with MRI Group companies. In the process of drafting the plan, offices that will be responsible for the business worked together on action plans and structured teams based on the same concepts.

Growth in the DX business naturally goes beyond expanding our suite of products and services, so it is necessary to prepare far-reaching organizational structures that can solve more challenging issues. In order to provide our own solutions, it is also crucial that we invest upfront and take a planned approach to training human resources. Starting with enhanced collaboration with Group companies, we will proactively engage in R&D, business investment, human resources training (professional HR systems), and open innovation, to put growth on a firmer footing.

Enhanced Value Creation Capabilities

The MRI Group aims to create value through the entire chain from Research & Recommendations through to Implementation to resolve societal issues. As a core link in that value chain, DCS will contribute to the Group's sustainable growth.

Society is changing at an unprecedented pace and scale, and the future is full of uncertainty. However, times of change are times of opportunity, and they frequently enable great strides.

DCS will face change resolutely and will continue to hone our people's skills and technologies and increase our ability to create value to help bring about a prosperous, sustainable future.

Basic Strategy 2 Initiatives and case studies

Transformation 1
Growth
Businesses

We see the DX business as a growth segment and aim to establish a new earnings platform through upfront investments and collaboration with our partners.

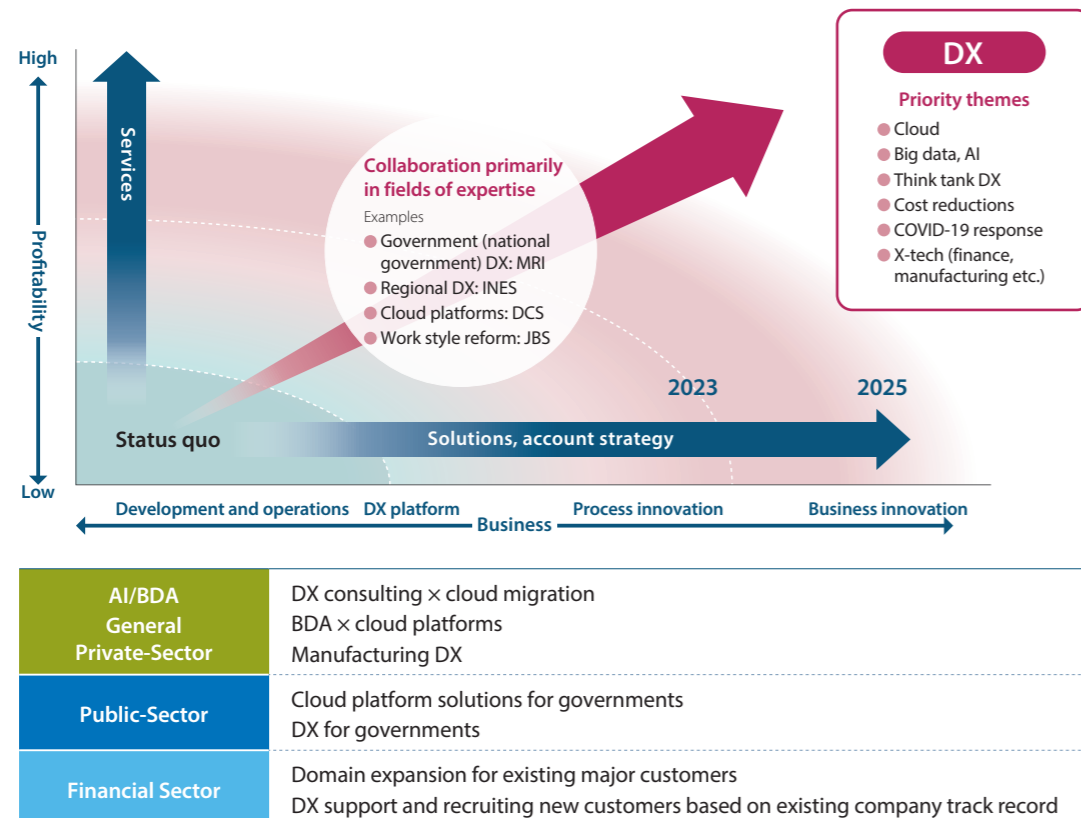
DX Business: DX attuned to societal issues
A DX business responsive to societal challenge resolution

MRI addresses societal issues. Using Group strengths centered on our think tank, we will develop a DX business that helps society overcome challenges. In particular, to break through the innovation dilemma we will transform defensive investment into offensive investment and through intensive data-driven management, we will help drive innovation throughout society. To spearhead the needed digital transformation, we will utilize digital technology in an integrated manner to transform our own businesses.

Four Group companies—MRI, DCS, JBS, and INES—will enhance our services and solutions-oriented businesses in their respective fields of expertise. This will boost profitability and

help our customers' business innovations, growing our business. Further, in light of the ongoing trends of digitalization in governments we will focus on priority themes of the cloud, big data, and AI, and respond to mounting needs from customers in collaboration with our partners.

MRI and DCS will be at the core of the initiatives. We will restructure and establish new organizations with a view to growing the DX Business and bring teams involved face-to-face to collaborate. We have set three development themes: AI, big data analysis (BDA), and general private-sector; public-sector; and financial services entities. Concrete projects are in the works.



Basic Strategy 2 Initiatives and case studies

Corporate DX Business
Using data and technology to spark transformation in business

The business world is in the midst of digital revolution, and leading global companies are working feverishly to pull off a digital transformation that will revolutionize how they do business. But while interested in digital transformation, many Japanese companies are yet to take the plunge.

In the Corporate DX Business, our customers and Group will team up to devise an end-to-end approach covering the process from formulating digital transformation strategies, ideas for exploiting ICT, and finalizing plans through to change and

transition management. This will assist companies struggling with the adoption and rollout of digital transformation. At the implementation stage we will provide solutions and consulting as a united team to resolve clients' particular issues and ensure effective transition to newer business processes.

Further, to strengthen the competitiveness of Japanese manufacturers, we will use our manufacturing industry DX total support program to provide one-stop management and factory floor troubleshooting in Japan and Southeast Asia.

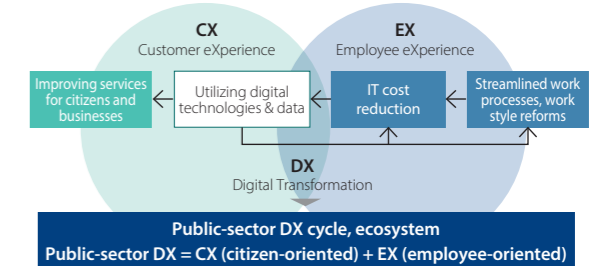
Public-Sector DX Business
Public-Sector DX to benefit society across the board from government entities to businesses to the citizenry

Effective use of digital technologies and ICT is essential to overcome challenges faced by individual public-sector entities and companies as well as broader society.

In the Public-Sector DX Business, we see all stakeholders from government entities to businesses to citizens in general as potential beneficiaries, and MRI Group companies work closely together to help public entities and public-service enterprises make their digital transformations. Leveraging digital technologies for work process innovation, our services cover the gamut from studies to identify the needed digital technologies to the planning and execution of proof-of-concept testing in the field and finally, to the assembly and installation of the ICT systems clients need to transform their work processes. We also provide back up for ICT infrastructure exports to Asia, which are growing rapidly.

We also have initiatives under way to cope with the latest challenges, such as a policy-oriented solutions business involved in infectious disease surveillance for the with- and post-COVID eras, and online conferencing services to accommodate hybrid work styles combining workplace attendance and remote work.

Accelerating shift from discrete work-process consulting to the Public-Sector DX Business



Financial DX Business
Effective DX for financial institutions wanting to leverage data and technology

The financial industry faces an increasingly intense and complex competitive environment due to customers' changing lifestyles and new entrants from other industries amid deregulation. To survive and thrive, financial institutions need offer increasingly high-grade financial services that satisfy customers' needs.

Effective digital transformation is desirable and entails the use of: open innovation to improve interactions with customers; data to deepen understanding of customers; knowledge of customers to tailor services; and cloud technology to overhaul IT systems. However, it is difficult to pursue such transformation while maintaining existing services and assets such as IT systems

and branch networks.

In our Financial DX Business, we will employ our understanding of financial work processes, capabilities in data analysis, experience in building systems, plus understanding of the latest AI and cloud technologies to support effective DX at financial institutions. MRI's strengths spring from our provision of vertically integrated services covering the range from devising strategies through reinventing BPR, risk management, marketing, and other work processes to providing systems development and solutions leveraging AI.

Basic Strategy 3

New Normal Management

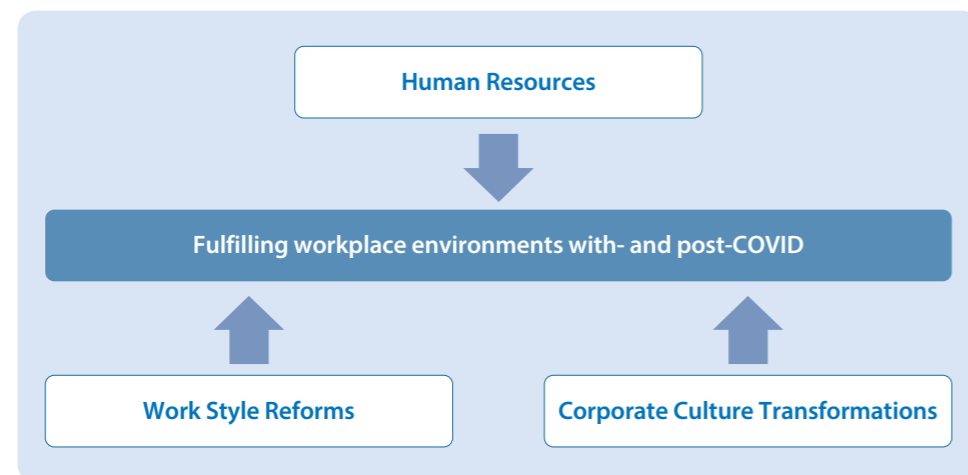
Management system reform ahead of shift to the post-COVID world

- Pioneering transformation to a new society, or new normal, with research and recommendations through to societal implementation, all based on scientific evidence
- Now is a perfect opportunity for doing what we've always done—resolving societal issues—and we will be accelerating businesses to accommodate the new normal
- MRI Group structural reform as a leading indicator for society

Overview

The sudden emergence and spread of COVID-19 has exposed a variety of problems at home and abroad. An immediate response to the ongoing pandemic is necessary, but people the world over are trying to figure out what the post-COVID world, and hence what everyday life, will look like. Not just a passing phenomenon, the pandemic is causing a tectonic structural shift to what will be a new normal. The MRI Group is pioneering the transition to post-COVID reality and pushing forward with work style reforms to accommodate the new normal.

Fortunately, we did not face major disruptions or untoward risks, and have been able to continue operating during the COVID-19 outbreak. Prior work style reforms helped, as all employees were able to respond flexibly to the changing environment. To sustain growth in the new normal, we are employing work styles that optimize work-life balance in a manner tailored to life stages and maximizing the company's performance and attractiveness.



Basic Strategy 3

Initiatives and case studies

Transformation 4 Human Resources and Organizational Culture

Based on the Basic Strategies set out in MP2023, MRI is carrying out HR and corporate culture transformations with a view to strengthening our business foundations. We aspire to create an environment where individuals of all kinds can do their best during and after the pandemic, incorporating three perspectives: personnel, work style reforms, and corporate culture transformations.

Human Resources

The MRI Group strives to nurture employees who can independently adapt to changing times and circumstances. With an on-the-job training focus, we have a variety of training programs with a view to developing all our employees into skilled professionals able to perform in a variety of disciplines.

Initiatives

- Training by level and specialty
- External secondment system
- Dispatch program to universities and specialist organizations at home and abroad

We have a variety of programs to encourage employees to take up challenges on their own initiative, including five days annually of skill improvement leave, skill development support funds with as broad as possible a scope, and sabbaticals available regardless of reason.

Under MP2023, we are training and upskilling our workforce in line with our company vision. To this end we have arrangements that enable our diverse talent to thrive and have established HR management systems and career development plans.

Work Style Reforms

The MRI Group strives to have a workplace environment where all employees can enjoy a work-life balance that enables them to thrive in their work. Going forward, we aim to instill new work styles incorporating not just “hard” aspects such as IT, infrastructure, and paperless operations, but “soft” aspects such as enhanced health management, fair appraisals, and new

Transformation 5 Management Systems

Concurrent with renewed human resource and corporate-culture, we are revamping our management systems to pioneer the shift to a post-COVID world. For example, via collaborative Group initiatives, we are putting in place frameworks to propel growth segments, installing ICT infrastructure, spurring on digital transformation of work processes, and strengthening our risk management capabilities.

relationships of trust. As a pioneer of the new normal, we will share our expertise with society at large as well.

Initiatives

- Flexible work arrangements suited to various life stages such as child-raising and caregiving
- Expanding remote working arrangements that guarantee autonomy over work hours and location

Corporate Culture

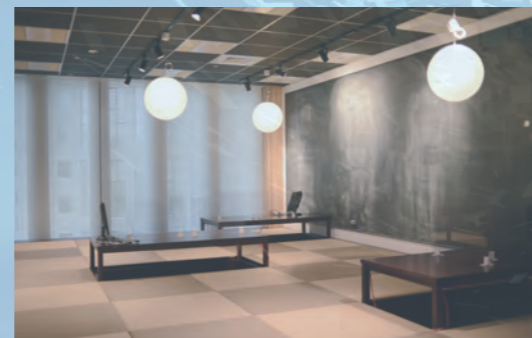
As part of our efforts to create an environment that develops skilled professionals, we are overhauling work styles and corporate culture in tandem. Aiming at a workplace of openness, we encourage horizontal, vertical, and diagonal communication and collaboration, fostering an organizational culture of challenge and co-creation, promoting the autonomy and growth of every employee.

Initiatives

- Opportunities for direct communication between management and employees
- Breakout spaces for employees to interact
- Setting and sharing challenges, recognizing good work

We also respect bottom-up decision-making as we aim for a free and open workplace. For example, all employees participated in the reworking of our Guiding Principles on the occasion of our 50th anniversary, regardless of position or age, through workplace discussions, companywide surveys, interviews, and workshops for those interested.

The Source of MRI Group Value Creation



The source of the MRI Group's value creation draws on three capital reservoirs—a deep bench of diverse human resources (human capital), their quest for collective knowledge (intellectual capital), and networks open to broad participation (relationship capital). These three forms of capital act together to give the Group its singular capacity to combine and integrate a broad range of resources—what we call our *integrated strength*. This competitive advantage draws on our unique value chain and enables us to deliver innovations to address any challenge.

Translating our *Medium-term Management Plan 2023 (MP2023)* into action will further bolster this triad of non-financial capital, ultimately enhancing our integrative capacity as well.

Triad of Human, Intellectual, and Relationship Capital Gives MRI the Integrated Strength to:

1. Address any challenge
2. Provide a full set of services across value chain
3. Foster innovation

Human Capital
(diverse human resources)

High-level professionals



Intellectual Capital
(quest for collective knowledge)

Broad base of empirical knowledge



Relationship Capital
(networks open to broad participation)

Diverse networks in- and outside the Group



Diverse human resources

Human Capital
High-level professionals

We are committed to providing a working environment endowed with everything diverse employees need to flourish, as well as to recruiting and fostering high-level professionals capable of underpinning our competitiveness

The source of the MRI Group's competitiveness is the quality of our professionals. To achieve the goals of management's strategies, we take a systematic, long-term approach to recruiting and fostering personnel of excellence to do the work central to our businesses. The regime for this entails training designed to enhance motivation in a business strategy-oriented manner as well as ongoing education programs and proactive investment in personnel.

Further, befitting our character as a societal solutions enterprise, we offer an environment where all can enjoy optimum work-life balance and thrive in their jobs. Under MP2023, we have set ultimate non-financial benchmarks and action plan-linked interim objectives to help us achieve our

visions for society and ourselves—i.e., what and where we, as a society and as an enterprise, aim to be in the future. Thus the MRI Group is moving to ensure that all employees are able to succeed in an enriching working environment free of barriers of any kind.

Key Points

- Three-quarters of MRI's 836 researchers have academic backgrounds in the natural sciences; over 80% have a master's or higher degree
- Professionals with a wealth of experience in IT systems and project management

MP2023 Non-Financial Benchmarks (Group)

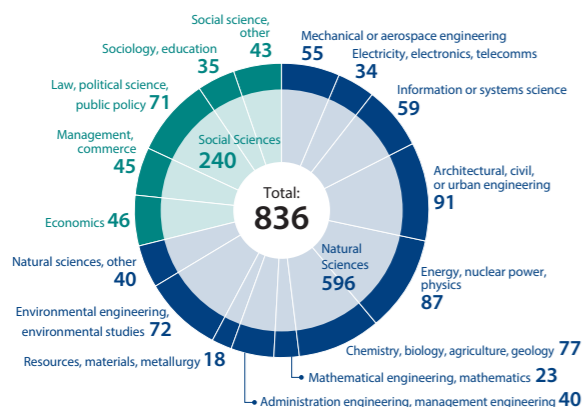
Note: Benchmarks double as FY9/23 objectives. Parenthesized values show current levels

- Diversity**
 - Women among new hires: 35% (30%)
 - Women in management positions: +5%
- Work-Life Balance**
 - Parental leave uptake: Women: 100% (100%), Men: 30% (10%)
 - Paid vacation uptake: 75% (65%)
 - Have remote working environment: 95% (93%)
- Healthy Workplace**
 - Proportion of those needing follow-up exams that actually received them: 100% (60%)

836 high-level professionals

Three-quarters of MRI's 836 researchers have academic backgrounds in the natural sciences; over 80% have a master's or higher degree

Researchers' Academic Specialties
(MRI non-consolidated, as of 30 September 2020)



1,203 experienced professionals

Professionals with a wealth of experience in IT systems and project management

Qualified IT Professionals
(DCS, non-consolidated; as of October 2020)

IT strategists	24	Information security specialists	114
Systems architects	70	System auditors	17
Project managers	58	Applied IT engineers	568
Network specialists	63	Registered information security specialists	13
Database specialists	65	Senior telecommunications engineers	8
Embedded systems specialists	1	IT coordinators	17
IT service managers	19	Project management professionals (PMP®)	166

Total: **1,203**

Quest for collective knowledge

Intellectual Capital
Broad base of empirical knowledge

We work to amass intellectual capital through unique research aggregating knowledge and insights from multiple domains

To realize a sustainable world, we need to first form a wholistic picture of issues and how their constituent factors relate, then marshal all the wisdom and intelligence we can, linking up and collaborating across barriers of narrow interest to address them. And given our origins as a think tank, envisaging the kind of tomorrow to aspire to, presenting ideas to the public as policy recommendations, and spawning new societal trends all constitute another crucial MRI Group role.

At the MRI Group, we analyze trends across multiple domains—society, the economy, science, and technology—and envision the world as it ought to be in a process that gives rise to our singular capacity to do research and make recommendations. Diverse human resources from across the company collaborate in projects, aggregating their specialist insights as they research and develop recommendations under the lead of Chairman of the Institute Hiroshi Komiyama and our knowledgeable and experienced research fellows with their government-, academia-, and industry-spanning networks (see page 53). We also leverage our networks engaging a wide range of stakeholders in open research.

We will continue improving the quality of our research by

further extending our external networks, establishing better research processes, and fostering researchers. Initiatives underway include presenting a vision, grounded in analysis of international trends and economic policies, for the tomorrow humanity should aspire to along with substantive ideas for achieving it as we transition into the post-COVID world.



Hiroshi Komiyama
Chairman of the Institute

This is in tandem with our usual public outreach on the economic outlook at home and abroad and mid- to long-term prospects, as well as analysis of and communication on advanced technologies for resolving societal challenges, real-world implementation scenarios, and their social impacts.

Key Points

Developing and enhancing intellectual capital through unique research as a think tank aggregating the insights from society, the economy, and science & technology

MP2023 Non-Financial Benchmarks (Group)

Note: Benchmarks double as FY9/23 objectives. Parenthesized values show current levels

Intellectual Value

- Research & recommendation publications posted on MRI website: 20/yr (12/yr)

The number of research and recommendation publications posted to the MRI website serves as benchmark for measuring progress in extending our social presence as a think tank and bolstering research and recommendations leading to societal implementation.

Case 1 Recommendations for the post-COVID world

With the COVID-19 pandemic taking its toll around the world, we at MRI have been analyzing its effects on Japan's and the world's economies and offering ideas for economic policies to counteract its impact and prepare for the post-COVID era. We are moving to resolve the challenges facing humanity with focus on two pivotal elements, greater independence and dispersion of the population, and greater coordination of individuals' actions, to pioneer a better post-COVID future. Working to create an innovative new social model proactively leveraging digital technologies will also be a driver of greater prosperity and sustainable economic growth.

Case 2 Recommendations on MRI's Vision for the Future Resulting from 50th Anniversary Research

MRI has proffered a vision for and ways to bring about a world that is both sustainable and prosperous when global population reaches 10 billion and average lifespans reach 100 years in about 50 years' time. That future world would deliver greater well-being for all, with people enjoying more independence and living less centrally. We proposed two concepts to ensure that everyone will have greater opportunity to actively participate in society: the Mutual Sphere, a community model for tomorrow, and 3X—DX (digital transformation), BX (biotransformation), and CX (communication transformation). Moving forward, we will continue to share new ideas on ways to bring about a desirable future over the long term.

www.mri.co.jp/en/50th/anniversary_research/

Networks open to broad participation

Relationship Capital
Diverse networks in- and outside the Group

Working to generate collective impact, we are moving to be an “open think tank” through collaboration with partners and participating platform members

Creating shared value (CSV)*, environmental, social, and corporate governance (ESG) initiatives, and other similar concepts for dealing with the challenges facing society through co-existence and co-prosperity for all stakeholders, are now accepted as mainstream even by the enterprise management and investing communities.

Noting the emergence of societal trends like these, which aspire to benefit society qualitatively rather quantitatively, MRI set up two platforms to help in these areas, the Platinum Society Research Association in 2010 and the Innovation Network for Co-Creating the Future (INCF) in 2017. These platforms are intended to serve as forums for marshaling broader coalitions of stakeholders beyond the usual government, academia, and industry trio, rallying members with different missions and diverse attributes to put their heads together, pick up on societal issues of growing complexity, and turn effective countermeasures into viable businesses.

To further bolster such multi-stakeholder engagement, the Platinum Society Research Association and INCF merged

in April 2021 and relaunched as the Initiative for Co-creating the Future (ICF). As well as making the platform bigger, the move was designed to draw on synergies won from the wider perspective gained by involving more diverse participants from a broader cross-section of society. The aim is to raise the possibility of success for businesses created to resolve societal issues as well as the platform’s agility and impact: When diverse players take action to tackle a shared challenge, their collective work has greater social impact. And, accumulating such experience, we aim to generate collective impact† for resolving global issues as well.

Key Points
Value co-creation through partnerships between the MRI Group, its collaborators, and its co-creators

* CSV: Creating Shared Value: Achieving both enterprise growth and resolution of societal issues through business activities
† Collective impact: Maximizing the outcome of collectively undertaken actions to tackle social challenges by various collaborators throughout society

We are working to generate collective impact over the range of our activities from policy recommendations to business co-creation, including DX in its scope. Even before the COVID crisis brought new challenges to the forefront, we were working through the Platinum Society Research Association to identify societal issues and offer policy recommendations. We also set up Team Expo 2025 within the association to co-create new businesses building on opportunities in conjunction with the expo. And to prepare for advancing DX in all domains, we are moving ahead with focus on collaborative projects between MRI, DCS, JBS, and INES to form partnerships with external entities possessing strengths Group companies lack.

Policy recommendations

Policy recommendations for addressing issues with society-wide implications

Meeting COVID-pandemic challenges has become the impetus for the next new normal and, by extension, provided an opportunity to transition Japan out of the stagnation that has plagued life, society, and the economy over the past 30 years. To counter risks associated with overconcentration of population in the metropolises and inbound tourism-dependent rejuvenation of the provinces—both issues highlighted by the pandemic—our Platinum Society Research Association has proposed policies to, among other things, encourage greater human-resources exchange between urban centers and the rest of the country (the *Gyaku-Sankin Kotai* Vision*) and construction of Continuing Care Retirement Communities (CCRCs).

Thanks to recommendations like these, remote working, workations, countryside-based side jobs, and other similar trends are gaining a foothold. Going forward, we will further enhance our ability to develop more policy recommendations like these. Doing so, we believe, will help give rise to a social model premised on prosperity and sustainability informed by greater independence and dispersion of the population.

Business co-creation (Team Expo 2025)

Business co-creation leveraging opportunities generated by the Expo

Following the November 2018 news of the decision to host the 2025 Osaka-Kansai Expo, in March 2019—ahead of any other organization—the Platinum Society set up an expo-focused working group, Team Expo 2025. The team engaged in broad-based exchange and debate of ideas for building the sustainable future humanity should aspire to through co-creation with association-member partners. The society presented its findings to the Japan Association for the 2025 World Exposition’s People’s Living Lab (PLL) in January 2020.

At present, we are doing work entrusted to us by the expo association as well as continuing the Platinum Society’s activities for turning ideas into reality and co-creating businesses. Going forward we will be concentrating our energies on making the

Expo a success and helping build the Yumeshima Smart City leveraging the society’s findings through its powerful partnerships and alliances.

Digital transformation

Helping customers, communities, and society pull off their digital transformations in collaboration with like-minded partners

Digital transformation is now an ever-more urgent challenge for customers, local communities, and society in general, making all the more indispensable alliances with collaborators possessing technologies and platforms MRI Group companies lack. We are working to help those having difficulty transitioning into the digital age through an all-round solutions approach. Centered on collaborations with MRI, DCS, JBS, and INES, it draws on the respective strengths of collective impact-oriented partners joining our membership-based solutions-oriented platforms like the INCF and the Platinum Society, whether they be start-ups, large corporations, or local governments or municipalities.

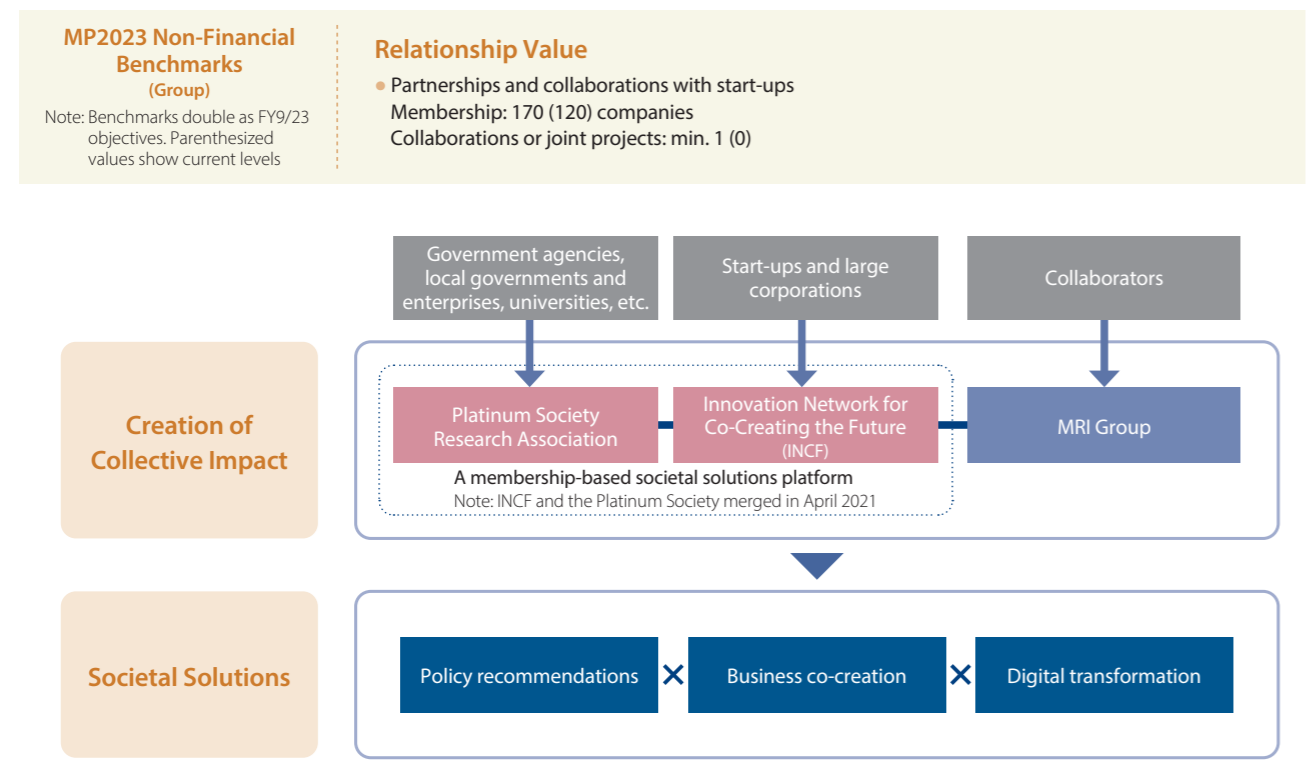
Investing in and forming alliance with start-ups

Resolving societal issues through alliances with distinctive start-ups

MRI is working to broaden opportunities for tie-ups with start-ups through the activities, research, and testing work of membership-based solutions-oriented platforms like the INCF and the Platinum Society.

Leveraging our internal framework for investing in distinctive start-ups, MRI is expanding its alliances with start-ups that have potential to contribute to the resolution of issues with society-wide implications. For example, in healthcare, we have invested in and do joint research with Lily MedTech Inc., a developer of minimally invasive breast cancer testing equipment. In location-information technology, we have invested in LocationMind Inc., a spatial information analysis and GNSS authentication venture spun off from a University of Tokyo lab, and have begun collaborative exploration in preparation for building smart-city data infrastructure. Both start-ups possess highly original technologies and are strongly committed to helping address societal challenges.

* Alternation of key personnel between the central and outlying locations to promote decentralization of the population through geographic dispersion

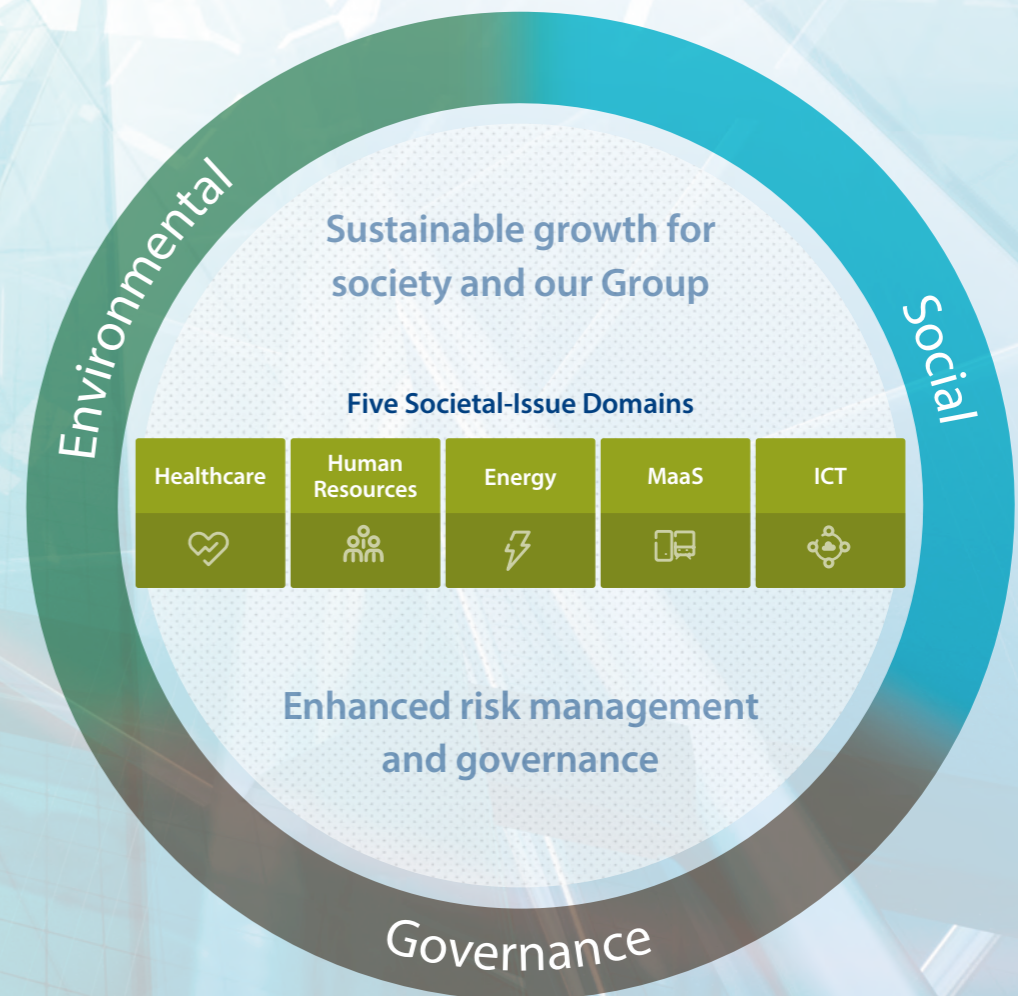


Toward Sustainable Value Creation

— ESG Initiatives



As a company that helps resolve societal issues, MRI identifies and tackles challenges faced by customers and society at large, providing value available nowhere else. For example, we publish a list of societal issues we think are amenable to innovation. We work to solve a range of environmental and societal issues through our think tank, consulting, and IT services. Going forward, we will have a particular focus on the fields of healthcare, human capital, energy, MaaS, and ICT.



Environmental Initiatives

Energy



Our goal for the future

A decarbonized world free from greenhouse gas emissions

Corresponding SDG



Key Social KPIs

- Share of renewable power
- Share of nuclear power
- Size of electricity trading market

Solutions

- Renewable energy market
- Baseload power
- Supply-demand adjustment system

Societal Issues

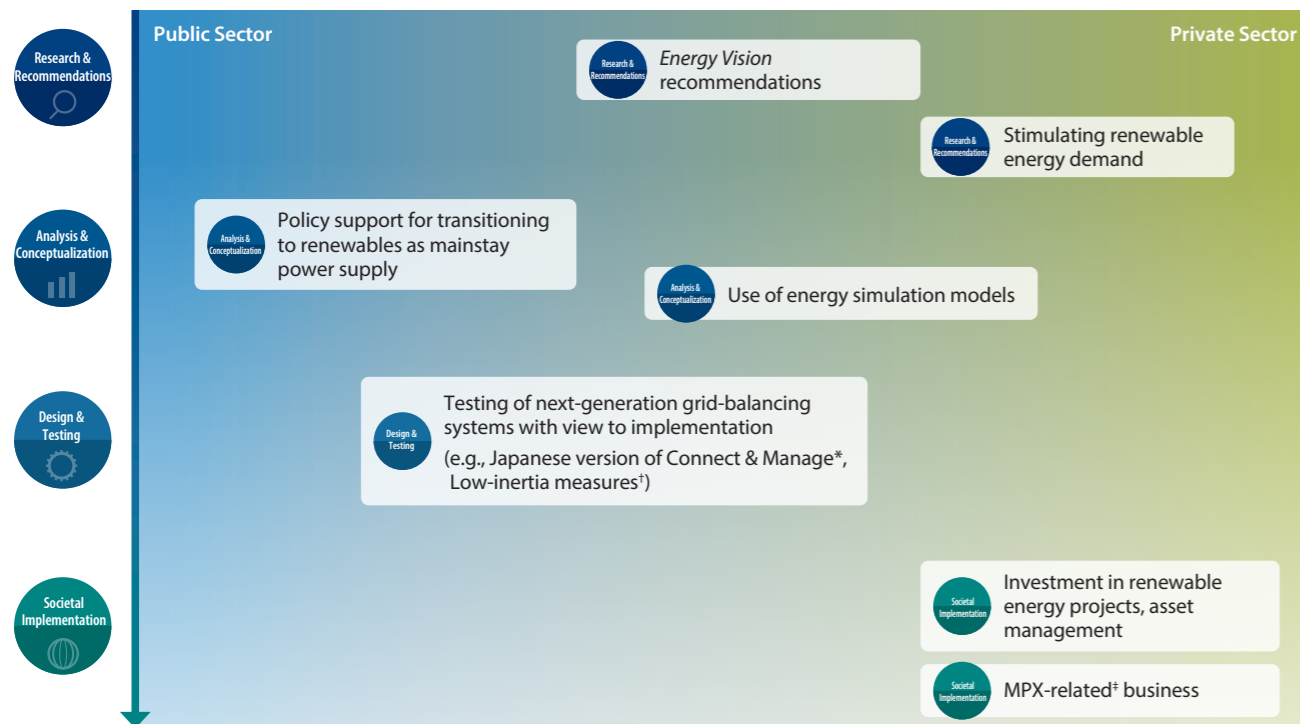
The November 2016 Paris Agreement sparked a global movement aimed at transition to a decarbonized society. In October 2020, Prime Minister Suga declared that Japan would become carbon neutral with effectively zero greenhouse gas emissions by 2050. Meeting this ambitious target is a major challenge for society.

Value Provided

MRI's Energy Vision is a proposal to achieve a decarbonized society in the context of the 3Es+S*. We provide consistent backup, from initial research to implementation, for public-sector policy development and private-sector business-concept development to assist in the ultimate society-wide goal of transitioning to a decarbonized socioeconomic structure.

* 3Es+S: Energy policy approach to safely provide energy security, economic efficiency, and environmental protection.

MRI Group's Energy Solutions



* Japanese version of Connect and Manage: A framework enabling connection with certain constraints (such as output suppression) of new power sources to the grid even when transmission capacity is short.

† Low-inertia measures: On-grid generators have a given inertia that autonomously reduces frequency fluctuations in power systems, an essential element of maintaining system-wide stability. Measures need to be put in place to compensate for a decline in this inertia, which results in bigger frequency fluctuations, as more renewable power sources come online.

‡ MPX (MRI Power Price Index): Information service that aids in making wholesale power trading decisions. It estimates the theoretical market price of electricity at a particular time by simulating operating conditions for individual power sources. Developed in-house by the MRI Group, the service launched in 2016.

Case Studies: Energy

Initiatives for transition to decarbonization

Under the 3Es+S energy policy approach, Japan is developing an energy mix of renewables, nuclear power, and thermal power while working to reduce consumption. Making renewables the mainstay source of power is the key to a decarbonized society. Japan's ambitious target of carbon neutrality by 2050 calls for redoubled efforts in this area.

The MRI Group has been working consistently on a range of measures to put renewables at the heart of power generation.

For the public sector, we have provided FIT* system operations, FIP† system design, and aided policy development through studies of offshore wind power supply chains.

For industry organizations and others, we have provided quantitative analysis using electricity models with a view to large-scale adoption of renewable energy on the way to 2050, and are investigating how to identify and cope with bottlenecks.

For renewable power producers, we offer suppression-control

assessment services that account for supply-demand and grid constraints, estimates of future environmental values based on quantitative modelling, and support for bidding on offshore wind power projects in general waters (analysis of economic ripple effects and associated consulting).

In the future, new renewable projects that meet certain criteria will be operated under FIP arrangements, raising concerns that renewable power producers' earnings will become less predictable. The financial institutions that fund renewable projects will need to assess risks more closely than ever. How to stimulate the renewable power market under the FIP framework is an important issue.

* FIT (Feed-in Tariff) refers to fixed-price purchase arrangements for renewable energy, which was widely adopted starting in 2012. Prices received by power producers were fixed over the long term.

† FIP (Feed-in Premium). There are several types of FIP arrangements. The difference with FIT is that market prices affect the price of power sold by producers.

Case Studies: Energy

Initiatives for next-generation grid balancing systems

The transition to mainly renewables requires a range of responses from the power systems on the receiving end. Some moves are already in train, including a Japanese version of Connect and Manage to facilitate earlier connection of renewable energy to the grid, and proactive control of distributed energy resources such as storage batteries and self-generation equipment. As the share of renewables rises, inertia for the overall power system, currently provided by thermal-powered and other synchronous generators, will decline, thus prompting concerns about grid stability.

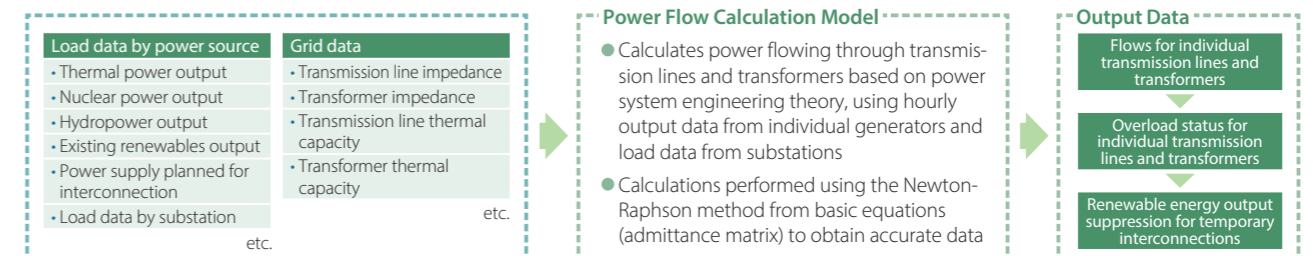
MRI is carrying out research from a technological perspective as well as institutional, market, and business angles, to

address challenges faced by the power system during the shift to renewables.

Our efforts include analysis of overseas case studies such as Connect and Manage and low-inertia measures. We also run simulations, including quantitative analysis, based on power system engineering theory to expedite public-sector system design and technological development programs. For the private sector, we help general power transmission and distribution operators investigate options, renewable producers with investment and financing decisions, and manufacturers and vendors with technological development.

Simulations Based on Power System Engineering Theory

– Analysis of grid constraint-conscious renewable output suppression control systems



Social Initiatives

Healthcare



Our goal for the future

A world with healthy longevity for all

Corresponding SDG



Key Social KPIs

- Difference between average life expectancy and healthy life expectancy
- No. people leaving employment to care for family

Solutions

- Insurance reform
- Individual behavior modification
- Healthcare innovation

Societal Issues

Maintaining Japan's system of universal health insurance is a major challenge as healthcare and long-term nursing care costs rise and government expenditure becomes difficult to sustain. To resolve this, Japan needs to redesign its systems of public healthcare and long-term care insurance to ensure a suitable balance between the burden of costs on the individual versus the benefits received. In parallel, it is also important to extend healthy life expectancies. Japan needs to devise schemes to promote individual behavior modification, shifting the focus to prevention. Innovation is vital to achieve this, using digital and other new technologies. A key challenge here will be creating the ecosystems that allow innovation to flourish.

Value Provided

MRI plays a role in resolving these societal issues by approaching them from three angles: government: individuals, and technology. From government angle, we conduct analyses and recommend solutions on how to scale back parts of the healthcare and long-term care insurance systems alongside how to redesign public healthcare and long-term care insurance to ensure a suitable balance between cost burdens and benefits. From the individual angle, we develop and roll out services that use data to promote behavior modification, thereby contributing to longer healthspans and fewer patients with chronic diseases. From the technology perspective, we act as a coordinator to bring together and expand partnerships between academia, medical institutions, and corporations to help create ecosystems for innovation.

Case Studies: Healthcare

Local government building active communities based on EBPM

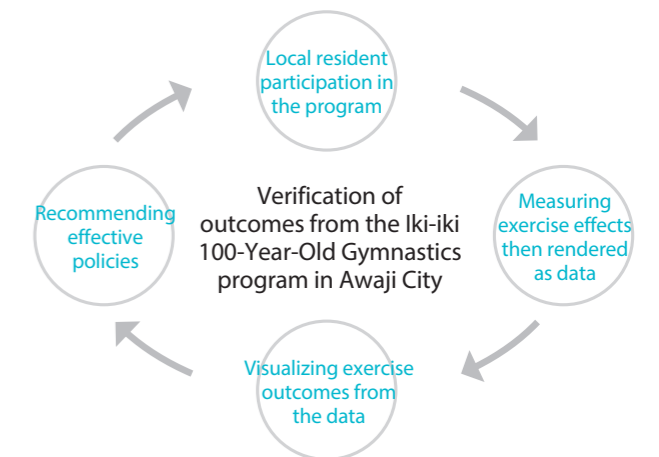
Local public finances have come under pressure in recent years because of healthcare and long-term care costs. There is now an urgent need to curb healthcare and long-term care costs through radical measures to extend healthy life expectancies.

Local governments need to embrace evidence-based policy making (EBPM). However, at present, governments are hampered by the lack of system-wide and technological infrastructure that would allow them to utilize data held across various departments.

Our goal is to promote local resident health by providing services to support rational and effective policy planning based on data, through the development of systems for data utilization in local government long-term preventive care enterprises. In a pilot project to test this concept, we partnered with NTT Docomo on a physical exercise program for seniors, dubbed Iki-iki 100-Year-Old Gymnastics, in Awaji City, Hyogo Prefecture. The project confirmed that participation in the exercise program reduced spending on healthcare and long-term care, and that managing participant data in the cloud improved administrative efficiency. The project will now investigate policy recommendations based on accumulated data, support for visualizing policy

outcomes, and support for budgeting.

For business fields other than long-term preventive care, we will work with local governments to utilize the data they have to resolve regional issues and create active communities.



Human Resources



Our goal for the future

A society where all can play an active role at any age

Corresponding SDG



Key Social KPIs

- Mid-career job changes (job mobility)
- Off-JT opportunities

Solutions

- Labor mobility infrastructure
- Recurrent learning infrastructure

Societal Issues

Japan must make changes in the field of human resources to adapt to changing demographics as people live longer and have fewer children, and changing industrial and business structures due to globalization and digital transformation. Individuals need to build careers and find personal fulfillment in an era when many will live into their 100s. Companies need to recruit employees and equip them with the skills needed to achieve management and business strategies. The nation and society need to improve productivity and eliminate job mismatch. These trends have all been accelerated by the COVID-19 pandemic.

Value Provided

We propose the FLAP cycle as a key element in resolving these societal issues. Visualization of human-resource needs and supply-demand gaps in internal and external labor markets allows for better human resource matching and portfolio transition according to occupational category or industry type. In the future, we will provide data identifying the necessary skills, recommended study programs, and learning outcomes plus promote effective recurrent study and career progression.

Case Studies: Human Resources

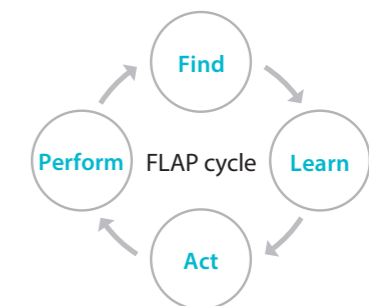
FLAP Cycle

MRI first proposed the FLAP cycle in 2018. The concept has since been taken up by the government's Council on Investments for the Future and Labour Policy Council. Through our continued research proposals* and participation in government councils, we have helped form recent related trends including labor market reforms and efforts toward a Japanese version of O-NET†. We are also applying the FLAP cycle in individual consulting projects and human resource-related contract research, including the development of in-house human resources, promotion of mid-career recruitment, and vocational school support.

We are simultaneously developing and delivering services to help companies implement the FLAP cycle. Specific initiatives include the commercialization of two projects with Mynavi Corporation: PRaiO, which uses AI to help match new university graduates with companies based on information in the new graduate job application forms, and *crexta* for human resource management, which combines an in-house human resources database, engagement diagnostics, personality tests, persona analysis, and e-learning functions. We are also poised to commercialize a service to support employee health and wellbeing.

In the future, we will design and develop various support services, including for career change matching, second career development,

side jobs, and study. We will combine these services with policy recommendations and contract research and consulting, with the goal of realizing the FLAP cycle for individuals and companies.



* Research proposal themes
 • Medium- and long-term internal and external economic outlook (FY2018–30) Develop personnel who “learn” and “act”
 • MRI Economic Review “Human resources strategy to get past the age of huge mismatches” (Nos. 1–10)
 • Recommendations for goals in the post-COVID society—An independent and dispersed yet coordinated society that is resilient and sustainable. Specific recommendations for the FLAP cycle and job mismatches in light of the COVID-19 pandemic

† Japanese version of O-NET: A Japanese version of the O*NET employment database sponsored by the US Department of Labor. The publicly accessible database features quantitative and qualitative information on over 300 descriptors for around 500 occupation types and can be used to search for employment opportunities by job, task, or skill.

Social Initiatives

MaaS



Our goal for the future

Convenient access to opportunities for social interaction

Corresponding SDG



Key Social KPIs

- Percent of “young old” going out in three major metro areas

Solutions

- Market for social interaction opportunities

Societal Issues

As lifespans approach 100 years, maintaining the wellbeing of every member of society is a major challenge. However, in the post-COVID new normal, services will be increasingly online, and as remote work spreads, there will be fewer opportunities to communicate person-to-person or to move around. This lack of exchange is raising concerns of weakening social ties and adverse health implications. Assuring the wellbeing of all requires mobility services that provide opportunities for social interaction and that enable safe and seamless travel.

Value Provided

MRI is developing Region Ring™, a proprietary regional digital currency platform using blockchain technology. This addresses societal issues by encouraging behavior that benefits individuals and society by transforming environmentally friendly activities such as waste reduction, energy conservation, and volunteering into economic values. We are working to make services that provide opportunities for social interaction a reality by fusing our capabilities in urban operations and town planning gained through our integrated think tank operations with our Region Ring™ regional digital currency platform.

Case Studies: MaaS Project

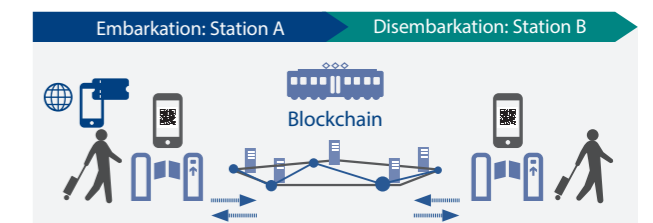
MRI developed a platform able to issue and manage multiple digital coins, e-money, and points for local governments and companies using blockchain technology.

In collaboration with Kintetsu Group Holdings, we issued Kintetsu Shimakaze coins from November 11, 2019 to January 31, 2020, as an initiative in the tourism and transport sector using these technologies. The coins were a regional digital currency with a premium that could be used at tourist facilities, restaurants, and the like in the Ise-Shima region, attracting tourists and giving it a competitive edge.

We also issued digital train tickets with QR codes* in collaboration with Kintetsu Railway Co., Ltd., Omron Social Solutions Co., Ltd., Chaintope Inc., and Kintetsu Group Holdings, and ran a trial using automatic ticket gates from February 17 to 23, 2020. We plan to apply the digital ticket technology established in the test to replace paper train tickets and facility admission tickets in railways and other areas, leverage smart contract capabilities to

save energy, and create new services by combining them with MaaS and regional digital currencies.

Schematic of proof-of-concept testing of digital train tickets using blockchain technology



* QR code is a registered trademark of Denso Wave Inc.

ICT



Our goal for the future

A world in which all can connect anywhere and anytime

Corresponding SDG



Key Social KPIs

- Next-generation mobile penetration
- High-end service penetration

Solutions

- Next-generation mobiles
- High-quality, reliable infrastructure
- Effective spectrum use

Societal Issues

A data-driven society requires ICT infrastructure to sustain data flows and progress in digital transformation (DX). In particular, a wide range of wireless infrastructure is crucial for uninterrupted business and social activities. However, DX and the rapid spread of IoT are sparking an explosion in network data flows and spectrum use. This highlighted the issues of spectrum depletion, increased ICT infrastructure load, and rising investment costs. In regard to data flow on ICT infrastructure, issues involving international platformers, such as the GAFAM* quintet, monopolizing and locking-in personal data and content, are likely to become even more pronounced.

Value Provided

We use our thorough understanding of digital technologies to put forward a vision of next-generation ICT infrastructure and the shape of the world to come, focusing on key concepts including 5G and Beyond 5G, content delivery infrastructure, infrastructure sharing and signal 5G, cyber security, and spectrum reallocation. Further, we provide one-stop services to make this a reality, including research and consulting, pilot schemes, and support for societal implementation. We are playing our part in the creation of a data-driven society with new policy proposals, innovative corporate business models, and restructuring and transformation at the sector or industry level.

Case Studies: ICT Initiatives

We are contributing to the advent of a fully wireless society with a wide range of initiatives in next-generation wireless infrastructure installation, as outlined below.

- R&D into nationwide 5G and support for rollout for mobile operators
- Institutional design for local 5G and pilot studies with a view to regional rollout
- Business consulting for companies involved in local 5G
- Research and recommendations related to Beyond 5G (i.e., 6G)

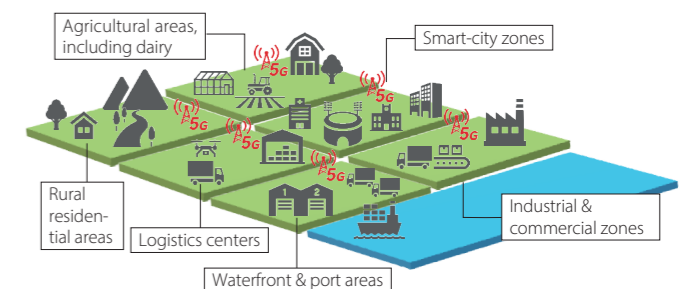
Local 5G is a new approach involving the flexible rollout of wireless networks which are operated by local companies and governments themselves in regional areas. License applications are in an upswing following the grant of the first commercial wireless station license in March 2020.

MRI is overseeing development and testing work in preparation for setting up local 5G to resolve local issues under the aegis of the Ministry of Internal Affairs and Communications. The MRI Group will work to disseminate local 5G through public-private co-creation following the pilot study, with a view to practical operations and the spread of a solutions model through

regional Japan.

In the area of effective use of spectrum, we are working to expedite societal implementation of dynamic spectrum sharing arrangements to ease the tight supply of wireless frequencies, a scarce resource. Dynamic spectrum sharing requires social systems where more users can easily make prior adjustments and use bandwidths securely. MRI is contributing to effective utilization of spectrum through our efforts in wireless social infrastructure.

5G & local 5G installations



* GAFAM: Google, Amazon, Facebook, Apple, Microsoft

Governance Initiatives

Corporate Governance

Basic Approach

MRI's basic corporate governance policy is to ensure the proper execution, based on our management philosophy, of activities that sustainably improve corporate value, which is the aggregate of four values: social value, customer value, shareholder value, and employee value.

Outside directors make up more than one-third of MRI's directorship, and outside audit & supervisory board members form a majority of that group. This composition allows us to actively employ an outside perspective in our management decisions. Management meetings settle matters concerning the execution of business in line with the basic management

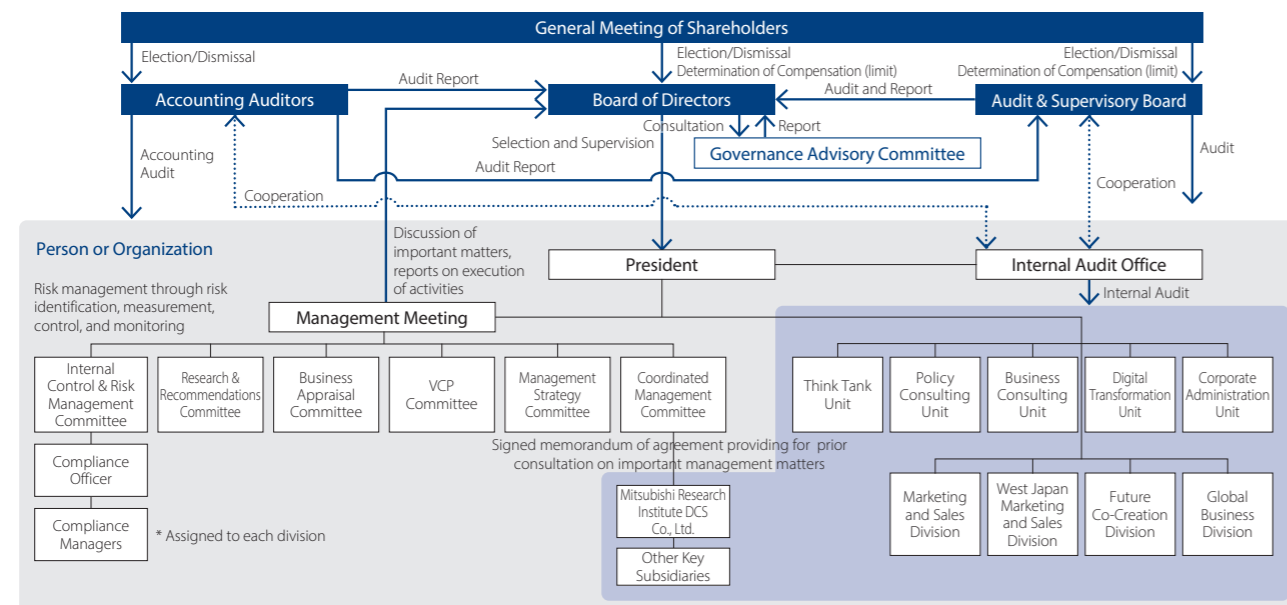
policy established by the board of directors. Executive officers then implement decisions. When deciding on crucial matters, we consult with various internal committees before the management meetings.

MRI also has a common Code of Conduct, the Mitsubishi Research Institute Corporate Governance Guidelines, and a System to Ensure Appropriate Conduct of Operations (Internal Control System) that are shared with Mitsubishi Research Institute DCS and all other Group subsidiaries and affiliates. These shared codes, guidelines, and systems serve as the foundation of our common values and ethics.

Corporate Governance Report

www.mri.co.jp/company/sustainability/governance/corporate-governance.html (in Japanese)

Corporate Governance Structure



Board of Directors, Officer Structure, and Governance Advisory Committee

MRI's Board of Directors consists of eight directors, including three outside directors. It has the authority to make decisions about our management and to supervise directors in the execution of their duties. Two of the three current outside directors have experience as managers of other companies, and one is an educator. This structure allows the outside directors to make decisions and monitor management from a broad perspective, based on their respective positions, experience, and knowledge. We work to make efficient, optimal decisions and to clearly

define responsibility for business execution by selecting eight executive officers to maintain separation of management and execution.

We have also established a Governance Advisory Committee to serve as an advisory body to the Board of Directors. The board may ask for opinions on the election, dismissal, and compensation of officers, and it may request that the committee analyze and evaluate the effectiveness of the Board of Directors.

Effectiveness Analyses & Evaluations of the Board of Directors

To improve the effectiveness of MRI's Board of Directors, our Governance Advisory Committee conducts reviews, then analyzes and evaluates the effectiveness of the Board of Directors to implement operational improvements.

The committee's analysis and evaluation for the year to September 30, 2020, confirmed that our Board of Directors is structured in a way that enables it to engage in constructive and open exchange of opinions in addition to fulfilling its supervisory functions.

The committee also praised our work to make management information more accessible to outside directors and outside

Audit & Supervisory Board members by providing briefing materials incorporating specific and objective data, multiple opportunities to deliberate issues, and other initiatives while the *Medium-Term Management Plan 2023* was being formulated.

To further raise the effectiveness of the Board of Directors, we consider it vital to strengthen risk governance management across the Group and continue to plan for smooth successions at the top.

Based on this awareness, MRI will continue striving to make ongoing improvements to the effectiveness of the Board of Directors.

Independence Evaluation Standards for Outside Directors and Audit & Supervisory Board Members

MRI considers outside directors and outside auditors to be independent only when none of the following conditions apply to them.

Independence Evaluation Standards for Outside Directors and Audit & Supervisory Board Members

- (1) Main business partners
 - (a) Persons whose main business partners are MRI or MRI subsidiaries, or persons who execute business on their behalf
 - (b) MRI's main business partners or persons who execute business on their behalf
- (2) Experts

Consultants, accountants, or legal experts who receive a large amount of remuneration or other assets other than

officer compensation from MRI (in the event that said assets are received by corporations, associations, or other organizations, this condition applies to members of said organizations)

- (3) First and second degree relatives of persons one or more of the following applies (excluding persons not classified as important)
 - (a) Persons to whom (1) and (2) apply
 - (b) Persons executing business on the behalf of MRI subsidiaries
 - (c) Persons to whom (b) have recently applied, or who have recently executed business on behalf of MRI

Officer Compensation

Officers' compensation is based on the Basic Policy outlined below. Specifically, after deliberations by the Governance Advisory Committee, the Board of Directors sets directors' compensation, and the Audit & Supervisory Board deliberates and sets its board members' compensation.

Basic Policy Regarding Officer Compensation

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

are attractive over the long term. The breakdown of officer compensation is as follows.

- Internal officers: Basic compensation will consist of base pay, variable monetary compensation, and variable stock compensation. The intent of variable stock compensation is to motivate and incentivize officers to enhance business performance and corporate value over the medium to long term by linking their compensation to Group performance.
- Outside officers: Because these positions are independent of business execution, their compensation consists only of base pay.
- Audit & supervisory board members: To ensure independence, their compensation consists only of base pay.

Directors & Senior Management

Directors			
Name	Position & Responsibilities at the Company	Attendance at Board of Directors Meetings	Principal Positions to Date
Kyota Omori	Chairman of the Board	100% (10 of 10 meetings)	Career Summary Joined The Mitsubishi Bank, Ltd. in April 1972. Deputy President of Mitsubishi UFJ Financial Group, Inc., President and Representative Director of the Company in December 2010. Chairman of the Board and Representative Director of the Company in December 2016. Chairman of the Board of the Company in December 2017 (current).
Takashi Morisaki	President and Representative Director Officer in Charge of Internal Audit Office	100% (10 of 10 meetings)	Career Summary Joined The Mitsubishi Bank, Ltd. in April 1978. Deputy President of The Bank of Tokyo-Mitsubishi UFJ, Ltd., Executive Vice President and Executive Officer of the Company in October 2016. President and Representative Director, Officer in Charge of Internal Audit Office of the Company in December 2016 (current).
Hidemoto Mizuhara	Executive Vice President and Representative Director General Manager, Corporate Administration Unit	—	Career Summary Joined Mitsubishi Corporation in April 1981. Executive Vice President, Regional CEO, North America of Mitsubishi Corporation. President of Mitsubishi Corporation (Americas) (Concurrently) General Manager, Corporate Management Support Office (Americas). Executive Vice President and Executive Officer of the Company in October 2020. Executive Vice President and Representative Director, General Manager, Corporate Administration Unit of the Company in December 2020 (current).
Takehiko Matsushita	Managing Director Representative Director and President of Mitsubishi Research Institute DCS Co., Ltd.	100% (10 of 10 meetings)	Career Summary Joined the Company in January 1989. Personnel Division Manager and Corporate Planning Division Manager. Director and Executive Officer in December 2011. Managing Director and Representative Director, General Manager, Corporate Administration Unit of the Company in December 2016. Managing Director of the Company in October 2019 (current).
Nobuo Kuroyanagi	Outside Director	100% (10 of 10 meetings)	Career Summary President & CEO of Mitsubishi Tokyo Financial Group, Inc. and President of The Bank of Tokyo-Mitsubishi, Ltd. in June 2004. Director of the Company in December 2009 (current). Principal Concurrent Positions Senior Corporate Advisor of MUFG Bank, Ltd., Outside Director of Tokio Marine & Nichido Fire Insurance Co., Ltd., Outside Corporate Auditor of Tokyo Kaikan Co., Ltd.
Mikio Sasaki	Non-Executive Director	100% (10 of 10 meetings)	Career Summary Member of the Board, President & CEO of Mitsubishi Corporation in April 1998. Director of the Company in December 2010 (current).
Kazuo Tsukuda	Outside Director	90% (9 of 10 meetings)	Career Summary President and CEO (Member of the Board) of Mitsubishi Heavy Industries, Ltd. in June 2003. Director of the Company in December 2010 (current). Principal Concurrent Positions Executive Corporate Advisor of Mitsubishi Heavy Industries, Ltd., Outside Director (Audit and Supervisory Committee Member) of Yamaguchi Financial Group, Inc., Outside Director of FANUC CORPORATION, Outside Director of Internet Initiative Japan Inc.
Mariko Bando	Outside Director	100% (8 of 8 meetings)	Career Summary Director General of Gender Equality Bureau, Cabinet Office in January 2001. Chancellor (Rijicho) of Showa Women's University in April 2014 (current). Chancellor (Socho) of Showa Women's University in July 2016 (current). Outside Director of the Company in December 2019 (current). Principal Concurrent Positions Chancellor (Rijicho) of Showa Women's University, Chancellor (Socho) of Showa Women's University, Outside Director of MS&AD Insurance Group Holdings, Inc.

Note: Directors Nobuo Kuroyanagi, Kazuo Tsukuda, and Mariko Bando are outside directors as defined in Article 2, Item 15 of the Companies Act.

(As of December 18, 2020)

Audit & Supervisory Board Members			
Name	Position & Responsibilities at the Company	Attendance at Board of Directors Meetings	Principal Positions to Date
Michio Atsuda	Audit & Supervisory Board Member	100% (10 of 10 meetings)	Career Summary Joined The Mitsubishi Bank, Ltd. in April 1982. General Manager, Credit Examination Office, Internal Audit Division of The Bank of Tokyo-Mitsubishi UFJ, Ltd., Executive Managing Officer of ACOM Co., Ltd., Audit & Supervisory Board Member of the Company in December 2018 (current).
Junichi Egawa	Audit & Supervisory Board Member	—	Career Summary Joined the Company in July 1983. General Manager, Management Accounting and Finance Division of the Company. Executive Officer, Deputy General Manager, Corporate Administration Unit of Mitsubishi Research Institute DCS Co., Ltd. Audit & Supervisory Board Member of the Company in December 2020 (current).
Kenji Matsuo	Outside Audit & Supervisory Board Member Independent Officer	100% (10 of 10 meetings)	Career Summary Director, President, Representative Executive Officer of Meiji Yasuda Life Insurance Company in December 2005. Outside Audit & Supervisory Board Member of the Company in December 2015 (current). Principal Concurrent Positions Senior Advisor of Meiji Yasuda Life Insurance Company, Outside Director (Audit & Supervisory Committee member) of MUFG Bank, Ltd., External Auditor (Audit and Supervisory Board member) of Daido Steel Co., Ltd.
Kunio Ishihara	Outside Audit & Supervisory Board Member Independent Officer	100% (8 of 8 meetings)	Career Summary President & Chief Executive Officer of Tokio Marine & Nichido Fire Insurance Co., Ltd. in October 2004. Counsellor of Tokio Marine & Nichido Fire Insurance Co., Ltd. in June 2013 (current). Outside Audit & Supervisory Board Member of the Company in December 2019 (current). Principal Concurrent Positions Counsellor of Tokio Marine & Nichido Fire Insurance Co., Ltd., Outside Director of Japan Post Holdings Co., Ltd., External Director (Audit and Supervisory Committee Member) of NIKON CORPORATION Outside Audit & Supervisory Board Member of Tokyu Corporation
Yutaka Kawakami	Outside Audit & Supervisory Board Member Independent Officer	—	Career Summary Partner of Tohmatsu & Co. (current Deloitte Touche Tohmatsu LLC) in June 1990. Member of Management Council, General Manager of Human Resources Department of Tohmatsu & Co. in June 2007. Retired from Deloitte Touche Tohmatsu LLC in September 2016. Outside Audit & Supervisory Board Member of the Company in December 2020 (current). Principal Concurrent Positions Outside Audit & Supervisory Board Member of Asahi Group Holdings, Ltd.

Note: Auditors Kenji Matsuo, Kunio Ishihara and Yutaka Kawakami are outside corporate auditors as defined in Article 2, Item 16 of the Companies Act.

Executive Officers		
Kotaro Nagasawa	Senior Managing Executive Officer for VCP	
Hiroshi Iwase	Managing Executive Officer	General Manager, Business Consulting Unit
Taro Kamagata	Managing Executive Officer	Senior Managing Director, Mitsubishi Research Institute DCS Co., Ltd.
Toshiyuki Ogawa	Executive Officer	General Manager, Policy Consulting Unit
Shuji Nakamura	Executive Officer	General Manager, Marketing and Sales Division, Officer for companywide divisions
Yoshihiko Ito	Executive Officer	General Manager, Digital Transformation Unit
Jun Nobe	Executive Officer	Deputy General Manager, Corporate Administration Unit
Hirofumi Suzuki	Executive Officer	President of MRI Research Associates, Inc.

Research Fellows	
Hiroshi Komiyama	Chairman of the Institute
Yoshihiro Oishi	Senior Research Fellow; General Manager, Think Tank Unit
Shin-ichi Kamei	Research Fellow
Kazuo Hiyane	Research Fellow; General Manager, DX Technology Division

Risk Management

In view of the aforementioned value creation, we have brought together the main risk categories and responses.

Risk Area	Detailed Risks	Responses
Project Management	Group business is primarily carried out on a by-project basis, but even projects that look profitable at order time entail profit risks when quality suffers due to unanticipated circumstances, including flaws discovered post delivery, due to mid-process customer specification changes, or project-management deficiencies on our part. Further, public-sector projects are subject to greater accounting transparency and regulation of unfair competition.	Group companies apply a set of shared standards to assess projects' risk potential ahead of accepting orders. During project execution, we closely monitor elements that warrant particular attention. Project managers' routine management tasks are augmented by safeguards that automatically trigger profitability alerts and other risk alarms, and line managers also check for potential problems. We also continually enhance the Group's Internal Control System, which concerns itself with managing risk and assuring legal and regulatory compliance.
New Businesses	In conjunction with progress in VCP Management, described above, an increasing number of new projects and ventures require us to form business or capital partnerships. These endeavors, which entail use of AI and other technologies, require special attention to ensure fairness, transparency, and safety, as well as accountability for the consequence of their application.	We weigh business forecasts, investment return potential, overall risk, and other factors to determine whether to go ahead with a project or new business. When they draw extensively on AI or other new technologies, we apply our Guidelines for Promoting AI Businesses in their development.
Human Resources	A tightening labor pool and greater labor-market fluidity in general make it essential for us to find recruits with expert specialties who can work autonomously and creatively, train them, and provide them with opportunities to thrive professionally if we are to achieve sustainable growth while answering the diverse needs of customers and society.	MRI endeavors to provide a rewardingly motivating, stress-free, and energizing work environment. Measures include a full lineup of hiring and training programs, encouraging diversity, wide-ranging employee benefits such as attractive working conditions, and anti-harassment measures, and programs to assist working parents with infants and toddlers.
Intellectual Property Rights	The MRI Group sees intellectual property (IP) as a business resource essential to ensuring the competitiveness of its businesses. The Group and its entities therefore does its best to respect and avoid infringing on third parties' IP as well as actively guarding its own.	To prevent infringement of intellectual property rights, we have in place internal Company rules covering copyright. We also educate employees on respect for IP through annual e-learning and other training programs, and deliverables are scrutinized pre-submission to ensure against infringements.
Information Security	The Group also exercises utmost care in handling external parties' confidential data and information. Information security, which encompasses counteracting cyber-attacks as well as infection by computer viruses, is vital to us if not only because it also has direct bearing on our reputational integrity.	MRI is constantly enhancing information and data security and taking steps to ensure consistent application and practice Group-wide: Limited-access area entry and exit is tightly controlled; all data and network equipment is appropriately secured; rules covering application of security measures are in place; and employees undergo periodic information-security training. Rule-based procedures are also being systemized to ensure data integrity in remote working situations.

Compliance

Strengthening compliance throughout the Group

The MRI Group positions compliance as a critical management issue, a foundation of our corporate activities. In that spirit, the entire Group practices and strives to improve total legal and regulatory compliance.

Specific measures include posting compliance managers in work units to coordinate with the Risk and Compliance Management Division. In tandem with this, we provide ongoing education through e-learning programs and training workshops where employees from the same worksite discuss situations they face in the course of their everyday work.

We have also emplaced internal reporting and consultation frameworks as part of our efforts to quickly identify and rectify compliance violations.

In 2020, we revised the Code of Conduct that serves as the fundamental guide for officers' and employees' routine decision-making and behavior. Revisions reflect society's demands for ethical corporate behavior and the Group's future business development. The changes were thoroughly communicated through worksite discussions and e-learning.

The New, Revised Code of Conduct

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

1. Integrity & Fairness

We prioritize integrity and fairness, and always act in a socially accountable manner.

2. Compliance

We comply with all laws, regulations, and internal rules as well as respect societal norms.

3. Respect for Human Rights and Diversity

We reject all forms of discrimination and harassment, in keeping with our respect for human rights and diversity.

4. Consideration for the Environment

We aim to build a sustainable society, and give consideration to the environment.

5. Respect for International Norms

We respect international norms, aware that we are members of the international community.

6. Separation of Public and Private Matters

We clearly separate our public and private matters, never abusing our business position for personal gain.

7. Rigorous Information Security

We appropriately manage and rigorously maintain the confidentiality of all internal information and information that we obtain from outside the company.

8. Integrity of Securities Trading

We do not engage in insider trading, whether related to shares in our own companies or other listed companies.

9. Respect for Intellectual Property

We actively develop and utilize our intellectual property while respecting that of others.

10. Non-Association with Anti-Social Forces

We remain resolutely committed to opposing anti-social forces and to blocking any relations with such forces.

11. Anti-Corruption

We neither offer or accept bribes nor engage in any action that could be construed as corruption, resolutely maintaining our transparency as a responsible corporation.

<https://www.mri.co.jp/en/about-us/sustainability/governance/guideline.html>

Shareholder and Investor Outreach

Our 51st Annual General Meeting of Shareholders convened in December 2020 amid rigorous measures to ensure no attendees would pick up COVID-19. We reported on our business performance, striving for clarity and accessibility with videos and other visuals. The meeting's outcome was announced later in the day on our website.

We also publish semiannual reports to shareholders to improve shareholder outreach, communicating about performance trends and showcasing business activities and policy recommendations. We also survey shareholders to gain insights into their sentiments and opinions.

In line with our basic policy of active disclosure, we endeavor to make our investor- and analyst-oriented investor relations (IR) materials as proactively accessible and easy to understand as possible to facilitate deeper appreciation of our business

decisions, strategies, and activities. Shareholders' and investors' input is taken seriously and fed back to management so it can be leveraged to boost corporate value.

Briefings for institutional investors and analysts are held semiannually following release of the final and second quarter financial results. At these meetings, the president & representative director presents financial results and reports on medium term management plan progress. Ongoing IR outreach includes giving one-on-one interviews and holding small meetings, and for FY9/20 a briefing was held for non-institutional investors.

To ensure fair disclosure, we are also working to expand communication with English-language materials geared for international investors. You can find them on our website's Investor Relations section.



Messages from Outside MRI

Have the Drive Befitting a Company that Resolves Societal Issues

Having reached its 50th anniversary, the MRI Group is now embarking on a new chapter in its history. The Group's new Guiding Principles encapsulate its ambitions most succinctly, and one can sense the Group's enthusiasm for its new start in the stated mission (co-create a sustainable, prosperous future) and vision (continually envisioning the future, leading change).

The Group has always gathered and thoroughly analyzed intelligence on what underlies issues and released reports full of fresh ideas and principled recommendations for action. It now intends to take this process a step further: the new Guiding Principles call on the organization to have the drive to integrate its proposals into practical solutions and implement them in the real world. It will also need the persuasiveness to effect change in people's behavior.

Since MRI is a profit-making enterprise, it must of course also attend to its financial health. But this is not its primary purpose, having a positive impact on the world is. I look forward to seeing MRI fulfill its ambition to resolve issues the world faces, thereby helping bring about a sustainable, prosperous future for all.



Mariko Bando
Outside Director

Governance that Functions as Well on the Offense as on the Defense

The pace of irreversible COVID-imposed changes to people's social lives and the speed of digital transformation are just two examples of how rapidly today's world is changing. We can't allow these changes to end as meaningless disruptions; we need to reshape them into sustainable transformations benefitting the whole world in the spirit behind SDGs. So though the times may be difficult, they are also exciting for the new era they could lead to—making the role of the MRI Group, as an intellectual leader, all the more essential.

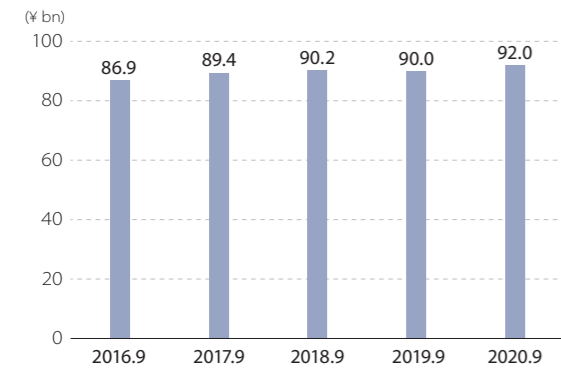
For the Group to be able to fulfill its role of contributing to the world, a firm foundation—effective governance—is essential. I look forward to seeing the MRI Group's governance function as well on the offense, driving business forward for the world's benefit, as it does on the defense.



Tadashi Kunihiro
Attorney at Law

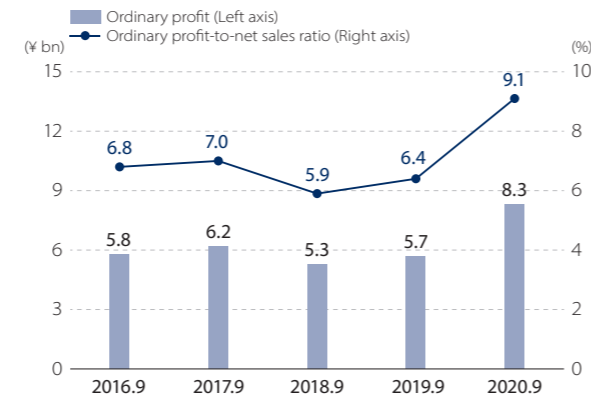
Financial Highlights

Net sales



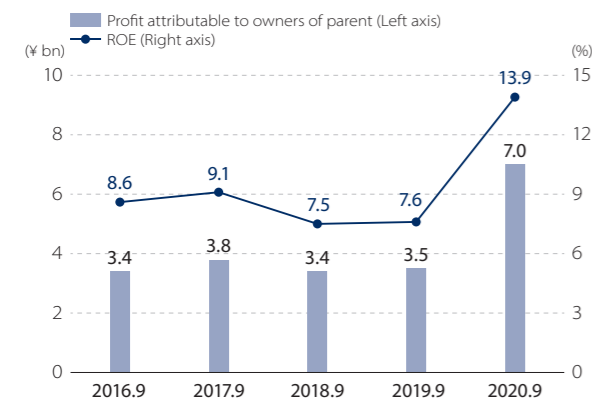
With the success of the Three Reforms tackled under our *Medium-Term Management Plan 2020*, comprising reforms to our business portfolio, business model, and work styles, we achieved increased sales in both the Think Tank & Consulting Services and IT Services segments.

Ordinary profit/Ordinary profit-to-net sales ratio



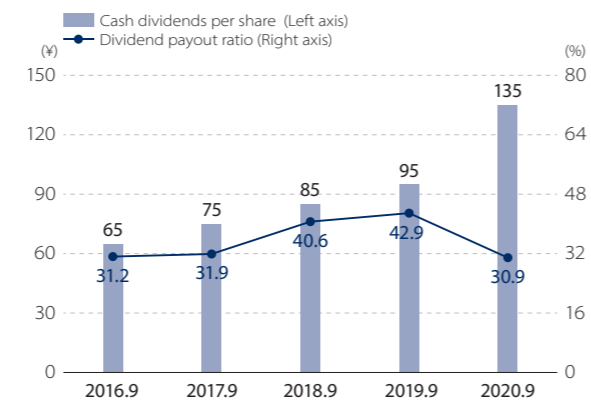
The Company posted record ordinary profit—even without factoring in a one-time equity method gain in the Think Tank & Consulting Services segment.

Profit attributable to owners of parent/ROE



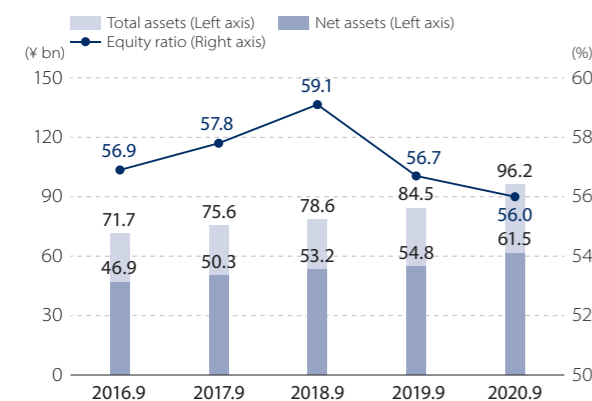
As a consequence of a substantial increase in ordinary profit, the Company posted record high profit attributable to owners of parent.

Cash dividends per share/Dividend payout ratio



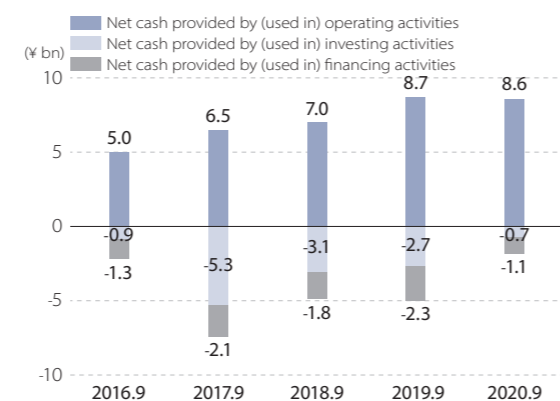
The Company's basic stance is to maintain stable dividends; nevertheless, we endeavor to raise dividend levels while maintaining balance between performance and the financial health.

Total assets/Net assets/Equity ratio



The Company remains on a very strong financial footing thanks to strategic investments in line with our business strategy.

Statement of Cash Flows



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

Non-Financial Value Benchmarks

Our *Medium-Term Management Plan 2023* sets forth the three basic strategies (VCP Management, Coordinated Management, and New Normal Management) and the five priority VCP areas for realizing MRI's vision (societal and corporate visions). We have defined non-financial value benchmarks (growth of individuals and organizations) as well as conventional financial value (business growth) benchmarks to help us monitor progress towards those visions through our corporate activities.

Mitsubishi Research Institute DCS's employee weighted average number of employees has been set as a Group consolidated target.

Category	Benchmarks	Current/goal (FY9/20 ⇒ FY9/23)	Rationale behind benchmarking per <i>Medium-Term Management Plan 2023</i>
Intellectual Value*	Research & recommendation publications posted on MRI website	12 ⇒ 20 (projects/years)	<ul style="list-style-type: none"> Contributing to societal value through the dissemination of recommendations based on high-quality research and impactful recommendations generated by our Think Tank & Consulting business Position the MRI website as an interface for building a relationship between the MRI Group and the rest of society
	Partnerships and collaborations with start-ups	Membership: 120 companies ⇒ 170 companies Collaborations or joint projects: 0 ⇒ min. 1	<ul style="list-style-type: none"> Resolution of societal issues through real-world implementation of fresh, new ideas is not something the MRI Group can pull off alone: open innovation involving distinctive start-ups is also essential
Human Value (Diversity)	Women among new hires	30% ⇒ 35%	<ul style="list-style-type: none"> Perspectives on what constitutes diversity are numerous, but we want to start off by being a company where, in making our New Normal Management ideas happen, women can thrive in their jobs long term. To that end, we commit ourselves to greater recruitment of women of outstanding ability
	Women in management positions	+5% (Definition of "management post" to be changed)	
Work-Life Balance (ESG)	Parental leave uptake	Women: 100% ⇒ 100% Men: 10% ⇒ 30%	<ul style="list-style-type: none"> We aim to be a company which employees find easy to work in by advancing work styles that pioneer society's direction with workplaces that meet a diverse employee needs regardless of life stage
	Paid vacation uptake	65% ⇒ 75%	
	Have remote working environment	93% ⇒ 95%	
Environmental Impact (ESG)	Energy from renewables	2030: 60% 2050: 100%	<ul style="list-style-type: none"> We are aware that zero GHG emissions and decarbonization are global social goals We will practice active energy awareness to achieve these goals as a company involved in the energy domain
Health Management (ESG)	Proportion of those needing follow-up exams that actually received them	60% ⇒ 100%	<ul style="list-style-type: none"> Pre-symptomatic and preventive healthcare is the socially and economically responsible approach for extending healthspans. We can help by enhancing the rate of diagnostic follow-up exams As a company involved in the healthcare domain, we want to ensure the mental and physical wellbeing of our employees. The follow-up exam rate is our benchmark for monitoring progress

* Intellectual value and societal value are covered by the Company's non-consolidated benchmarks.

Company Profile

Mitsubishi Research Institute, Inc.

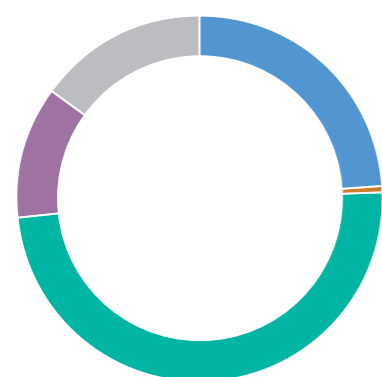
Head Office	10-3, Nagatacho 2-Chome, Chiyoda-ku, Tokyo 100-8141 Japan
Date of Establishment	May 8, 1970
Representative Directors	Takashi Morisaki, President Hidemoto Mizuhara, Executive Vice President
Chairman of the Institute	Hiroshi Komiyama
Capital Stock	6,336 million yen
Number of Employees	4,133 (consolidated), 977 (non-consolidated) (as of September 30, 2020)
Group Companies	Mitsubishi Research Institute DCS Co., Ltd. MRI Business, Inc. MRI Research Associates, Inc.

Mitsubishi Research Institute DCS Co., Ltd.

Head Office	12-2, Higashishinagawa 4-Chome, Shinagawa-ku, Tokyo, 140-8506 Japan
Date of Establishment	July 10, 1970
Representative Director	Takehiko Matsushita, President & CEO
Capital Stock	6,059 million yen
Number of Employees	2,949 (consolidated), 2,178 (non-consolidated) (as of September 30, 2020)
Group Companies	MRI Value Consulting & Solutions Co., Ltd. MD Business Partner Co., Ltd. Touhoku Diamond Computer Service Co., Ltd. UBS Co., Ltd. IT-One Co., Ltd. MRIDCS Americas, Inc. HR Solution DCS Co., Ltd.

Share-related Information (as of September 30, 2020)

- Authorized Shares Capital: 60,000,000
- Number of Shares Issued: 16,424,080
- Number of Shareholders: 4,247
- Shareholder Composition



- Financial Institutions 24.08%
- Securities Companies 0.37%
- Other Domestic Companies 48.90%
- Foreign Institutions and Individuals 11.70%
- Individuals and Others 14.95%

Principal Shareholders (Top 10 shareholders)

Shareholder's Name	Number of Shares	Shareholding Ratio (%)
Mitsubishi Corporation	975,076	5.93
Mitsubishi Heavy Industries, Ltd.	975,000	5.93
Mitsubishi Electric Corporation	902,200	5.49
Mitsubishi Chemical Corporation	834,000	5.07
Mitsubishi Research Institute Group Employee Shareholding Association	752,180	4.57
Mitsubishi Materials Corporation	741,600	4.51
The Master Trust Bank of Japan, Ltd. (trust account)	697,500	4.24
Mitsubishi UFJ Trust and Banking Corporation	598,574	3.64
Mitsubishi Estate Co., Ltd.	598,500	3.64
AGC Inc.	598,500	3.64

(Note) The Shareholding Ratio is calculated after deducting treasury stocks (377 shares).
The number of treasury stock does not include the Company stock (168,999 shares) owned by Board members' compensation BIP trust.

Shareholder Composition

	Number of Shareholders	Composition Ratio (%)	Number of Shares Held (Thousands of Shares)	Shareholding Ratio (%)
Financial Institutions	25	0.59	3,955	24.08
Securities Companies	24	0.57	62	0.37
Other Domestic Companies	104	2.45	8,031	48.90
Foreign Institutions and Individuals	155	3.65	1,921	11.70
Individuals and Others	3,939	92.74	2,455	14.95
Total	4,247	100.00	16,424	100.00

(Note) The number of shares is rounded down to the nearest hundred.

MRI Business, Inc.

Head Office	Sanno Park Tower 5F, 11-1, Nagatacho 2-Chome, Chiyoda-ku, Tokyo 100-6105 Japan
Date of Establishment	October 1, 1970
Representative Director	Naoko Sakamoto, President
Capital Stock	60 million yen
Number of Employees	62 (as of September 30, 2020)

MRI Research Associates, Inc.

Head Office	Sanno Park Tower 5F, 11-1, Nagatacho 2-Chome, Chiyoda-ku, Tokyo 100-6105 Japan
Date of Establishment	May 31, 1984
Representative Director	Hirofumi Suzuki, President
Capital Stock	60 million yen
Number of Employees	145 (as of September 30, 2020)



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**Mitsubishi Research Institute, Inc.
Corporate Communications Division**

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Published: June 2021