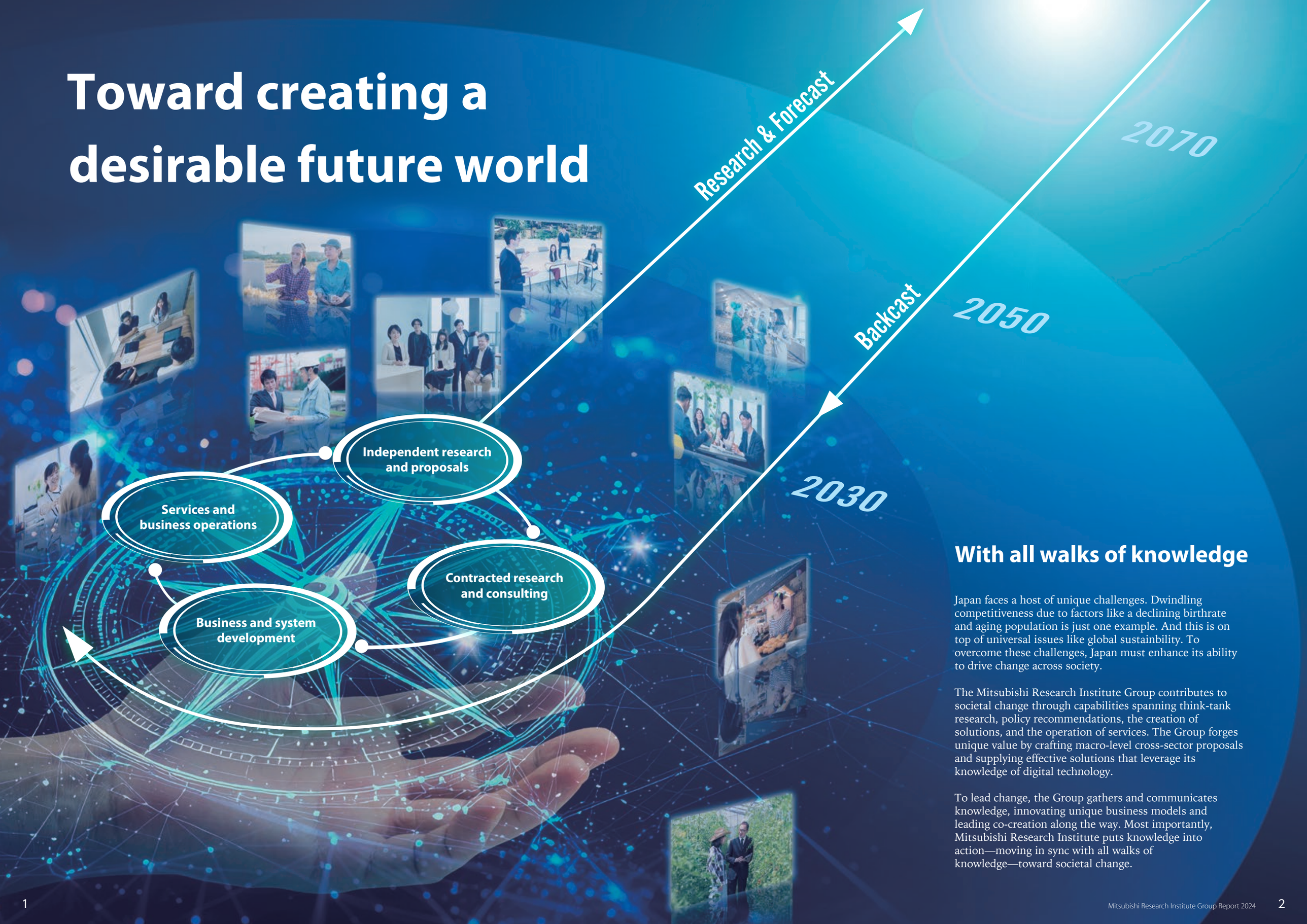
Mitsubishi Research Institute Group Report

2024



Mitsubishi Research Institute

Toward creating a desirable future world



With all walks of knowledge

Japan faces a host of unique challenges. Dwindling competitiveness due to factors like a declining birthrate and aging population is just one example. And this is on top of universal issues like global sustainbility. To overcome these challenges, Japan must enhance its ability to drive change across society.

The Mitsubishi Research Institute Group contributes to societal change through capabilities spanning think-tank research, policy recommendations, the creation of solutions, and the operation of services. The Group forges unique value by crafting macro-level cross-sector proposals and supplying effective solutions that leverage its knowledge of digital technology.

To lead change, the Group gathers and communicates knowledge, innovating unique business models and leading co-creation along the way. Most importantly, Mitsubishi Research Institute puts knowledge into action—moving in sync with all walks of knowledge—toward societal change.

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Note on editorial policy and forward-looking statements

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

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

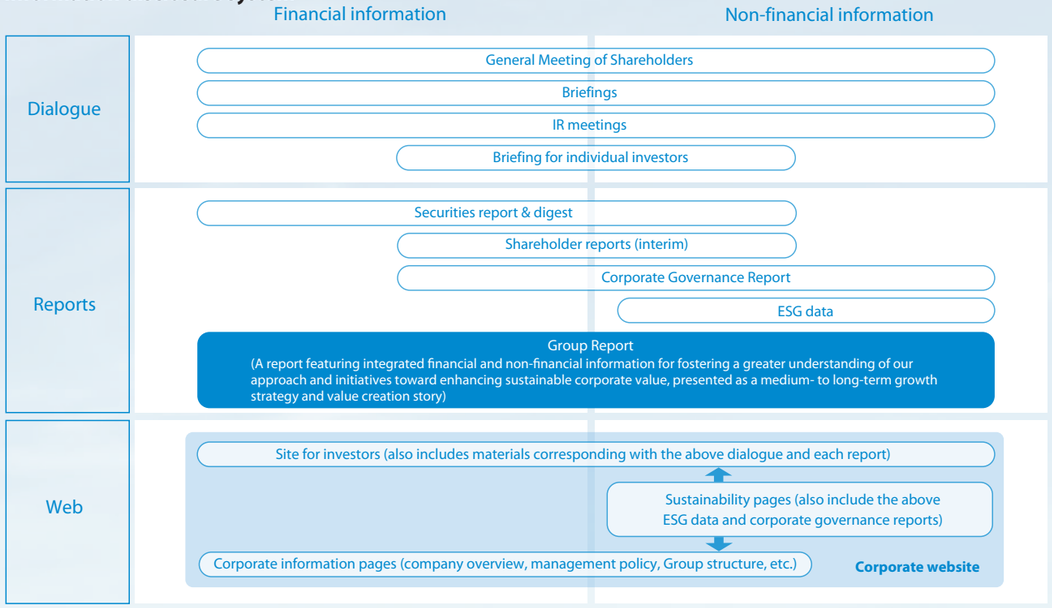
This report is not intended to solicit investment in marketable securities issued by Mitsubishi Research Institute, Inc., or to provide any guarantees or commitments whatsoever. All opinions and estimates reflect the judgment of Mitsubishi Research Institute, Inc., at the time of compilation. We make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

Abbreviations
MRI: Mitsubishi Research Institute, Inc.
DCS: Mitsubishi Research Institute DCS Co.,Ltd.

Period covered
In principle, this report covers fiscal 2024 (1 October 2023–30 September 2024). However, it also includes some information pertaining to fiscal 2025 (1 October 2024–30 September 2025).

Publication
Japanese: July 2025, English: September 2025 (published each year as an annual report)

Information disclosure system



Environment Social Governance

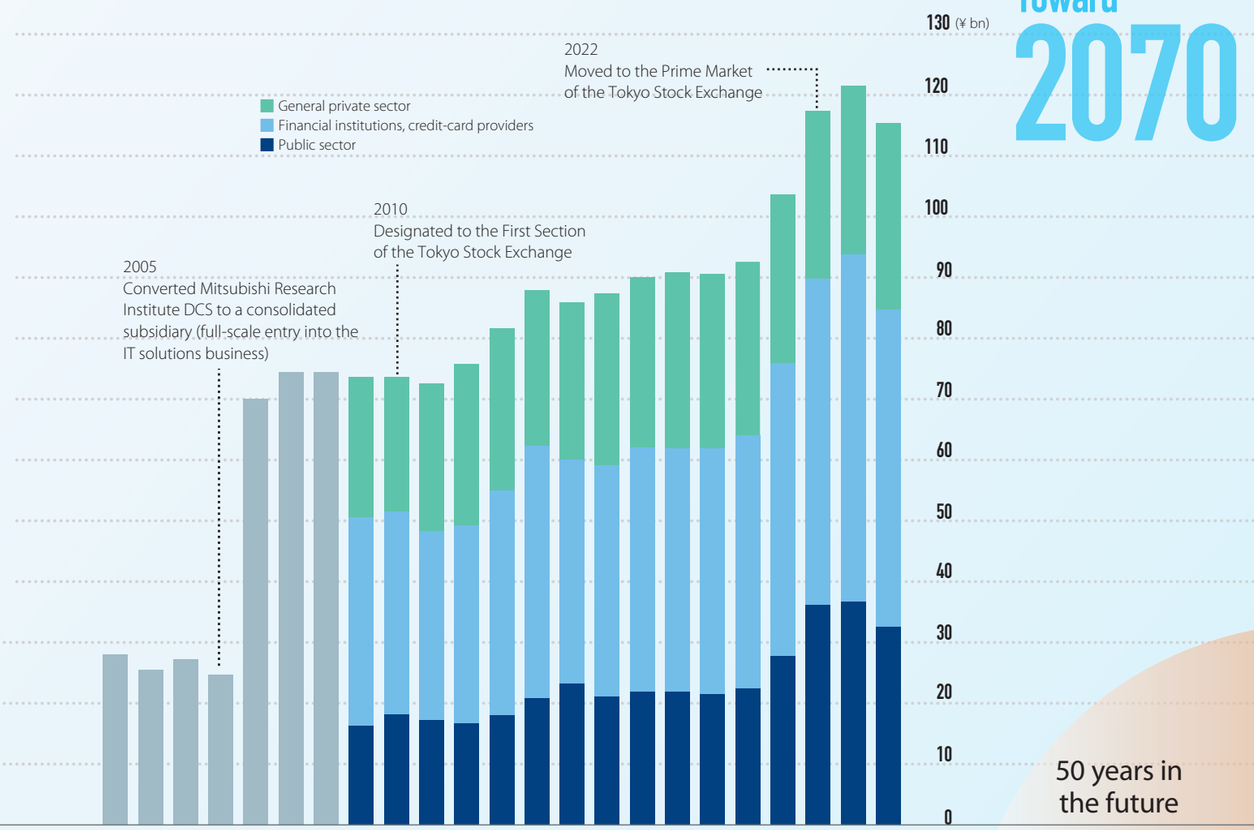
Guidance for Collaborative Value Creation

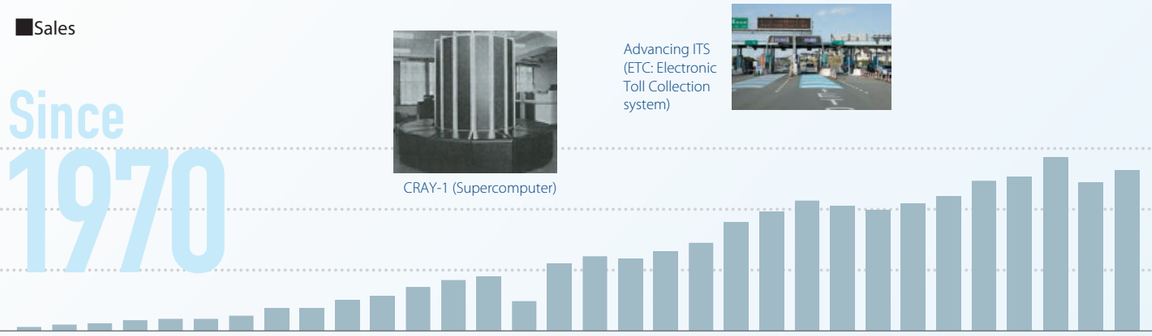
The corresponding sections in the Guidance for Collaborative Value Creation released by the Ministry of Economy, Trade and Industry and the contents structure of this group report are indicated by the symbols in the contents on p. 3.



History of the Mitsubishi Research Institute Group

Founded with independent, multidisciplinary, future-oriented fundamental principles, our company has focused on resolving societal issues as a private, comprehensive Japanese think tank while envisioning the desirable future world. We still inherit this philosophy today, while expanding our business domains to implement solutions that help to resolve societal issues.





CRAY-1 (Supercomputer)

Advancing ITS (ETC: Electronic Toll Collection system)

Founding as a comprehensive think tank

Our company was established in 1970 as a commemorative project for the 100th anniversary of Mitsubishi's founding. We started amid an era marked by rapid economic growth, the advancement of industrial structure, and the spread of computers, which heightened the importance of the information industry. We have participated in numerous projects both domestically and internationally since then, as Japan's only comprehensive think tank covering not only the economic and social fields but also all areas of science and technology. In the 1990s, by expanding businesses that addressed increasingly complex societal issues and privatization, we established a solid position in the field of policy support for the public sector and local governments.

Main projects

1970s
- Started policy proposals from a global perspective (Japan–US–Europe think tank joint research)
- Introduction and utilization of the large-scale linear structural analysis program (NASTRAN) developed by the National Aeronautics and Space Administration (NASA)
- Launched a permanent multi-client project on macroeconomics
- Developed a models of global supply and demand for food and shipping



1980s
- Conducted Suez Canal management system design and planning study
- Proposed the establishment of and participated in the Global Infrastructure Fund (GIF)
- Research and development of artificial intelligence and expert systems
- Provided information services as the sole agent for the National Technical Information Service (NTIS) of the US Department of Commerce

Development of business model

In 2005, we made Mitsubishi Research Institute DCS (DCS) a subsidiary and fully entering the IT solutions business. We also strengthened collaboration between DCS, our IT Services segment, and Mitsubishi Research Institute (MRI), our Think Tank & Consulting Services segment. This led to a system in which we provide unique solutions that integrate both services. We transitioned to a Think & Act Tank philosophy in the 2010s. This was fueled not only by the addition of DCS, but also the increasing importance of projects packaging research, proposals, and system design in venues such as disaster recovery and regional development. This has brought us to our current business model, in which we not only propose solutions and design systems but also works to resolve societal issues for clients and society from a comprehensive perspective that includes the real-world implementation of solutions.

1990s
- Research on the promotion of ITS (Intelligent Transport Systems)
- Research and study on policies related to global warming countermeasures
- Support for the development of earth-observation satellite-data utilization systems

2000s
- Promotion of advanced scientific research and its industrial applications, such as human genome analysis research
- CO_2 emissions trading demonstration experiment
- Support for system integration of megabanks
- Businesses in the health, medical, and welfare fields, such as long-term care insurance systems and hospital management



2005
Mitsubishi Research Institute DCS became a subsidiary and strengthened our solutions business

Evolution of societal implementation functions

We have also focused on strengthening our societal implementation functions, such as providing and operating diverse solutions ourselves and participating in other solutions as a business partner. We are connecting these efforts to high value-added businesses by operating a co-creation platform with nearly 600 participating organizations and promoting cross-sector projects based on policy.

This all leverages our strengths in policy support for the public sector. Based on these achievements, MRI have established a unique Value Creation Process (VCP), which links each of its value-creating functions from Research & Recommendations to Societal Implementation. Since 2021, MRI has endeavored to run itself under VCP Management, which advances this process through Group-wide collaboration, and we are working toward further business expansion.




Yatsuda District, Namie Town, Fukushima Prefecture
Mega-solar power plant

Published *3X: The future brought by innovative technology and community*

2010s
- Disaster recovery support business
- Participation in mega-solar projects
- Launched the Entry Sheet Priority Diagnosis Service, which supports corporate recruitment activities using AI technology
- Launched AI-Based Local Government Chatbot Service in collaboration with local governments
- Development and testing of regional digital currency business
- Launched educational services and data management services

Development and testing of regional digital currency business

2020s and beyond
- 50th Anniversary Research: designing a desirable future for the world to aim for 50 years from now, including analysis of ways to achieve this future
- Implementation project for AI-based simulation of covid pandemic
- Policy proposals for realizing decentralized growth in the Beyond 5G era
- Credit card system integration


50th Anniversary Forum

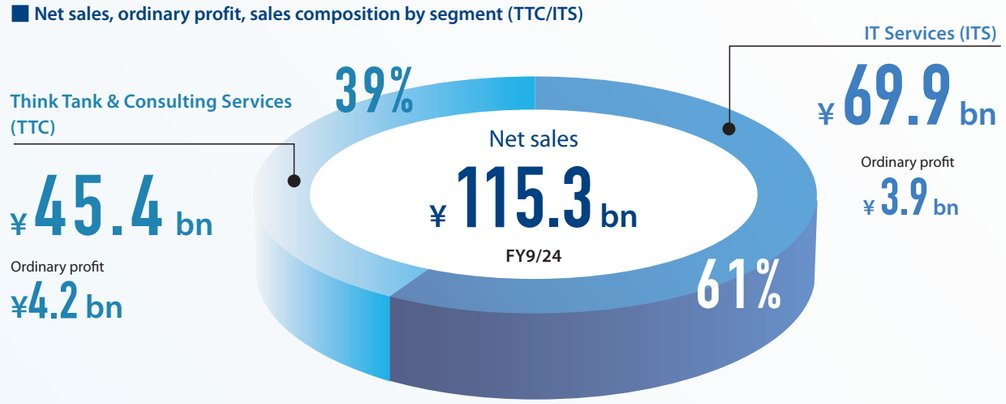
Current Position of the Mitsubishi Research Institute Group

The Mitsubishi Research Institute Group comprises two segments: Think Tank & Consulting Services (TTC) and IT Services (ITS). The two segments coordinate their activities for a Group-wide value creation model featuring four distinct functions.

- Independent research and proposals: providing society with direction for tackling its challenges
- Contracted research and consulting: developing specific policies and strategies for resolving issues
- Business and system development: crafting specific solutions to the issues society faces
- Services and business operations: running services that address societal issues ourselves

Under this model, we operate four businesses to help resolve the various issues faced by society and our clients, including the government, both central and local, and the private sector.

■ Net sales, ordinary profit, sales composition by segment (TTC/ITS)



Net sales

¥115.3 bn

Ordinary profit

¥8.1 bn

Employees (consolidated)

4,573

(as of 30 September 2024)

Proposals for resolving societal issues

40

(FY9/24)

Think Tank & Consulting Services (TTC)

Independent research and proposals

Contracted research and consulting

IT Services (ITS)

Business and system development

Services and business operations

Think Tank Function



Through our Think Tank Function, we aim to provide society with direction for tackling its challenges and achieving a desirable future. We envision the form that such a future would take and use a scientific approach to conduct independent research and craft proposals on how to get there. We integrate knowledge from within and outside the Group before proactively sharing our findings with the world.

Our insights inspire action in society, and this action reverberates back into our contracted work and original services. This is how the Think Tank Function effects a positive cycle of social, non-financial, and financial value for the Group.

Societal and Public Innovation Business



As the first step toward the real-world application of our independent proposals, we conduct contracted research and consulting work for priority issues in the public and private sectors. From here, our full package of services goes on to cover system development, digital transformation implementation, and operations and maintenance for the public and semi-public sectors, including medical and long-term care, disaster prevention, and infrastructure. We also run services that we provide directly to society.

Digital Innovation Business



Our DX Business for the private sector targets management issues. It supports the implementation of digital transformation to meet the needs of clients in five areas: user experience, operations, business models, systems, and organization structure and human resources. Our support covers the full range of activities needed to resolve issues, from coming up with strategies and consensus building through to implementation. Our DX Journey® approach underpins this process and starts by charting the full journey for arriving at the client's ideal the future. We make full use of our pioneering track record featuring capabilities in fields such as system development and generative AI.

Financial System Innovation Business



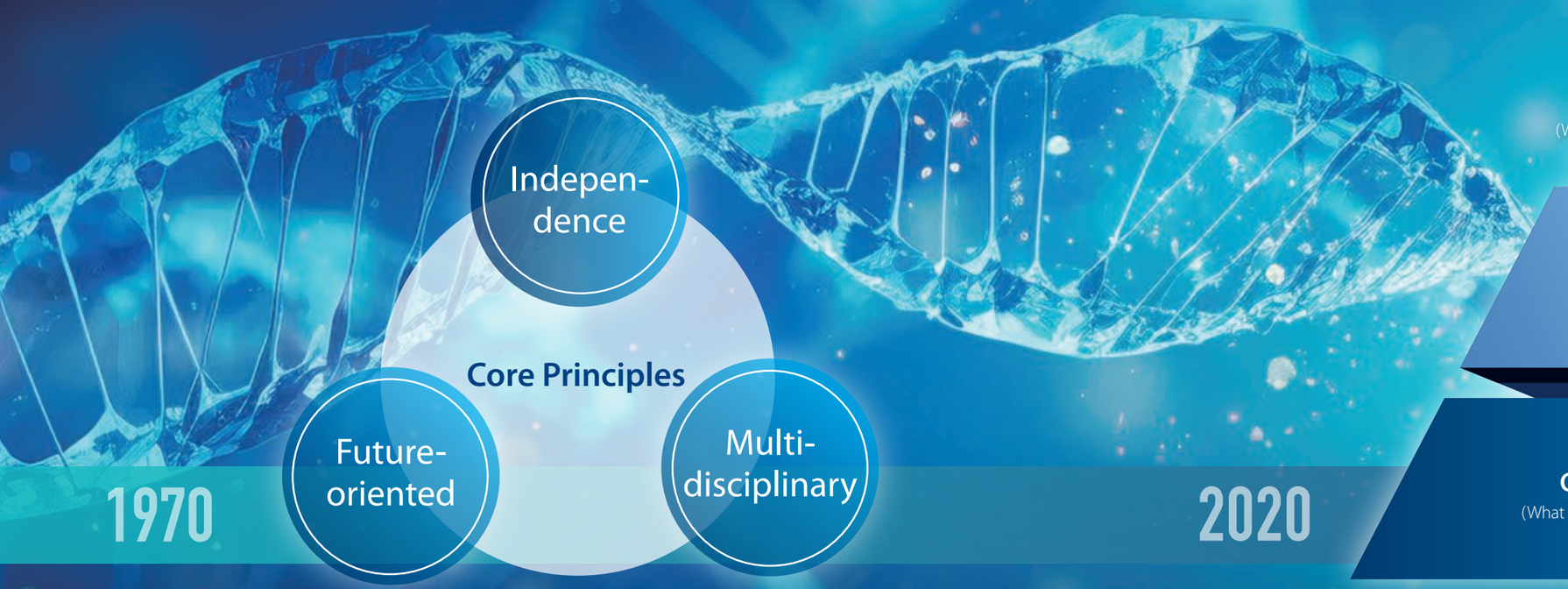
Our business for financial institutions draws on our deep knowledge of financial systems. We serve as the central vendor for the development and operation of multiple financial systems, a position earned by the trust we have built up with our clients. We also provide institutions with support for resolving business issues.

We are expanding our consulting functions in this domain by leveraging our expertise in independent research proposals as well as contracted research and consulting work. We provide support services in the area of financial digital transformation too.

Our beginnings and our core principles since

As the period of high economic growth in Japan drew to an end, there was a shift from an industrialized society to an information-oriented society, which brought about a more sophisticated industrial structure and growing importance of knowledge and technical research.

Established in 1970, Mitsubishi Research Institute has forged a pioneering position in the information industry and continues to maintain its core principles: independence for crafting objective proposals that prioritize social value, a multidisciplinary approach for addressing a wide range of societal issues through cross-sector research, and future-oriented thinking for a perspective of policy effects beyond the present.



The Mitsubishi Research Institute Group transcends the traditional think-tank mold; we are a Think & Act Tank, with a scope of activities that extends from policy proposals through to policy implementation.

In 2005, the Group welcomed Mitsubishi Research Institute DCS, enabling us to use ICT to achieve the future scenarios to which we strive. DCS bears the mission of contributing to the development of our clients and society through future co-creation and value creation.

Our Guiding Principles, formulated in 2020, inherits the independent, multidisciplinary, future-oriented approach that has underpinned Mitsubishi Research Institute since its founding. It also incorporates our determination for leading change, paramount to resolving increasingly complex societal issues and achieving a sustainable future.

It has become a guideline for greater social value creation through co-creation with all of our stakeholders.

Our Guiding Principles



Devotion to growth

Continually honing our value to society and our customers

We are devoted to providing society and our customers with the solutions necessary to resolve issues. As professionals, we will continually refine our individual value and encourage one another's growth in anticipation of the needs of our customers and of emerging trends in technology and society.

Collective knowledge

Acting as a hub between diverse branches of knowledge

We bridge diverse branches of knowledge, while respecting individuality and differences, within the Group and society at large, in Japan and around the world. We form new combinations of existing knowledge and promote co-creation between society, customers, and partners.

A clear stance

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

We will continually envision the ideal world of the future, conceptualizing and clearly communicating the proper path to its realization. In taking a clear stance on the proper course of action, we will be faced with objection and criticism, but we will base our position on scientific insights, values, and a collaborative spirit of co-creation.

Taking on challenges

Transforming the world in new ways

We aim to change the world by leading the way with concrete and swift action. By taking action and going beyond simply making recommendations, we can break through the barriers delineated by stubborn precedent and thus earn the approval of society and our clients.

Reality

Devotion to feasible recommendations and their implementation

We value practical wisdom gained through experience and strive to make realistic recommendations. We are devoted to making our recommendations a reality, collaborating with our various stakeholders along the way.



Kenji Yabuta

President and
Representative Director,
Mitsubishi Research Institute

We will steadily advance the presentation of realistic solutions, connection of our value chain, and business portfolio transformation— all sought after in us amid these volatile times.

The role demanded of the Group in an age of uncertainty

Twenty-twenty four laid bare the confusion and turmoil of the ultra-VUCA* era. Divisions in the international community, intensification of regional conflicts, worsening of disasters, and abnormal weather were among the many events beyond imagination. The outlook clouded even more in 2025 amid developments that included the Trump administration's tariff policy.

In politics, struggles and defeats by incumbent parties in major elections around the world created an even more unstable global political situation. On the economic front, Japan is making tangible, steady progress toward an escape from deflation, with wages increasing at a high rate. In business, digital transformation (DX), generative AI, and their application for these are becoming topics of intense interest in Japan and overseas. Dramatically evolved, businesses are turning to generative AI in droves, while AI agents and AI robots lay just a step away from similar breakthroughs. As digital society advances, these technologies must be connected to productivity enhancements.

At this turning point, clients are shifting from defense to offense, from stagnation to growth and change. We have seen a substantial uptick for work in our transformation-domain trifecta: digital transformation (DX), green transformation (GX), and human resources and healthcare transformation (HX).† This is accompanied by growth in other domains as well. We have seen a surge in generative AI and in related business, the transformation of electricity and energy policies, a shift in corporate strategies under growing semiconductor-manufacturing and data-center demand, the urgent reform of social security systems, review of medical and long-term care systems, and the allocation of resources to the defense and space fields in response to security needs.

As the head of the Group, I am always asking how we can provide value to society through our businesses. The mission of think tanks, the business area at the root of the Group, is to envision how the focus of the world will shift and share our findings from this vantage with the world. If care is not taken, however, this endeavor can end up as nothing more than a list "shoulds". In a time of growing uncertainty, we need to comprehensively analyze the main themes faced by society and design feasible plans.

We express this as providing realistic solutions. That is the role that the Group should shoulder through our strengths, and I believe this is exactly what society expects of us.

* VUCA
Volatility, Uncertainty, Complexity, Ambiguity
† Domains that our Group views as areas of focus. "DX" stands for digital transformation, "GX" for green transformation, and "HX" for human resource and healthcare transformation

Current position of the MRI Group →pp. 7–8
Strengths of the MRI Group →pp. 23–24

Reaffirmation of the thinking behind our Guiding Principles

In 2020, we took our 50th anniversary year as an opportunity to update our Guiding Principles. Five years after that renewal, I now think it is important that we reaffirm the Guiding Principles and the thinking behind them as we envision our next steps.

Our Guiding Principles state Our Mission (what we strive to accomplish) as "To resolve societal issues and co-create an abundant and sustainable future". We further define Our Vision for the company as "Envisioning the future, leading change". In addition, we have set forth five commitments to stakeholders: devotion to growth, collective knowledge, a clear stance, taking on challenges, and reality.

Message from the President

Devotion to growth and collective knowledge are our long-standing strengths. By honing our expertise and multiplying our knowledge across domains, we present clear solutions to complex societal and management issues. Multiplication of knowledge is growing in importance, and we need to further augment our strengths.

Meanwhile, our commitments to a clear stance, taking on challenges, and reality are aimed at transforming our corporate cultural and igniting behavioral change in the company. We ask ourselves these questions: Are we taking steps forward on difficult matters? Do we present our position clearly with a grounding in our convictions? Do we squarely face reality? Every one of us makes a promise, hand on heart, to never stop posing such questions.

I am certain that honing our commitments will lead us to provide value to society and achieve a higher level of business growth.

History of the Mitsubishi Research Institute Group →pp. 5–6
Background and fundamental principles at the time of our founding →pp. 9–10

Our long-term vision for change and Medium-Term Management Plan 2026 (MP2026)

These principles are guiding our actions toward transformation. Our VCP Management, based on our unique Value Creation Process, is the core of these transformational actions. We have been working on VCP Management since MP2023, and the VCP Management approach aims to both provide value to society and expand our business. Key to this concept is the process of strengthening the connections among our four main phases of this value-creation process: Research & Recommendations, Analysis & Conceptualization, Design & Testing, and Societal Implementation. The Group wields particular strength in our focus on the social implementation of realistic solutions derived from our research and consulting work spanning the Research & Recommendations, Analysis & Conceptualization, and Design & Testing phases.



For MP2026, we set out our goal for 2030 as, "Becoming a corporate group leading societal change for the future while resolving the issues faced by our clients and partners based on our accumulated knowledge and reliable technology". Through the realization of this goal, we intend to enhance the corporate value of the Group itself by creating social value and expanding our business opportunities through a fortified value chain.

For our Group to contribute to the formation of social trends as an opinion leader and to earn clients' selection as a trusted business partner, we need to enhance our presence in the market by achieving a certain scale of business. From our previous Medium-Term Management Plan onward, we have made continuous efforts to achieve our goals for 2030.

Group value creation model →pp. 17–18
Features of our value creation model →pp. 25–26
Our goals for 2030 →pp. 35–36

Progress toward Medium-Term Management Plan 2026 (MP2026)

I recognize that we stumbled out of the gate in fiscal 2024, the first year of MP2026. Business opportunities increased in fields including our three transformation priority domains. Financially speaking, however, we failed to ride this tailwind and recorded declines in revenue and profit. In our Think Tank & Consulting Services segment (TTC), large-scale communications-related projects that had played leading roles under MP2023 have shrunk or ended. In our IT Services segment (ITS), the expansion of service provision-oriented businesses* and the accumulation of new projects in the private sector have also fallen short of plans while large-scale projects in the financial and credit card sectors have passed their peak. At the same time, we committed to expanded upfront costs for internal system-infrastructure upgrades and human-resource investments with medium- to long-term outlooks. These commitments were a primary factor behind the decline in profit. Our management views this situation with great seriousness.

Four value systems and progress →pp. 39–40

* Service provision-oriented businesses
Businesses in which sources of revenue are not overly dependent on workforce or hours of work

In non-financial areas, we have seen progress in a number of fields through our initiatives, such as enhancing the capabilities of our talent—the backbone of the Group's ability to resolve issues. Progress was also palpable in the enhancement of our intellectual and co-creation foundation and reinforcement of our environmental contributions and governance-foundations of our social trust. In providing value to society too, our policy proposals on major societal issues have gained us increased coverage in the media. We are ramping up co-creation activities that assume societal implementation in the Initiative for Co-creating the Future (ICF), our original co-creation platform for addressing societal issues through collaboration among industry, government, and academia.

Based on issues apparent in the first year of MP2026, we are tackling restructuring of our Group strategy, advancement of VCP Management, acceleration of selection and concentration, and enhancement of productivity in the second year of the plan.

Future focus measures aimed at improving profitability →p. 38

In restructuring of our Group strategy, we revisited the domains that we identified in the first year for which potential exists for collaboration between MRI and DCS and those for which a wide range of options exist beyond MRI and DCS. With a grounding in the respective value chains of MRI and DCS, we are expanding the potential for alliances, advancing projects together with diverse partners, and changing our strategy to align with growing business opportunities.

For VCP Management, we have seen a number of operational issues emerge. Our matrix style of operations, with an organizational axis and a domain axis, lead to a duplication of functions between divisions. In response, the VCP Management Committee†, which we reorganized in FY9/25, is discussing high-priority company-wide issues while setting more concrete growth strategies for the future. We are accelerating the identification of promising business segments, the construction of cross-departmental sales structures and strategies, the use of AI, the promotion of AI business across the company, and the examination of global business and site strategies. Our management team and Board of Directors are discussing these issues from a high-level point of view and are executing reinforcement measures that include strategic resource investments.

Issues in strengthening VCP Management, the foundation of our Group management →p. 26

For the selection and concentration of our efforts, we intend to capture robust public- and private-sector consulting demand with our three transformation domains as our priority. In green transformation, we will expand power solutions and overseas projects. In digital transformation, we will grow our consulting business along with solutions and services that use big data analytics and generative AI. In HR and healthcare transformation, we plan to grow our human capital-related management consulting and solutions for the medical and long-term care fields. In green transformation and digital transformation in particular, we believe that we can provide unique value by providing public sector entities with one-stop services covering design, consulting, and implementation, while providing the private sector with consulting and system implementation that utilizes our knowledge of sector-spanning data analysis.

As our current revenue structure features a workforce dependency that limits the growth of our scale, we are also expanding our service provision-oriented businesses.

† VCP Management Committee
An organization that examines strategies and measures for the promotion of VCP Management. Its members include VCP Managers who play the role of driving connections among business processes

In ITS, DCS has already developed businesses including PROSRV* and miraicompass†, while TTC has roughly tripled in business scale over the last four years, mainly within its priority domains. In both of these segments, the scale of business is approaching ¥10 billion. While energy-related services are contributing to sales and revenue growth in TTC, we withdrew from four unprofitable businesses in FY9/24.

To boost the contribution to profit of our service provision-oriented businesses, we will focus our approach to expand our business scale as we continue to identify underperforming areas and make investments in areas in which we project wins. In the process of doing so, we will also explore strategic non-organic projects and examine business expansion in collaboration with startups.

Looking at enhancement of productivity, under expected inflationary hikes in wages and other costs, we are advancing efforts to continuously improve productivity by layering measures that include enforcement of a pricing strategy mindset, improvements to business efficiency through digital transformation and other means, active engagement by all employees through revisions to our human resources policy, and systematic reskilling.

* PROSRV®
A collection of cloud-based outsourced services related to human resources and payroll, offered by DCS as a service provision-oriented business

† miraicompass®
An online K-12 school admissions service, offered by DCS as a service provision-oriented business

Addressing our financial results for the first half of FY9/25

Amid these ongoing efforts, in the first half of FY9/25, TTC was unable to fully recover from first-quarter delays in orders. With the addition of ITS's recording of losses on unprofitable projects, revenue and profit declined year on year. As a result, we had to lower our full-year performance forecast. In response, we are conducting factor analyses and are implementing measures in addition to those mentioned above.

In fiscal 2024, it became apparent that TTC faced hindrances to receiving orders and carrying out projects due to a relative shortage of core human resources at business sites. Our focus in the second half of fiscal 2025 is the strengthening of personnel with a focus on the energy, medical care, and long-term care fields. As in fiscal 2024, we also made the decision to cancel new projects for which we deemed profitability improvement unlikely. To quickly achieve resolution on unprofitable projects, in ITS we are engaging in investment of additional resources and company-wide backup for project management and quality enhancement. These efforts focus on the reassignment of personnel to the industrial and public sectors where we have received favorable inquiries and the reskilling of human resources.

On the basis of our revised fiscal 2025 forecast, we must acknowledge that meeting the fiscal 2026 target levels indicated in MP2026 presents practical difficulties. While carefully analyzing the situation, we are repositioning our goals for 2030 and the management plans by which we will achieve those, while also restructuring our policies for future growth.

Medium- and long-term initiatives for change

Human capital and intellectual capital are the wellsprings from which we execute the Group's business strategy. As the formation and accumulation of intellectual capital are also dependent upon people, human capital is vital in supporting the competitiveness of the Group. To successfully multiply knowledge across sectors, multitasking is a core tenet at MRI. Every individual is involved in multiple projects. We are forming a network of knowledge by which individuals focus on their fields of specialty while also becoming involved in both related and completely different domains.

To better grasp future market needs and realize social value creation along with the growth of the Group, it is urgent that we not only strengthen knowledge multiplication but also develop human resources who can connect all components—consulting, IT systems-based solutions, and even system implementation. To meet this challenge, we have established our academy-style institutions for human resource development in both MRI and DCS. They provide opportunities for learning about cutting-edge science and technology along with IT implementation skills, thereby getting the Group the skillsets it needs.

From the standpoint of human resource diversity, we have established organizations within MRI and DCS to promote DE&I‡. Under these, we are advancing initiatives to promote understanding of DE&I and improve the working environment. As an example of these initiatives, MRI has created a roadmap for the normalization of DE&I. We are now strengthening initiatives to make DE&I the norm and a factor contributing to business growth by 2030.

Intellectual and co-creation foundation: Intellectual capital →pp. 61–64
Human foundation →pp. 69–78
Intellectual and co-creation foundation: Relationship capital →pp. 65–68
Programs for structured human resource development →pp. 73–74

‡ DE&I
Diversity, equity, and inclusion

Strengthening of governance

In the area of governance, institutional investors have often noted that many members of the Board of Directors, including me, come from the Mitsubishi Group. I believe it is important that we broaden our diversity in terms of background and that we place human resources with necessary capacities in suitable positions.

Taking this perspective, in FY9/24 we strengthened the lineup of the Board of Directors in the areas of legal affairs and digital transformation. In terms of constructive discussions within a free and open atmosphere, our Board of Directors functions effectively as a supervisory organization. I feel that it leads to management with a healthy sense of tension.

At present, the majority of Unit General Managers, General Managers, and Executive Officers are proper employees. With regard to matters including promotion to top management, we are working to prepare human resource development plans from a long-term perspective along with management succession plans, summarizing and reporting details on candidates to the Board of Directors as we proceed.

Social trust foundation: Corporate governance →pp. 85–98

To our stakeholders

As I noted at the start, I consider it my responsibility to enable a cycle by which we provide society with outstanding value through business and achieve growth for the Group and for all employees. Amid an increasingly complex global situation, I believe that we have arrived at a time for questioning how the Group can contribute to Japan's standing and its sustainable development through our business activities.

Our company was founded in 1970 as a private sector think tank. Since then, we have flexibly changed our business structure to meet the needs of the times, becoming a comprehensive think tank focused on support for public sector entities as well as a corporate group equipped with IT implementation functions.

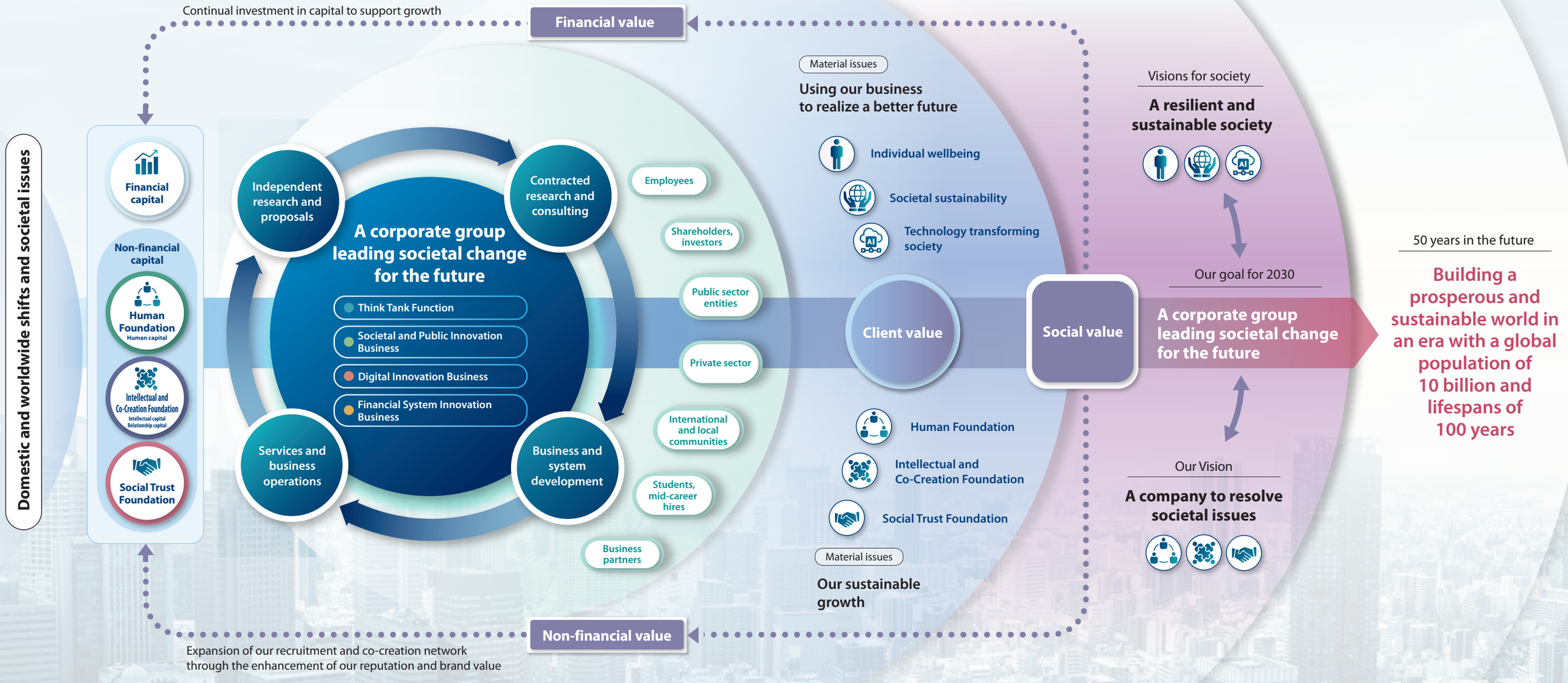
Looking ahead, our Group companies will continue drawing on their respective strengths to achieve transformations aimed at 2030 and beyond. I invite all of our stakeholders to expect positive outcomes from the Group's value creation over the medium and long-term.

Kenji Yabuta
President and Representative Director,
Mitsubishi Research Institute



Group Value Creation Model

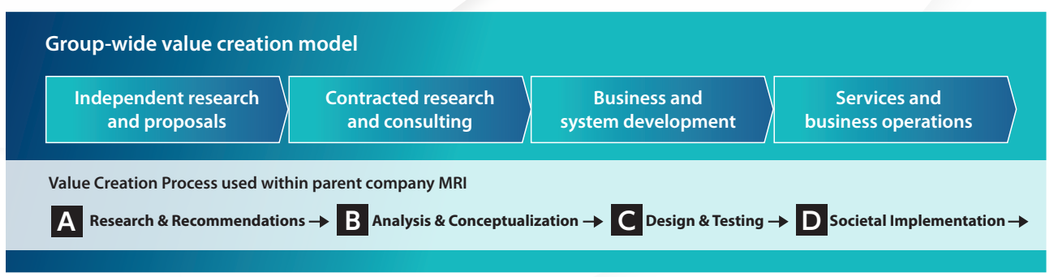
Fulfilling our Group mission to resolve societal issues and co-create a sustainable, abundant future



The Mitsubishi Research Institute Group comprises two segments: the Think Tank & Consulting Services segment, led by Mitsubishi Research Institute (MRI) proper, and the IT Services segment, led by DCS. MRI also heads the Group as a whole. The Group features a value creation model that integrates four functions shared between the segments.* Together, these segments operate four main businesses defined by client-type and domain. Along with the four value-creation-model functions, these businesses serve as the framework in which we craft our expertise in policy, programs, and management strategy as well as accompanying solutions and services. Our work in turn facilitates a positive cycle of social, non-financial, and financial value while at the same time enhancing each facet.

Based on this cycle, we make concrete steps toward our goals for 2030, our vision of society in 2030, our aspirations for the Group's future, and the bright future we forecast and propose 50 years out.

* The Group-wide value creation model is based on the similarly-named Value Creation Process (VCP) used within parent company MRI



Material Issues

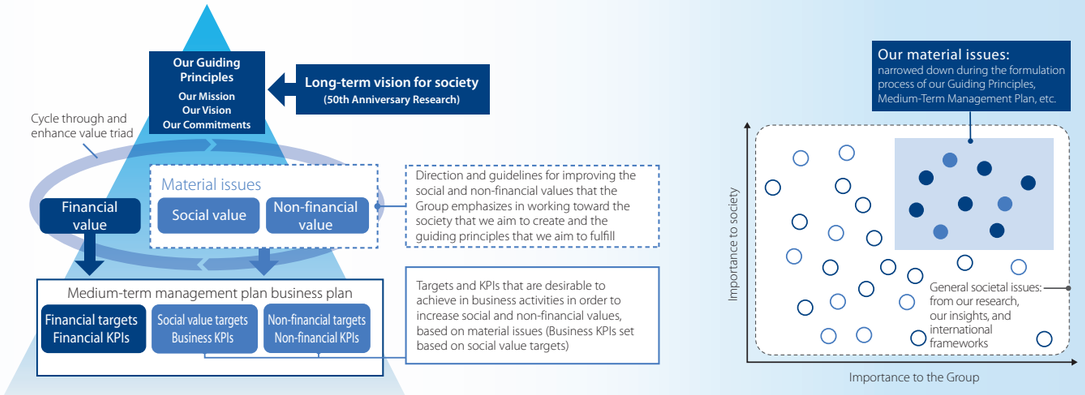
Identification of material issues

We identify material issues as the basis for the policies governing management and business activities as part of our efforts to circulate and expand our value triad.

We define six material issues. The first three—individual wellbeing, societal sustainability, and technology transforming society—link to our mission of creating a prosperous and sustainable world through our business. The second three—our human foundation, intellectual and co-creation foundation, and social trust foundation—enhance the sustainability of the Group and improve our ability to resolve societal issues.

In addition to international frameworks and guidelines, we made use of our Listings of Societal Issues publication in identifying our material issues. In the Listings, we present an exhaustive analysis and categorization of societal issues based on our macro-level perspective as a comprehensive think tank.

Our material issues are also informed by our long-term vision for society 50 years in the future that we developed through our 50th Anniversary Research Project. Our material issues are determined every three years within the process of formulating our medium-term management plan, specifically amid discussions about the social and non-financial value to which we should aspire.



Process and key points

1. Extraction of societal issues

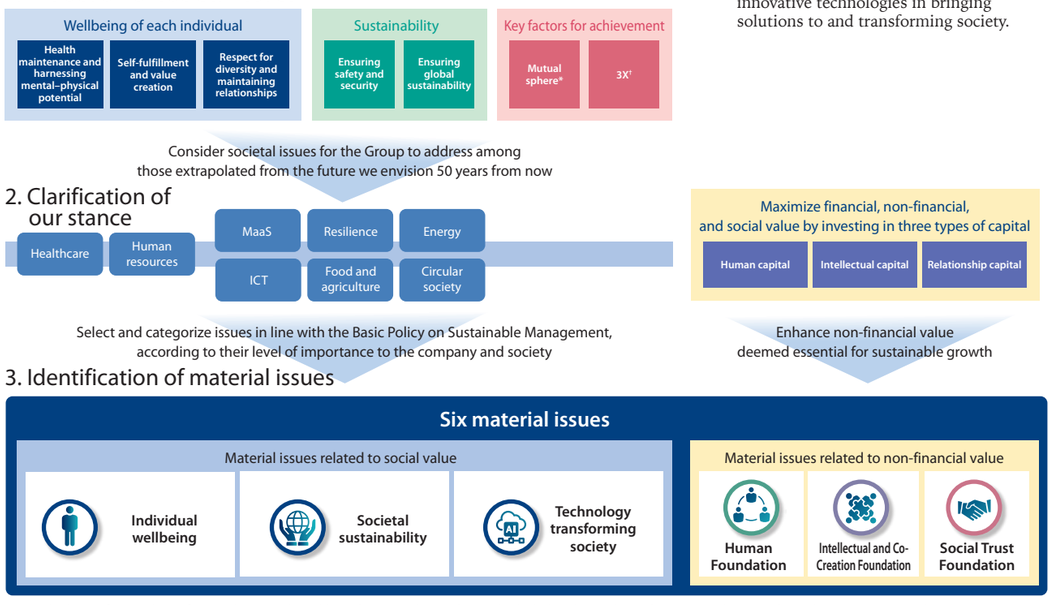
Our material issues go back to the research that we implemented in 2020 to commemorate the 50th anniversary of our founding. First, we envisioned an era where global population would reach 10 billion and lifespans would reach 100 years. We then postulated the ideal state of society in such an era, concluding that it should be both sustainable and prosperous. We rounded out our research by considering what measures could take the present world there over the course of the next five decades. From these efforts, we identified five goals and two key factors for achieving the future world we envisioned.

2. Clarification of our stance

We drafted our Medium-Term Management Plan (MP2023) at the same time as our 50th Anniversary Research and used the long-term societal issues from the project to set societal-issue areas in the plan. These represent domains where the Group has solid business foundations and can take on the work of directly resolving issues.

3. Identification of material issues

Following the sustainability management policies that we rolled out in April 2022, the Board of Directors confirmed the need to identify material issues that help to balance the sustainability of both society and the Group. The following points were raised in discussions: (1) Material issues should reflect the philosophies behind the 50th Anniversary Research project and our VCP priority domains, (2) Material issues should be structured into two key components: the social value that the Group will focus on, and the non-financial value that is needed for that creation, and (3) The long-term approach and priority of each should be clearly defined. Discussion also covered the importance of innovative technologies in bringing solutions to and transforming society.



* Mutual sphere: a future sphere of activity between the public and private spheres where individuals directly coordinate their activities between themselves to create new value
† 3X: a triad of societal transformations—digital transformation (DX), bio transformation (BX), and communication transformation (CX)—spurred by revolutionary technologies in each area

Material issues garnered from societal issues

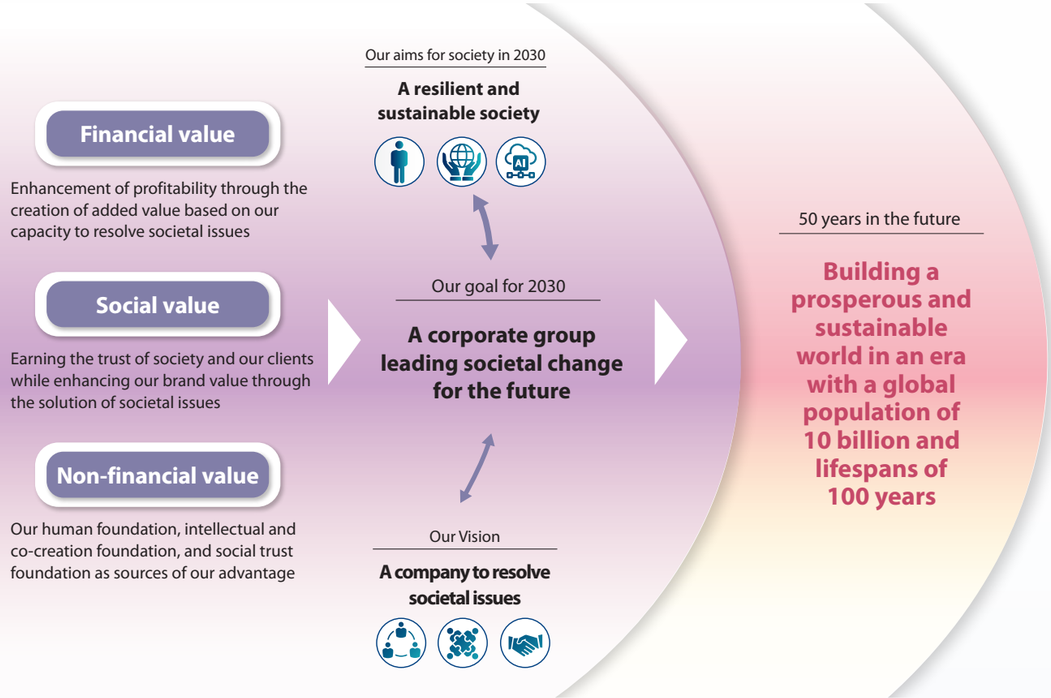
We identified five targets when extracting societal issues: health maintenance and harnessing mental–physical potential, self-fulfillment and value creation, respect for diversity and maintaining relationships, ensuring safety and security, and ensuring global sustainability. We also identified two key factors for achieving these targets: 3X and the mutual sphere. We then set priority domains for societal issues where the Group has solid business foundations and can take on the work of directly resolving issues. These represent the priority domains (left figure, 2. Clarification of our stance) in MP2023. In FY9/24 we reorganized them into the following seven domains.

We concluded by regorganizing and prioritizing our five targets, two key factors, and domains to arrive at six material issues. We rolled out our Sustainability Management policies in April 2022, and these, alongside discussions by our Board of Directors, also informed our material issues. Three of the issues relate to and guide the enhancement of our social value, key to our long-term ambitions. The other three relate to our non-financial value.

Priority domains: Healthcare | Human resources | Energy and circular society | Regions and communities | ICT | Food and agriculture | Resilience

Material issues		Examples of our initiatives		Relationship to the SDGs
Building a prosperous and sustainable world through our business	**Individual wellbeing** Ensuring health, self-fulfillment, and connection	● Healthcare business ● Human resources business ● Regions and communities business	● Services ● Contracted research and consulting ● Independent research and proposals	
	Societal sustainability Ensuring safety, security, and global sustainability	● Financial and credit card business ● ICT business ● Energy and circular society business ● Food and agriculture business ● Resilience business		
	Technology transforming society Societal implementation of innovative technologies, transformation of companies and society	● DX business ● Research into cutting-edge technologies ● Focused development of societal implementation business		
Sustainable growth of the Group	**Human Foundation** Sustainable improvement of our people and the organization	● Recruiting and training human resources, running the FLAP Cycle® ● Work-life balance, health-focused management ● Diversity, equity, and inclusion		
	Intellectual and Co-Creation Foundation Utilizing the value of collective knowledge and our co-creation foundation	● Research & Recommendations activities, accumulation of intellectual property ● Customer and business partner network formulation ● Group management		
	Social Trust Foundation Maintaining and improving social trust in the Group	● Risk management and information security ● Governance ● Our efforts to decarbonize		

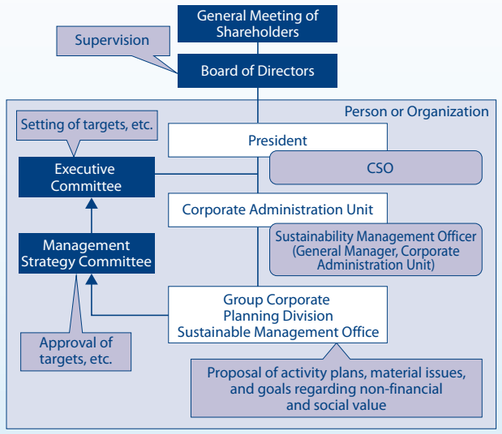
Our commitment to sustainability



We are dedicated to the creation of a prosperous and sustainable world for an era with a global population of 10 billion and lifespans of 100 years. We aim to realize this vision through the circulation and expansion of our value triad: social value, non-financial value, and financial value.

We will create social value by expanding client value through our business activities and by resolving societal issues through co-creation with various partners. This will be driven by our non-financial value consisting of our human foundation, intellectual and co-creation foundation, and social trust foundation, which are the source of our advantage. Our financial value corresponds to the value we have created for our clients and society. It is the source of investment in future growth.

The core focus of our sustainability management is to achieve and enhance the sustainability of both the Group and society, by circulating and expanding these three types of value.



Sustainability Promotion Structure

The tasks of the Sustainable Management Office within the Group Corporate Planning Division include the planning of sustainability activities, the identification and review of material issues, and the formulation and administration of targets for non-financial value and social value. The general manager of the Group Corporate Planning Division proposes items requiring deliberations and decisions. After approval by the general manager of the Corporate Administration Unit, who also serves as the Sustainability Management Officer, the president as Chief Sustainability Officer (CSO), and the Management Strategy Committee, decisions on these matters are made by the Executive Committee. The Board of Directors oversees these processes through the reports that it receives concerning basic sustainability policies and progress on regular plans.

Integration of sustainability and business: Focus areas for 2050

We have defined three areas as specific targets for sustainability management. The first, individual wellbeing, entails ensuring health, self-fulfillment, and personal connection. The second, societal sustainability, entails ensuring safety, security, and global sustainability. The third, technology transforming society, entails societal implementation of innovative technologies as well as the transformation of companies and society.

We had identified eight priority domains in our previous Medium-Term Management Plan (MP2023) (p. 19) and launched initiatives that transcended our traditional organizational boundaries. However, while the initiatives were in domains wherein the Group excels, our current business scale at times spread thin investment of resources for these new initiatives.

In light of this, for Medium-Term Management Plan 2026, we selected three business domains that are expected to create greater social value, to generate larger impact, and for which progress can be evaluated in a quantitative manner. They are human resource and healthcare transformation (HX), green transformation (GX), and digital transformation (DX), and they are congruent to our three social-value material issues.

HX
Human resource and healthcare transformation

Progress in the green and digital transformations will significantly shift the human resource requirements of companies going forward.

Mismatch between the supply and demand of personnel is likely to intensify. We are working to craft proposals and services to help. For example, we have published proposals for accelerating reskilling and the movement of human resources, designed policy for disclosing workplace information required for promoting such movement, conducted research and proof-of-concept projects on human-capital management, held reskilling events throughout Japan, and run services matching companies and jobseekers.

In the healthcare domain, we estimate that expenses for medical care and nursing care will exceed ¥100 trillion by 2050, up from around ¥50 trillion today. We help implement the systems that function as the foundation for Japan's medical digital transformation. This spans medical and long-term care insurance, welfare for those with disabilities, and disease control (infectious diseases and intractable diseases)—the gamut of related policy domains. We aim to build a sustainable society featuring long, healthy lifespans. We are also helping to spread preventive medicine by leveraging big data in health checkups and guidance and through our policy assessment capabilities.



GX
Green transformation

To achieve carbon neutrality by 2050, the world must use renewable energy as its main power source and transitioning to a circular-economy model as soon as possible. We have proposed a model for the future that fuses carbon neutrality and the circular economy. We also support the development of technologies required for green transformation such as distributed energy sources like storage batteries, advanced operations for solar power systems, offshore wind power, and hydrogen. This accompanies our policy-design, feasibility-assessment, and circular-economy agenda-setting work.



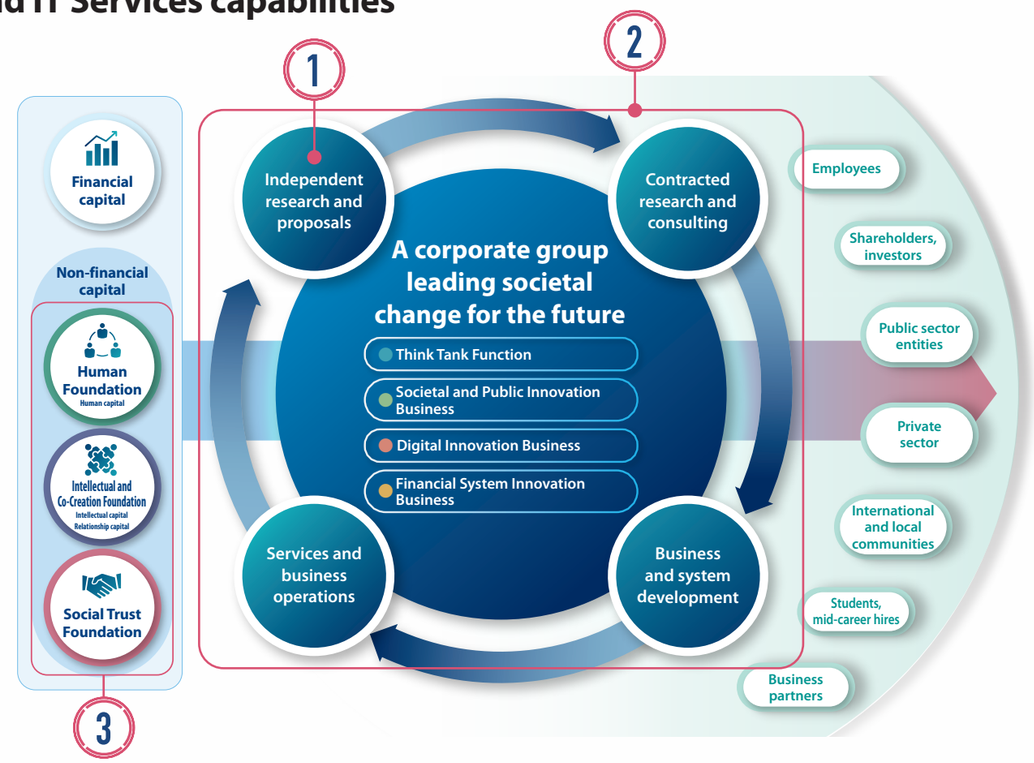
DX
Digital transformation

We find ourself amid an era of ever-mounting volatility, uncertainty, complexity, and ambiguity—VUCA for short. Management must take into account these factors, and digital technology is becoming increasingly critical for addressing the rapid changes.

To respond quickly to changes, we help clients develop their digital transformation to meet their needs. We can do this by vertically integrating our Group-wide knowledge of policy, regulations, industry, supply, and demand with our abilities in management analysis, AI integration, and digital implementation. Our original DX Journey® approach underpins these capabilities, lending to support for our clients that spans strategy planning through to implementation.



Forged through combination of Think Tank & Consulting Services and IT Services capabilities



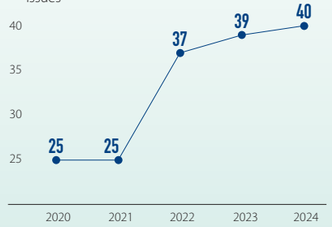
1 Knowledge and expertise accumulated as a pioneering think tank

Since our start in 1970 as one of the first think tanks in Japan, we, the Mitsubishi Research Institute (MRI), are the only truly comprehensive think tank in Japan, covering not only the economy and society but also all aspects of science and technology. We have been engaged in a range of projects that have contributed to national growth, and we have built up expertise across numerous fields. As such, we have established a firm position in public-sector policy support.

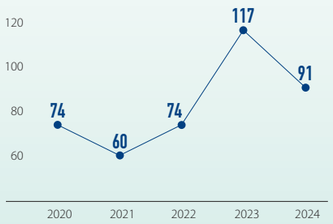
We do more than just applying the knowledge we have already gathered to new research and proposals for each field; we gather and grow our knowledge across all domains, enabling us to craft proposals covering complex topics. This underpins our independent research and proposals targeting societal issues slated to increase in complexity going forward.

● Independent publications, including policy proposals, about resolving societal issues

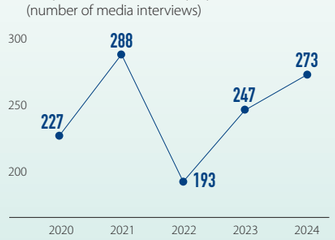
□ No. of independent proposals for resolving societal issues



□ No. of column-style articles published



□ Facilitation of society-wide discourse through independent research and proposals (number of media interviews)



Note: Publications include research results, proposals, forecasts, overviews, column-style articles on our website (e.g. MRI Monthly Review and MRI Opinion series) and press releases covering topics like demonstration projects

2 Leveraging knowhow: Business functions from proposals to solution implementation

Our Group provides Think Tank & Consulting Services and IT Services, and is building a business model for providing services that combine these functions. Specifically, we break down the societal issues identified via our independent research and proposals, giving them depth and detail before unifying them with concrete solutions that implement through Group-wide collaboration.

This how we develop cases where we become the business entity behind a solution ourselves and go beyond contract-based client support. This value proposition chain is called the Mitsubishi Research Institute Group Value Creation Model, and we are working to respond flexibly to diversifying and increasingly complex needs.

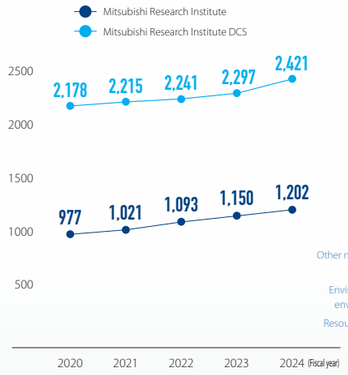
3 Diverse human resources and networks supporting business functions

The Mitsubishi Research Institute Group Value Creation Model is supported by human resources with diverse expertise and our external networks. Our Think Tank & Consulting Services segment has about 1,000 researchers and consultants in a wide range of fields. Our IT Services segment employs talent with skills in diverse domains.

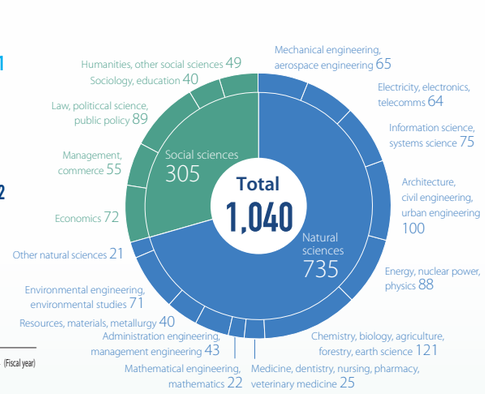
Through business activities based on our value creation model, we have also built industry–government–academia networks in a wide range of domains. By utilizing the Group's Human Foundation and external networks, we will contribute to resolving the gamut of societal issues.

● Diverse and highly-skilled professionals

□ Number of Employees at Mitsubishi Research Institute and Mitsubishi Research Institute DCS



□ Specializations of Researchers at Mitsubishi Research Institute (as of 30 September 2024)



□ Qualified IT professionals at Mitsubishi Research Institute DCS (as of October 2024)

IT strategists	20
Systems architects	57
Project managers	56
Network specialists	61
Database specialists	62
Embedded systems specialists	1
IT service managers	18
Information security specialists	101
System auditors	13
Applied IT engineers	524
Registered information security specialists	22
Senior telecommunications engineers	6
IT coordinators	27
Project management professionals (PMP®)	154

Total: 1,122

● Networking toward the resolution of societal issues

□ Number of startup members of Initiative for Co-creating the Future (ICF) (p. 66)



□ Number of joint research and partnerships

FY9/23 **23**

FY9/24 **30**

□ Number of startup collaborations

FY9/23 **1**

FY9/24 **8**

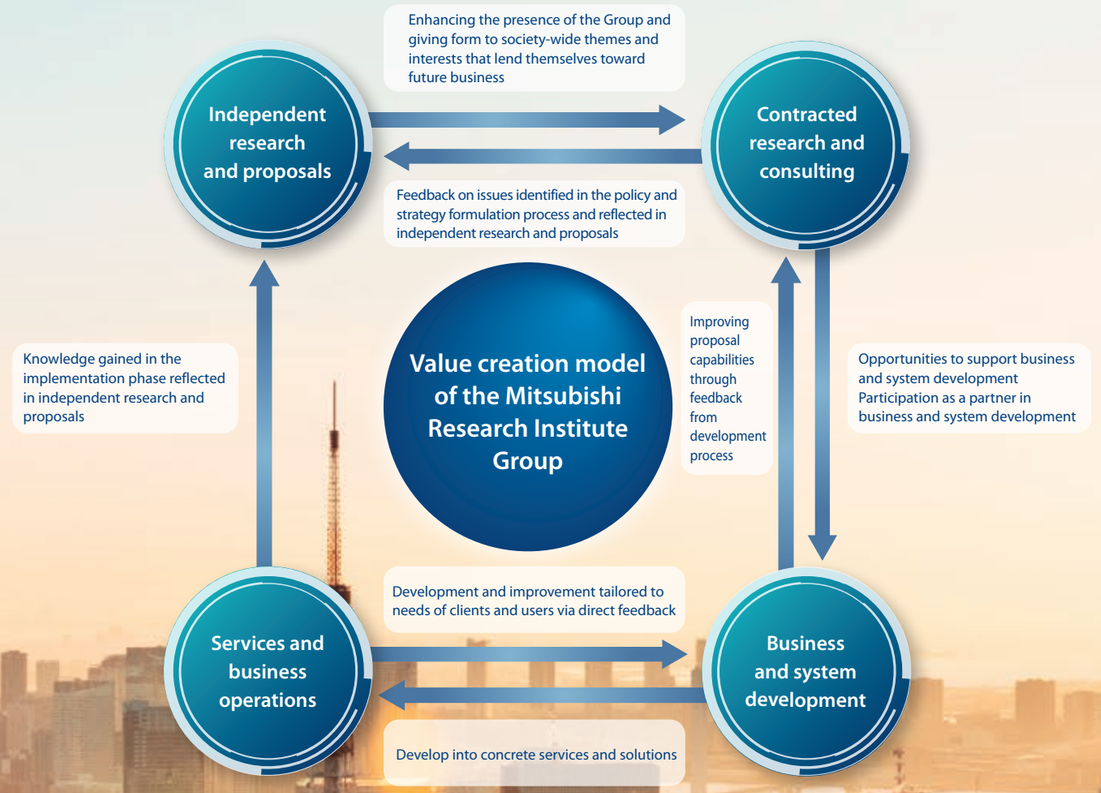
Features of Our Value Creation Model

We have built a business model that integrates the functions of our Think Tank & Consulting Services and IT Services segments to cover our entire value chain from upstream to downstream.

Through collaboration with clients, partners, and Group companies, we design policies and business strategies based on long-term forecasts and cross-sectoral research and proposals, and handle everything from implementing systems and services to operations.

Currently, we are working to strengthen both our independent research and proposals and societal-implementation functions to contribute to societal change.

We feed the insights gained throughout the value chain back into our independent research and proposals, and by focusing our contracted research and consulting work on projects that link to the deployment of real-world solutions, we aim to resolve societal issues.



Relationship between value creation model and business domains

Independent research and proposals	Contracted research and consulting	Business and system development	Services and business operations
A →	B →	C →	D →

Think Tank Function	Societal and Public Innovation Business	▶P27
	Digital Innovation Business	▶P29
	Financial System Innovation Business	▶P31

VCP management at Mitsubishi Research Institute

Mitsubishi Research Institute has operated under its internal Value Creation Process (VCP) Management for years (pp. 17–18). VCP Management is an approach that aims to generate greater outcomes by building an integrated value chain spanning the institute's four business phases: A) Research & Recommendations, B) Analysis & Conceptualization, C) Design & Testing, to D) Societal Implementation.

The firm achieves this by collaborating with clients, business partners, and Group companies. The efforts of VCP Management at Mitsubishi Research Institute serve as the driving force behind the Group-wide value creation model.

VCP Management features both vertical and horizontal facets: Vertically, we link the full suite of processes from research to solutions for a given domain. Horizontally, we undertake the work of a given facet in multiple domains. Our VCP Managers (VMs) leads such collaboration as a company-wide initiative, and at the VCP Committee for VCP Management, our leaders discuss specific measures for such collaboration.

Issues in strengthening VCP Management for the Group

In FY9/25, the existing VCP Committee will become the VCP Management Committee and we will further strengthen our businesses from a company-wide perspective through the promotion of VCP Management while responding to cross-departmental business issues. The essence of VCP Management is to contribute to resolving societal issues through business activities, to provide value to society, and to expand our business. It also serves to further strengthen these efforts.

Through our activities to date, our employees have taken up the fundamental principles behind VCP, resulting in awareness of and activities effectively connecting the proposed value chain. On the other hand, operational issues have become apparent, such as overlapping functions due to matrix-type organizational management and increased internal burdens related to reporting and sharing.

Moving forward, we will fortify our operations based on three perspectives in order to accelerate the development of business and expand our revenue scale under the scheme, thus further advancing VCP Management.

1	Organization	We will further integrate VCP activities and departmental plans to give our leading businesses a boost
2	Picking and focusing on priority domains	We will focus on expanding and strengthening the value chain to create new business domains and improve competitiveness
3	Addressing complex issues	The VCP Management Committee will handle complex societal issues that span multiple divisions. For example, we are considering enhancing our AI business on a company-wide level and fortifying our sales structure and strategy

Examples from the Societal and Public Innovation Business

The Societal and Public Innovation Business is focused on important policy areas in the public sector and material issues in the private sector. Here, we conduct research and analysis, design policy, and run demonstration projects. In particular, this business is spearheading our work in the HR & health transformation and green transformation priority domains under Medium-Term Management Plan 2026.

For green transformation and to achieve carbon neutrality by 2050, renewable energy must become the main power source, and society must successfully transition to a circular economy as soon as possible.

We envision a future that fuses carbon neutrality and circular economy. We have published this and accompanying scenarios for maximizing the effects of a proper fusion. This doubles as one foundation of the Societal and Public Innovation Business, and we working to support the development of technologies required for a carbon neutral world such as distributed energy resources like batteries, advanced operation of solar power systems, offshore wind power, and hydrogen.

Our services span policy design, feasibility assessments, and the agenda setting necessary for the achieving a circular economy. By providing services and applications to achieve these policies directly ourselves, we create social value and bring the world closer to the future we propose.



How we create social value: Our green-transformation business case

Societal issues	Independent research and proposals	Contracted research and consulting	Business and system development + services and business operations
Achieving carbon neutrality by 2050	Policies fusing energy and resource circulation	Sustainability management, circular economy	Procurement support for replacing systems of cross-regional institutions
Making renewable energy the main power source	Balance between decarbonization initiatives and stable resource procurement	Decarbonization, renewable energy, nuclear energy	Online information service for wholesale power trading (MPX service)
Transition to a circular economy as quickly as possible	Storage battery business in Japan	Electric power system reforms	Support services for business feasibility evaluations and practical operation of distributed energy resources (MERSOL service) Case 1
		Energy business and consumer carbon neutrality Case 2	Spatial load forecasting services (BlueGrid service)
		Energy and environment-related overseas expansion	

Working toward Japan's decarbonization and economic growth by leveraging MRI's unique position

I have lead multiple consulting projects for both the public and private sectors on Japan's carbon pricing system—a key element of the country's green transformation policies. With climate change playing an increasingly important role in both national policy and corporate management, the challenges faced by both these sectors are becoming increasingly complex by the day.

I spent time on secondment at the Ministry of Economy, Trade and Industry (METI) where I built up valuable experience working to resolve issues from the perspective of the government. My colleagues here at MRI come from such varied backgrounds and bring varied expertise, affording our firm a unique position.

I feel a sense of responsibility and find it worthwhile providing value to both the public and private sectors from this unique position as well as helping the country through its green transformation.



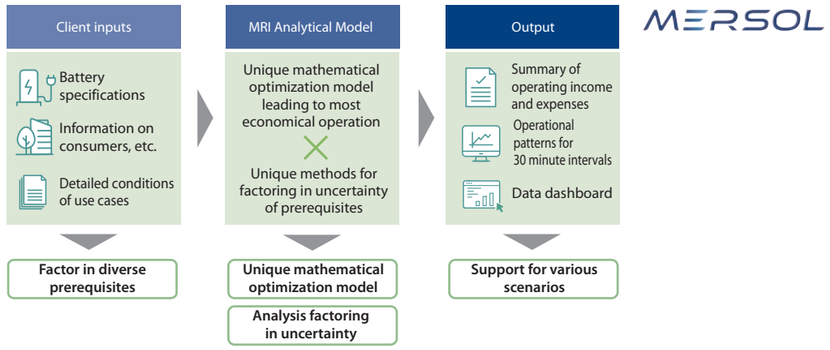
Kohei Takagi
Green Transformation Group,
Energy and Sustainability Division

Case 1. Services supporting business feasibility evaluations and practical operation of distributed energy resources (MERSOL)

Storage batteries are currently drawing particular attention for their role in the growing uptake of renewable energy. Yet storage batteries are complex to operate: They need to be optimized simultaneously to suit multiple applications and respond to rapidly changing business environments.

We developed MERSOL, a set of services supporting business feasibility assessments and practical operation of distributed energy resources. We are focusing on enhancing the profitability and predictability of renewables and storage battery projects. MERSOL provides medium- to long-term business feasibility assessments and support services for planning practical operations. This functionality was crafted in light of our expertise in system design and market forecasting, which we built up as a think tank. Running a continuous service like MERSOL ourselves bestows additional stable income to our business while serving as a new form of growth.

■ Outline of MERSOL service



Social value

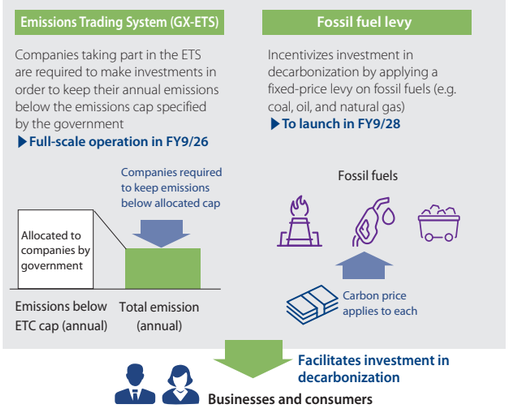
- Optimal operation of renewable energy storage batteries, grid storage batteries, consumer storage batteries, etc.
- Stable power supply system by utilizing distributed energy resources throughout Japan
- Increased renewable energy ratio for Japan

Case 2. Supporting Japan's carbon-pricing system in both public and private sectors

Central to Japan's GX policy is the carbon-pricing system—a policy that places an economic strain on CO_2 emissions to encourage investment into decarbonization. The Emissions Trading System (GX-ETS) in particular—which will come into full swing in FY9/26—is anticipated to have a significant impact on corporate management.

The Ministry of Economy, Trade and Industry has enlisted the Group to help design the details of the ETS system. In the private sector, we apply the knowledge we garnered through our policymaking work to consult and assist businesses as they invest in decarbonizing their operations. We are contributing to the green transformation of Japan on both the public and private fronts.

■ Outline of carbon-pricing system



Social value

- Created carbon-pricing system policies
- Facilitated private-sector investment in decarbonization
- Facilitating green transformation of Japan

Social Value Creation Through Our Businesses

Examples in the Digital Innovation Business

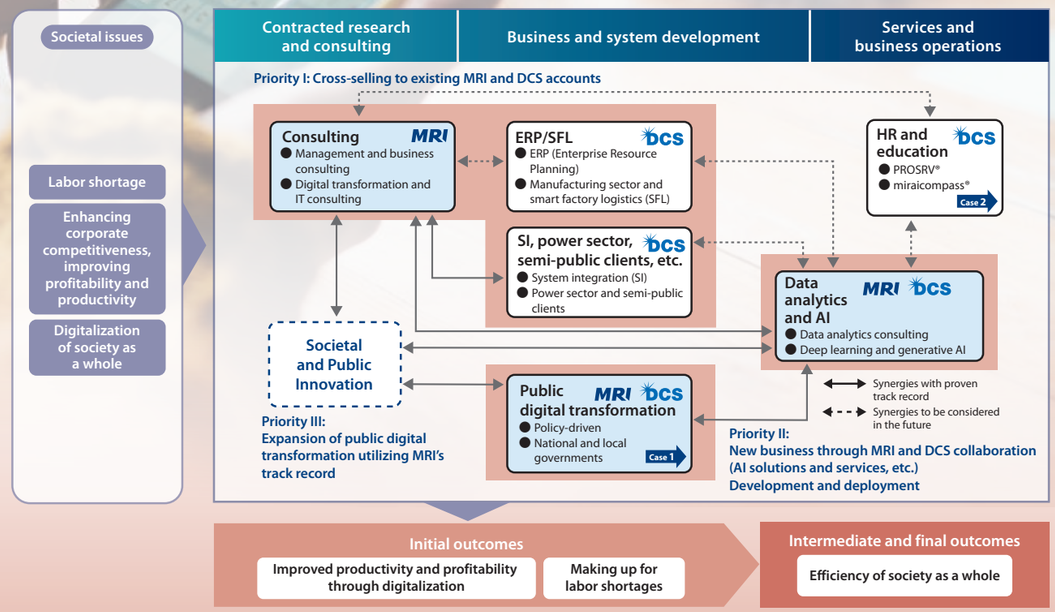
The Digital Innovation Business mainly engages in DX business that use digital technology to resolve societal and management issues in the general private sector and the public sector.

In the private sector, Mitsubishi Research Institute (MRI) and Mitsubishi Research Institute DCS collaborate to improve productivity and strengthen competitiveness for clients through by making use of data, applying AI, and accelerating digital transformation based on clients' management issues.

In addition, by expanding our service-type businesses in HR and education (e.g., PROSRV and miraicompass), we are helping to resolve labor shortages and improving productivity in both domains. We are also stabilizing and expanding the revenue of our Digital Innovation Business through these efforts.

Public sector is in dire need of digitalizing its organizations, including government agencies. Here, we collaborate with the research and consulting functions of the Societal and Public Innovation Business, which leverages our accumulated knowledge of policy, and work together with DCS, INES, and Japan Business Systems to implement policy objectives.

Outline of social value creation through business activities



A sense of involvement in building the future world

I am broadly engaged in IT consulting for government systems. Specifically, I provide support for IT planning, business and system improvement studies, defining requirements, procurement, process management, and other research activities.

Currently, I am working as a process management support provider in the Digital Agency's project to add individual-number card functionality to smartphones. This project requires both technical legal knowledge, including how laws are actually being applied, when considering actions to take. In addition, a large number of stakeholders are involved, making process management a challenge. But I feel a strong sense of fulfillment knowing that my work is helping to shape the future world.



Naoki Inoue
Digital Government Promotion Group, Public Consulting Headquarters

Case 1. Developing identity verification functionality for smartphones via individual-number cards

The Digital Agency is developing individual-verification functionality for smartphones via Japan's individual-number cards. The goal is to reduce the anxiety of and improving convenience when using individual-number cards. We are supporting development through our process-control services for the project.

Our support covers the full range of activities from designing business plans to public procurement and system development by IT vendors. Project requirements must be defined in light of legal and regulatory frameworks while activities must be coordinated with other relevant ministries and organizations. We are making use of our knowledge of regulations, our experience with systems, and our vast networks that we have acquired over the years.

Overview of project

Relationship between policy and goals

Policies	Output	Outcomes
Individual number Identification number for residents	More efficient and advanced administrative processes	Improved productivity
Individual-number card System and infrastructure for individual verification	Reduced social costs related to verification systems and infrastructure development	Innovation in development of societal infrastructure
Individual-number portal Infrastructure for communicating information between individuals and government	More thorough communciations and information accountability	

Services provided by MRI

1. Service for smoother use of individual numbers in administration work
2. Design of use cases for individual-number cards that are appealing to the public (service provision)
3. Services to make it easier for companies to use individual-number related infrastructure

Social value

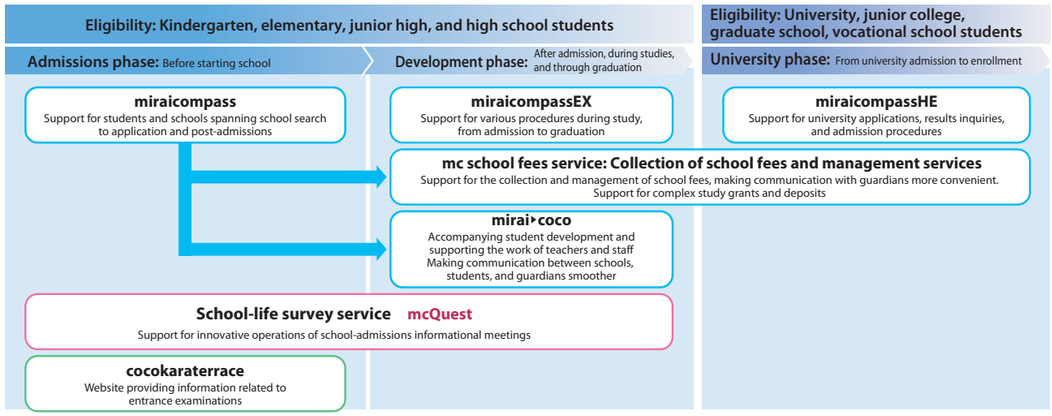
- Reduced social costs related to verification systems and infrastructure development
- Improved convenience of services for residents that are related to individual-number cards, facilitation of further use of individual number cards
- Enhanced administrative efficiency and sophistication

Case 2. mirai▶coco: Growth-oriented digital-transformation service for schools

mirai▶coco® is a one-stop digital-transformation service for operations at schools aimed at supporting the future of education. It launched in April 2024 and combines IT with educational data to boost the efficiency of teachers' work and give them more time for teaching. The service also provides schools and guardians with assistance in nurturing the development of students. It has been added to our miraicompass® series of solutions, which integrates student school search, enrollment, and examination procedures. The added functionality further positions our services as a platform and infrastructure for the digital transformation of education.

We are working on expanding functions for boosting the efficiency of teachers' work, which is continually growing in complexity. Teachers must now take into consideration factors such as diversity, personalized optimal learning, and their own workstyle reforms. We aim to help educators with all of these as well as to implement digital transformation across the educational field, thus improving the quality of education.

miraicompass Series



Social value

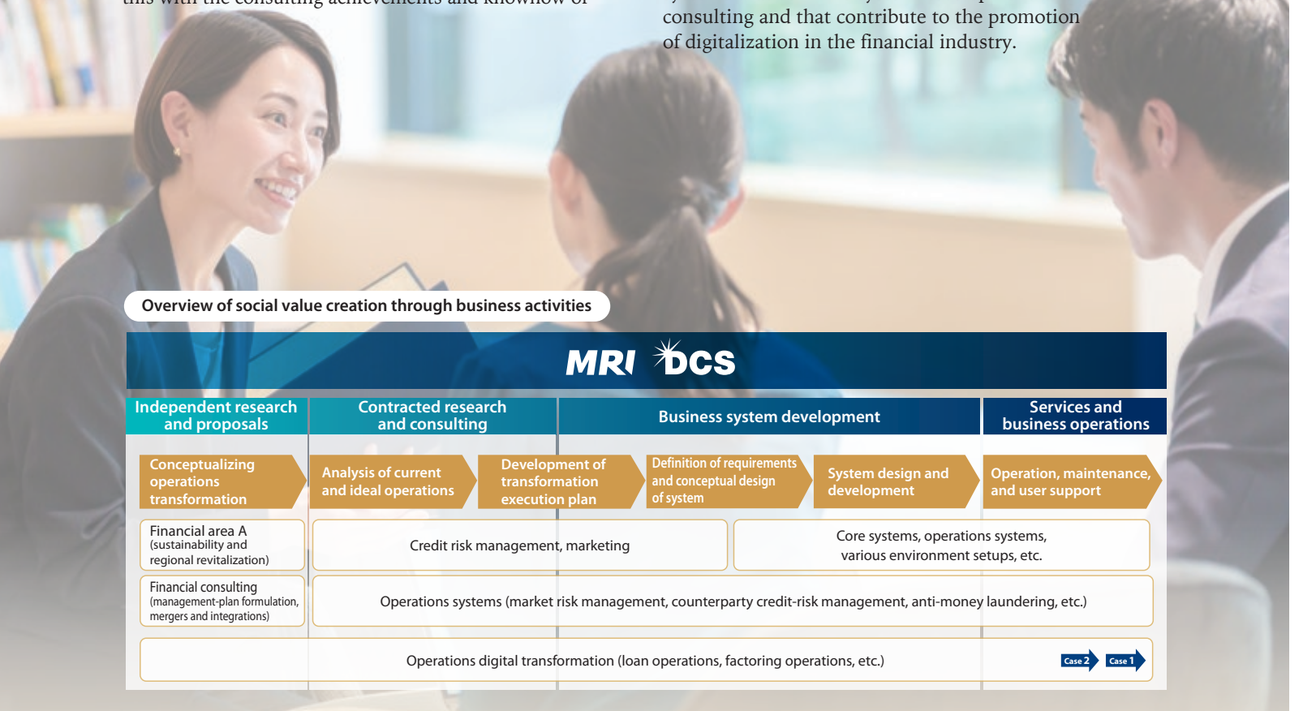
- Improved efficiency in teachers' work, giving them more time to focus on teaching
- Facilitating digital transformation across education, contributing to improved quality of education
- Support for development and growth of future generations

Case studies in the Financial System Innovation Business

The Financial System Innovation Business establishes us as the main vendor for our clients. This enables us to act as a business partner not only for developing and operating financial systems but also for resolving business issues.

Mitsubishi Research Institute DCS boasts a solid track record and knowhow in large-scale system development for core customers cultivated over many years. By combining this with the consulting achievements and knowhow of Mitsubishi Research Institute (MRI), we strive to deliver value through Group collaboration. This broadens our activities to cover independent research and proposals to contracted studies, digital transformation consulting, service development and implementation, and system operation and maintenance, all strengths of the Group.

We are pioneering new business areas in financial systems that combine system development and consulting and that contribute to the promotion of digitalization in the financial industry.



Overview of social value creation through business activities

MRI DCS

Independent research and proposals	Contracted research and consulting	Business system development			Services and business operations
Conceptualizing operations transformation	Analysis of current and ideal operations	Development of transformation execution plan	Definition of requirements and conceptual design of system	System design and development	Operation, maintenance, and user support
Financial area A (sustainability and regional revitalization)	Credit risk management, marketing			Core systems, operations systems, various environment setups, etc.	
Financial consulting (management-plan formulation, mergers and integrations)	Operations systems (market risk management, counterparty credit-risk management, anti-money laundering, etc.)				
Operations digital transformation (loan operations, factoring operations, etc.)					Case 2 Case 1

Optimal system construction aligned with clients' business strategy

I have been involved in proposing, developing, and maintaining loan screening systems (loan screening business support solutions) for regional banks. I have also worked on expanding product offerings and adding functions in line with clients' business strategies, not just ending with system implementation. Additionally, as related work, I was able successfully build of a Group credit life insurance contract-management function and Japan's first personal loan application system that enables native app control of tablets from a thin client. Although coordination with stakeholders and business efficiency improvements are not achieved overnight, we support business expansion while resolving various issues. While experiencing personal growth through daily trial and error, I want to continue taking on challenges to resolve clients' issues and contribute to their businesses.



Takuya Kishida
Payment & Transaction Systems Development Division No.1, Group No. 5, Mitsubishi Research Institute DCS

Realizing the ideal state of customer operations centered on service provision

I provide financial institutions with support in improving and streamlining their loan operations. I have also been taken part in developing and providing our Assessment AI service, an AI-based automated loan-screening service.

While the use of cutting-edge technologies like AI can significantly boost efficiency, blindly adding functions without adapting existing operations will only be met with mediocre results. We provide services and also support the overall optimization of customer operations, including reviewing existing systems. By using specific services as a common language to communicate with all layers from the field to management, I feel a great sense of fulfillment in being able to promote initiatives together with customers in a tangible way.



Shoichi Inaba
Financial Innovation Group, Financial Consulting Division

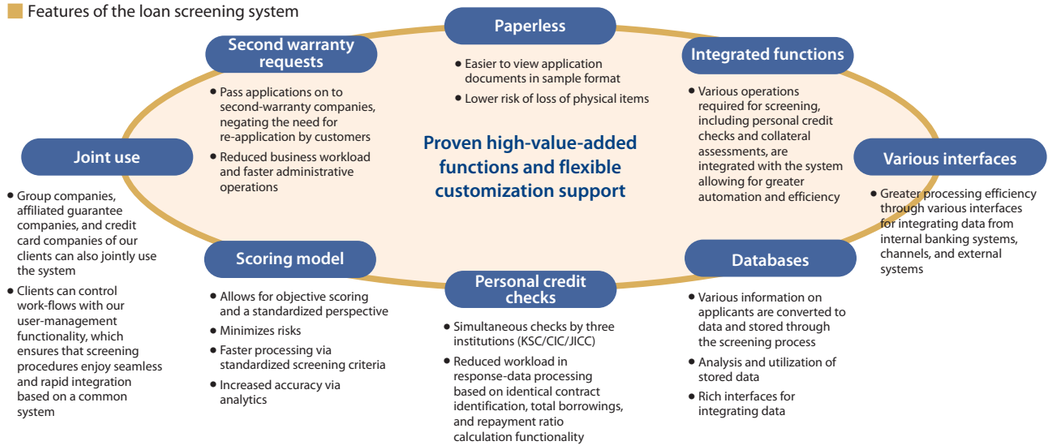
Case 1. Loan screening system: Loan screening business support solutions

We operate a loan screening system that supports related work. Designed was based on our business and technical expertise cultivated by DCS, a leader in this field, over the course of two decades. Enhanced, high-value-added functions reduce the workload at sales branches while integrated functionality makes it possible to centralize otherwise disparate processes at headquarters and facilitate automation and efficiency improvements. We place the highest priority on resolving the business issues our clients face, and we tailor our proposals and solutions to the issues and strategies of each client.

Social value

- Efficient screening operations based on abundant experience providing support
- Resolving business issues faced by customers based on flexible customization

Features of the loan screening system



Case 2. Assessment AI service: AI automation of loan screening process

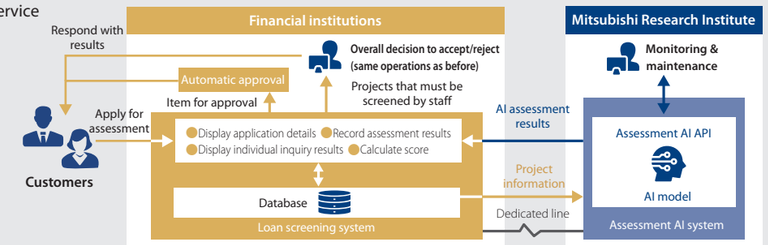
Our Assessment AI service supports the digital transformation of loan screening operations. They are made more advanced by improving their speed, automation, and stability. We make this possible by training AI to substitute in on loan screening decisions traditionally performed by staff.

Loans can even be screened in realtime by connecting our Assessment AI system to the loan screening systems of financial institutions. Maintaining close communications between staff in charge of operations and system vendors helps to achieve optimal service implementation that is at the same time based on existing operations and systems.

Social value

- Digital transformation of loan screening operations based on abundant expertise with financial operations
- Solutions that mesh with existing operations and systems

Overview of Assessment AI service



Long-Term Outlook

New Vision for the Future of Society: Co-creating the future with AI

In May 2025, we published a new long-term outlook on the future of society. Co-creating the future with AI was the main theme of the publication, and through it we present a path toward a prosperous and sustainable world. The report takes a bird's-eye view of global trends toward 2040 before chronicling Japan's challenges.

Going forward, the key for Japan to realize a prosperous and sustainable world will be digital technologies, including AI. By utilizing digital technologies, Japan can be expected to further strengthen its globally competitive industries, and in public sectors such as healthcare, nursing care, and societal infrastructure, the potential to improve productivity will greatly expand.

Utilizing digital means to maximize these opportunities and achieve such reforms will be Japan's last chance to achieve a prosperous and sustainable future.

The Group will contribute to achieving a desirable future world by developing businesses that address the societal needs heightened by these themes.

Global themes through 2040

1 Destabilization of international affairs

- Prolonged Russian invasion of Ukraine and turmoil in the Middle East
- Solidarity among authoritarian countries and strengthened relations with the Global South
- Impact on trade and security due to the US's America First policy

2 Transition to a decarbonized, circular society

- Growing interest and progress in initiatives by developed countries
- Soaring energy prices and resource hoarding related to decarbonization
- Shift from ideal-driven to pragmatic responses

3 Advancement of the digital society and uptake of AI

- Greater efficiency and value through generative AI utilization
- Widening disparities and rapid increases in power consumption
- Seeking a balance between strengthening competitiveness through AI and regulations including those for social responsibility

■ Toward the realization of a prosperous and sustainable world



https://www.mri.co.jp/knowledge/insight/ecovision/20250526.html

Importance of our capability to implement solutions to societal issues

The issues that accompany the three themes of society's future will grow in complexity, and issues presently unforeseeable are sure to crop up one after another. Amid such uncertainty, past experience and expertise can lack in efficacy—the times shall call for realistic solutions that take into account the latest technical developments, social circumstances, and economic situation.

Even resolving issues within a single domain of knowledge, industry, or organization will also grow in difficulty, and in an increasingly diverse society it will be challenge to build consensus on how to recognize and respond to such issues in the first place. Divergent interests will necessitate collaboration across domains and organizations. Key will be how we harness digital technology, including AI. Ever more important will be partners that are able to think and act together.

Our domains and their significance

In light of such needs, the Group has set three priority domains for resolving societal issues through business: human resource and healthcare transformation, green transformation, and digital transformation (p. 22). These three domains also correspond to the three themes of future society and provide us with perfect opportunity to make full use of our existing business infrastructure, including knowledge spanning multiple domains as a comprehensive think tank, networks with both the public and private sectors, and our capabilities in the real-world application of solutions. The three domains will strengthen our business foundation.

Effectiveness of our Group-wide value creation model

Our Group-wide value creation model is founded in a broad perspective of long-term developments, like those featured in our *New Vision for the Future of Society*. In this model, we are able to apply our independent research and proposals directly to our real-world solutions.

We cover all stages, from the design of policies and business strategies to their actual implementation, incorporating these into solutions, and operation of these solutions as real-world services. This work targets society-wide issues that we address in our communications and demonstrates our ability to go far beyond idealistic theory. The insights we gain from operating services ourselves are then fed back into our independent research and proposals, ensuring that we promote realistic concepts.

We help forge new markets and ecosystems based on industry changes driven by IT and by leveraging our relationship capital to engage with diverse business entities and coordinate the co-creation of new businesses.

Long-Term Outlook

Our goals for 2030

We aim to capture growth opportunities and secure strategic flexibility by enhancing our presence as a corporate group leading societal change for the future and resolving issues together with clients and partners based on our advanced knowledge and reliable technology toward 2030. To achieve this, expanding business scale is an important factor.

We will increase the resources for growth to become a company chosen by clients, employees, shareholders, and society. To realize this, collaboration centered on the Group is important, so resolving societal issues has become the foundation for the entire Group and the driving force for achieving our goals.

Issues underlying our goals for 2030

We recognize that missing out on opportunities in important societal topics through 2030, as shown in the table below, is a risk for the Group. Capturing growth opportunities and contributing to Japan's global leadership through policy proposals and IT solutions to resolve societal issues will bring the Group growth. There are three issues to be addressed to achieve this, and they form the background of our long-term outlooks.

Opportunities based on major societal topics through 2030

Major Societal topics through 2030	Opportunities for the Mitsubishi Research Institute Group
Multipolarization of international power	● If Japan leads the way in responding to these trends, it can secure an important international position
Expansion of the digital economic sphere	● The superiority of a business model that consistently handles everything from policy proposal to societal implementation of IT solutions will increase
Declining birthrate and aging population	● There will be a growing need for the development and practical application of rules and systems
Advancement of generative AI	● Growing need to balance resolving societal issues and economic sustainability
Carbon neutrality	
Circular economy	
Enhancing resilience	

Issues

- Expansion of scale and recognition in business and IT solution domains targeting private companies
- Collaboration among Group organizations across business domains and fields
- Pursuit of profitability exceeding capital costs

Our goals for 2030

A corporate group leading societal change for the future, resolving issues together with clients and partners based on our advanced knowledge and reliable technology

By expanding scale, we will secure stakeholder trust and presence in society, capture growth opportunities, and increase strategic flexibility

Framework of Medium-Term Management Plan 2026

Positioning of MP2026

Our Group has positioned this Medium-Term Management Plan 2026 (MP2026) as the step phase in our triple-jump analogy of three consecutive management plans starting from the previous MP2023 and through to our long-term goals for 2030. However, the financial results for the first year of MP2026 (FY9/24) showed a decrease in sales and profits compared to the previous year, falling short of the initial plan. In addition, since the same is true for the first half of FY9/25, we have revised downward our full-year earnings forecast for FY9/25. Given these points, we have to judge that achieving the target level for the final year of MP2026 (FY9/26) is also a difficult situation, and we are currently restructuring the positioning of our goals for 2030, MP2026, and our growth policy beyond that.



MP2026 Basic Policy and growth targets

In MP2026, we will build on the foundation established in MP2023 to further strengthen our value proposition across Group-wide business domains. By proactively responding to changing topics of societal interest and client needs and by leveraging the strengths of the Group, we will capture robust demand and pursue profitability that exceeds our business scale and capital costs.

With this at its core, MP2026 sets out basic strategies mainly for our business, our foundations, and our value creation, also taking into account perspectives such as accelerating sustainability management and the continuous growth of our people and organizations. In our business strategy, we reorganized into four business divisions in 2023 and are working to strengthen of our value proposition centered on Group collaboration. The following points are central to this:

○ Advance selection and concentration in areas where market growth is expected and the Group demonstrates potential. With consideration for affinity with our value creation strategy, we will expand the digital transformation business and boost our green transformation and human resource and healthcare domains

○ Qualitative reform of our core businesses for the public sector and financial institutions

○ Expansion of service business and increase in net sales ratio

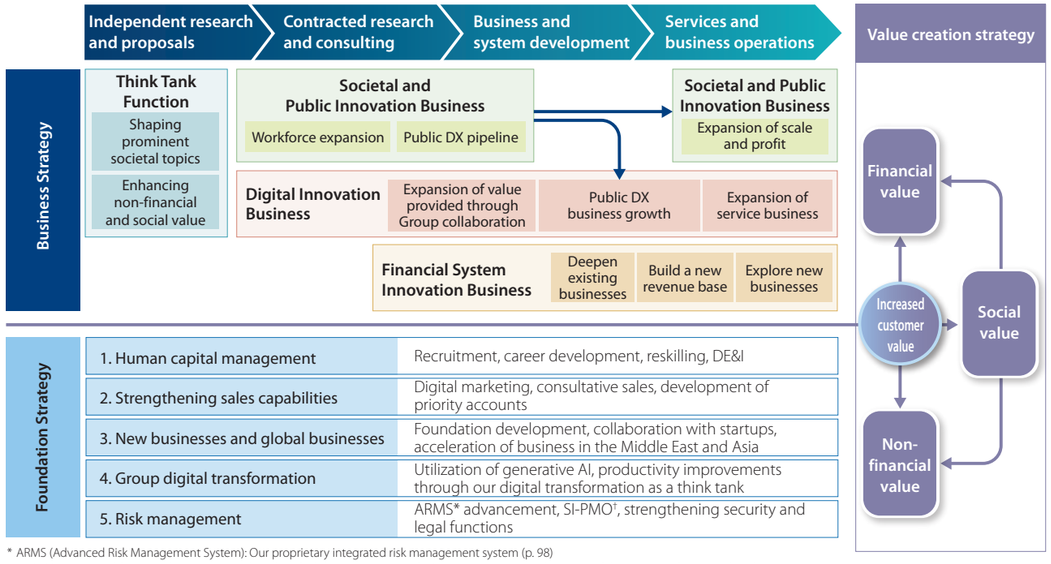
○ Optimization of timing for human resource assignments and transfers in line with business progress

Through our foundation strategy, we will strengthen five Group-wide foundations—human capital management, sales capabilities, new businesses and global businesses, Group digital transformation, and risk management—to underpin growth (pp. 41–42).

In our value creation strategy, to enhance our ability to resolve societal issues and increase the sustainability of both our company and society, we will realize the circulation and expansion of our value triad: social value, non-financial value, and financial value. Through this, we will advance sustainability management and aim to become a corporate group chosen by stakeholders.

By steadily executing these three strategies, we have worked to achieve our FY9/26 performance targets; however, as previously mentioned, we are currently reviewing these target levels in light of the progress of MP2026.

■ Basic Policy



* ARMS (Advanced Risk Management System): Our proprietary integrated risk management system (p. 98)
† SI-PMO: An internal function that supports risk and profitability management for SI projects to ensure the successful execution of large-scale solution projects

Future key initiatives for improving profitability

To realize the long-term outlook indicated in Our goals for 2030, we will address the issues identified in the first year (FY9/24) of MP2026 by implementing the following key initiatives. Additionally, considering the feasibility of achieving the final year targets of MP2026, we are re-examining our path to future growth.

● Selection, concentration, and qualitative reform of businesses

We will capture robust consulting demand from both the public and private sectors, focusing on the three priority domains: green transformation, digital transformation, and human resources (HR) and healthcare transformation. For green transformation, this includes power solutions and global projects; for digital transofmation, this includes consulting, big data analytics, and generative AI-based solutions and services. For HR and healthcare transformation, we will expand management consulting related to human capital management and solutions in the medical and long-term care fields.

In parallel, the IT Services segment, which is responsible for IT implementation and service functions, will strengthen its sales structure to acquire new clients in the finance, payment, and transaction business in anticipation of the peak-out of its large-scale projects. It will also focus on ERP-related solutions and horizontal expansion of big data-related services in the industrial and public sector businesses.

Since the previous MP2023, we have focused on shifting our business portfolio to increase the proportion of non-labor-intensive businesses by developing and launching new service-oriented businesses. As a result, our energy-related domains have seen steady growth among our new businesses, and energy-related services are contributing expansion of our net sales and profits. On the other hand, in FY9/24, we withdrew from four unprofitable businesses. Going forward, we will continue to assess struggling areas while actively investing in fields with promising prospects.

● Improvement of human resources and productivity

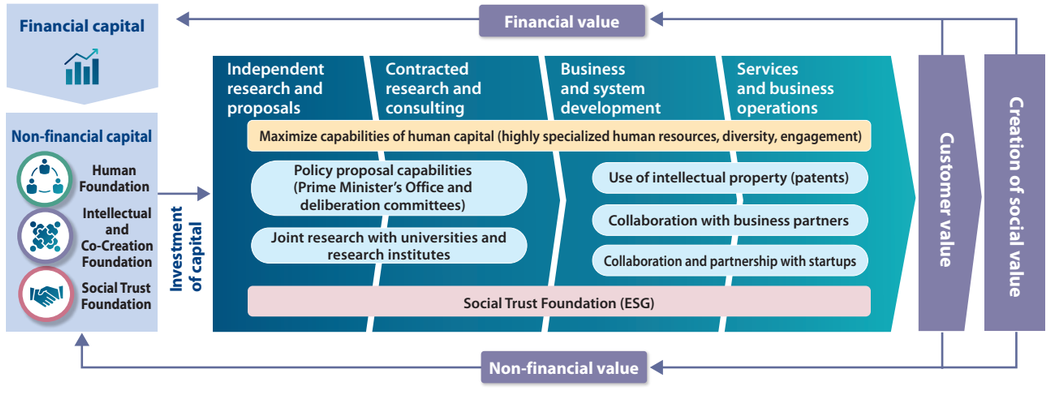
To enhance profitability, improving productivity per person is essential. We will continuously improve productivity by combining measures such as instilling pricing awareness, increasing the rate of paid utilization, reducing expenses through our own think tank digital transformation, reallocating personnel to profitable businesses, promoting senior participation through human-resource policy revisions, and organizational reskilling in response to increased hiring.

● Promotion of non-organic growth

In preparation for full-scale initiatives in MP2029, we will work to identify non-organic opportunities and consider business expansion through collaboration with startups.

Medium-Term Management Plan 2026's Value Quad

Overview and progress of our value quad



Non-financial value fortifying business model

Non-financial value	Approach to setting indicators based on MP2026	Category	Indicator	2024 results	2025 targets	2026 targets
Human Foundation	**Cultivation of human capital** The source of the Group's competitiveness is its ability to continually improve on its capacity to provide solutions to society, and to do this, increasing our human capital is essential. To secure talented individuals and develop our workforce, we are cultivating our human capital by encouraging employees to take advantage of high-quality training programs.	Training	Average number of training sessions per person*	2.68	2.5	2.7
	Maximizing our people's potential Our talent is diverse, and we seek to ensure an environment where all are motivated and bring out the best of one another. We actively promote diversity, equity, and inclusion (DE&I), including measures to support the success of women and to maintain a high level of individual engagement.	Diversity	Women among new hires†	28.2%	33%	34%
		Engagement	Engagement Score	72.1	Maintain above 70	Maintain above 70
Intellectual and Co-Creation Foundation	**Increasing our intellectual capital** Our core competitiveness is the combination of our human capital and our intellectual capital—the knowledge and intellectual assets we have accumulated through our independent research and proposals and business activities. We actively use our intellectual capital to identify policymaking important to achieving our vision for the future, provide policy and strategic direction on how to achieve this future, and earn opportunities to participate in government councils including those of the Prime Minister's Office and deliberation committees. We also seek to increase our intellectual capital by strategically acquiring the rights to our intellectual assets.	Research and proposals	Number of committee member appointments	162	Year-on-year increase	Year-on-year increase
		Intellectual property	Number of patent applications and registrations	Applications: 9 Registrations: 12	Applications: 12 Registrations: 9	Applications: 13 Registrations: 10
	Broadening our co-creation platform We are broadening our platform for co-creation activities by searching for startups working to cultivate future businesses and deepening collaborations with our business partners. A bigger platform will enable us to apply the Group's human and intellectual capital to finding solutions to societal issues that are too complex, expansive, and diverse for us to address on our own.	Collaboration and partnership with startups	Membership of Initiative for Co-creating the Future (cumulative)	256	230	250
			Partnerships	8	7	10
		BP‡ alliances and joint research with universities and research institutes	Joint research contracts	30	30	35
Social Trust Foundation	**Contributing to the global environment** The Group will continue to fulfill its corporate social responsibility to help build a prosperous and sustainable world and establish sustainable growth for the Group. Advancing initiatives for decarbonization is a central part of our activities to contribute to the global environment.	Achieve carbon neutrality	Renewable energy ratio	38.2%	40%	45%
			GHG emissions	5,917 tCO_2e	6,800 tCO_2e	6,400 tCO_2e
	Fortifying governance Governance is one foundation of social trust. We continually seek to fortify governance within the Group by promoting compliance and improving our risk management.	Risk and compliance	Serious legal violations	0	0	0
	Brand and trust We maintain the highest standards in order to maintain trust in the Group and the reputation of our brand.	Customer trust	Customer satisfaction	4.53	Above 4.5	Above 4.5

* Group-led training sessions only. Excludes voluntary participation by companies or organizations. Includes in-person and online sessions
† Percentage of women among new university graduates hired by the Group on April 1 of each year ‡ Business partner

Main customer value

We look to create social value by investing financial and non-financial capital in various business activities and resolving the issues faced by our clients. The customer value provided by the Group through each business is as follows.

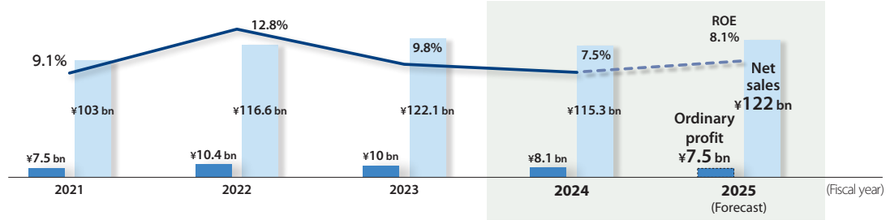
❶ Think Tank Function Here, we conduct independent research and proposals in policy, economics, science, and technology. We inspire action in stakeholders by identifying societal issues and presenting concrete measures that contribute to their solution.

❷ Societal and Public Innovation Business We help other countries with their policies in fields such as the environment, energy, ICT, medicine, welfare, and long-term care. To do so, we enhance feasibility and effectiveness through fundamental research and demonstration projects, linking them to actual measures and systems.

❸ Digital Innovation Business We offer technologies and solutions such as digital transformation, data analytics, and AI tailored to clients' issues. Through these we drive management and business model transformation and improve productivity through operational efficiency.

❹ Financial System Innovation Business By developing and operating highly reliable systems and updating them in line with international regulations and frameworks, we support the financial infrastructure that underpins society and the economy, ensuring stable and continuous operations.

Financial value



Social value

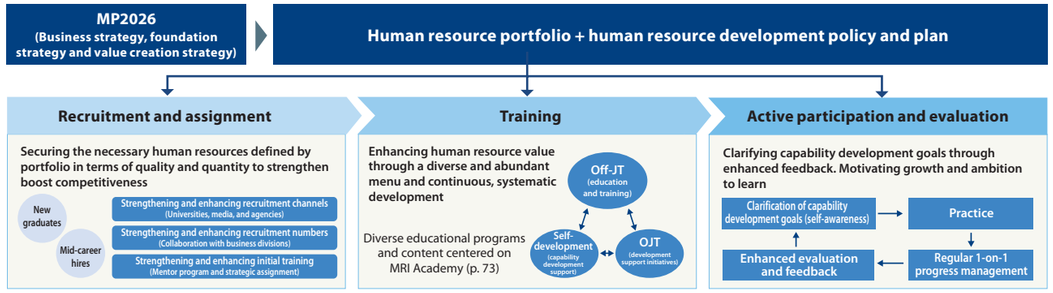
Social value	Approach to setting indicators based on MP2026	Category	Indicator	2024 results	2025 targets
Social value targets based on material issues	We have used the three themes from our material issues as our concrete targets to realize a prosperous and sustainable world. We have chosen three main business fields to match these: human resources and healthcare, green transformation, and digital innovation. We aim to assess and maximize the social value provided to clients through our business activities.	Individual wellbeing	HR and healthcare business sales (¥ bn)	12.7	14.0
		Societal sustainability	Green transformation business sales (¥ bn)	6.1	7.0
		Technology transforming society	Digital innovation business sales (¥ bn)	27.9	32.0
Social value created by Group strengths	We have also defined the social value created by our Group's strengths into three similar veins. The first is the value we provide through our knowledge of policy. This is indicated by the net sales of our public sector business. The second is how we will shape societal trends through our proposals and communications, evident in the amount of media coverage we receive. The third is our development of startups via co-creation, evident in the number of startups that we cultivate.	Knowledge of policy	Public sector revenue (¥ bn)	32.1	Not disclosed
		Proposals and communications	Number of media interviews (yearly)	273	280
		Co-creation	Number of startups we have guided (cumulative)	43	50

Five policies and progress

Human capital management: Maximizing the value of human resources

Policy In Medium-Term Management Plan 2026 (MP2026), we are crafting a human resource portfolio, hiring, training, and reskilling to close the gap between our ideal portfolio and the current situation. We are also promoting initiatives themed on health-focused management and work-life balance while strengthening the DE&I promotion system to enhance DE&I and engagement.

Progress In FY9/24, we formulated our human resource portfolio and reviewed our comprehensive program for human resource development and career development support. We have established an organization to promote DE&I and are advancing initiatives according to our roadmap (pp. 69–78).



Strengthening sales capabilities

Policy In MP2026, we are working to strengthen sales capabilities for growth through Group collaboration. To acquire new clients in the private sector, we share sales strategies within the Group and proactively work on digital marketing and promotions. We strive to comprehensively strengthen our sales capabilities as a Group.

Progress At Mitsubishi Research Institute (MRI), we have consolidated company-wide sales functions and our membership platform function* to comprehensively strengthen relationships with customers and members. From FY9/24, Mitsubishi Research Institute DCS has strengthened the activities of its newly established consulting sales division, further invigorated collaboration through personnel exchanges, and enhanced proposal and consulting functions to expand the Group's value proposition.

* Membership platform function: the Initiative for Co-Creating the Future (p. 66)

New businesses and global businesses

New businesses: Strengthening exploration and development

Policy We constantly strive for ambidextrous management, expanding the profits from our core businesses while investing in growth businesses to nurture the next generation of core businesses over the long-term. For our new businesses, we aim to improve profitability by strengthening the exploration and development of non-labor-intensive businesses and growing the businesses we have successfully created. Specifically, we will increase the proportion of service businesses, including PROSRV®* and miraicompass®†, where Mitsubishi Research Institute DCS excels, to around 10% of net sales.

* PROSRV®: A collection of cloud-based outsourced services related to human resources and payroll
† miraicompass®: Internet application service for kindergarten, elementary, junior high, and high schools

Progress In order to generate, develop, commercialize, and scale up diverse new business ideas that leverage the unique strengths of the Group, we have consolidated previously dispersed and overlapping functions—incubation, develop systems, and support for strategic investment—and strengthened them as a common foundation. Through selection and concentration in business development, we will further clarify the businesses that our Group should further pursue, while also advancing business alliances with partner companies, including startups. (Example of service business by Mitsubishi Research Institute: Business feasibility assessment and operational support service for distributed energy resources MERSOL → p. 28)

Global business: Accelerating business development

Policy We strive to help resolve societal issues around the world. For this, we are building frameworks for public–private collaboration with local entities. We are starting to do so first from our offices in such as Hanoi and Dubai. We are promoting our consulting services and participation in businesses. We are also working to expand our global business by supporting the overseas expansion of Japanese companies with advanced expertise as well as through collaboration with startups looking to expand abroad.

For our Think Tank Function, we are strengthening collaboration with local research institutions in the US, Europe, and Asia. Together, we gather information and conduct joint research on international affairs and other topics. We will continue to improve the quality of our independent research and proposals and provide the world with information in a timely manner.

Progress The Group has a presence in ASEAN and the Middle East, and we have designated them as focus regions. We are selecting key global businesses and forming projects through strategic development based on our experience to date. In July 2024, we established a local subsidiary in Hanoi, Vietnam, to strengthen our local responsiveness, expand and deepen collaboration with overseas business partners, and enhance the recruitment and development of overseas human resources.

At the same time, by utilizing our US base, which began full-scale operations in the same period, we are working to expand our service business by strengthening our consulting and our work representing overseas technologies and services in Japan. Here, we look toward license sales for solutions from international partners and to help overseas clients and business partners in developing businesses in Japan.

Digitally transform the Group

Policy We will further advance our think tank digital transformation, underway since MP2023. Specifically, we will significantly improve overall Group productivity by accelerating its digital transformation—strengthening functions like generative AI utilization, briefing digital transformation, project management digital transformation, and renewing our core systems. We also aim to contribute to the Group's business revenue by standardizing these tools and offering them externally.

Progress In July 2024, we announced the expansion of our LaLaSapo®* lineup of tools for professionals in planning, sales, and technical roles. LaLaSapo® supports the safe and rapid introduction of generative AI technology, and we look to develop it into a comprehensive solution based on AI tools. (think tank DX → p. 64, LaLaSapo® service lineup → p. 63)

* LaLaSapo® (LArge LAnguage model SUPPOrt): A comprehensive suite of services for total business support that utilize ChatGPT technology

Overview of LaLaSapo® services provided by Mitsubishi Research Institute



Risk management

Policy With the expansion of our business in line with our goals for 2030, the number of large-scale projects and business formats not previously seen is increasing, making project management increasingly important. In addition, in the development of new businesses, there is a risk of facing situations where we lack accumulated experience and expertise, requiring early identification and prompt response to risks. Therefore, we are working to further advance risk management across the Group.

Progress In FY9/24, we introduced key risk indicators (KRIs) and started to enhance our risk monitoring. Predictive monitoring using the KRIs enables us to identify and manage shifting risks. This in turn strengthens our project management, legal, and information security functions for developing systems across the Group. (Information security → p. 84, Risk management → pp. 97–98)

Financial and Capital Strategy



With an eye on improving profitability, we will steadily advance the transformation of our business structure and profit base.

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

■ FY9/24 results by business as set in MP2026

(Yen)

Main businesses		FY9/24 results	Year-on-year (change rate)	Vs. plan
Societal and Public Innovation	Net sales	¥39.6 bn	-¥5.5 bn (-12%)	-¥0.4 bn
	Profit	¥10.4 bn	¥0.2 bn (+2%)	-¥0.4 bn
	Profit margin	26.5%	+3.7P	-0.9P
Digital Innovation	Net sales	¥27.9 bn	¥2.2 bn (+9%)	-¥1.0 bn
	Profit	¥7.5 bn	¥2.1 bn (+40%)	¥0.4 bn
	Profit margin	27.0%	+6.0P	+2.5P
Financial System Innovation	Net sales	¥48.7 bn	-¥2.4 bn (-5%)	-¥1.2 bn
	Profit	¥10.9 bn	-¥1.7 bn (-14%)	-¥1.2 bn
	Profit margin	22.5%	-2.2P	-1.9P

* Some businesses promoted in collaboration are listed in both the Societal and Public Innovation Business and the Digital Innovation Business
* The profit here refers to so-called gross profit (net sales gross profit). Also, since there are figures outside this scope, such as company-wide indirect expenses, the total does not match the consolidated net sales gross profit

■ Consolidated results (YoY)

(¥ mn)

	FY9/23	FY9/24	Year-on-year		Published forecast (30 Jul. 2024)	Difference from published forecast
			Amount of change	Rate of change		
Net sales	122,126	**115,362**	-6,763	-5.5%	116,000	-637
Net sales gross profit	25,984	**25,419**	-564	-2.2%	—	—
Net sales gross profit margin	21.3%	**22.0%**	+0.7P		—	—
Selling, general and administrative expenses	17,295	**18,358**	+1,063	+6.1%	—	—
Operating profit	8,688	**7,060**	-1,627	-18.7%	7,500	-439
Operating profit margin	7.1%	**6.1%**	-1.0P		6.5%	-0.4P
Ordinary profit	10,002	**8,147**	-1,855	-18.5%	8,800	-652
Profit attributable to owners of parent	6,287	**5,003**	-1,284	-20.4%	5,200	-196
Basic earnings per share (yen)	392.27	**316.44**	-75.83		328.88	-12.44
ROE (return on equity)	9.8%	**7.5%**	-2.3P		—	—

Decline in revenue and profit due to reduction in large-scale projects

The financial results for the first year of MP2026, FY9/24, were net sales of ¥115.3 billion, down ¥6.7 billion and ordinary profit of ¥8.1 billion, down ¥1.8 billion. Our ROE came in at 7.5% and we posted short of our initial plan. We were aiming for net sales of ¥118.0 billion and ordinary profit of ¥10.0 billion.

In the Think Tank & Consulting Services segment (TTC), the main reason was the loss and reduction of large-scale telecommunications-related projects for the public sector, which had been a driving force during MP2023, as well as the failure to accumulate new projects as expected. In our IT Services segment (ITS), revenue declined due to the peaking out of large-scale system projects in the financial and credit card (business) field, while revenue and profit decreased due to upfront investments in human resources and systems for future growth.

The table shows FY9/24 results via the lens of Group's revenue by the three business axes set in MP2026. Both the Societal and Public Innovation Business and the Financial System Innovation Business fell short of targets in terms of sales and profit, but the Digital Innovation Business, which is expected to see high growth in MP2026, achieved a 9% increase in net sales and a 40% increase in profit year-on-year. This is growth in line with the direction aimed for in the management plan.

Initiatives for management conscious of share price and capital cost

The Tokyo Stock Exchange made a request in March 2023 regarding management conscious of capital cost and share price. MP2026 was formulated after sufficient consideration of capital cost and other factors, and targets were set and disclosed. But in April 2024, the Group once again disclosed its thinking and policy on management conscious of capital cost and share price.

We recognize our capital cost as approximately 7% based on CAPM, but when calculated based on dialogue with investors and other criteria, we estimate that the capital cost required by the stock market is around 9–10%. Meanwhile, our Group's ROE is 7.5% (end of FY9/24), which is not only below the capital cost but also low compared to industry peers, indicating room for improvement.

PBR, an indicator of share price, is also hovering around a factor of one (as of September 2024), and we are not receiving sufficient evaluation from the stock market. To further enhance corporate value, growth in net sales and improvement in profit margins are essential.

Financial and Capital Strategy

Actively investing for growth

Assuming that we secure cash and deposits equivalent to about two to three months of net sales as on-hand funds, the total amount of investable cash and deposits on hand and operating cash flow before human resource and R&D investment accumulated over the three years of the management plan is estimated at about ¥50 billion. Of this, about 85% will be actively used for investments for future growth and capital expenditures.

In particular, to promote non-organic growth, about 35% will be used for external investments and M&A. For growth investments, which are expected to account for 30%, we plan to use the funds to increase human resources by more than 500 people over three years.

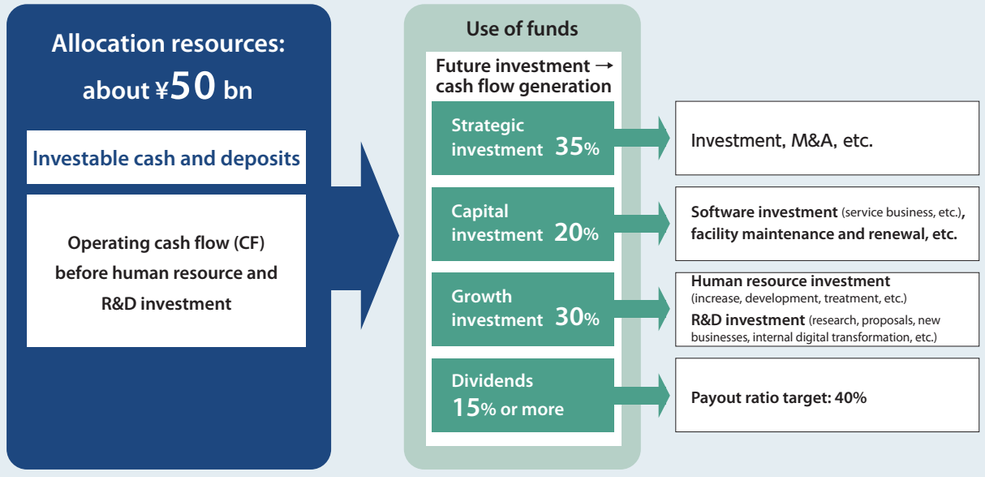
Although this will be a stage where investments precede the realization of Our goals for 2030, we will continue to base dividends on stable payouts, with a payout ratio target of 40%.

In addition, policy shareholdings are about 8% of net assets (end of FY9/24), but we will continue to reduce and replace them while assessing business impact.

Capital policy

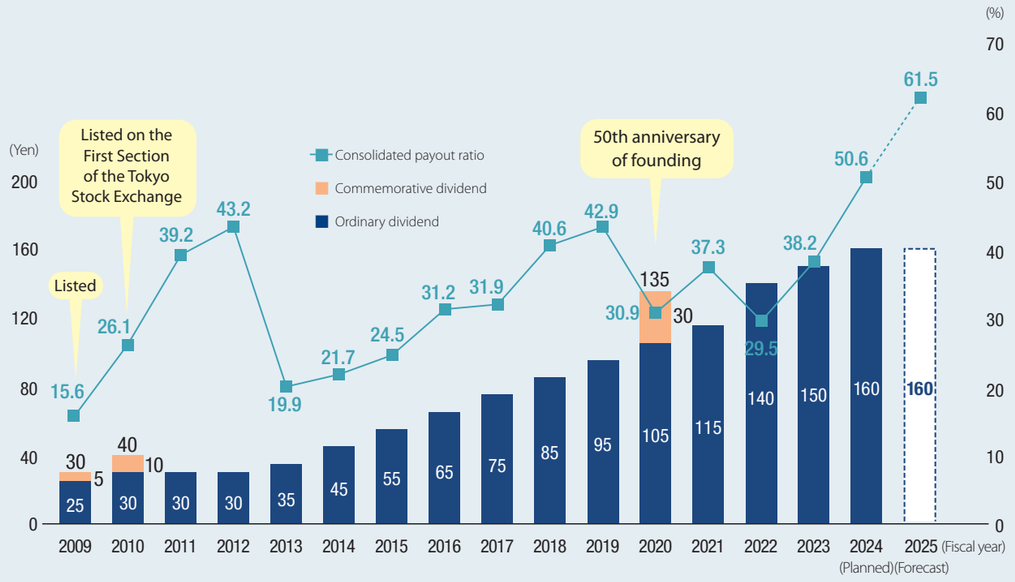
- Actively use about 85% of allocation resources for investment
  - Strategic investment: Acquisition of advanced technologies, expertise, and resources for growth in key areas (investment, M&A, etc.)
  - Capital investment: Strengthening management infrastructure and service platforms (software, facility maintenance and renewal, etc.)
  - Growth investment: Human resource investment, strengthening independent research and proposals, development of new businesses, internal digital transformation, etc.
    Increase in personnel: Over 500 people (from 2023⇨compared to 2026)
- Stable dividends as a basic policy, with a payout ratio target of 40%

* Policy shareholdings: Some have been sold, currently 8% of net assets. We will continue to reduce and replace them while assessing business impact
* Cash and deposits: After securing about two to three months of net sales as on-hand funds, the remainder will be used for future investment and returns



Dividend forecast for FY9/25

Dividend policy Based on continuous stable dividends, decisions are made comprehensively considering business performance, future funding needs, and financial soundness.
Payout ratio target is 40%.



Proactive dialogue with stakeholders

For stakeholders, we will further expand opportunities for dialogue with investors and analysts, including shareholders, and reflect their feedback in management to strive for sustainable growth and enhanced corporate value for the Group.

Specifically, we actively disclose information through direct feedback from shareholders at the General Meeting of Shareholders, as well as through interim reports for shareholders, convocation notices, and business reports. For investors, in addition to explanations at financial results briefings, we conduct individual IR meetings for institutional investors and analysts.

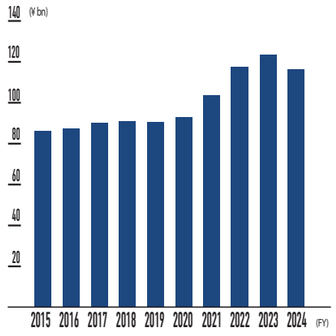
These dialogues are primarily handled by the IR Office, which is established within the Group Corporate Planning Division under the President and Representative Director, and we have built a structure to collaborate as appropriate within the Corporate Administration Unit. In addition, the results of these dialogues are regularly reported to the management executives of the Group, the Board of Directors, and the Executive Committee.

We will continue to steadily implement measures to enhance corporate value through ongoing dialogue with the market.

Financial and Non-Financial Highlights

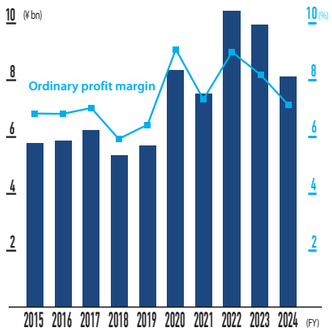
Financial highlights

Net sales



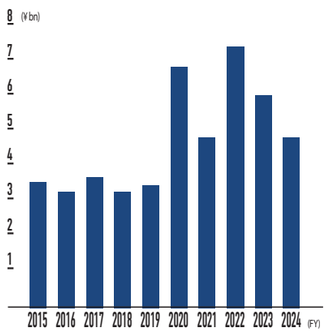
Revenue decreased due to the fall-off and downsizing of large projects in the Think Tank & Consulting Services (TTC) segment and the peak-out of large projects in the IT Services (ITS) segment.

Ordinary profit / ordinary profit margin



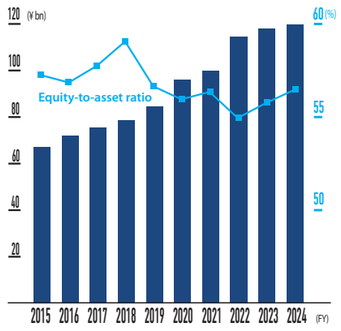
While the impact of the drop in revenue was limited for TTC, the Group recorded a decrease in earnings due to the decline in revenue for ITS as well as upfront investments in system infrastructure upgrades and human resource development.

Current net income



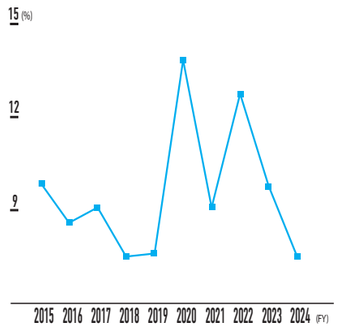
While there was a drop in ordinary profit, it was partially offset by gains on the sale of stockholdings.

Total assets / equity-to-asset ratio



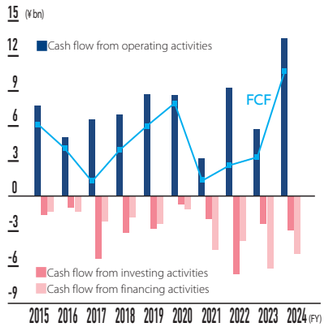
Total assets increased mainly due to the redemption of held-to-maturity receivables. In contrast, the equity-to-asset ratio remained almost flat due to a decrease in retained earnings and an increase in treasury stock.

ROE



Drop from the previous fiscal year was due to lower revenue resulting from the fall-off and downsizing of large projects, as well as lower profits resulting from the increase in upfront investments and other factors.

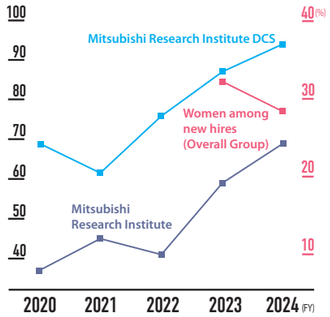
Cash flow + FCF



Free cash flow (FCF) increased due to the generation of cash from a decrease in receivables, contract assets, and a decrease in accrued expenses.

Non-financial highlights

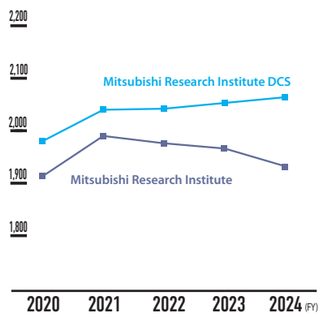
No. of new university graduate hires / women among these new hires



We are enhancing our recruitment efforts to secure personnel, the key of our competitive edge.

To advance initiatives related to diversity, the Group has set the ratio of women among new hires as a non-financial value indicator since FY9/23. This was 28.2% for FY9/24, which was below the 32% target. We will be promoting DE&I initiatives across multiple fronts.

Working hours



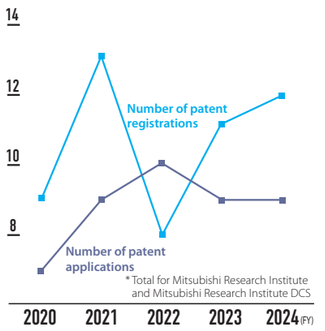
Working hours increased in FY9/21, primarily due to changes in working styles in the wake of the covid pandemic. While working hours decreased at MRI in FY9/24, we will continue focusing on optimizing our working hours going forward.

Engagement Score

FY 9/23
74.2
FY 9/24
72.1

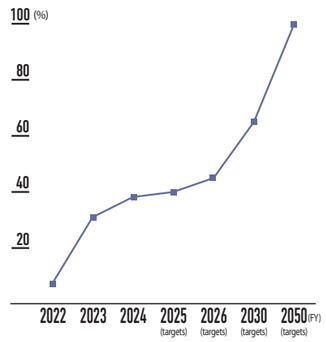
The Group conducts an employee engagement survey every year and has set a KPI for maintaining an engagement score of 70 or higher. The result was 72.1 in FY9/24, which was in line with targets.
▶Details on p. 78

Number of patent applications and registrations



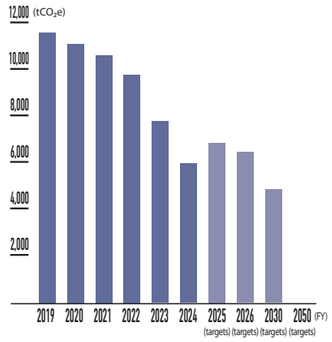
The Group has set the number of patent applications and registrations as a KPI for boosting its intellectual infrastructure. We filed nine applications and registered 12 in FY9/24, exceeding our target of 18 in total for both indicators. We will look into actively utilizing the patents we have acquired.
▶Details on p. 63

Renewable energy ratio



The renewable energy ratio that we have set as a KPI for the social trust foundation exceeded our target for FY9/24. We did so by gradually introducing non-fossil certificates at our data centers, which account for around 80% of the Group's electricity usage. We will continue increasing our renewable energy ratio.
▶Details on pp. 82–83

GHG emissions



GHG emissions in FY9/24 were significantly lower than the KPI, and we have made progress with reductions. To achieve net-zero emissions by 2050, we will continue with initiatives for increasing our renewable energy ratio, improving operating efficiency with workstyle reforms, and investing in upgrading energy-saving equipment.
▶Details on pp. 82–83

Group Collaboration for Promoting Our Business Strategy

The Group aims to provide everything from independent research and proposals to IT implementation services through Group collaboration. We aim to serve the world as a corporate group leading societal change for the future and advancing the integration of the extensive knowledge and know-how cultivated as a think tank with the advanced technological capabilities of each Group company.

Concept and features of the Group structure

Our business model consists of the Think Tank & Consulting Services segment (TTC), which provides research and consulting services related to policy and general business, and the IT Services segment (ITS), which handles software development, operation, maintenance, information processing, and outsourcing services.

TTC centers on the research and proposal functionality of Mitsubishi Research Institute, combining the research and analysis functions of each Group company to provide advanced services. For example, in response to the need for evidence-based policy making, we offer services that combine the research and proposals of Mitsubishi Research Institute with the unique technologies of MRI Research Associates, including simulation and data analysis.

In ITS, business operations are conducted by combining the system development and operations functions of Mitsubishi Research Institute DCS, as well as the capabilities of Group companies such as Japan Business Systems, which excels in multi-cloud environments.

Mitsubishi Research Institute Group structure

Company name	Role	Features
Mitsubishi Research Institute	Provides policy recommendations, economic analysis, and consulting work to create innovation and resolve societal issues through support for new technology development	With a wide range of expertise and diverse analytical methods, contributes to the realization of a sustainable society by leveraging an extensive network spanning industry, government, and academia
Mitsubishi Research Institute DCS	Provides system development and IT solutions, supporting clients' operational efficiency and IT strategy	In addition to the design, development, and operation of systems for financial institutions such as megabanks, also has strengths in outsourcing and BPO. Incorporates new technologies such as AI and data analysis, responding to the needs of various industries
MRI Business	Supports back-office operations, accounting, general affairs, and human resources	As a functional subsidiary of Mitsubishi Research Institute, enhances and expands services together with approximately 250 partner companies
MRI Research Associates	As a technical partner, supports planning, implementation, and assessment of policies necessary for developing, maintaining, and strengthening societal infrastructure	With strengths in advanced simulation and analytics, contributes to resolving societal issues through agility
MPX	In addition to providing a platform for the analysis of wholesale electric power markets, also offers services that include market risk management for electric power businesses, and the valuation of renewable energy power sources	Uses original, advanced modeling technology and solutions to support the businesses of its clients
Japan Business Systems	Provides cloud services and IT infrastructure construction, supporting companies' digital transformation	Excels in building, operations, and management of multi-cloud environments, meeting diverse customer needs with high technical capabilities and rapid response
INES	Provides system integration and outsourcing services supporting companies' operational efficiency and IT strategy	Has strengths in information systems for local governments, providing stable services with high technical capabilities and reliability



Providing a new approach to IT and digital transformation to help resolve the issues faced by our clients and society

Hiroki Kameda
President & CEO,
Mitsubishi Research Institute DCS Co., Ltd.

Since its founding in 1970, Mitsubishi Research Institute DCS has grown as a developer of systems and provider of services thanks to the opportunities provided by our countless clients. We became a core company of the Mitsubishi Research Institute Group in 2024, and we strive to be an entity capable of truly contributing to the solution of client and societal issues by linking the Group's think tank and consulting functionality to IT implementation.

For more than five decades, we have developed systems for the financial industry and offer a wide range of services such as our HR payroll service PROSRV, school application service miraicompass, and integrated service for cloud utilization FQ Smart+. We also have a solid track record in BPO and administrative services that make use of our data centers. Here, our data analytics is a key strength. We have also maintained a level 5 ranking on the Capability Maturity Model Integration (CMMI) model, and we deliver high-quality services based on our superior project management capabilities.

More recently, we have been collaborating with Mitsubishi Research Institute proper to provide ERP solutions and system modernization in the industrial field and digital transforamtion in the public sector. As a technology group, we are also taking on challenges in new domains through research and development. For example, we are actively developing our data analytics platform for the manufacturing industry that harnesses the capabilities of AI, and we are boosting the efficiency of development and operational work. To address issues in a proactive manner and develop effective IT, we will enhance our consulting business and further improve our capabilities through strategic collaboration with our cooperative partners.

We are devoted to cultivating our greatest asset—our talent. We run reskilling programs enabling us to respond to changes in our business environment. This is centered on our Digital Academy, which we established in 2023. We offer, and continue to forge, flexible workstyles, office environments, and DE&I initiatives.

We recently defined the Mitsubishi Research Institute DCS corporate purpose—*Giving new form to daily life and business*. The major changes and challenges present in the current social, economic, and business environment, as well as technological progress such as cloud environments and AI, clearly highlight the need to constantly take on new, unconventional challenges. With a purview beyond our direct clients, we incorporated the terms *daily life* and *business* into our purpose statement. The intent is to broaden our perspective to include the daily lives of the customers of our own clients and to identify issues in domains other than our conventional businesses and industries.

We strive for a holistic and proactive approach—in essence, taking on challenges in new domains by both expanding and delving deeper into our areas of work. Our thought process too must eschew the constraints of conventional frameworks, proactively adopting new perspectives and ideas. It is our comittment to give them *new form* through the combination of two concepts: grasp of the spirit and skills to anticipate client needs and lead industry; and aiming to provide not only conventional services and system development, but also *form* that encompasses ideas and major mechanisms.

Utilizing IT and DX will be indispensable to bring further improvements to our clients and achieve an abundant future world. Mitsubishi Research Institute DCS holds a sense of pride in supporting the IT infrastructure of society and our lifestyles. Fueled with the aspiration of achieving the future with IT, we will continue taking on challenges to become a company that makes genuine contribution by generating convenience and excitement with IT.

Business Strategy

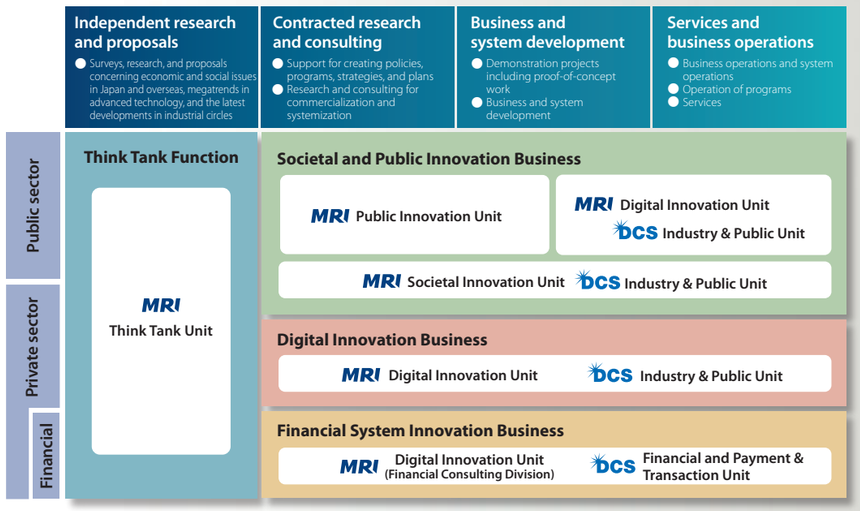


Business and unit organization

For each area of business strategy, we leverage our Group synergy, linking the functions of our Think Tank & Consulting Services and IT Services to create value. Our businesses cover multiple areas based on client and provided value, and the organizational units from Mitsubishi Research Institute (MRI) and Mitsubishi Research Institute DCS (DCS) cover these individual businesses and thus our business model as a whole.

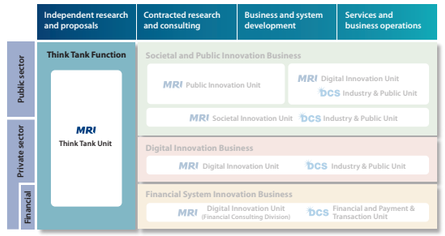
Think Tank Function	MRI's Think Tank Unit is responsible for initiatives that correspond to our independent research and proposals.
Societal and Public Innovation Business	This business provides value to both the public and private sectors. MRI's Public Innovation Unit and Societal Innovation Unit handle our contracted research and consulting as well as a portion of our business development. MRI's Digital Innovation Unit and Societal Innovation Unit, as well as DCS's Industry & Public Unit, are responsible for business and system development as well as services and business operations.
Digital Innovation Business	This business provides value to the private sector with a focus on digital transformation. It is handled by MRI's Digital Innovation Unit and DCS's Industry & Public Unit.
Financial System Innovation Business	This business provides value to financial institutions with a focus on digital transformation and system development. The Financial Consulting Division within MRI's Digital Innovation Unit and DCS's Financial and Payment & Transaction Unit handle this business.

The Corporate Administration Units and other related units of each company collaborate and coordinate efforts to perform the role of supporting the business strategies of the entire Group, promoting sales in Japan and internationally, developing new businesses and products, and facilitating collaboration between divisions.



Think Tank Function

■ Relationship between business strategy and units





Yoko Takeda

Executive Officer, Research Fellow, and General Manager of Think Tank Unit

Our aims

The Think Tank Function covers our independent research and proposals. It uses three strengths to maintain its status as a unique presence both inside and outside the Group. We serve as an opinion leader for resolving societal issues.

Three strengths

1. **Integrating the Group's internal and external diverse, specialized knowledge to resolve societal issues** (Combining knowledge)
2. **Scientific approach to crafting proposals** (Taking a clear stance)
3. **Presentation of starting points for the implementation of solutions that the Group aims for** (Proposing solutions)

We conduct independent research and craft independent proposals while leveraging our three strengths to provide society with direction for achieving the future we envision. We link our findings and ideas to our profitable businesses as a means of creating social, non-financial, and financial value and of contributing to a positive cycle.

Basic policy

We address impactful themes based on our strengths in combining knowledge. This is essential for achieving our vision of a sustainable, abundant future. We also accurately identify the turning points of social change and communicate our findings to the world. In this way, we advance independent research and proposals that provide society with direction toward the future. In particular, we are promoting activities that have a focus on contributing to the development of policies and corporate strategies.

We communicate within and outside the Group and strengthen Group collaboration with a focus on human resources, healthcare, energy, circular society, ICT, and technology. These domains are particularly important for us to both help resolve societal issues and grow the Group's businesses. They also play into the strengthening of the Group's organizations.

We focus on training our researchers and utilize our research networks in Japan and overseas to systematically strengthen our research system. This is in tandem with continuous enhancement of our research capabilities. We are aiming to establish an organizational foundation that will allow us to produce high-level research results in an autonomous and sustainable manner—results that form societal trends in FY9/26.

Key strategies

● Set society in the direction needed to achieve a desirable future world

We grasp important policy-making opportunities and provide research and proposals that influence the direction that society will take moving forward. We aim to contribute to national policies and propose corporate strategies, and we are developing realistic findings by applying to our research the insights gained by building multilevel relationships with the public sector and corporate executives. We will also raise the level of our advanced-technology research in fields such as AI and robotics and will work to establish MRI as a leading technology brand.

● Growth of our people, our organization, and our presence

We will maintain the sustainability of our research system with the development of our core talent who are responsible for our research and proposals. We will also boost our research and communication capabilities by expanding our network of research institutions and experts in Japan and overseas. This will put us in the proper position to communicate our findings in a strategic manner, in cooperation with internal and external parties.

● We will contribute to boosting the Group's presence through communications, influencing the direction society leans as a whole

This will enhance the value of the entire Group, a phenomenon beginning with our independent research and proposals. We will also accelerate the use of the outcomes of this work across the entire Group for resolving societal issues. Our research and proposals will serve as the cornerstone for organic integration with our business strategies.

KPI and track record

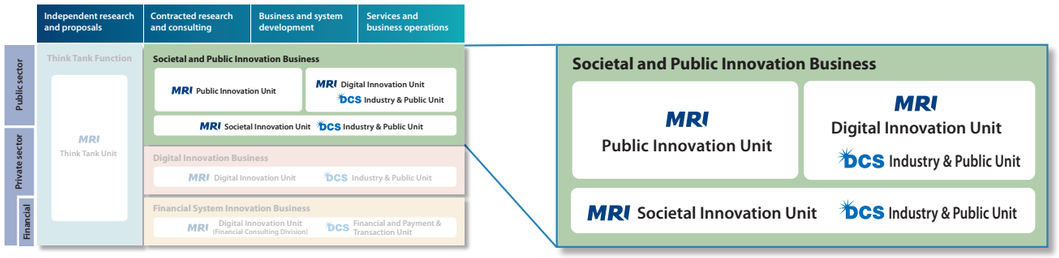
■ Media coverage, contributed articles, and presentations

FY9/24	276 articles (+6%)

* Year-on-year percentage change shown in ( )

Societal and Public Innovation Business

Relationship between business strategy and units



Our aims

The Societal and Public Innovation Business uses its strength in policy to maintain the top share in research and consulting business for priority issues in the public and private sectors and to contribute to maintaining and expanding the company's financial base. The Societal and Public Innovation Business is the starting point for our growth as a corporate group leading societal change for the future.

Following Our Vision for VCP (pp. 17–18), we are extending our value chain from the research and consulting business to public DX business and societal solutions and services business with the objective of becoming the leading company providing solutions for societal issues.

Basic policy

The research and consulting business will remain focused on research and analysis, system design, testing, and consulting for key issues of private companies and for important governmental policy areas. The business will also apply our VCP concept by creating businesses through public-private collaboration and by forming ecosystems aimed at societal implementation of solutions based on our independent research and proposals regarding societal issues.

In the public sector DX business, we will increase collaboration between Mitsubishi Research Institute's Digital Innovation Business and Mitsubishi Research Institute DCS to strengthen our work implementing public DX business, which includes development, operation, and maintenance. We will focus efforts on the semi-public sector as it fits with our policy knowledge and it is in urgent need of digital transformation.

Our societal solutions and services business is highly unique for its ability to fully integrate our policy and program knowledge. We plan to utilize the latest technologies, such as AI as well as our profitability.

Focus points toward achieving our targets

Research and consulting business

As the main driver of the Group's growth, we are working to maintain and strengthen competitiveness and further expand scale by increasing personnel and improving productivity to resolve societal issues faced by the public and private sectors.

Public DX business

Starting from consulting based on our strength in knowledge of policy, we are forming and receiving multiple public DX projects aimed at achieving policy objectives and societal implementation. We feed the knowledge and data obtained through system implementation and operation back into the consulting business, aiming for further growth of the public DX business.

Societal solutions and services business

Focusing on four areas—energy and sustainability, human resources, regions and communities, and healthcare—we aim to scale and improve profitability through business development utilizing the latest technologies such as AI, blockchain, and digital transformation.

KPIs and results

In FY9/24, we have largely achieved our net sales target of ¥40 billion—excluding a decrease of ¥6.9 billion in external outsourcing costs, this is a real increase of ¥1.9 billion compared to the previous year. Analog regulatory reform- and digitalization-related projects for the public sector, as well as system-related projects for energy and transportation industries in the private sector, drove the results.

FY9/24 Results		Year-on-year (change rate)	Vs. plan
Net sales	¥39.6 bn	-¥5.5 bn (-12%)	-¥0.4 bn
Profit	¥10.4 bn	+¥0.2 bn (+2%)	-¥0.4 bn
Profit margin	26.5%	+3.7P	-0.9P

* Some projects promoted through collaboration are listed redundantly
* The profit here refers to so-called gross profit (net sales gross profit). Also, since there are figures outside this scope, such as company-wide indirect expenses, the total does not match the consolidated net sales gross profit.

Public Innovation Unit MRI

Main domains

Public sector healthcare, societal infrastructure, ICT, and safety and security



Hirofumi Suzuki
Executive Officer and General Manager of Public Innovation Unit

Roles and policies for achieving our business strategy

The Public Innovation Unit's business serves as a starting point for the Group's future growth. The Japanese government is its main client and its work primarily covers fields that are closely related to public policy including healthcare, societal infrastructure, ICT, and safety and security. The unit handles businesses spanning contracted research and proposals to policy design, business promotion, and the implementation of solutions.

We will also invest in management resources for growth, mainly for the public sector DX business.

As society's demands for resolving issues become more complex and advanced, expectations are increasing for our unit to apply its extensive knowledge on policy to develop comprehensive recommendations across industry, government, and academia. Under MP2026, we will increase our human resources as well as boost business productivity through active use of AI to enhance our capacity for taking on and prowess at growing projects.

Societal Innovation Unit MRI

Main domains

Public sector, energy and sustainability of private companies, human resources, regions and communities, and healthcare



Tatsuya Nakabushi
Executive Officer and General Manager of Public Innovation Unit

Roles and policies for achieving our business strategy

We operate two types of businesses: The first is our research and consulting business, and the second is our societal solutions and services business. Through both we cover four domains: energy and sustainability, human resources, regions and communities, and healthcare. Our services are primarily for the central government and the private sector.

The research and consulting business supports governmental policy proposal, the design of programs, demonstration projects, and the formation and implementation of business strategies. Together with the Public Innovation Unit, our work serves as a starting point for Group growth. With our knowledge of policy and simulation as our strengths, we are expanding our scale by enhancing our human resources and improving our efficiency by utilizing AI and digital transformation technologies.

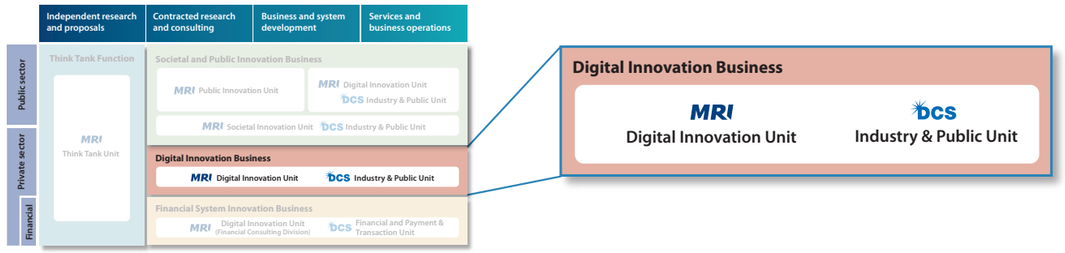
The societal solutions and services business develops and operates subscription-based businesses that we run ourselves. Through these, we look to contribute to the transformation of and solutions for our clients and society. These businesses enable the Group to increase revenue without relying excessively on human resources.

Leveraging the strengths of our consulting business, we will add the latest AI, blockchain, and digital transformation technologies to our businesses. We will increase earnings by focusing investments on growth businesses and strengthening collaboration with partner companies.

Business Strategy

Digital Innovation Business

Relationship between business strategy and units



Our aims

The Digital Innovation Business, starting from management strategy and management issues, follows our concept of the DX Journey® with the aim to be a management partner for clients by providing total support for implementing digital transformation meeting their specific needs. The DX Journey® is the methodical application of the PDCA cycle to digital transformation activities in the five areas of (1) user experience, (2) business model, (3) operations, (4) systems, and (5) organization to forge a path toward the future that clients envision for themselves.

Combining this with the Group's system-building capabilities and track record pioneering the incorporation of generative AI and other technologies, we guide our customers from conceptualizing strategies through building an organizational consensus to applying digital technologies, making us a powerful problem-solving partner for our customers.

Basic policy

In this business, which is a pillar of growth in MP2026, we expand on our consulting services work helping clients resolve management issues. The competitiveness of our consulting is enhanced by combining it with our DX solutions business, which transform supply chains in the manufacturing and distribution industry, and our data analytics and AI business, which leverages the Group's core strengths.

We provide support for reforming business models, improving business process efficiency, and optimizing evidence-based decision-making. In the public DX field, where we have strengths in policy support achievements and accumulated knowledge, we aim for policy realization and societal implementation by collaborating with each department of the Societal and Public Innovation Business.

The business is also key to further expanding the Group's market share and is working with DCS in its core areas of human resources and educational services to enhance customer satisfaction and develop new functions.

Focus points toward achieving our targets

To respond quickly to changes in the business environment, market needs for the use of digital technology are increasing. The unit is strengthening its DX Journey® services by vertically integrating the Group's knowledge of policy, regulations, industry, supply, and demand with its abilities in management analysis, AI integration, and digital implementation.

This enables us to provide total support from strategy formation through implementation, and we aim to capture further needs. Through cross-selling to customers of both Mitsubishi Research Institute, and Mitsubishi Research Institute DCS as well as solution development centered on collaboration between the two companies, we aim to enhance created value and advance services.

KPIs and results

Net sales for FY9/24 were ¥27.9 billion, a 9% increase in net sales and a 40% increase in gross profit compared to the previous year. Performance in the digital transformation field targeted in the management plan has steadily expanded, with system renewal projects mainly in the transportation- and energy-related industries.

FY9/24 Results		Year-on-year (change rate)	Vs. plan
Net sales	¥27.9 bn	¥2.2 bn (+9%)	-¥1.0 bn
Profit	¥7.5 bn	¥2.1 bn (+40%)	¥0.4 bn
Profit margin	27.0%	+6.0P	+2.5P

* Some projects promoted through collaboration are listed redundantly
* The profit here refers to so-called gross profit (net sales gross profit). Also, since there are figures outside this scope, such as company-wide indirect expenses, the total does not match the consolidated net sales gross profit

Digital Innovation Unit MRI

Main domains

Management consulting, data analytics and AI business, and industry and public DX businesses



Yoshihiko Ito
Senior Managing Director and General Manager of Digital Innovation Unit

Roles and policies for achieving our business strategy

The Digital Innovation Unit provides management and business strategy proposals, consulting services for data analytics and AI utilization, and digital transformation services in the public sector. Our clients range from general industry and financial institutions to the public sector.

○**DX consulting business**: providing total support from strategy planning, business model and business process reform to system implementation

○**Data analytics and AI business**: developing AI applications with various data companies

○**Public DX business**: providing public digital transformation support such as updating core governmental, medical-care, and disaster-prevention systems

In addition to these operations, which are key drivers of the Group's growth, the unit also applies the company's pioneering Think Tank DX to advance the development of its technologies and businesses. Under MP2026, we are collaborating with new partners, implementing non-organic initiatives, and accelerating the concentration of human capital resources to high-value-added domains. We will also apply VCP Management and consolidate our management as we further the digital transformation businesses that are key to Group collaboration.

Mitsubishi Research Institute DCS Industry & Public Unit DCS

Main domains

- Digital transformation solutions business providing core systems (ERP) and peripheral systems primarily to the manufacturing and distribution industries
- DX business for government and public agencies with semi-public sector projects that are based on policies
- Data analytics business for supporting and accompanying the use of customer data
- SI and solutions business for customers in the electric power industry
- PROSRV® HR business process and payroll outsourcing service
- Miraicompass® school admissions service, mirai▶coco® school operations support service



Shoji Kimoto
Managing Director and Industry & Public Head, Mitsubishi Research Institute DCS

Roles and policies for achieving our business strategy

The Industry & Public Unit runs various digital transformation solutions businesses through collaboration with the Mitsubishi Research Institute, working with clients in the public and private sectors.

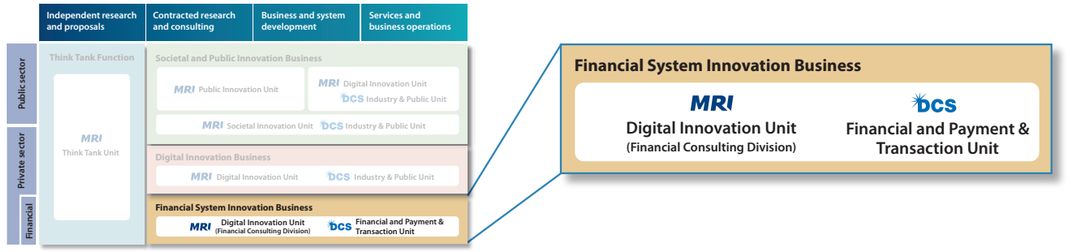
We provide a broad range of businesses, such as ERP, digital transformation solutions, and digital transformation services for educational institutions. We seek to continue growing our business to quickly identify a wide range of corporate and public-sector digital-transformation needs. Another goal of ours is to enhance our ability to be proactive in proposing projects.

In light of the solid growth in the digital transformation market, we are aiming to expand our businesses by drawing on our strengths in consulting, our track record as an ERP prime vendor, and our own service investments. We will also further accelerate the integration of MRI's knowledge and DCS's system-development capabilities.

Business Strategy

Financial System Innovation Business

Relationship between business strategy and units



Our aims

The Financial System Innovation Business establishes us as the main vendor for our clients by building trusting relationships. This enables us to act as a business partner not only for developing and operating financial systems but also for resolving business issues.

The business achieves this by linking each process in the value creation model: research and proposals, analysis, DX consulting, service development and implementation, and system operation and maintenance.

Basic policy

The business is looking beyond the completion of its current large-scale system projects to expand the consulting services it provides to existing customers. We aim to expand our business reach by offering a wider range of problem-solving capabilities, such as for improving profitability and developing business in the financial DX domain.

We are also working to bring in new customers and develop new businesses that will provide the foundation for future earnings. We are aiming to transform our portfolio from a focus on contract system development to one that also includes DX consulting and implementation. We also look to establish a new earnings base for after the current major projects.

Focus points toward achieving our targets

To promote profit margin improvement and advanced revenue management, we are working on transforming our business portfolio in anticipation of the completion of large-scale system projects. In particular, we are expanding the knowhow cultivated in existing businesses, such as domestic and foreign exchange in the financial sector and data utilization in the settlement field, into new areas and expanding the financial DX business targeting both corporate and retail clients.

Through this, we aim to secure new revenue sources and improve management stability. Furthermore, by leveraging the deep knowhow accumulated in financial systems and actively incorporating cutting-edge technologies such as generative AI, we will take on the challenge of creating new businesses and expanding growth opportunities.

KPIs and results

In FY9/24, we were unable to cover the reduction in large-scale system projects with the expansion of existing customers and new business development, resulting in actual net sales of ¥48.7 billion against a target of ¥50 billion, a shortfall of ¥1.2 billion.

FY9/24 Results

		Year-on-year (change rate)	Vs. plan
Net sales	¥48.7 bn	-¥2.4 bn (-5%)	-¥1.2 bn
Profit	¥10.9 bn	-¥1.7 bn (-14%)	-¥1.2 bn
Profit margin	22.5%	-2.2P	-1.9P

* The profit here refers to so-called gross profit (net sales gross profit). Also, since there are figures outside this scope, such as company-wide indirect expenses, the total does not match the consolidated net sales gross profit

Mitsubishi Research Institute DCS Financial and Payment & Transaction Unit DCS

Main domains

Financial business, credit card business, transaction business



Masafumi Nakagoe
Managing Director and Financial and Payment & Transaction Head, Mitsubishi Research Institute DCS

Roles and policies for achieving our business strategy

Our track record and accompanying expertise put us in the perfect position to keep growing and enhancing our businesses. We are also primed to proactively expand into new domains.

Specifically, in the financial business, we aim to expand into new domains by drawing on our expertise with domestic exchange, foreign exchange, loans, and markets—all areas that form the base of our earnings.

For our transaction business, we look to expand our domain by focusing on solutions such as data utilization and migration of legacy systems, including de-hosting. We will also advance innovation by focusing on services and rolling out new businesses based on the output of research and development.

The credit card business is prioritizing completion of the large-scale system projects that are currently in progress, while also making preparations for acquiring system-operation and renewal projects after completion. We will implement strategic initiatives for medium- to long-term growth, with the aim of expanding into new fields and domains. With these efforts, we aim to achieve sustainable growth and boost our corporate value.

Digital Innovation Unit MRI

Main domains

Financial consulting business, financial DX business

Roles and policies for achieving our business strategy

We aim to evolve into a digital-transformation consulting business that has policy proposal, survey, and research functions in the financial sector. We will work to complete our business structure reforms and develop consulting services leveraging our DX Journey® approach in the financial sector. The goal here will be to expand business size and increase profitability.

For our reforms, we will accelerate expansion into new areas such as assessment AI business and cloud BDA business. This will be in tandem with our efforts to strengthen the infrastructure of our existing businesses, including our consortium business and laboratory business for major clients.

For our financial-sector DX Journey®, we will use our customer base as a starting point to launch our business into the corporate and retail loan domains. In addition to traditional data analytics, we look to grow comprehensive BPR (Business Process Re-engineering) services and solutions as a new base for revenue. These will be offered through Group-wide collaboration and through alliances with other companies.

Business Strategy

Important functions supporting business activities

Our Group comprises a distinct organization supporting each business activity across the Societal and Public Innovation Business, Digital Innovation Business, and Financial Innovation Business. By enhancing the strengths of our organizations, we help to resolve societal issues and expand the business scale of the entire Group.

Mitsubishi Research Institute DCS Technology Unit

Main domains

Development of information-system infrastructure, outsourcing of system and business operations, development and operation of IT platform services, and research and surveys of new technologies



Yuji Nagami
Managing Director and Technology Head, Mitsubishi Research Institute DCS

Unit roles

This unit comprises two divisions—the Technology Group and the Managed Services Group—and in addition to leading technology strategies, technology upgrades, and standardization for all of Mitsubishi Research Institute DCS, it promotes research into individual elemental technologies. This helps to strengthen IT technology-driven services and products, collaboration with startups, and investment into R&D that utilizes these technologies. The unit aims to establish new methods for acquiring and developing technology.

We provide infrastructure development and contract operation services, mainly at our Chiba Business Center and Tokyo Business Center, for our existing clients, new clients, public utilities, and other clients who are struggling from the shortage of human resources trained in information systems. We also provide consulting services and are expanding our coverage to encompass the recent growth in our cloud business, operation business, data analytics, and AI services.

Objective and basic policy

The unit aims to leverage the connections it has with its large client base to become the core entity for rolling out applications and solutions. In the Technology Group, we provide high-quality infrastructure and analytics platforms that also feed into the branding of the cloud business. We are upgrading this service base to also offer consulting-based operation outsourcing services and to expand into the platform and operations businesses.

The Managed Services Group is expanding its new operation consulting and operation services while drawing on its existing experience and achievements in outsourced operations. The goal here is to strengthen our core business and cultivate new clients.

We are also fortifying our technical-proposal capabilities and working with Mitsubishi Research Institute to move our focus to more upstream processes. Through this, we are aiming to maximize the value we provide to clients and develop applications for other businesses.

Focus points toward achieving our targets

Our foundation lies in training dedicated human resources throughout the organization and creating technology strategies geared to market trends and business strategies. We use this foundation to strengthen our products based on our own research and development activities. We will also make full use of our leading technologies to continue improving and enhancing the productivity of our development activities.

In Medium-Term Management Plan 2026, we aim to increase the number and raise the recognition of our solutions and services that help our clients overcome issues. We will also link together a new value chain for a cycle that starts with consulting and then progresses through implementation, operation, and analysis before starting again with consulting.

KPIs and results

	FY9/24
Training dedicated human resources	149 staff (+37)
Development of new services and options	5 cases (+1)

* Year-on-year change shown in ( )

MRI Research Associates (MRA)

Main domains

Societal infrastructure, disaster prevention, healthcare, energy, and sustainability centered on the public sector



Tetsuya Hanyu
President & CEO, MRI Research Associates

Unit roles

We fill the technical role of the Mitsubishi Research Institute Group. Our capabilities span support for planning, implementation, and assessment of public policies necessary for developing, maintaining, and strengthening societal infrastructure. Our purview covers both hard infrastructure, such as transportation and communication networks, power generation facilities, and water and sewage systems, to soft infrastructure, including disaster prevention and crime prevention, medical and long-term care, decarbonization, and the circular economy. Adding our simulation and analysis technologies to our knowledge of policy and implementing IT technology allows us to expand the scope of our capabilities and the scale of our businesses.

Objective and basic policy

Evidence-based policy making (EBPM) is becoming a core feature of efforts by government agencies and public companies to address the increasing complexity of societal issues. In light of such circumstances, we will support a range of projects in the Societal and Public Innovation Business and the Research and Consulting Business in particular, while also coming up with and establishing our own businesses, drawing on the strengths of our unique technologies such as simulation and data analytics.

We aim to leverage our inherent mobility as a small organization to contribute technology for resolving societal issues, and to enhance the value the Group provides—all to realize a prosperous and sustainable world.

Focus points toward achieving our targets

Among a wide range of public sector businesses, we will increasingly focus on areas with significant societal impact, such as infrastructure maintenance and management, regional transportation, intense-disaster prevention measures, medical and long-term care, green transformation, and resource circulation. We will be particularly active in helping develop the Group's digital transformation business in the areas of disaster prevention, medical care, and long-term care. As an independent and autonomous organization, development of MRA's business will include actively engaging our specializations in overseas research and statistical analysis in the areas of societal safety—including crime prevention and child safety measures, labor, and gender equality.

Through these efforts, we will actively recruit and train personnel capable of further strengthening our unique technologies and business infrastructure of technology-oriented research and consulting.

KPIs and results

	FY9/24
Net sales	¥3.7 billion (same level year-on-year)
Employees	166 (+7)
PhDs	18 (-1)
Professional engineers	2 (same level year-on-year)
Academic papers submitted	4 (-3)

* Year-on-year change shown in ( )

Intellectual Capital

Approach to Intellectual and Co-Creation Foundation

Strengthening the intellectual and co-creation foundation necessary for resolving societal issues that our Group strives for is the very foundation of our business activities and the source of our competitiveness.

The main elements of the Group's intellectual and co-creation foundation are our independent research and proposals, intellectual property, startup collaboration, and business partner collaboration. By linking these elements, we strengthen our capabilities.

Specifically, we are forming and building up a diverse and unique intellectual foundation through our independent research and proposal activities as well as our research and consulting business and IT service business.

To address societal issues that are challenging for the Group to resolve on its own, we actively seek out startups, enhance collaboration with business partners, and expand our co-creation foundation.

Overview of our intellectual capital strategy

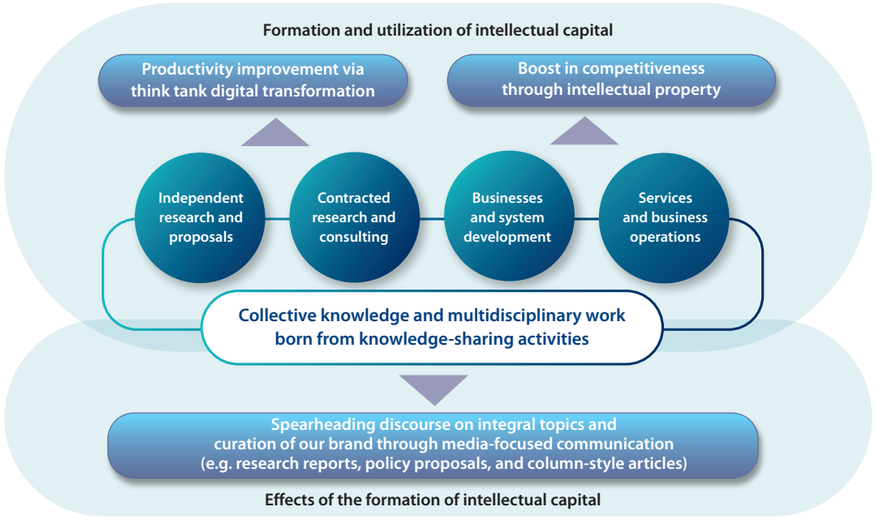
Our intellectual capital strategy comprises the formation and utilization of intellectual capital and the effects of such work.

For the formation and utilization of intellectual capital, communicating our findings to the world brings social impact and serves as the starting point for facilitating contracted research and consulting work. Our unique methods and knowhow are formed and built up as intellectual capital, and this is not limited to our work in independent research and proposals.

Specifically, the Mitsubishi Research Institute's own internal value creation process mechanism serves as a foundation for sharing built up knowledge in a cyclical manner throughout the value chain. We are also promoting knowledge-sharing activities, such as sharing findings with greater versatility by running in-house seminars and courses.

We have initiatives underway for the digital tranformation of ourselves as a think tank. The hallmark of this work is to boost productivity while also utilizing generative AI and other technologies. Effects are already becoming apparent, making our work more advanced and efficient for a range of tasks including collecting information. The various tools, data, and patents acquired through these processes are built up as our intellectual capital. When it comes to intellectual property, we are focusing on acquiring patents for our unique technologies and knowhow, particularly those we have cultivated through our business and system development.

As we build our intellectual capital, we are also communicating our findings in a proactive manner, such as publishing them to our website and related media as original research reports, policy proposals, and column-style articles. Communications like this have resulted in an uptick in interviews and media coverage while kickstarting a positive cycle bringing together societal issues and our brand.



Formation and utilization of intellectual capital

Research and proposal work by the Think Tank Unit

Spearheaded by its researchers, the Think Tank Unit advances the following three pillars of its research and proposal activities. This is done with the support of and under the guidance of research fellows. A key feature of our activities is research based on scientific concepts and the collective knowledge of researchers in a wide range of fields. These activities are the starting point for the societal implementation of solutions to a wide range of issues.



Hiroshi Komiyama
Chairman of the Institute

❶ Foundational research

As the basis for the other two pillars and each of our businesses, we conduct research on macroeconomic and advanced-technology topics. Macroeconomic research analyzes the latest trends in the global and Japanese economies, publishes forward-looking overviews, and makes proposals for policies. Our advanced-technology research is examining optical information technologies and behavior change technologies.

❷ Future-concept research

This research envisions a future world from a medium- to long-term perspective and conceptualizes the measures necessary for achieving it. In 2024, we conducted research envisioning the world in 2040 and how AI and robotics will evolve.

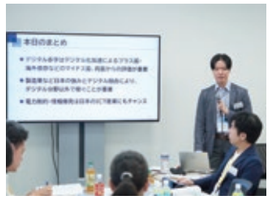
❸ Value Creation Process (VCP) synchronized research

We conducted research on deepening our understanding of societal issues and how to resolve them by integrating knowledge on policy, economics, science, and technology in the VCP priority domains: healthcare, human resources, regions and communities, energy and circular society, ICT, food and agriculture, and resilience.

Examples of independent research and proposal initiatives

(1) Impact of generative AI on electricity demand in Japan

We forecast an information explosion and accompanying increase in electricity demand due to future growth in AI use. Our estimates factor in changes to electricity efficiency due to advances in semiconductor technology. Here, we propose a desireable state for Japan to achieve in the future. This work earned coverage by many major media outlets, and we have received a large amount of interest from decision makers in relevant ministries, organizations, and companies including the power sector and trading conglomerates. These organizations are using our findings in their discussions, as they consider policies, and as they design their strategies.



https://www.mri.co.jp/en/knowledge/insight/20241115.html

(2) Long-term proposals for reforming the social security system

Our research forecasts how medical and long-term care benefit costs will grow through 2040. We designed a set of proposals for reforming the system to limit benefit costs and their effects. These recommendations are based on our quantitative analysis. We received inquiries from a number of relevant ministries and organizations and have been in subsequent discussions with decision-makers. We were featured on NHK news, Japan's main public media outlet, and have held lectures at major economic organizations. We will continue to work to inspire positive discourse by fleshing out the specifics of our recommendations in future research.



https://www.mri.co.jp/knowledge/insight/policy/20240614.html

Intellectual Capital

Overall VCP initiatives

Our research fellows and researchers conduct studies and make proposals by integrating knowledge from multiple fields. The unique tools, data, and knowhow formed and built up through these processes are harnessed both in our contracted work and in improving the quality of our independent work.

We use this intellectual capital to not only resolve the issues facing our clients and society, but also to boost the efficiency of our operations, as with our think-tank digital-transformation initiative. We are also raising the level of our tools by first deploying them in-house for testing and improvements. We then offer these as solutions and services for our clients.

Knowledge-sharing activities

The Think Tank Unit is advancing knowledge-sharing activities to communicate the results of its independent research and proposals throughout the Group. The aim is to enhance collective knowledge and facilitate multidisciplinary initiatives.

Specifically, we hold Economic Classes and Science & Technology Seminars based on the topics presented by the Think Tank Unit. These vibrant discussions were held 17 times during FY9/24 drawing over 100 participants each time. On-site Lectures are also available upon request from other divisions.

Through activities like these, we are advancing discussions toward shared recognition of issues and the creation of business opportunities that transcend our organizational structure and predetermined domains.

Acquiring and utilizing patents through the societal implementation business

We will also further strengthen our competitiveness by actively turning differentiation factors, such as technologies and knowhow, into intellectual property. In FY9/24 we acquired ten patents.

Our approach to patent acquisition is guided by an understanding of our strengths and weaknesses, and we prioritize fields in which we can further strengthen our business activities and establish barriers to entry in core business areas to secure competitive edge. An example that illustrates this is our LaLaSapo® (LArge LAnguage model SUPPOrt) technology—one instance of our real-world application of solutions. Here, we applied for several patents for generative AI tools to support safe and rapid implementation of ChatGPT technology, thereby enabling various support services.

Topics covered in the Economics Classes (FY9/24)

- ○ Regional resilience amid population decline
- ○ Medium- and long-term recommendations for social security system reforms
- ○ Weak yen and changes in trade structure
- ○ Achieving a sustainable society by integrating carbon neutrality and circular economy
- ○ The state of ethical consumption

Topics covered in Science & Technology Seminars (FY9/24)

- ○ Trends and future prospects of next-generation power electronics
- ○ The future of digital technology combined with behavior-change technology: Encouraging behavior that was not possible in the past
- ○ Introduction to technology that makes a difference: Micro machinery and process automation with semiconductors
- ○ Understanding psychological conditions using biometric data and prospective business fields: Monitoring moods and emotions
- ○ Nonverbal information and virtual technology

■ LaLaSapo® services and lineup

	Available tools		Features of each tool
Public information research and reporting	Web survey AI RoboRisa	Service provided	Gather and report on the latest information about user-defined topic
	Survey report generation AI BabyRisa	Samples provided, in use internally	Report quickly on markets and technology developments
	Academic paper reading AI	Technically verified	Assist with interpreting and organizing information from academic papers
Creation of internal documents	Proposal writing AI	In use internally	Generate drafts of proposals while interacting with AI
Data analytics	Survey open-ended response classification AI	Technically verified	Accurately classify large volumes of open-ended survey responses
Response to inquiries	FAQ summarization AI	Technically verified	Quick and accurate responses combining FAQs and manuals
Legal and regulatory compliance	Manual reading AI	Technically verified	Generate appropriate responses from verbose documents
Design using past documentation	Design AI	Prototype developed	Search and reference design documents based on understanding of drawing shapes

List growing

Think tank DX

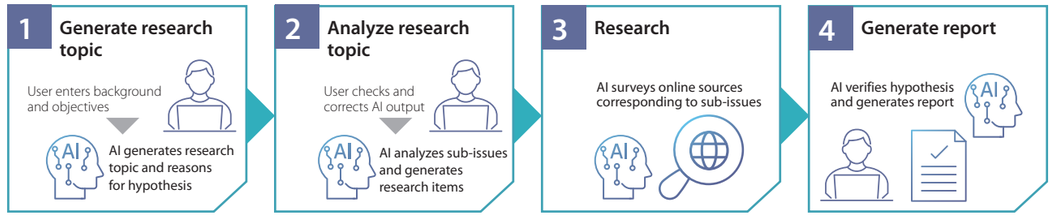
Think tank DX is an initiative for advancing our own digital transformation. Generative AI has the ability to significantly change how knowledge workers operate, and the Group will be impacted significantly.

Think tank DX incorporates these innovative technologies for raising the level of our processes and their efficiency including information collection and analysis, project management, and document creation.

In 2024, we developed BabyRisa, technology that automates our survey operations using generative AI.

This tool can automatically generate a 10,000-word research report in ten minutes. It creates a hypothesis of the topic being discussed corresponding to the research background and objectives, and after outlining the details of the research items, it surveys online sources to create the report. In addition to extensive internal use lending to our enhanced operational efficiency, BabyRisa recently gained a public demo site for external sales. (BabyRisa is planned to be provided as part of LaLaSapo®'s [p. 42] services and lineup [p. 63])

■ BabyRisa generates 10,000-word reports in ten minutes



Effects of intellectual capital

Our consultants and researchers provide information in a timely manner that addresses the issues at the core of a given topic. They also present information on new perspectives. The MRI Opinion section of our website serves as a curation of forward-thinking proposals for resolving societal issues. The Economic Insight section provides analysis and proposals related to the outlook of the economy in Japan and overseas. The latest economic topics are covered too.

This content is communicated across social media and in our news releases.

We provide our researchers with many opportunities to interact with journalists and engage in constructive exchanges of ideas. This has led to an increase in media coverage, and these efforts are important, not only for expanding our business opportunities, but also for creating value that will have a significant social impact.

MRI researcher featured on NHK's Today's Close-Up

Our Chief Researcher Naoki Nishikado was featured on the Japanese version of NHK's news and documentary program *Today's Close-up*. Broadcast on 26 June 2024, Nishikado explained the societal issues emerging from the rapid increase in digital deficit. The program showcased easy-to-understand explanations of how Japan can move beyond digital peasantry based on our research and proposals. These recommendations were featured in a number of major newspapers and various online media.



Relationship Capital

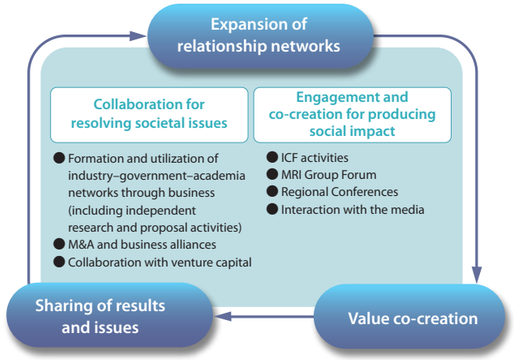
Overview of relationship capital strategy

To make an impact on society as a company dedicated to the solution of societal issues, we are working to expand our network with various stakeholders, focusing on the following two pillars.

- Collaboration to enhance our ability to resolve societal issues
- Interaction and co-creation to generate new social impact

Our Group, as a company that integrates Think Tank & Consulting and IT Services, addresses societal issues in all fields. In particular, we are characterized by our ability to identify and proactively communicate on a variety of themes through our research findings and other means.

Through this communication, we are working to earn the interest and involvement of not only existing customers and partner companies but also stakeholders from various sectors. By feeding the results of these activities back into new findings and communications, we aim to enhance the appeal of our network and build an even stronger cycle.



Collaboration to enhance our ability to resolve societal issues

Formation and utilization of industry–government–academia networks through business

In addition to business with various domestic and international government agencies and private companies, we are connected with tens of thousands of key persons, including top bureaucrats, business leaders, researchers, and practitioners active in various fields. This comes from our collaboration with universities and research institutions. By leveraging such networks as relationship capital, we have become one of Japan's leading private companies capable of addressing both the societal issues of each field and complex issues involving various factors.

M&A and business alliances

Medium-Term Management Plan 2026 also features a combination of active investment in the Group's growth areas with investment in overseas venture funds and other assets. These measures are intended to accelerate our business growth while increasing the scale and scope of our initiatives. In May 2024, we set up the Strategic Planning and Alliance Group within Mitsubishi Research Institute (MRI) to explore and execute strategic investment in collaboration with Mitsubishi Research Institute DCS.

In the field of digital transformation, we are actively pursuing collaboration with partners under three key concepts: DX Journey®, which supports customers throughout the entire digital transformation process; AI and data analytics, which supports business innovation using data-driven and AI technologies; and smart factory logistics for manufacturing and logistics digital transformation. In addition, we are expanding collaboration and investment with partners, particularly in fields seeing progress in the monetization of subscription-based businesses such as energy, healthcare, and AI.

Collaboration with venture capital

In January 2023, we invested in a fund managed by the Silicon Valley-based venture capital company Allegis Capital. The company, established in 1996, has over 20 years of experience and a strong track record in establishing numerous funds, particularly in the fields of cybersecurity and data science. Its policy is to invest in startups building businesses in primarily the digital transformation, ICT, environment, and energy fields. This aligns well with our own business areas. Going forward, we will use Allegis Capital's extensive networks to explore opportunities for collaboration with partners possessing advanced technologies and solutions.

In May 2023, we established a subsidiary in the United States for the purpose of strengthening collaboration with Allegis Capital and expanding our network for the discovery of startups. We will work with companies that possess promising advanced technologies and services with proven track records in the United States and elsewhere. We will also further strengthen and expand these businesses by linking them to businesses in the Group.

Engagement and co-creation for producing social impact

ICF activities

MRI operates the Initiative for Co-Creating the Future (ICF), a platform for the solution of societal issues through business via open innovation. Membership, now over 600, spans large corporations, medium-sized companies, startups, central and regional government, and universities. We also collaborate with a diverse range of partners.

Activities include general analysis of societal issues, deeper exploration of individual issues, consideration of specific business models, testing, and the real-world implementation of solutions. There are two core activities: the Business Acceleration Program (BAP), which grants awards to excellent business ideas from startups working to resolve societal issues, and MRI DEMO DAY, which is an event where MRI and members share the fruits of their co-creation.

Since 2024, we have emphasized co-creation activities with an eye toward the real-world implementation of solutions such as recurrent education for women and carbon offset demonstrations based on industry–academia collaboration. We will continue our efforts to bring solutions to the real world through ICF activities by providing an ecosystem in which a wide range of stakeholders can engage in co-creation toward the development of markets whose starting point is societal issues.



MRI DEMO DAY



BAP (Business Acceleration Program)

MRI Group Forum

We have held the MRI Group Forum every year since 2005 as an opportunity to build relationships with the management teams of our clients and partner companies. Held in November 2024, the 20th forum featured AI and robotics for supporting the future world as its main theme. The event included presentations by members of the Group and panel discussions welcoming experts from industry, the government, and academia along with the Chairman of the Institute and our Research Fellows.



Presentation using robots with Spot (four-legged robot on the right side) from Boston Dynamics®
Spot provided by Tohoku Enterprise Co., Ltd

We were able to deepen discussion of how to incorporate AI and robotics into industrial development in Japan. This falls against a backdrop of rapid development of AI technology primarily in the US.

The event was held once again in a hybrid format with both a real-world venue and live streaming. This maximized reach: 220 participants at the venue and 950 online.



Panel discussion

Relationship Capital

Deepening ties with local business leaders through Regional Conferences

Every year, we hold Regional Conferences to further expand our relationships with local business owners, universities, branches of central government agencies, and local governments. These events provide a forum for deepening understanding of resolving issues and expanding communication among management teams through open exchange of opinions between participants.

In FY9/24, we held events in the same three regions as in past years: Kansai (Osaka), Chubu (Nagoya), and Kyushu (Fukuoka). Generative AI served as a common theme, and we also presented research results on themes of high interest for each region.

In Kansai, we shared on promoting a hydrogen society and achieving urban and regional digitalization. In Chubu, lectures covered the circular economy and resilience. In Kyushu, the focus was on the semiconductor industry and electric power demand. We received positive feedback from participants regarding how we curated the content of our lectures and research results, and at the conference venue we gained various insights on resolving issues while also enjoying new opportunities for business co-creation.

To help resolve societal issues while taking into account changing national, international, and regional characteristics, we will continue to create these sorts of opportunities to communicate and co-create, and we will strive for even closer relationships with local communities.



Kyushu



Kansai



Chubu

Media engagement: Media Conference and Media Workshops

We are able to promote our proposals for the future of society and initiatives toward achieving those proposals through our collaboration with the media. We do so to gain understanding from a broader range of people and to translate their empathy and expectations into business co-creation. To strengthen this collaboration, we hold events for engaging with people involved in media.

Annual Media Conference

Our 2024 Media Conference focused on pioneering a new era through integrated knowledge and practice. We presented and explained proposals for the solution of societal issues spanning seven themes within Japan and beyond. A total of 113 media professionals from 39 organizations took part and engaged in lively discussions with our officers and researchers. We set up booths for each theme, which allowed for intimate conversation between our researchers presenting and the journalists attending—a format well-received each year.



2024 Annual Media Conference

Media Workshops (about twice a month)

We hold Media Workshops covering topics of timely and popular interest. Each event consists of a presentation by a MRI researcher and discussion with participants. The purpose of our Media Workshops is to help participants to understand our views and recommendations on issues.

The discussion sessions are always vibrant, with participants offering new viewpoints and issues. This gives rise to a positive cycle through which we apply the new ideas we gain to our research which then enables us to offer new proposals.

In FY9/24, 18 workshops were held covering topics such as the economic outlook, energy, social security, tourism, flying cars, space, generative AI, and cyber security. A total of 413 journalists participated.



A Media Workshop

Effects and issues relating to growing our intellectual capital

We accumulate knowledge and intellectual assets through our independent research and proposals and business activities. This is comprised as our intellectual capital and we strengthen it by putting it to use ourselves and sharing it with the world. This initiates problem-solving currents in various fields, and we link those activities with the expansion of our business opportunities.

To accelerate this flow, we have our employees with extensive topic knowledge serve as committee members on the various expert panels and advisory councils run by the government. This serves to return the intellectual capital our company possesses to society. We are also utilizing our intellectual capital by acquiring patents in certain cases to ensure our competitiveness.

The Group has established two indicators to quantify these effects: the number of committee member appointments and the number of IP patent applications and registrations. In FY9/24, the number of committee member appointments was 162 (previous fiscal year: 152). The number of IP patent applications was 9 (previous fiscal year: 9) and the number of patent registrations was 12 (previous FY: 11). Both KPIs exceeded our targets for FY9/24.

We will continue expanding our independent research and proposals, a major source of our intellectual capital formation, while strengthening our research and development activities and increasing the number of cases that lead to business revenue for the Group.

Effects and issues relating to our co-creation foundation—our relationship capital

Societal issues have become increasingly complex and diverse, involving various conflicting interests, requiring diverse and specialized knowledge, and demanding innovative ideas. We are cultivating a co-creation foundation—i.e., relationship capital—with a wide range of stakeholders to resolve large-scale societal issues that are difficult to solve with just the Group's own human capital and intellectual capital.

Our intellectual capital, including our strength in knowledge of policy, acts as a catalyst for building collaborative relationships with businesses, universities, and research institutions across diverse fields. Also, our accumulated intellectual capital enables us to discover diverse startups, and we are building a unique network not seen anywhere else.

The Group measures this in two avenues: joint research contracts; and the startup membership of the Initiative for Co-creating the Future (ICF) and the number of startup collaborations. In FY9/24, the number of joint research contracts was 30 (previous fiscal year: 25). The ICF startup membership was 256 (previous FY: 210), and the number of startup collaborations was 8 (previous FY: 3).

All figures increased at a pace exceeding our targets. Going forward, we will strive to maintain this base and increase the number of cases that link to business revenue for the Group. This mirrors the ambitions for our intellectual capital.

Dialogue on Human Foundation

Securing and cultivating human resources to our full package of services through Group-wide collaboration—key to a corporate group leading societal change for the future



Human capital management in the Group

Yoshiike People are truly a central asset of the Group. Since the beginning of 2000, we have been tackling human capital management aimed at the sustainable growth of our people and the organization.

We wear the mantle of a company that resolves societal issues, and as those issues become more complex and diversified, we require human resources capable of grasping the essence of matters and executing solutions. We cultivate human resources who embody professionalism and the ability to join diverse stakeholders in resolving societal issues.

By contributing solutions to varied issues, we contribute to the personal growth of our people while growing as an organization. I believe that creating this virtuous cycle truly equates to the growth of our people and the organization, and that it forms the foundation of the Group's human capital management.

Koiso Mitsubishi Research Institute DCS's business is that of executing solutions, a domain that hinges on human resources. Grounded in the Group-wide concept of "sustainable growth of our people and the organization", we work to cultivate value-creation professionals who can identify societal and client issues and arrive at solutions. Under growing uncertainty, the technologies that support society and business are undergoing continual change. To broaden our pool of human resources who can meet these changes, we hire both new graduates and experienced workers alike while working to enrich our training system and promote career formation.

Mechanisms for advancing human capital management

Yoshiike To achieve such a virtuous cycle, we have to secure the human resources needed for our business strategies and build an optimal human resource portfolio. A particular issue for our company is increasing the number of project leaders, which we have addressed in recent years by significantly expanding mid-career recruitment. These hires bring experience from past positions that span central government bodies and private firms in IT, consulting, manufacturing, and other fields.

To provide a workplace that fully empowers outstanding human resources, we want to further improve employee remuneration and reform workstyles. What does Mitsubishi Research Institute DCS emphasize in its efforts to secure personnel?

Koiso We also focus on mid-career recruitment to secure human resources who can advance our business strategy. We increased our employee count by 80 during the past fiscal year (FY9/24). Although we intend to continue expanding our workforce, the recruitment environment is becoming tougher by the year under growing market-wide demand for IT and digital-transformation human resources*. While we work to secure foreign nationals and human resources outside metropolitan areas, we want to advance revisions to working environments and programs to facilitate work by diverse human resources.

* Human resources who link every phase from advice and consulting to implementation of IT Services

Yoshiike Human resource development is a vital complement to securing human resources. In April 2024, our company launched the MRI Academy mirroring the Mitsubishi Research Institute DCS Digital Academy.

We conducted a comprehensive review of our training and repositioned our training as a program that embodies our business strategy and Guiding Principles. We intend to expand training opportunities unique to our company, including training in the latest scientific and technological developments and knowledge. I understand that DCS also offers active support for obtaining a wide range of advanced IT qualifications.



Koiso Naturally, we actively support IT qualifications. To further link individuals' capabilities to our business, we are strengthening our training program in terms of both business capabilities for supporting clients' ideas through IT and technical capabilities for turning concepts into reality. In parallel with this, we are also working to boost engagement by enhancing our self-improvement program that supports career plans drawn up by employees themselves.



Human resource enrichment linked to using IT to implement concept

Yoshiike In collaborative projects between our company and Mitsubishi Research Institute DCS, we consider it an urgent issue to develop human resources who can bridge concept formulation, requirements definition, and IT implementation. In addition to systematically cross-posting staff while developing human resources well-versed in the domains of both companies, we want to coordinate the targets and programs of the two academies to raise the level of IT and digital-transformation human-resource development.

Koiso We want to support career formation by utilizing resources through Group collaboration and to strengthen collaboration in areas of expected business growth, including public DX project composition, sales of our think tank digital-transformation tools, and services for utilizing AI.

Yoshiike Toward our vision of a corporate group leading societal change for the future, let's strengthen recruitment and training, enhance human resources who connect concept to IT implementation, engage in diversity management, and otherwise move forward with MRI–DCS collaboration.

Strategy for Strengthening Human Foundation

Approach to our human foundation

We aim to improve our total corporate value by realizing a positive cycle of financial, non-financial, and social value. We are working hard at human capital management in order to realize the mutual growth of our people and organization, which represents the largest source of our competitiveness within the scope of non-financial value.

At the start of 2000, Mitsubishi Research Institute (MRI) announced a commitment to sustainable improvement of its people and organization, and since then it has worked to recruit and train highly diverse personnel with the advanced expertise needed to resolve societal issues through the full realization of its business strategies. Contributing to the resolution of societal issues is the driving force of the Group's growth, but this requires every employee to enhance their skills and mindset.

This gives rise to a cycle in which we raise the level of the Group's societal issues solutions and improve our presence while simultaneously achieving the further growth of our people. Based on this thinking, MRI is transitioning away from a seniority-based vertical organization to a job-based organization which takes employees careers into account.

In addition, to achieve Medium-Term Management Plan 2026 (MP2026), we are developing a Group-wide human resource portfolio, with MRI and Mitsubishi Research Institute DCS—the core entities of our business activities—at the center. Accordingly, we are analyzing our current human resources, formulating a plans for the future, and in areas where there are gaps, we are strategically recruiting, training, and reassigning employees in line with our strategy.

Basic framework

The Group is implementing the following measures from two perspectives: increasing human capital as a source of competitiveness and maximizing our human capital's potential.

Increasing human capital

- **Putting together a human resource portfolio in line with our business strategy**
  (i.e., establishing a future vision and identifying gaps)
- **Recruiting, training, and reassignment to fill gaps in our human resource portfolio**

We are developing a human resource portfolio to achieve MP2026. We will strengthen our recruitment efforts, establish training systems to grow our personnel into immediate contributors, implement reskilling, and reassign employees to areas where the human resource portfolio lacks.

Particularly in our growth businesses via MRI–DCS collaboration, there is an urgent need to develop human resources who can bridge the gap between our conceptualization activities and requirements-definition activities and further on to our IT implementation activities. We train IT and digital transformation personnel* through human resource exchange, or *mutual seconding*, and through collaboration between the MRI Academy and DCS's Digital Academy—the training arms of both companies.

* Human resources who can bridge the gap from conceptualization to requirements definition to IT implementation

Maximizing our human capital's potential

- **Improvement of employee benefits**
  (e.g., maintaining stable living standards, proper use of mission grades (MG), and senior employee participation)
- **Career development support through use of the entirety of the Group's resources**
- **Health-focused management, promotion of the active participation of employees, and enhancement of employee engagement**

In resolving societal issues, our Group actively incorporates various measures and programs to enable diverse employees—regardless of age, gender, place of residence, and background—to demonstrate their maximum potential. These initiatives include improving employee benefits and conditions, supporting career development, ensuring work-life balance, promoting health-focused management, and advancing other DE&I-specific initiatives.

Also, since we have many employees who are eager to resolve societal issues, bringing business concepts to life helps enhance their motivation and engagement, generating a positive cycle.

Increasing human capital

Human resource policy

The Group is working to recruit and train highly diverse talent with the advanced expertise that serves as the source of its competitiveness. In April 2021, we renewed our human resource policy and transitioned away from the traditional system of rewards linked to seniority to a new structure that reflects employees' roles, job content, and results. We are also diversifying career paths through a multi-peak system, enabling selection of career path from six categories.

Since July 2021, Mitsubishi Research Institute DCS has transformed its human resource policy from a conventional line-centered system to one where professionals who contribute to value creation can thrive and advance their careers. DCS also established a compensation system with clear distinctions and a sense of fairness that is based on capabilities, job responsibilities, and performance.

Human resource portfolio management

At MRI, we have defined the future human resource portfolio required to achieve our goals under Medium-Term Management Plan 2026 and identified the gaps between our goals and our present portfolio. This analysis guides the recruiting, training, and reassignment of our employees. More than ever before, we are prioritizing the active recruitment and training of talent in the areas of MRI's VCP management, essential for sustainable growth, and in IT solutions.

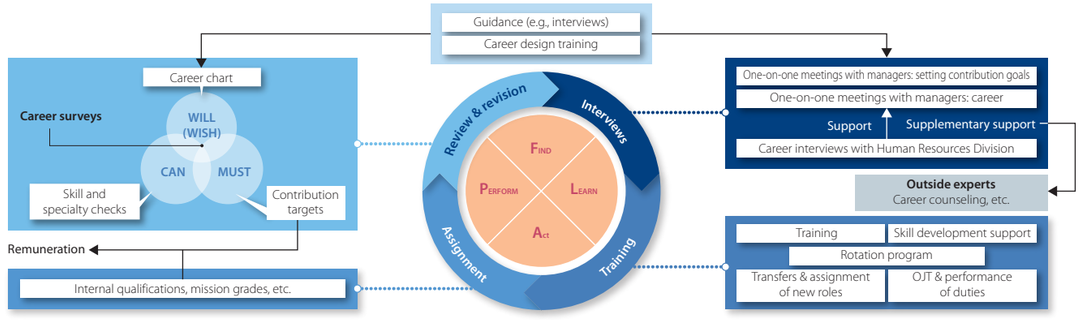
At DCS, we carry out recruitment, training, and reassignment by putting together our current and forecasting our future human resource portfolio based on personnel-capability information from our internal system for professional certification. In particular, we are actively training and appointing personnel who are key drivers for achieving MP2026, such as IT consultants and project managers.

Support for career development

As an initiative to support employees' career development, MRI puts into practice its MRI FLAP Cycle® to enable each employee to continue growing and thriving. MRI invented the FLAP Cycle® as a scheme to support the career development of individuals based on a cycle of Finding and Learning growth challenges, and then Acting and Performing through concrete action, reflection, and activity on a new stage. The aim is individualized career enhancement through tailored approaches.

At DCS, we are working on two tracks: a system where both company and employees realize career development, through career charts and individual plans to rotate between divisions, and a system where career development is achieved from the employee's perspective—an internal job-listings system. Employees share their career charts with their supervisors every year and receive support, and at the same time, we foster a corporate culture, based on the internal job-listings system, where employees take action themselves to develop their careers.

MRI FLAP Cycle®



Strategy for Strengthening Human Foundation

Programs for structured human resource development

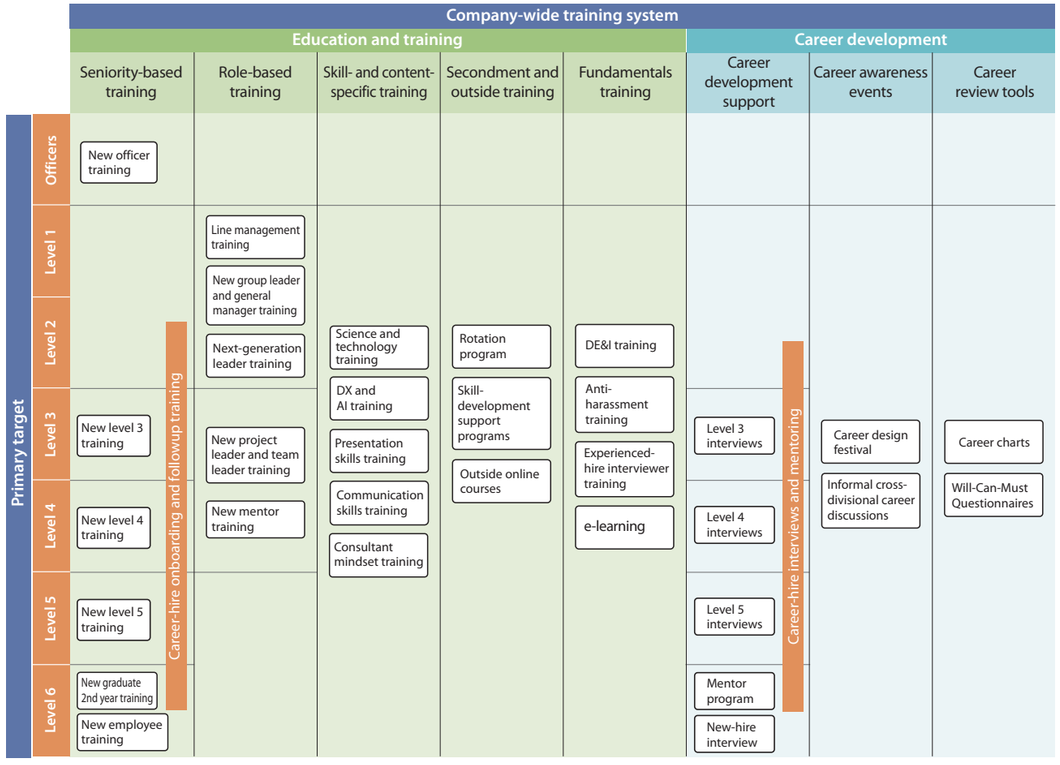
Human resources responsible for resolving societal issues need to flexibly respond to changes in technology and business environments. Mitsubishi Research Institute (MRI) and Mitsubishi Research Institute DCS have reexamined their training systems with the aim of continually producing such talent. In addition to conventional skill development focused on OJT, offering online learning services, and sending staff to graduate school, they respectively established the MRI Academy and Digital Academy in April 2024, aiming to promote each employee's autonomous growth and improve engagement.

The distinguishing characteristic of MRI Academy is the integrated use of three methods—off-the-job training, or Off-JT, by the Human Resources Division, OJT by the business units, and self-directed development by each individual. These three methods were selected to cultivate three capacities: future co-creation capabilities, business conceptualization skills, and the ability to resolve societal issues. Here we are expanding and reorganizing existing training programs while also establishing new training programs related to cutting-edge science and technology, AI, and innovation.

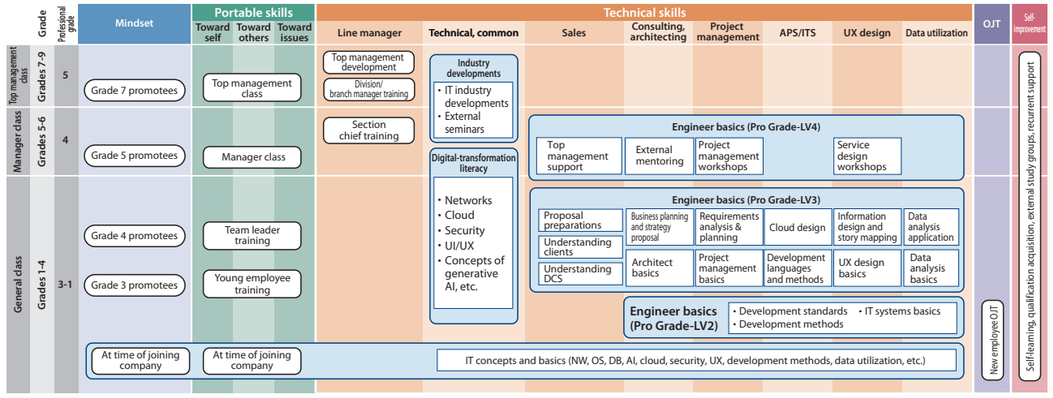
Through efforts like these, we run a training system unique to MRI and are working to fortify our training. For mid-career hires, we have enhanced introductory training and follow-up training, including programs aimed at early acquisition of consulting skills. For self-directed development, we have also bolstered support programs including a postgraduate study system for learning at universities while working and the utilization of online learning services including Globis.

DCS's Digital Academy was established as a division-level organization, and under Medium-Term Management Plan 2026 we are cultivating human resources who can handle the management of various operations. Specifically, the focus is on expanding and training sales personnel and project managers who serve as client contacts as well as IT consultants who can bridge the gap from conceptualization to requirements definition to IT implementation in our value-creation-process (VCP) businesses. At the same time, to further strengthen our ability to respond to changes in technology and business, we have established a comprehensive training system that includes both technical skills and portable skills, such as thinking abilities and interpersonal skills—the foundation of our various activities.

Training and career development support system at MRI (FY9/24)



Mitsubishi Research Institute DCS training structure



Strengthening of the recruitment process

Mitsubishi Research Institute conducts recruitment of both new graduates and mid-career hires on the basis of its human resources strategy. In the recruitment of new graduates, we offer internships that aid students in career planning and give them a better understanding of our work. In the summer of 2024, over 200 students took part.

We engage in one-on-one discussions with students about their desired careers, with full follow-up both during and after participation in internships. For mid-career hires, we engage in active recruitment of talented professionals with high-level expertise through specialist talent agents, direct recruitment, and referrals.

Overview of summer internships (Mitsubishi Research Institute)

Summer internship period	29 July 2024–13 September 2024
Courses	Group-work type
	Contest type
	Experiential and practical (OJT) type
Satisfaction with internships overall	99% (very satisfied, satisfied)

Mitsubishi Research Institute DCS has reworked its process from a student-oriented perspective, with the aim of recruiting 100 new graduates. We introduced a system of close follow-up that includes the assignment of recruiters in industries targeted by students as well as a faster selection process and interviews for personalized feedback. In our mid-career hiring, we aim for recruitment led by staff in the field as we strengthen new applicant sourcing channels (referrals, scouts, alumni, nation-wide recruitment, etc.) and work to acquire expert human resources who can step into roles quickly.

Expansion of human resource development and cooperation to strengthen Group collaboration

At the MRI Academy and the Digital Academy, Mitsubishi Research Institute and Mitsubishi Research Institute DCS independently engage in the development of human resources. In focusing on VCP Management, IT-centric, and digital-transformation-centric human-resource development, we also promote group collaborative initiatives that include some training open to both sides.

The two companies also focus on human resource exchange that includes cross-posting of staff. To strengthen consistency across the consulting provided by MRI and the system development performed by Mitsubishi Research Institute DCS, the latter accepts staff transfers to its division and branch manager class of employee from MRI.

Number of hires

(FY)

		2020	2021	2022	2023	2024
MRI	New graduates	37	45	41	59	69
	Mid-career	41	34	64	73	53
DCS	New graduates	69	62	76	89	94
	Mid-career	57	52	42	88	102

This enables seamless project execution, with results already becoming apparent in the public sector business domain. Staff posted from MRI, general managers at DCS, and DCS staff in charge of human resource development together undertake human resource development activities that include detailing of IT consulting activities, creation of training curricula, exchange of information on training methods, and participation by DCS employees in MRI's consulting training, with exchanges taking place not only at the organizational level but also at the individual level.

Strategy for Strengthening Human Foundation

Maximizing our human capital's potential

Workstyle reforms

Mitsubishi Research Institute (MRI) and Mitsubishi Research Institute DCS are each creating comfortable working environments to realize flexible workstyles suited to diverse life stages, while respecting the autonomy and diversity of each employee.

MRI

Hybrid workstyles

These have become a catalyst for improving efficiency through reduced commuting time, collaboration with employees in remote locations, and other new approaches. We will continue to support hybrid workstyles as a way of accommodating diversity and fostering a good work–life balance.

Office space enhancements

We facilitate communication among employees by creating open communication spaces on each floor.

Remote relocation system

We introduced this system to enable our employees to live and work from locations outside the Tokyo metropolitan area. (28 users as of 1 October 2024)

Dual employment

Many employees engage in side jobs and take on roles with organizations outside of the Group that leverage their unique expertise. Common examples include serving as university lecturers or as advisors for NPOs and other organizations. This will grant our employees experiences not available within the company, improve their skills, and, particularly for senior employees, further develop their careers.

DCS

Senior Expert (SX) system

We have revised our re-employment system so that it offers remuneration commensurate with job responsibilities and contributions.

Adoption of dual employment system

This system aims for synergistic effects such as the acquisition of skills that can be utilized in one's main job, the creation of new businesses, and innovation.

Review of work system

To realize flexible workstyles, we have expanded the definition of possible remote-work locations and broadened the scope of employees eligible for short-day and short-hours work schedules. We have also expanded the purposes for which these can be used.

Going forward, we also plan to adopt a system allowing for paid leave to be taken in hourly units.



Communication area

Health-focused management

Mitsubishi Research Institute (MRI) regards employee health as an important management issue and promotes health-focused management accordingly. We have established a strategic map aimed for supporting the lifelong wellbeing of each employee.

In addition to maintaining a 100% coverage ratio for medical checkups, we run measures covering early disease detection, lifestyle improvement, and mental health. We are also using cutting-edge technologies and services to maintain and promote employee health, including VR-based ultra-early detection services for cognitive decline, services that analyze mineral levels inside the body from hair samples, and services that calculate physical age based on height, weight, waist measurement, grip strength, and ability to stand on one leg.

In a discussion on health-focused management, Dr. Nagasawa, Director of the Nagasawa Clinic, and President Yabuta exchanged views on MRI's health-focused management. Here, Yabuta's message was that, "We want to create a cycle where promoting health-focused management improves wellbeing, results in individual motivation and new value for society, and ultimately leads to the development of business for the company."

Mitsubishi Research Institute DCS believes it is important for employees to maintain and improve their physical and mental health. We actively provide support so our people have proper health knowledge, form proper health habits, and take the initiative to keep themselves healthy. We are moving forward with initiatives based on a strategic map formulated with the following three points as priority measures for health issues.



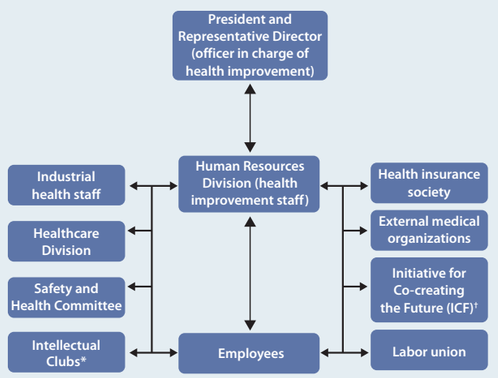
Dialogue on health-focused management between Dr. Nagasawa, Director of the Nagasawa Clinic—MRI's regular medical checkup contractor— and President Yabuta

① Measures to address symptoms attributable to lifestyle
- ✓Adoption of online health guidance that can be handled without visiting the hospital
- ✓Holding walk rally events, etc.

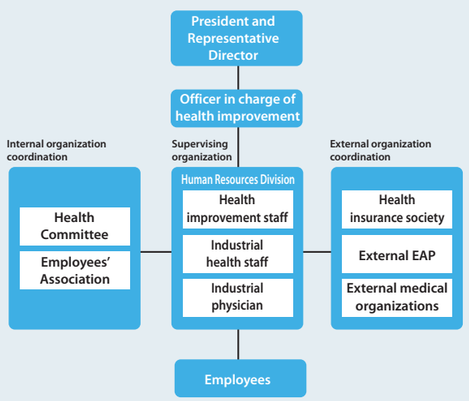
② Promotion of mental health
- ✓Self-care, line care training
- ✓Promotion of consultation with public health nurse
- ✓Career consultations with young employees

③ Improvement of work–life balance
- ✓Establishment of encouraged paid-leave days
- ✓Recommendation of taking paid leave, etc.

MRI's health-focused management structure



DCS's health-focused management structure



* Employee-led groups that aim for the creation of a brighter future through free and open discussion around select topics

† MRI administers this platform for industry, government, academia, and private sector collaboration to resolve societal issues through innovation and business

Strategy for Strengthening Human Foundation

Policy and initiatives relating to DE&I

Mitsubishi Research Institute (MRI) is promoting DE&I so that diverse human resources can work energetically and create new value for resolving various societal issues. Three years have passed since the formulation of our Conduct Guidelines, and the recognition that DE&I is important is becoming shared within the company through various awareness-raising activities. Going forward, our aim is to achieve conditions where employees help each other improve their individual expertise and diversity, regardless of personal attributes—making this a personal commitment and standard practice for everyone.

To that end, we established a DE&I Office within the Human Resources Division in October 2024. We will formulate a roadmap, share our aims, and provide options such as opportunities for direct exchange of views with the president and participation in outside training. At the same time, we foster a conducive environment, run various support measures, and engage in activities to raise awareness and promote understanding among other measures.

Mitsubishi Research Institute DCS also established a DE&I Promotion Division in October 2024 and is working both to achieve its various targets and foster an environment where each individual can thrive and a corporate culture of mutual respect. We promote workstyles that leverage individual characteristics through steps such as sharing basic knowledge, conducting training, and expanding systems that support the active participation of women.

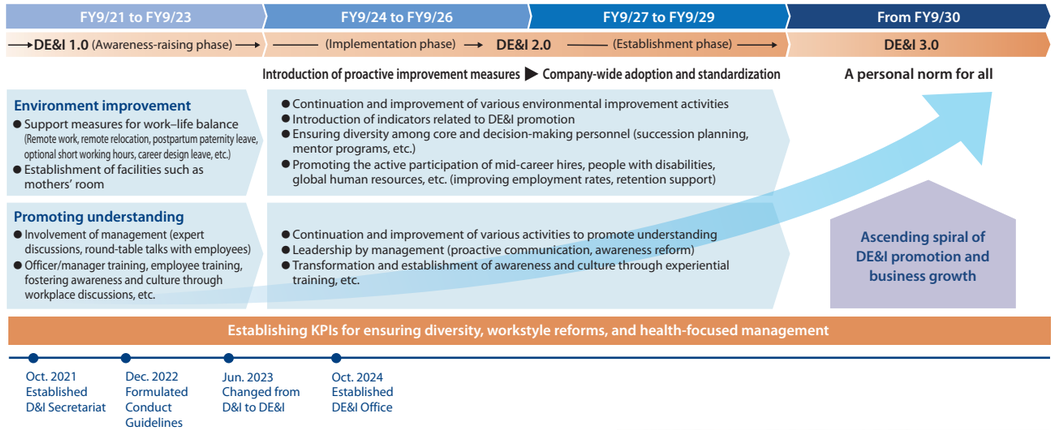
Policy and initiatives relating to human rights

The Group has established a Code of Conduct with a clear commitment to respecting human rights. The code states how, "We reject all forms of discrimination and harassment, in keeping with our respect for human rights and diversity." Based on this Code of Conduct, we have established a Human Rights Policy, which we communicate both internally and externally. We abide by applicable laws and regulations in each country and region where we conduct business activities.

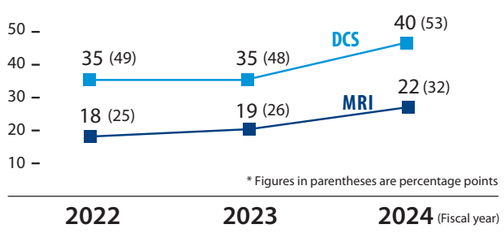
Mitsubishi Research Institute is a member of the Mitsubishi Group's committee on human rights, which consists of representatives from 21 Mitsubishi Group companies and one committee. Our staff regularly participate in workshops designed to deepen their awareness and understanding of various human rights issues. Measures to protect human rights also include the use of training programs to raise awareness and the creation of a harassment hotline.

Roadmap to integration of DE&I (MRI)

—Mutual growth of personal skills and diversity to resolve diversifying societal issues from fair and multifaceted perspectives—



Growth in the number of people with disabilities hired





Round-table talk with president on promotion of DE&I

Initiatives and issues for enhancing engagement

Both Mitsubishi Research Institute (MRI) and Mitsubishi Research Institute DCS conduct annual engagement surveys to check whether employees' value creation capabilities are being fully utilized in line with human resource strategies. The survey results are fed back to line managers to help improve engagement while company-wide trends are shared via the corporate intranet. Findings are also utilized when considering improvements to human resource policy and systems.

MRI conducts monthly pulse surveys to investigate the factors affecting each individual such as office attendance frequency, job satisfaction, enjoyment, perception of difficulty, and productivity status affected by health condition (presenteeism). These are used as an opportunity for line managers and employees themselves to notice changes in their mental or physical condition, and by repeatedly implementing these surveys, we aim to create an organizational culture in which people can communicate at any time about what their underlying factors are, about how to maintain good conditions, and how to improve any bad conditions. In addition to understanding the current situation and making improvements, we have established opportunities for employees and management to communicate directly. Through dialogue and interaction with employees from various organizations, positions, and backgrounds, we aim to deepen mutual understanding and trust while also facilitating flexible insights and empathy toward diverse values.

At DCS, we are enhancing engagement across three areas: company, supervisors, and work and workplace. In the company area, we aim to become an attractive company that improves employee expectations, and through the communication of the corporate purpose we defined in April 2024, we will foster company-wide unity and enhance corporate value. In the supervisor area, we strive for organizational development and to strengthen our management capabilities, centered on general managers.

The goal is to revitalize the organization by showing the direction that the organization and employees should pursue and then leading the way. In the work and workplace area, we will strive to break down organizational silos and facilitate overall optimization and innovation. We relocated to a new head office to ensure a comfortable and rewarding work environment, and we are also holding recreation-type workshops aimed at organizational revitalization and providing on-site support using consultants for enhancing engagement.

Outline of Group-wide engagement survey

We analyze variations in employee expectations and experiences in 16 areas, including the working environment, corporate culture, performance of work, and human resource development. We also consider and implement specific improvement measures.

For example, MRI's standalone score is 73.2, and compared to the average of all other companies, both expectations and experience are high in most of the 16 areas. However, the recruitment and personnel-assessment areas are at the same level as other companies.

While we have achieved our engagement score target of staying at 70 or above, we will continue to identify issues based on detailed analysis and consider response measures.

○ Engagement Score (FY9/24)

Group-wide score	Average of all other companies
72.1	69.4
(FY9/23: 74.2)	



Environment and Information Security

Approach to social trust foundation

Fulfilling social responsibility as a corporation is fundamental to realizing a sustainable society.

Our ESG initiatives—covering environmental, social, and governance—are the key elements constituting our Group's social trust foundation. We are strengthening these as non-financial value while taking on the challenge of pioneering initiatives.

In particular, we are expanding the foundation of trust necessary for the Group to sustainably develop business.

We are running initiatives that go beyond our own internal ESG efforts. This includes promoting environmental initiatives through our business activities, contributing to information security as a corporate Group responsible for everything up to and including digital transformation implementation, and corporate governance initiatives to sustainably enhance corporate value.

Environment

Reducing environmental impact in business activities and contributing to societal and environmental issues

We aim, through our business activities, to both reduce burdens on the global environment and to contribute to the realization of a sustainable society. We aspire to be a leader in creating an economy that is in harmony with the environment.

In our environmental policy, we advocate for intellectual contributions to global environmental conservation, and we practice environmental contribution activities by providing knowledge, including advanced environmental recommendations. As a future solution Group, we are expanding products and services that contribute to building a sustainable society and working to reduce impact on the global environment through diverse environment-related businesses. We are also reducing the environmental impact of our business activities and continually promoting environmental management.

In our response to climate change, we have set two indicators—greenhouse gas (GHG) emissions and renewable energy ratio—to ensure steady progress in decarbonizing our business operations on the way toward carbon neutrality in 2050. This also serves to address TCFD recommendations (pp. 82-83).

Sharing insights on how to resolve environmental and energy issues

We publish diverse knowledge and information based on the achievements of our projects to promote awareness and understanding of environmental and energy issues and their solutions. These communications are for society as a whole. In our independent research and proposals in particular, our basic stance is to share information grounded in scientific knowledge, and we share insights toward resolving societal issues with stakeholders across a wide range of fields in industry, government, and academia. This content is communicated through our official website and official social media accounts (Facebook, note), and we also hold Media Workshops and seminars, advancing initiatives aimed at achieving greater ripple effects.

Proposals and communications in FY9/24

September 2024	Published report on sustainable fuels in conjunction with the University of Tokyo
August 2024	Published report on impact of growing AI use on electric power demand in Japan
July 2024	Published key points and practices for sustainability-information disclosure
	Published mechanism for distributing the benefits of measures to reduce environmental impact in the food and agriculture field
June 2024	Published proposal on the integration of carbon neutrality and circular economy policies as required by Japan's Seventh Strategic Energy Plan
	Published proposals on sustainability management to maximize corporate value
May 2024	Published proposal on using the Seventh Strategic Energy Plan as an opportunity for policy integration
April 2024	Published report on potential sea areas for offshore wind in Japan
March 2024	Published article on ethical consumption driven by companies

Report Potential sea areas for offshore wind in Japan

Offshore wind power is an important electricity source for achieving carbon neutrality by 2050. To expand Japan's offshore wind market, decision makers need data on market scale, detailed development plans, and a market environment with high predictability overall. The key to this is identifying sea areas for development based on the premise of harmony between offshore wind and the fishing industry.

Against this backdrop, MRI released a research report on 25 April 2024 about potential sea areas for offshore wind in Japan. The report proposes the formation of a virtuous cycle that co-creates the future of offshore wind and the fishing industry. The report aims to help harmonize the efforts of offshore wind developers and local fishing industry. The report does so by providing fundamental information for dialogue via its analysis of sea areas with potential for offshore wind power.

Results showed that the area of potential sea areas with high business viability significantly exceeds the estimated amount of offshore wind power adoption required to achieve carbon neutrality by 2050. This indicates that it is possible for Japan to achieve its targets while minimizing impacts on ship navigation and the fishing industry. It is expected that the report will serve as an entry point to deepen discussion among relevant parties and facilitate the harmonization of offshore-wind and fishing-industry efforts.

https://www.mri.co.jp/en/news/20240620.html

The areas we identified in our report show high business viability and come in for a total of 70 GW for fixed-bottom and 1,477 GW for floating-type installations by 2050. This result significantly exceeds the estimated amount of offshore wind power required to achieve carbon neutrality by 2050.

We look to harmonize the relationship between the offshore-wind and fishing industries, and dialogue is the first step. Here, it is necessary to consolidate the knowledge and data held by both industries and to improve the level of detail in area identification. We will continue to analyze the results shown in the report and engage in activities to form of a virtuous cycle that leads to future co-creation between the offshore-wind and fishing industries.



Chihiro Terasawa
Green Transformation Group,
Energy and Sustainability Division,
Societal Innovation Unit

Contributing through multifaceted development of environment and energy business

Policy challenges in the environmental and energy sectors have become increasingly diverse and complex in response to changing times. Issues include addressing pollution, promoting energy conservation, diversifying energy sources, working on the environment in local areas, recycling resources, and global-warming countermeasures. We have been moving forward with support for the formulation and implementation of various policies and strategies while being cognizant of these changes.

Furthermore, we are putting our findings and proposals to work, either as a partner on solutions with other firms or by running solutions and services ourselves. For example, we are expanding into renewable energy projects, acting as a business entity in their operation. We are also running our own electricity market analysis platform and optimization-support services for distributed energy resources.

As a result, these businesses comprise sales of ¥6 billion and a workforce of over 160 people. This is an important area for expanding the scale of the Group's service business. Currently, we are developing business related to areas such as green transformation, the promotion of circular economy, and reform of the electric power system.

Environment and Information Security

■ Examples of projects related to energy and the environment (FY9/24)

Global warming countermeasures	● Survey on the relationship between carbon pricing and decarbonization investment (Ministry of Economy, Trade and Industry) ● Survey examining measures to expand renewable energy adoption for achieving medium- to long-term greenhouse gas emission reductions toward 2050 carbon neutrality (Ministry of the Environment)
Resources and recycling	● Survey and analysis for building autonomous resource circulation systems through coordination between arterial and venous industries (Ministry of Economy, Trade and Industry) ● Support for implementation of the small home appliance recycling act and study of appropriate treatment measures for difficult-to-dispose-of items such as lithium storage batteries (Ministry of the Environment)
Energy	● Survey on expanding adoption of stationary energy storage systems (Ministry of Economy, Trade and Industry, Agency for Natural Resources and Energy) ● Survey and other projects related to detailed design of simultaneous markets (Ministry of Economy, Trade and Industry, Agency for Natural Resources and Energy)
Others	● Survey project and dissemination activities related to corporate activities based on investment and financial trends pertaining to climate change (Ministry of Economy, Trade and Industry) ● Engagement strategy and practical support outsourcing for regional financial institutions based on TCFD disclosure (Ministry of the Environment)

■ Major examples of demonstration projects and service businesses related to environment and energy (FY9/24)

Demonstration projects

- Demonstration of both increased yield and reduced environmental impact using high-performance "sora-tan" biochar (joint project with TOWING Ltd.)
- Implementation of a contest offering prize money for research and development of detection and recovery systems for discarded lithium-ion batteries (LiB) (conducted as a commissioned project for planning and operation under NEDO's "NEDO Challenge", a NEDO program utilizing prize money)
- Demonstration of a power-grid-congestion mitigation system to confirm the feasibility of using distributed energy resources, such as storage batteries, for this purpose (conducted by a consortium of ten industry–academia entities together with NEDO)
- Participation in NEDO's public call for technology development to ensure flexibility and optimize power grids for integration cost reduction (NEDO Connect & Manage 2.0)—collaborated with seven industry-academia entities in conducting a trial of cost-effectiveness verification when applying market-driven congestion management and in investigating methods and new technologies to enhance and replace existing technologies for market-driven control systems
- Full-scale demonstration of recycled plastic matching app (implemented as a FY9/24 project aimed at further expanded matching with an expanded number of business operators) as a part of the "Development and Application Demonstration of Matching Tools for Recycled Plastics" under the Cabinet Office Cross-ministerial Strategic Innovation Promotion Program [SIP] Phase 3 theme Construction of Circular Economy Systems research and development project
- Project for demonstration and development of wireless charging implementation guidelines. Project demonstrated wireless charging for commercial electric vehicles (EVs) while parked, and we developed and published implementation guidelines for commercial EV users. The project, commissioned by the Ministry of the Environment, was carried out in collaboration with private sector companies

Service businesses

- Began providing MERSOL Operations service for operators of distributed energy resources such as storage batteries, providing daily optimal resource-operation planning using proprietary forecasting and optimization algorithms

Actions based on TCFD* recommendations

● Governance

Action on climate change is an important focus for the Group. In addition to the reduction of our own carbon footprint, we can also use our knowledge to contribute to the improvement of social value. The president of MRI is also our Chief Sustainability Officer (CSO), while the general manager of Mitsubishi Research Institute's Corporate Administration Unit coordinates activities as the Sustainability Management Officer. Policies and measures relating to environmental value are managed by the Sustainable Management Office. Matters requiring deliberations and decisions are raised by the general manager of MRI's Corporate Planning Division. Decisions are made by the Executive Committee, subject to approval by the Sustainability Management Officer, the CSO, and the Management Strategy Committee (p. 21 "Sustainability Promotion Structure").

The Board of Directors is responsible for oversight of basic sustainability policies, including periodic reviews of progress on plans. In FY9/24 the Board confirmed the progress of environmental targets such as greenhouse gas (GHG) emissions and the renewable energy ratio for the first fiscal year of MP2026.

* Taskforce on Climate-related Financial Disclosures: A taskforce led by the private sector encouraging effective climate-related financial disclosure. TCFD recommendations are international recommendations for promoting such disclosure

● Strategy

We identify climate change risks and opportunities and use scenario analysis to assess their impact on the Group. Specifically, we carried out reanalysis and updating of impacts for 2030 that we first analyzed in 2022. We used two scenarios: one for a 1.5°C rise in temperature and another for 4°C. The former assumes that stringent measures will be implemented, including carbon taxes and environmental regulations, and that society as a whole will work actively to counter climate change. The latter assumes that no stringent measures are introduced and that both the severity and frequency of natural disasters will increase.

As a result of this reanalysis, we have found that the financial impact of all risks is limited due to factors such as our Group's small scale of GHG emissions and electricity consumption, as well as the location of our facilities, the robustness of our buildings, and the state of our remote-working arrangements against severe disasters. On the other hand, with rising awareness throughout society toward carbon neutrality and the necessity of responding to severe disasters, there is a growing need for research, consulting, and system implementation that contribute to decarbonization. This is in tandem with disaster prevention and risk management that enhance resilience. In light of the above, our assessment is that the financial impact of seizing opportunities is greater than the risks.

■ Assessment of the financial impact of climate change on the Group

Scenario	Major risks and opportunities		Timeline for emergence*	Financial impact†	Assessment of risks, opportunities, and financial impacts
1.5°C scenario	Risks	Introduction of carbon pricing‡	Medium to long term	Small	● We considered the risk of rising costs for the Group in the event a carbon tax is imposed due to the introduction of a carbon pricing system in Japan ● We evaluated the impact on operating profit and loss by applying a carbon tax to our residual GHG emissions (scope 1, 2) forecasted for 2030. The carbon tax level is assumed to be 140 USD/tCO₂e (IEA NZE2050 developed-country carbon-tax price)
		Rising electricity rates	Medium to long term	Small	● We considered the risk of electricity rate increases due to the shift to non-fossil electricity sources as the Japanese government aims to reduce greenhouse gas emissions by 46% compared to FY9/13 on the way toward FY9/30 ● We considered a rise of about 7–30% in light of our analysis of past electricity price trends, based on the IEA WEO 2018 forecast
		Reputation risk	Short term	Small	● We considered the risk of a decrease in orders from damaged reputation from major problems in our climate-change-related disclosure or significantly inadequate work on initiatives such as the Group's efforts to suppress its own global warming gas emissions and achieve renewable energy introduction targets ● We particularly considered the risk of a revenue downturn in areas such as research, analysis, and consulting related to the pursuit of carbon neutrality
	Opportunities	Demand for consultation and system services could increase due to growing interest in mitigation	Short to medium term	Small to medium	● We considered an increase in sustainability-related business opportunities in various industries as society's decarbonization efforts accelerate ● We set growth case and standard case rates for sales growth in mitigation-related projects, forecasted sales in 2030, and evaluated the impact on operating profit and loss
4.0°C scenario	Risks	Economic stagnation due to intensifying wind and flood damage	Short term	Small	● We considered the risk that the Group would receive fewer business orders if severe disasters, such as major typhoons, were to cause an economic downturn affecting all of society ● Referring to the relationship between past and ongoing economic crises (e.g., the 2007–2008 financial crisis and the covid pandemic) and the GDP growth rate, we calculated the risk of a downturn in sales by applying a certain ratio to our sales forecasted for 2030 then evaluated the impact on operating profit and loss
	Opportunities	Demand for consultation and system services could increase due to growing interest in adaptation	Short to medium term	Small	● We considered the potential increases in business opportunities for the Group in the area of adaptation-related projects amid the growing severity and frequency of natural disasters. Such projects might include disaster preparedness initiatives, infrastructure strengthening, and risk management ● We set growth case and standard case rates for sales growth in adaptation-related projects, forecasted sales in 2030, and evaluated the impact on operating profit and loss

* Timelines are defined as follows.
Short-term: up to FY9/26 (the period for environmental targets and business plans under MP2026)
Medium-term: up to FY9/30 (the milestone year for environment targets for the achievement of carbon neutrality by 2050 under the Sixth Strategic Energy Plan)
Long-term: up to FY9/50 (the target year for the achievement of carbon neutrality)

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

‡ Our assessment of the impact of carbon pricing in relation to the main risks and opportunities for the Group is limited to the direct effect of the introduction of a carbon tax on profit and loss
https://www.mri.co.jp/en/knowledge/article/20250411.html

Environment and Information Security

Actions based on TCFD recommendations

Risk management

Our Group utilizes its proprietary comprehensive risk management system ARMS (p. 98) to identify risk signs and conduct risk management in emergencies. Risk signs identified throughout the company via ARMS are reported monthly by the Risk Management Division to the Executive Committee.

In addition, the Internal Control and Risk Management Committee, chaired by the president, is held four times a year. Here, summaries, annual policies, and plans are reported to the Executive Committee at least once a year before being reported to the Board of Directors.

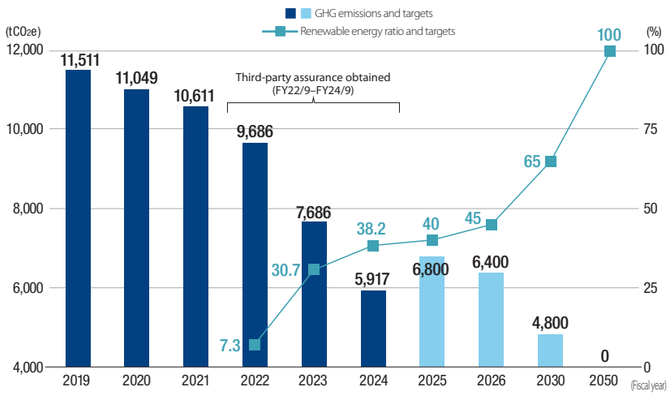
Risks related to climate change are managed in an integrated manner through ARMS. This is based on evaluations in line with the TCFD framework by the Sustainable Management Office, which is responsible for sustainability management, in addition to centralized system management through ARMS. Risks and opportunities are reported to the Risk Management Division and managed through ARMS.

Indicators and targets

We have set two indicators to make sure the Group is on track for carbon neutrality by 2050: GHG emissions and renewable energy ratio. These serve as indicators of our commitments to sustainability management and are linked to a portion of directors' executive compensation. In FY9/24, by promoting various measures such as the use of renewable energy, investment in renewal of energy-saving equipment, conversion of office lighting to LED, and workstyle reforms, GHG emissions were 5,917 tCO_2e (a decrease of 1,769 tCO_2e from the previous year), and the renewable energy ratio reached 38.2% (up from 30.7% in the previous year).

For FY9/25, we plan to expand the scope of our GHG emissions calculations, maintaining the current target level (6,800 tCO_2e), but will continue to aim for emissions reduction toward achieving carbon neutrality by 2050.

GHG emissions (scope 1 and 2) and renewable energy ratio progress and targets



Initiatives for scope 3 calculation

From FY9/24, we have begun calculating a portion of our Scope 3 GHG emissions. For FY9/24, the target categories are 1 (purchased goods and services), 2 (capital goods), 3 (energy), 4 (transportation and distribution), 5 (waste generated in operations), 6 (business travel), and 7 (commuting). Going forward, we will sequentially expand the target categories to comprehensively ascertain and reduce GHG emissions associated with our value chain.

FY9/24 GHG emissions (scope 3)*

27,824 tCO_2e

* The target categories are 1–7, including MRI and some subsidiaries (excluding part of the scope 1 and 2 calculation range)

Response to TNFD*

The Group considers reducing the burden on the global environment and contributing the sustainable development of society through business activities as one of our fundamental principles. In March 2023, we endorsed the philosophy of the Taskforce on Nature-related Financial Disclosures (TNFD) and joined the TNFD Forum, which consists of companies, government agencies, and academic institutions with specialized knowledge. In FY9/24, we were commissioned by the Ministry of the Environment to support the development of a foundation for financial institutions to advance disclosure in line with TNFD, through the FY9/24 Commissioned Work for Analysis Support on Natural Capital for Decarbonization by Financial Institutions. In addition, we are collaborating with companies across the food, real estate, and financial sectors to support investor disclosures aligned with the TNFD Disclosure Framework and to help them explore ways to enhance corporate value through natural capital conservation initiatives.

Taskforce on Nature-related Financial Disclosures

* Taskforce on Nature-related Financial Disclosures: An international organization that builds a framework for appropriately assessing and disclosing risks and opportunities related to natural capital and biodiversity

Information Security

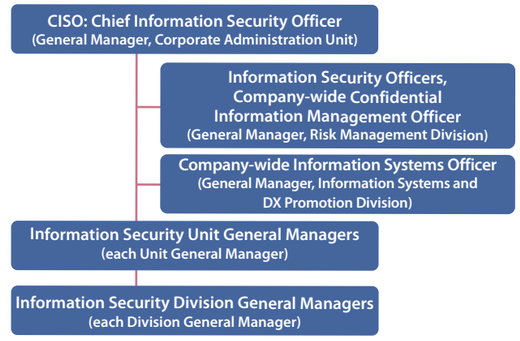
Basic policy

The Group works with extensive information assets, and we have established and publicly released a Basic Information Security Policy. The basic policy comprises five policies for protecting information from threats, guaranteeing confidentiality, ensuring integrity, and assuring availability.

1. Establish information security management structure
2. Comply with regulations on information assets
3. Implement appropriate information security measures
4. Provide information security training
5. Continually improve information security management

Organizational structure for information security

We have established an organizational structure for information security by appointing a Chief Information Security Officer (CISO) at the management level, with officers in charge of each unit and division positioned under their supervision. This structure is supported by the Risk Management Division and the Information Systems and DX Promotion Division, enabling us to respond with agility.



Continuing efforts

We formulate an information security management plan as an annual plan for each fiscal year, manage progress, and continuously promote the following activities:

❶ Use of external evaluation standards

We use the "CIS Controls Version 8.0" cybersecurity guidelines as our evaluation standard, and by conducting quantitative evaluations from a third-party perspective, we ensure the trust of our external stakeholders in our information security.

❷ Continual IT-BCP drills

We regularly conduct Information Technology Business Continuity Planning (IT-BCP) drills to ensure early recovery and maintenance of IT systems during disasters and cyberattacks. In FY9/24, we conducted a drill simulating a ransomware infection, consistently the most prominent type of attack according to Japan's Information-Technology Promotion Agency.*

Within our company, there are operations that cannot tolerate delays due to factors such as legal requirements or contracts with clients. We analyze the risks and impacts to our business of infections in resources that these operations depend on and that could become bottlenecks; through this, we have clarified the preventive measures that should be ensured.

Also, the Risk Management Division and the Information Systems and DX Promotion Division jointly formulate recovery plans for insufficient resources to reduce wasteful resource allocation. In addition to these measures, on the technical side, MRI uses DCS's data centers.

* Information-Technology Promotion Agency, Japan (IPA) "Top 10 Information Security Threats (Organizations)"

❸ Targeted email attack drills

Emotet and other malware infections spread through illicit emails sent by malicious attackers. Attacks like this are becoming increasingly prevalent in Japan. We are working to prevent the harm caused by such attacks by continually training employees in methods for countering targeted-email attacks.

Dialogue on Corporate Governance



Takashi Morisaki
Chairperson, Chairman of the Board

Satoko Shisai
Outside Director

Naomi Koshi
Outside Audit & Supervisory Board Member

Improving corporate value through active dialogue

Introduction

Morisaki To begin, can you tell us about your roles as Outside Director and Outside Audit & Supervisory Board Member?

Shisai My basic duties are to formulate strategies like the Medium-Term Management Plan (MP), nominate and determine compensation for directors, contribute to internal controls, and monitor the progress and results of the Group's management. The current management plan was formulated before I was appointed, but I am carefully monitoring its execution.

I have many years of experience in the IT industry, and I was involved in businesses for the public sector, so I can view the Group through the lens of another company in the industry. At a pharmaceutical company, I also have experience from the perspective of a client of the Group. So, during meetings of the Board of Directors, I speak with a focus on the position of the Group in the IT industry and on the duties and expectations of the Group in the healthcare industry.

Koshi The duty of auditors is to audit the directors' execution of their duties. However, there are things that are impossible for the Audit & Supervisory Board to ascertain alone, so we carry out our work in cooperation with the Audit Office and auditing firms. Auditing places particular importance on the professional legal perspectives of lawyers and on compliance.

Mitsubishi Research Institute (MRI) has a lot of work in the public sector. At the meetings of the Board of Directors, I leverage my experience in the administration of a local government as the mayor of a city and strive to maintain a perspective that allows the Group to contribute as much as possible to the administration of the national and local governments.

Effectiveness of governance

Morisaki A year has passed since you two were appointed, but what are your perspectives on the governance of our Group?

Shisai I also attend the Governance Advisory Committee and appreciate the fact that solid succession plans have been established for the Group's executives and business leaders. We were given thorough explanations, including long and short lists of candidates as well as detailed information on each candidate.

Regarding the revisions to executive compensation, I find it unique that the non-financial value indicators—serving as incentive elements of variable compensation—include metrics related to the human foundation and the intellectual and co-creation foundation, which are at the core of value creation for the Group. Also, recent discussions on executive compensation evaluations have delved into how to address unmet targets.

Koshi I think a particularly good characteristic is that we are able to exchange frank opinions at meetings of the Board of Directors. A lack of IT industry perspective has been pointed out in the past. But, Ms. Shisai's appointment has brought a balance to the composition. This allows both the Board of Directors and Audit & Supervisory Board to leverage their varied experience and specialties to engage in lively discussions.

The thing that surprised me in particular was the active remarks from auditors at the meetings of the Board of Directors. MRI is a company with a board of company auditors. However, in actuality, it is closer to a company with an audit and supervisory committee. While the auditors do not participate in decisions at the Board of Directors, the company has a culture in which auditors actively convey their opinions with regard to strategies and measures regarding business and capital.

I believe that the most important element to improving the effectiveness of audits is our ability to directly have discussions with everyone on the Board of Directors on items related to auditing, such as legal matters and management issues, including risks.

Shisai I believe what differentiates us from the Board of Directors of other companies is that auditors are able to proactively speak and have active discussions at the Board of Directors.

Morisaki I agree that the auditors actively speaking at the Board of Directors may be a characteristic of MRI. For example, during a discussion on how to handle a specific legal risk, Auditor Koshi pointed out a new risk from a different perspective. Following a new investigation, we made a report to the Board of Directors. I felt that this showed that the characteristics of our Group's governance function effectively. With the recognition that not only financial performance but also non-financial and social value are important elements, non-financial value indicators are incorporated into the evaluation and compensation of executive officers. I have also been offered opinions that we should increase the connection between these indicators and corporate value, so I would like to continue working to improve governance.



Issues based on business perspectives

Morisaki Could you describe issues related to our businesses?

Shisai This is the first year of MP2026, and I am aware that we are trying to implement changes in various forms. One of our major strengths is our stable client base and business foundation centered primarily around the public sector and finance. However, I am under the impression that our businesses and work for societal change only address a limited number of domains.

Morisaki Our Vision, including our goals for 2030 and societal change, is certainly lofty, and I recognize that our current speed of growth is a major issue.

Koshi The Board of Directors and Audit & Supervisory Board held separate discussions on how we unfortunately fell short of our targets for FY9/24 financial results. The need for management to clearly state its intentions was brought up. At Board of Directors meetings, the outside directors engaged in vibrant discussions based on their abundant experience at global companies and in the public sector. I think we need to focus discussion more on medium- to long-term strategies founded in the Company's current situation.

Dialogue on Corporate Governance

Shisai I feel the same way. We receive explanations from each business unit following the monthly Board of Directors meetings. First, we look at the objectives to be achieved and then examine the future circumstances based on those objectives. There are two primary points that I think require further explanation to outside directors so that we can have even deeper discussions.

The first is that, as pointed out in assessments of effectiveness, we need to provide more explanation on the positioning that the Group should strive for in the IT industry—a rapidly changing business environment with fierce and growing competition. The other is that, we should receive explanation on the progress of policies, not just their basic overview. This applies to those such as our management based on an awareness of our share price and policies like our Human Foundation.



Therefore, I feel that we compare rather poorly with businesses in similar categories with regard to growth rate and profitability, factors also reflected in movements in our share price. For vendors, which are downstream businesses, I believe that a major characteristic and strength of the Group is that we contribute deeply to policy proposals. These are features that garner jealousy from the perspective of a typical downstream vendor.

However, in the current IT industry, more companies are venturing into more profitable fields while handling long life cycles spanning from consulting to implementation and operations. So, the major factor is not to string together a full cycle of functions based on our Think Tank & Consulting strengths.

Rather, we must shift to a highly profitable business model by expanding our business beyond the limits of siloed organizations and skill sets. This requires major changes to our mindset, clearly a difficult feat among existing businesses, and I feel that those in management in particular have started making efforts to change the mindset inside the Group. The Board of Directors is aware of my advice regarding this issue.

Morisaki I also think that we are approaching a major turning point toward achieving the ideal future state for the Group. With our sights fixed on the current management plan, our goals for 2030, and the future, I would like for us to create the path for simultaneously improving Our Vision, social value, and economic value while listening to advice from outside directors.

Human foundation as the source of growth

Morisaki The strength of our Group has been the services we provide to the public sector. But this has also engendered stiff verticality to our organizational culture. Resolving the complex societal issues the world now faces requires multiple perspectives.

We are emphasizing the need to combine specialties, one objective of our corporate reforms implemented in 2023. This has laid bare the issue of securing and training talent who are capable of combining knowledge in a multiplicative, rather than simply additive, fashion—a feat far from trivial.

Shisai This year, the Board of Directors meetings covered multiple instances where a lack of workforce thwarted our ability to capitalize on a business opportunity. This is extremely unfortunate. Our strategies require human resources capable of management that brings together individuals of diverse specialties.

Our human resources development efforts are addressing this, and next our employees will need to build up their experience, bringing together a wide range of business partners and providing services to clients as one team comprising both in-house and external members. We should also hire new personnel who possess such experience and have them share that knowledge throughout the company.

On the topic of hiring, I think that we should further analyze the type of human resources that are inclined to the Group, similar to how we consider our business strategies. I think we should focus on hiring that not only seeks out specific skills, such as programming or project management, but also the value that comes from working for the Group.

A large portion of young professionals today do not find motivation merely in salary or status but also in social contribution and self-fulfillment. So, we need to demonstrate to both recent graduates and mid-career hires that we are a company that can help them achieve such personal ambitions. I believe that is something that utilizes the business characteristics of the Group to differentiate us from other companies.

Koshi This means that we would also need to work on expanding opportunities so that human resources who join our company with such expectations remain for a long time. Speaking with employees in various situations, it is clear that we enjoy a deep field of highly specialized and exceptionally skilled talent. They are the source of the value that the Group creates.

As diversity increases through our expansion of mid-career hiring, the Audit & Supervisory Board is discussing the necessity of a culture and programs that allow a diverse workforce to better leverage their potential. I think that this is also necessary for improving the ratio of women working for the Group, as previously indicated by Director Bando.



Shisai While not unique to the Group, we have somewhat of a monocultural atmosphere, and employees tend to share a similar mindset. Generally speaking, there seems to be a kind of tacit understanding of what constitutes the Group's style, and I think that those who deviate from it may sometimes be viewed as eccentric.

However, I think that hiring such people is exactly what will make employees break out of their learned behaviors and will lead to a change in our business culture. So, proactively hiring peopole who have worked in different corporate cultures is one way for us to set into motion change across organizational silos and skill sets.

Also, as Ms. Koshi said, we could create an environment where we aim to retain such new human resources and allow them to fully utilize their motivation and skills. Their accomplishments would be recognized both inside and outside the company, which would then convey the image that working for the Group will allow human resources to advance their careers. I think this would also change how we are seen in the labor market.

Morisaki We need to constantly reassess our culture. Here, resolving societal issues will be the fundamental value at the foundation of the Group. I have experienced firsthand that many personnel join our company inspired to resolve societal issues. Going forward, I think that further expanding opportunities for such human resources to make use of their potential in order to stably create new business opportunities will require a balance between financial value and non-financial value.

Toward the future Mitsubishi Research Institute Group

Shisai I have many years of experience in executive positions, so I tend to have a strong interest in strategies and business. However, as an outside director, I am always focused on share price with our stakeholders in mind. Also, I think that the expectations of our shareholders are not limited to capital policy such as payout ratio and cross-shareholdings policy but also include the ways in which we will grow and improve corporate value. Therefore, in my supervisory position, I would like to be aware of these two perspectives.

Koshi I think the fact that we have not clearly conveyed our future growth strategies to our shareholders is reflected in our current share price. We need to discuss forward-looking strategies and implement them in a bold manner based on the Company's current situation. Moreover, the area that needs digital services the most in Japan now is the public sector. As someone who has experience as a mayor, I hope that the Group will be able to combine technology with governmental administration and contribute to advancing Japanese society in general.

Morisaki As you have pointed out, I also think that improving corporate value and share price are now-or-never issues. I would like for us to fulfill our responsibilities to our broad range of stakeholders, from shareholders to customers and employees, while proactively working to improve our corporate value in a broad sense. That is not limited to financial value but also includes non-financial value and social value.



Governance

Basic approach to corporate governance

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

Corporate governance structure

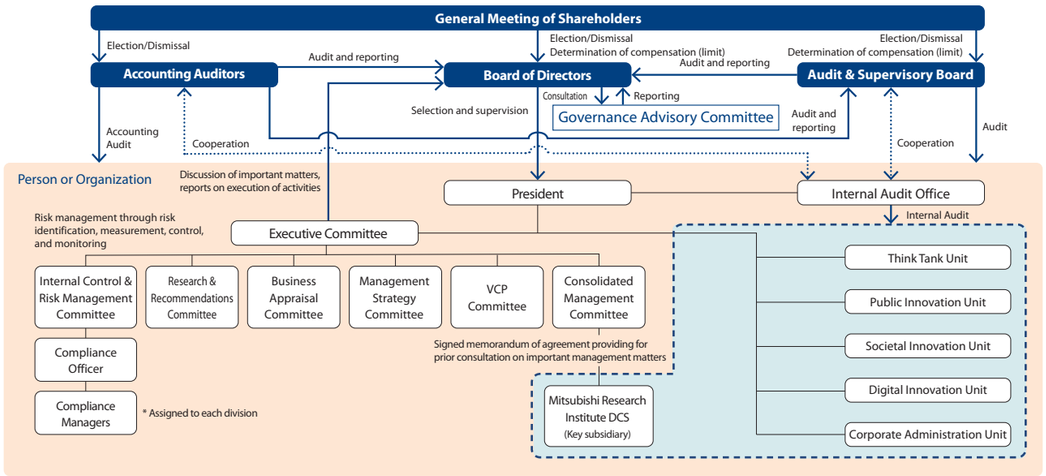
We have constructed a highly effective governance structure as a company with a board of auditors. This was possible through the close cooperation of the Board of Directors, with the majority of directors being outside directors, and the Audit & Supervisory Board, with the majority of auditors being Outside Audit & Supervisory Board members.

Outside directors attend meetings of the Board of Directors and Governance Advisory Committee, provide advice from a neutral and objective perspective to management, and supervise the execution of duties. At meetings of the Board of Directors and the Audit and Supervisory Board, Outside Audit & Supervisory Board members provide appropriate supervision through advice from a neutral and objective perspective.

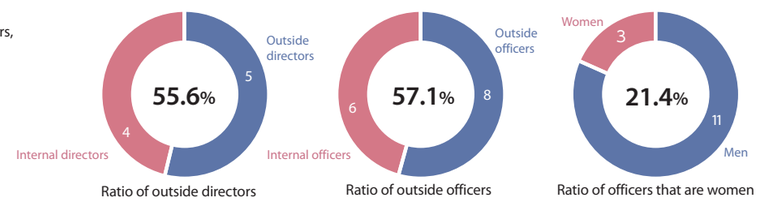
Business execution is determined by the Executive Committee based on the basic management policy established by the Board of Directors and is executed by executive officers. Also, there is a clear separation of management decision-making, supervisory, and business-execution functions. Moreover, internal committees are consulted before any proposal on important matters is put before the Executive Committee.

The Group, which includes subsidiaries and affiliates such as major subsidiary Mitsubishi Research Institute DCS, shares a code of conduct, the Corporate Governance Guidelines, and the System to Ensure Appropriate Operations (Internal Control System). These underpin our common values and ethics.

■ Corporate governance structure (as of 1 October 2024)



■ Ratio of outside directors, outside officers, and officers that are women



Skill matrix of directors and corporate auditors

We have identified the following key areas of knowledge and expertise essential for the supervision and support of our business behavior and the realization of Medium-Term Management Plan 2026, which is based on our Guiding Principles—what we should strive to accomplish (Our Mission) and what we aim to fulfill (Our Vision).

Skill items	Reason for selection
Business management	Business management experience and skills, including knowledge based on wide-ranging business experience and relevant experience in the implementation of strategies are deemed essential for directors and Audit & Supervisory Board members as they work to address various societal issues
Legal affairs, risk management	As a listed company, we need to develop and administer compliance structures and maintain appropriate risk management systems so that we can respond precisely to the problems that we encounter as we work to address issues that have never previously been resolved
Financial accounting	The Board of Directors and the Audit & Supervisory Board have a responsibility to contribute to the continuing improvement of our corporate value. Accurate financial reporting is essential
Society and policy	Diverse knowledge, logical thinking, and a vision for society are all essential to our continuing efforts to enhance the value that we provide within the company and to our clients by addressing societal issues in an increasingly complex and difficult environment. We regard experience and skills honed through approaching and challenging societal issues on the basis of wide-ranging experience and specialized knowledge as vital for this process
Digital technology	We believe that the solution of societal issues in today's environment requires advanced technologies, including digital technology, and that the use of such technologies is dependent on not only up-to-date knowledge, but also experience and specialist skills in the field of digital technology
Human resources	People are key assets for MRI. To create solutions for societal issues, we need to maximize the effectiveness of our human resources by continually enhancing their knowledge in a broad spectrum of fields. We believe that our directors and Audit & Supervisory Board members need to have diverse experience and specialist knowledge relating to human resource development and education

■ Skills of directors and Audit & Supervisory Board members (as of 18 December 2024)

Role	Name	Principal areas of knowledge and expertise					
		Business management	Legal affairs, risk management	Financial accounting	Society and policy	Digital technology	Human resources
Chairman of the Board	Takashi Morisaki	●		●	●		●
President and Representative Director	Kenji Yabuta	●		●	●		●
Executive Vice President and Representative Director	Yasuteru Hirai	●	●	●	●		●
Senior Managing Director	Yoshihiko Ito				●	●	
Outside Director	Mariko Bando	●			●		●
Outside Director	Ken Kobayashi	●			●		●
Outside Director	Nobuyuki Hirano	●	●	●	●		
Outside Director	Seiji Izumisawa	●			●	●	●
Outside Director	Satoko Shisai				●	●	●
Audit & Supervisory Board Member	Toshiyuki Ogawa		●		●		
Audit & Supervisory Board Member	Kazumichi Ito		●		●	●	
Outside Audit & Supervisory Board Member	Kenji Matsuo	●	●		●		●
Outside Audit & Supervisory Board Member	Yutaka Kawakami		●	●			●
Outside Audit & Supervisory Board Member	Naomi Koshi		●		●		●

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

Status of activities of the Board of Directors

Mitsubishi Research Institute's (MRI) Board of Directors consists of nine directors (five of whom are outside directors) who possess the authority to carry out decision-making for the management of MRI and supervise the execution of duties of the directors. Also, three of the five outside directors have management experience at other listed companies, one has experience in education, and one has specialist knowledge in the field of digital technologies. This means that the Board of Directors has constructed a system that allows it to make decisions and supervise management from the broad range of perspectives, experience, and knowledge of each director. With regards to the execution of duties, executive officers are appointed and assigned different management and executive functions. This aims to yield effective and accurate decision-making and to clarify the responsibilities in the execution of duties.

During this fiscal year, MRI held ten Board of Directors meetings.

■ Main content of Board of Directors meetings

General meeting of shareholders	● Decision on items for holding annual general meeting of shareholders
Management and business strategy	● Group business plans and annual budgets ● Status of each business segment ● Progress in reducing cross-shareholdings ● Establishment of overseas subsidiaries ● Initiatives to realize management conscious of capital costs and share price
Finance and investor relations	● Quarterly and full-year financial results ● Interim and year-end dividends ● Financial plan
Organization, human resources, and executive affairs	● Establishment of organizational units within each headquarters and appointment of general managers ● Directors and officers (D&O) liability insurance contracts ● Executive appointments ● Executive compensation
Corporate governance, risk management, and internal controls	● Status of whistleblowing and consultation systems ● Analysis and evaluation of the effectiveness of the Board of Directors ● Advanced Risk Management System (ARMS) ● Status of concurrent positions held by directors ● Internal control system ● Conflict-of-interest transactions involving directors

Governance Advisory Committee activities

The Governance Advisory Committee was established as an advisory body for the Board of Directors, which seeks its input on the appointment, dismissal, and compensation of key executives, such as the chief executive officer (CEO). Advice is also sought regarding the analysis and assessment of the effectiveness of the Board of Directors. The committee deliberates on questions put to it by the Board of Directors and reports its findings to the Board.

■ Members of the Governance Advisory Committee

Takashi Morisaki
(Chairperson, Chairman of the Board)
Kenji Yabuta
Yasuteru Hirai
Yoshihiko Ito
Mariko Bando
Ken Kobayashi
Nobuyuki Hirano
Seiji Izumisawa
Satoko Shisai

Note: Outside Directors are underlined.
Auditors may attend as observers depending on meeting content

■ Governance Advisory Committee activities and main agenda items

First meeting (October 2023)	● Analysis and evaluation of the effectiveness of the Board of Directors ● Revision of executive compensation policy
Second meeting (November 2023)	● Succession plans for the management team ● Executive compensation in FY9/2023
Third meeting (July 2024)	● Succession plans for the management team

Executive Committee and internal committees

MRI clearly separates the decision-making, supervisory, and executive functions of its management. This allows the Executive Committee to make decisions and have executive officers carry out duties according to the basic management policy established by the Board of Directors. Internal committees are consulted before any proposal on important matters is put before the Executive Committee in order to achieve better decision-making.

Name	Objectives and matters of deliberation	Committee chair
Consolidated Management Committee	The objectives are to deliberate on and promote the basic policy and basic matters concerning consolidated management. Matters of deliberation include management planning and budgeting of the group; the Group's business strategies, sales strategies, human resources strategies, communications strategies, and IR strategies as well as sustainability management; the Group's risk management; and other crucial matters.	**Kenji Yabuta** (President and Representative Director)
VCP Management Committee	The objectives are to deliberate on matters concerning VCP strategy and business planning in order to enhance VCP Management. Matters of deliberation include overall VCP strategy and setting priority domains; assessments of VCP Managers; selection of personnel in VCP-related management; planning and assessment of each field; and other crucial matters.	**Yoshihiko Ito** (Senior Managing Director)
Management Strategy Committee	The objectives are to deliberate on matters concerning management strategies and business policy. Matters of deliberation include management policy, planning, and budgeting; revisions and abolition of organizations and establishment and abolition of offices; establishment and abolition of subsidiaries; information-asset strategies, investments, and IT governance; sustainability management; human resource strategy and human resource policy; HR and IR strategies; sales strategies; company-wide reforms; and other management issues.	**Kenji Yabuta** (President and Representative Director)
Business Appraisal Committee	The objectives are to determine the appropriateness of project orders, new businesses, investments, and business collaborations. Matters of deliberation include the appropriateness of new businesses and capital and work partnership associated with progress in large-scale projects or VCP Management.	**Yasuteru Hirai** (Executive Vice President and Representative Director)
Research & Recommendations Committee	The objective is to advance Research & Recommendations for assisting the development of businesses. Matters of deliberation include company-wide policy, promotion strategies, and planning for in independent research and proposals; implementation planning, budgeting, status of activities, and results of independent research and proposals; and other crucial matters concerning independent research and proposals.	**Yoko Takeda** (Executive Officer, Research Fellow)
Internal Control and Risk Management Committee	The objective is to appropriately carry out matters related to internal control and risk management. Matters of deliberation include the internal control system; the establishment, revision, and abolition of rules and matters concerning risk management; and other matters concerning internal control and risk management.	**Kenji Yabuta** (President and Representative Director)
Disciplinary Committee	The objective is to deliberate and make decisions on reasons for disciplinary action as established in the work rules and to honestly and fairly carry out the relevant deliberations, etc. Matters of deliberation include establishment, revision, and abolition of disciplinary systems and rules; determination of the appropriateness of reasons for disciplinary action as established in the work rules; types of disciplinary action established in the rules; and application of compensation for damages.	**Yasuteru Hirai** (Executive Vice President and Representative Director)

Executive compensation system

To ensure objectivity and transparency in the procedures for determining executive compensation, MRI has established the Governance Advisory Committee as an advisory body to the Board of Directors. Based on the Committee's recommendations, the Board deliberates and determines matters such as the executive compensation policy, the executive compensation rules, and individual compensation amounts.

MRI determines the compensation levels for its executive officers based on their position and responsibilities, with standard amounts set accordingly. Moreover, establishment of base pay involves using research data from an external specialist agency and comparing the compensation with the compensation levels of other companies in the same industry that are the same size as MRI. This maintains our competitive edge in acquiring human resources.

Basic Policy Regarding Officer Compensation

- To put into practice a management policy that responds to the mandate of the shareholders, we will have a fair compensation system that motivates officers to execute their duties
- To ensure accountability to our stakeholders, we will decide officer compensation through an appropriate process that guarantees transparency, fairness, and reasonableness
- 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

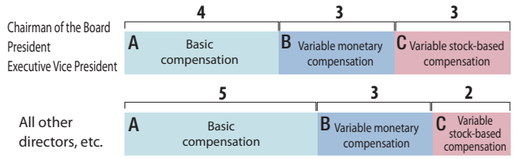
Compensation system for officers

Basic compensation	Officers are paid monthly monetary compensation according to a table based on the rules of executive compensation, which are determined according to the position and nature of duties of officers
Variable monetary compensation	As an annual incentive, a bonus is paid based on a payout rate determined within a range of 0% to 150% of the standard amount, reflecting the degree of achievement of consolidated and segment business targets for each fiscal year, as well as the individual performance evaluations of each director
Variable stock-based compensation	As a medium- to long-term incentive, the payout rate ranges from 0% to 150% of the standard amount and is determined each fiscal year based on the achievement level of consolidated revenue and consolidated operating profit, as well as the achievement level of Return on Equity (ROE) and the Company's non-financial value indicators during the Medium-Term Management Plan period. The determined amount is then converted into points, which are accumulated over time, and shares corresponding to the accumulated points are granted upon retirement

Note: The basic compensation structure refers to the ratio of compensation components, assuming a standard level of performance achievement for performance-linked compensation and other elements

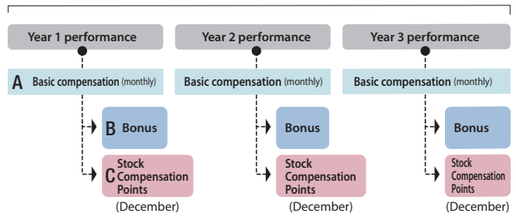
The compensation structure for internal directors comprises basic compensation, variable monetary compensation, and variable stock-based compensation. The compensation structure is set at a ratio of 4:3:3 for the Chairman, President, and Executive Vice President of the Board and 5:3:2 for other internal directors.

Structure of executive compensation



Determination of variable compensation

Timing of executive compensation payments



Note: Basic compensation is paid in cash as a monthly salary. Variable monetary compensation is paid as a year-end bonus based on the degree of achievement of performance indicators for each fiscal year. Variable stock-based compensation is paid at the end of each fiscal year in the form of stock allocation points, which are granted and accumulated based on the level of achievement of performance indicators

Note: Accumulated stock issuance points are calculated following the resignation, death, or decision to relocate an officer, etc. abroad. MRI shares are to be issued according to the number of accumulated points

Total compensation for FY9/24

The total amount of compensation for FY9/24 and its breakdown is as follows:

Classification	Number of personnel	Total amount of compensation (¥ mn)	Total amount of compensation by type (¥ mn)		
			Monetary compensation		Stock-based compensation
			Basic compensation	Variable compensation	
Directors (Outside directors)	11 (5)	292 (39)	137 (39)	66 (—)	89 (—)
Audit & Supervisory Board members (Outside Audit & Supervisory Board members)	6 (4)	79 (25)	79 (25)	— (—)	— (—)
Total (Outside officers)	17 (9)	372 (65)	216 (65)	66 (—)	89 (—)

Effectiveness assessments

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

Evaluation method and results

In FY9/24, we conducted a survey of all directors and Audit & Supervisory Board members concerning the composition, management, and strategies of the Board of Directors, and the oversight of nomination and compensation processes. To ensure objectivity, we used an independent organization to design the survey and carry out the analysis and assessment.

The survey of this fiscal year resulted in excellent appraisals, indicating that the Board was performing its functions properly and effectively, and was promoting diversity of the Board of Directors and providing a free and open forum for constructive debate and exchanges of views.

Initiatives to solve issues revealed in the assessment results

Some of the matters that we became aware of in FY9/23 were the promotion of diversity in the structure of the Board of Directors, verification of the appropriateness of measures, and improvements in successor planning and reports related to risks. These confirmed that we are making efforts to improve effectiveness.

Also, we reaffirmed the necessity to deepen discussions at the Board of Directors in order to provide effective information. In that respect, we investigate improvements to the documents and information provided to the Board of Directors based on the expectations of outside directors in order to further leverage the monitoring functions of the Board of Directors, discuss successive election policies of outside directors, and further promote initiatives regarding sustainability themes such as human capital with a strong awareness of the expectations of stakeholders.

We will continue to target further improvement in the effectiveness of the Board of Directors based on the results of these analyses and assessments.

Approach to cross-shareholdings policy

MRI makes decisions with regard to the cross-shareholdings policy of listed companies following exhaustive discussions that involve a comprehensive look at our partnership with and support of the work of investees, maintenance and development of transaction relationships, and business education for the future. Shares that are determined to be inappropriate with regard to the objectives of our cross-shareholdings policy are immediately disposed of or reduced as quickly as possible. Moreover, as of 30 September 2024, cross-shareholdings account for 8% of our consolidated net assets.

The Board of Directors regularly reviews factors such as the business status of investees as well as the risk and returns of investments with regard to our cross-shareholdings policy and investigates the medium- to long-term economic rationality and future prospects.

Note: For details on the cross-shareholdings policy, refer to pp. 75–77 of our Securities Report

Governance

Officers

Directors

Name		Position and responsibilities	Attendance at Board of Directors meetings (FY9/24)	Principal positions to date
Takashi Morisaki		Chairman of the Board	100% (10/10)	**Career summary** ● Joined Mitsubishi Bank, Ltd. in April 1978. Held various posts, including Deputy President, at Bank of Tokyo-Mitsubishi UFJ, Ltd. before becoming Executive Vice President and Executive Officer of Mitsubishi Research Institute, Inc. in October 2016. Became President and Representative Director of Mitsubishi Research Institute, Inc. in December 2016 and Chairman of the Board in December 2021 (current)
Kenji Yabuta		President and Representative Director Officer in Charge of Internal Audit Office	100% (10/10)	**Career summary** ● Joined Mitsubishi Bank, Ltd. in April 1983. Held various posts, including Director and Deputy President, at MUFG Bank, Ltd. before becoming Executive Vice President and Executive Officer of Mitsubishi Research Institute, Inc. in October 2021 and President and Representative Director in December 2021 (current)
Yasuteru Hirai		Executive Vice President and Representative Director General Manager, Corporate Administration Unit Officer in Charge of Management Strategy	100% (8/8)	**Career summary** ● Joined Mitsubishi Corporation in April 1984. Held various posts, including Executive Vice President, Corporate Functional Officer, and Director before becoming Executive Vice President, Executive Officer, and General Manager of the Corporate Administration Unit of Mitsubishi Research Institute, Inc. in October 2023 and Executive Vice President and Representative Director in December 2023 (current)
Yoshihiko Ito		Senior Managing Director General Manager, Digital Innovation Unit Officer in Charge of VCP	100% (8/8)	**Career summary** ● Joined Mitsubishi Research Institute, Inc. in April 1992. Executive Officer and General Manager of the Social ICT Innovation Division, and Managing Executive Officer and General Manager of the Digital Transformation Unit before becoming Managing Director and General Manager of the Digital Innovation Unit in December 2023. Senior Managing Director in October 2024 (current)
Mariko Bando		Outside Director Independent Officer	100% (10/10)	**Career summary** ● Director General of Gender Equality Bureau, Cabinet Office in January 2001. Chancellor (Rijicho) of Showa Women's University in April 2014. Chancellor (Socho) of Showa Women's University in July 2016 (current). Outside Director of Mitsubishi Research Institute, Inc. in December 2019 (current) **Principal concurrent positions** ● Chancellor of Showa Women's University, External Director of Itoki Corporation
Ken Kobayashi		Outside Director Independent Officer	80% (8/10)	**Career summary** ● Director and President of Mitsubishi Corporation in June 2010. Director of Mitsubishi Research Institute, Inc. in December 2021 (current). Corporate Advisor of Mitsubishi Corporation in June 2022 (current) **Principal concurrent positions** ● Corporate Advisor of Mitsubishi Corporation, Outside Director of Nissin Foods Holdings Co., Ltd., Outside Director of Mitsubishi Heavy Industries, Ltd.
Nobuyuki Hirano		Outside Director Independent Officer	90% (9/10)	**Career summary** ● President of Bank of Tokyo-Mitsubishi UFJ, Ltd. in April 2012. President of Mitsubishi UFJ Financial Group, Inc. in April 2013. Executive Corporate Advisor of MUFG Bank, Ltd. in April 2021 (current). Outside Director of Mitsubishi Research Institute, Inc. in December 2021 (current) **Principal concurrent positions** ● Executive Corporate Advisor of MUFG Bank, Ltd., Outside Director of Mitsubishi Heavy Industries, Ltd.
Seiji Izumisawa		Outside Director Independent Officer	100% (10/10)	**Career summary** ● President & CEO, CSO of Mitsubishi Heavy Industries, Ltd. in April 2019, President & CEO of Mitsubishi Heavy Industries, Ltd. in April 2020. Director of Mitsubishi Research Institute, Inc. in December 2022 (current). Chairman of the Board, Mitsubishi Heavy Industries, Ltd. in April 2025 (current) **Principal concurrent positions** ● Chairman of the Board of Mitsubishi Heavy Industries, Ltd.
Satoko Shisai		Outside Director Independent Officer	100% (8/8)	**Career summary** ● Vice President in charge of Government Office Systems, Enterprise Business of IBM Japan, Ltd. in January 2018. Executive Vice President and Head of the Digital Transformation Unit of Chugai Pharmaceutical Co., Ltd. in April 2022. Director of Mitsubishi Research Institute, Inc. in December 2023 (current). President of Ishis Consulting, Inc. in April 2024 (current) **Principal concurrent positions** ● President of Ishis Consulting, Inc., Outside Director of Nippon Yusen Kaisha, and Outside Director of Nisshin OilliO Group, Ltd.

Audit & Supervisory Board members

Name		Position and responsibilities	Attendance at Board of Directors meetings (FY9/24)	Principal positions to date
Toshiyuki Ogawa		Audit & Supervisory Board Member	100% (10/10)	**Career summary** ● Joined Mitsubishi Research Institute, Inc. in April 1986. Held various posts, including General Manager of the Social System Research Division, General Manager of the Corporate Planning Division, President of MRI Research Associates, Inc., Managing Executive Officer of Mitsubishi Research Institute, Inc., and General Manager of the Policy Consulting Unit, before becoming Audit & Supervisory Board Member in December 2022 (current)
Kazumichi Ito		Audit & Supervisory Board Member	–	**Career summary** ● Joined Mitsubishi Research Institute, Inc. in April 1987. Held various posts, including General Manager of the Environment and Energy Research Division, General Manager of the Corporate Planning Division, General Manager of the Human Resources Division, General Manager of the Risk Management and Compliance Division, Executive Officer, Research Fellow, and General Manager of the Center for Advanced Technology, before becoming Audit & Supervisory Board Member in December 2024 (current)
Kenji Matsuo		Outside Audit & Supervisory Board Member Independent Officer	100% (10/10)	**Career summary** ● Director, President, Representative Executive Officer of Meiji Yasuda Life Insurance Company in December 2005. Outside Audit & Supervisory Board Member of Mitsubishi Research Institute, Inc. in December 2015 (current) **Principal concurrent positions** ● Honorary Advisor of Meiji Yasuda Life Insurance Company, Outside Director (Audit & Supervisory Committee Member) of Daido Steel Co., Ltd.
Yutaka Kawakami		Outside Audit & Supervisory Board Member Independent Officer	100% (10/10)	**Career summary** ● Partner of Tohmatsu & Co. (now Deloitte Touche Tohmatsu LLC) in June 1990. Member of Management Council, General Manager of Human Resources Department of Deloitte Touche Tohmatsu in June 2007. Retired from Deloitte Touche Tohmatsu LLC in September 2016. Outside Audit & Supervisory Board Member of Mitsubishi Research Institute, Inc. in December 2020 (current) **Principal concurrent positions** ● –
Naomi Koshi		Outside Audit & Supervisory Board Member Independent Officer	88% (7/8)	**Career summary** ● Attorney with Nishimura & Partners (now Nishimura & Asahi) in October 2002. Mayor of Otsu City in January 2012. Partner Lawyer of Miura & Partners in September 2020 (current), Co-Founder and CEO of OnBoard K.K. in February 2021 (current), Outside Audit & Supervisory Board Member of Mitsubishi Research Institute, Inc. in December 2023 (current) **Principal concurrent positions** ● Partner Lawyer of Miura & Partners, Co-Founder and CEO of OnBoard K.K., External Director of SoftBank Corp.

Executive officers

Hiroki Kameda	Senior Managing Executive Officer President & CEO, Mitsubishi Research Institute DCS Co., Ltd.
Jun Nobe	Managing Executive Officer Senior Managing Director, Mitsubishi Research Institute DCS Co., Ltd.
Kazuo Hiyane	Executive Officer Research Fellow, Digital Innovation Unit Digital-Transformation Technology Advisor General Manager, Generative AI Lab
Hirofumi Suzuki	Executive Officer General Manager, Public Innovation Unit
Takashi Inoue	Executive Officer, Corporate Administration Unit (Officer in Charge of General Affairs and Human Resources) President and Representative Director, MRI Business, Inc.
Tatsuya Nakabushi	Executive Officer General Manager, Societal Innovation Unit
Yoko Takeda	Executive Officer Research Fellow and General Manager, Think Tank Unit
Tomoyuki Takahashi	Executive Officer, Corporate Administration Unit (Officer in Charge of Relations)
Tetsuya Hanyu	Executive Officer President and Representative Director, MRI Research Associates, Inc.
Minoru Sonoyama	Executive Officer General Manager, Group Corporate Communications Division
Takahisa Maema	Executive Officer Deputy General Manager, Societal Innovation Unit General Manager, Regions and Communities Division
Yumiko Yoshiike	Executive Officer General Manager, Human Resources Division
Shoji Kimoto	Executive Officer Managing Executive Officer, Mitsubishi Research Institute DCS Co., Ltd. Chairman of the Board, MRI Value Consulting & Solutions Co., Ltd.
Keitaro Tanaka	Executive Officer General Manager, Planning and Administration Office, Corporate Administration Unit General Manager, Planning Division

Research fellows

Hiroshi Komiyama	Chairman of the Institute
Keiki Yamada	Senior Research Fellow (company-wide research and proposals, internal guidance)
Kimio Inagaki	Research Fellow (company-wide research and proposals, internal guidance) Digital Innovation Unit Food and Agriculture VM
Seiichi Ibaraki	Research Fellow (company-wide research and proposals, internal guidance)

Independence Criteria of Outside Officers:
MRI regards outside directors and Outside Audit & Supervisory Board members as independent if they do not fall under any of the following categories.

Specific Standards for Determining Independence:
(1) Major business partners
  (a) Persons for whom MRI or its subsidiaries are major business partners, or individuals who execute business for such persons
  (b) Persons who are major business partners of MRI, or individuals who execute business for such persons

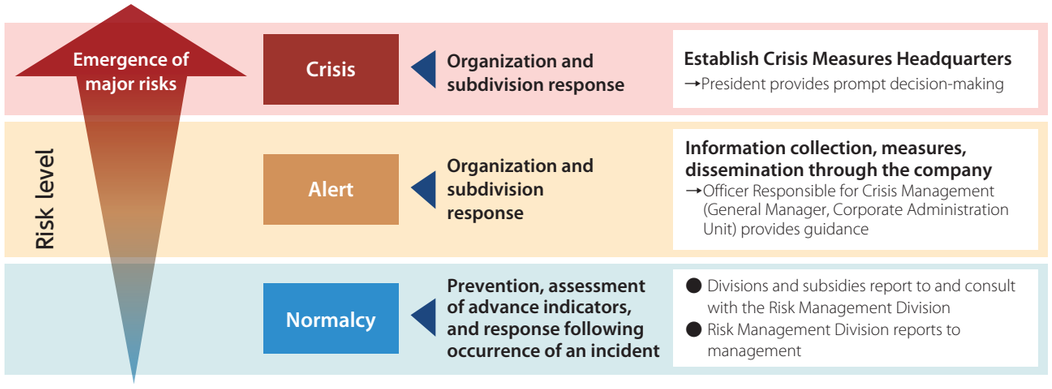
(2) Experts
  Consultants, accounting professionals, or legal professionals who receive substantial monetary or other property-based benefits from MRI other than executive compensation
  (If the recipient of such benefits is a corporation, partnership, or other organization, this refers to individuals belonging to that organization)
(3) Relatives of any of the following persons (excluding those of minor significance):
  (a) Persons falling under (1) or (2) above
  (b) Persons who execute business for subsidiaries of MRI
  (c) Persons who have recently executed business for (b) above or MRI

Governance

Risk management

Mitsubishi Research Institute (MRI) utilizes its proprietary comprehensive risk management system, ARMS (Advanced Risk Management System), to build a PDCA cycle that quickly and smoothly covers everything from identifying and assessing risks to identifying warning signs, implementing countermeasures, and reviewing policies and measures based on the knowledge gained, for the purpose of reducing risks in its business.

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



Risk area	Details of risks	Examples of responses
Information Security	○ Computer virus infection ○ Unauthorized access due to cyber attack ○ Leakage or loss of confidential data or personal information ○ Loss or discredit due to damages	● Access control, security measures covering data and network equipment, development of operational rules that include rules for remote work ● Compliance with local laws at overseas offices, adaptation to network environments ● Training for employees and drills based on risk
Project management	○ Addition of unexpected work due to complex needs or changes in business environment ○ Decreased quality due to insufficient management ○ Decreased profitability due to unexpected work or decreased quality ○ Prohibition of anti-competition behavior, assurance of transparency in accounting procedures (public sector projects)	● Creation and utilization of risk check sheet (before taking on order) ● Establishment project monitoring system and assure automatic alerts concerning profitability (during execution) ● Management by project leaders and thorough checks by line managers ● Establishment of internal control system
New businesses	○ Increases in unpopularity, complaints from users, and bug-induced service outage due to increases in new businesses and external partnerships under VCP Management ○ Suspension of business, compensation for damages to and loss of trust from users ○ Responsibility to explain fairness, transparency, and safety in the use of AI	● Decisions based on checking of business forecasts, investment returns, and comprehensive risk factors ● Monitoring of the status of businesses under our New Business Creation Standards ● Formulation and operation of policies and standards for avoiding risks related to AI
Human resources	○ Acquisition of highly specialized and creative human resources in an increasingly tight market of job seekers in Japan and abroad ○ Assurance of opportunities for human resource development and activities in a job market that is becoming more fluid	● Expansion of recruitment centered around mid-career personnel ● Enhancement of training programs ● Implementation of DE&I measures, and maintaining a comprehensive harassment prevention system ● Enhanced welfare systems such as childcare support, and energized working environments
Generative AI	○ Unintentional use of incorrect data due to unreliable answer accuracy ○ Risks of information leakage or copyright infringement due to input of confidential information ○ Effects on company business due to deprivation of work	● Establishment and operation of guidelines for the use of generative AI, which detail precautions and prohibited items ● Aiming for projects related to the latest technologies and topics in order to ensure competitiveness

Column

Advanced Risk Management System: ARMS

MRI assesses the various risks associated with the management and businesses of the Group in terms of probability of occurrence and scale of impact. It then selects risks based on the priority of response before thorough investigation and implementation of measures to reduce the probability of such risks.

MRI has identified a total of 12 area-related risks, such as management strategy risks, project execution risks, and compliance risks. It has also identified more than 100 risks that are particular to the firm. All of these risks are managed in a ledger. For the critical risks that require preferential response, we create an easy-to-understand risk map that is then shared with company management and line managers. Moreover, the ledger and risk map are updated annually.

Daily risk management is performed by the firm's divisions, with monthly monitoring of the risk occurrence status, aggregation of risk information, and reporting to the Executive Committee. We also establish key risk indicators to monitor risk and incidents that have occurred in the past. These are a part of our efforts to respond to risks early and prevent them from occurring.

Compliance

We regard compliance as a vital management priority and the foundation for our business activities. We are working to prevent compliance violations throughout the Group.

Specifically, compliance managers in each division and subsidiary share information and take necessary actions in collaboration with the Risk Management Division as the coordinating organization. In addition, yearly compliance workshops based on our Code of Conduct are held in each workplace as an opportunity for employees to talk about issues that affect them directly. Officers and employees also participate in e-learning and other continuing education programs.

We have established an internal whistleblowing and advisory system to facilitate the early discovery and mitigation of compliance issues. Every year, we conduct an anonymous questionnaire concerning the system to ascertain awareness and intentions to use the system, which is useful in investigating revisions to the system. Also, by internally sharing messages from the Compliance Officer and information about the results of these activities, we aim to reduce the psychological barriers to whistleblowing and build confidence in the system. In FY9/24, there was a total of 40 reports and requests for advice across the Group.

We will continue to take various steps to raise awareness and ensure that people do not commit compliance violations or turn a blind eye to such actions.

Code of Conduct

https://www.mri.co.jp/en/sustainability/governance/guideline.html

Shareholder and investor outreach

We held the 55th Annual General Meeting of Shareholders in December 2024 as a conventional in-person event. Twice each year, we issue shareholder reports and conduct shareholder surveys. Response rates are consistently high at 20–30%. Results, including comments, are reported to the Board of Directors.

The focus of our IR activities is to deepen understanding of our management strategies and other aspects of our activities by providing clear explanations. We hold online briefings about our yearly and half-yearly financial results and publish our results, including questions and answers, on our website in Japanese and English.

We respond positively to requests for individual interviews, and in FY9/24 we engaged in wide-ranging discussions about business growth potential governance, and other topics on around 80 occasions. We also engaged with major domestic and overseas investors through an event hosted by a securities company, during which our president participated directly in discussions. We have held briefings in Tokyo and Nagoya for our individual investors, with a total of 361 participants who engaged in active discussion.

These activities yield valuable feedback from shareholders and investors. This information is fed back to our management team and used to achieve further improvement in corporate value and the quality of investor relations.

Company Profile

Mitsubishi Research Institute, Inc.

Head office	10-3, Nagatacho 2-Chome, Chiyoda-ku, Tokyo 100-8141, Japan
Date of establishment	8 May 1970
Representative directors	Kenji Yabuta, President Yasuteru Hirai, Executive Vice President
Chairman of the Institute	Hiroshi Komiyama
Capital stock	6.336 billion yen
Number of employees (as of 30 September 2024)	1,202 (non-consolidated) 4,573 (consolidated)
Group companies	Mitsubishi Research Institute DCS Co., Ltd. MRI Business, Inc. MRI Research Associates, Inc. MPX, Inc. MRIA International Inc.

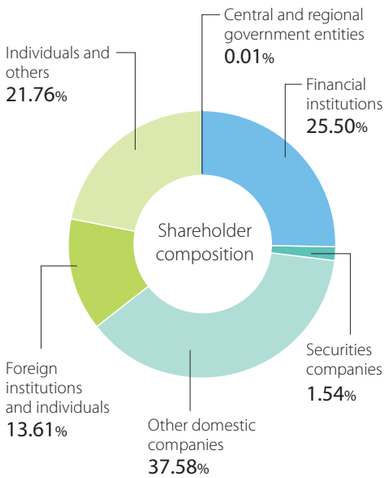
Share-related information (as of 30 September 2024)

Authorized shares: 60,000,000

Number of shares issued: 16,424,080

Note: On 22 November 2024, we conducted a cancellation of treasury stock. This led to a reduction of 380,080 shares in the total number of shares issued, resulting in 16,044,000 shares

Number of shareholders: 9,578



Principal shareholders (top 11 shareholders)

Name	Number of shares	Shareholding ratio (%)
Master Trust Bank of Japan, Ltd. (trust account)	1,713,900	10.68
Mitsubishi Corporation	975,076	6.07
Mitsubishi Heavy Industries, Ltd.	975,000	6.07
Mitsubishi Electric Corporation	902,200	5.62
Mitsubishi Research Institute Group Employee Shareholding Association	815,280	5.08
Mitsubishi Chemical Corporation	624,000	3.88
Mitsubishi Materials Corporation	554,600	3.45
MUFG Bank, Ltd.	505,074	3.14
Custody Bank of Japan, Ltd. (trust account)	484,400	3.01
AGC Inc.	447,500	2.78
Mitsubishi Estate Co., Ltd.	447,500	2.78

Note: The shareholding ratio is calculated after deducting 380,529 shares of treasury stock. Treasury stock amount excludes 302,722 shares of company stock owned by Board members' compensation BIP trust

Shareholder composition

	Number of shareholders	Composition ratio (%)	Number of shares held (thousands of shares)	Composition ratio (%)
Central and regional government entities	1	0.01	1	0.01
Financial institutions	18	0.19	4,188	25.50
Securities companies	27	0.28	253	1.54
Other domestic companies	112	1.17	6,172	37.58
Foreign institutions and individuals	187	1.95	2,235	13.61
Individuals and others	9,233	96.40	3,573	21.76
Total	9,578	100.00	16,424	100.00

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

Mitsubishi Research Institute DCS Co., Ltd.

Business profile	In addition to its extensive experience in the design, development, and administration of systems for financial institutions, Mitsubishi Research Institute DCS also excels in system and business process outsourcing services based on its own financial data center. In recent years, it has supported the development of clients' digital transformation initiatives by creating cloud environments and by introducing new technologies including AI, data analytics, and robotics.
Head office	5-19, Mita 3-Chome, Minato-ku Tokyo 108-0073, Japan
Date of establishment	10 July 1970
Representative director	Hiroki Kameda, President & CEO
Capital stock	6.059 billion yen
Number of employees (as of 30 September 2024)	2,421 (non-consolidated) 3,072 (consolidated)
Group companies	MD Business Partner Co., Ltd. MRI Value Consulting & Solutions Co., Ltd. IT-One Co., Ltd.

MRI Business, Inc.

Business profile	As an outsourcer for the MRI Group, MRI Business provides corporate and project support covering general administration, procurement management, and human resource processes. It also offers business support in various other areas, such as document design, event management, video production, and merchandise.
Head office	10-3, Nagatacho 2-Chome, Chiyoda-ku, Tokyo 100-0014, Japan
Date of establishment	1 October 1970
Representative director	Takashi Inoue, President
Capital stock	60 million yen
Number of employees	104 (as of 30 September 2024)

MRI Research Associates, Inc.

Business profile	MRI Research Associates' core activities are surveys, analysis, and consulting in fields that include national spatial policy, regional and urban planning, transportation and telecommunications, healthcare, long-term care, welfare, disaster prevention, safety, the environment, and energy. Services span data analytics, statistical analysis, and simulation relating to natural and societal phenomena.
Head office	10-3, Nagatacho 2-Chome, Chiyoda-ku, Tokyo 100-0014, Japan
Date of establishment	31 May 1984
Representative director	Tetsuya Hanyu, President
Capital stock	60 million yen
Number of employees	175 (as of 1 October 2024)

MPX, Inc.

Business profile	In addition to providing a platform for the analysis of wholesale electric power markets, MPX also offers services that include market risk management for electric power businesses and the valuation of renewable energy power sources. It uses original, advanced modeling technology and solutions to support the businesses of its clients.
Head office	GRANBIZ Tokyo Nihonbashi 5F, 10-5, Nihonbashi 2-Chome, Chuo-ku, Tokyo 103-0027, Japan
Date of establishment	1 October 2022
Representative director	Gen Arao, President and Representative Director
Capital stock	110 million yen
Number of employees	13 (as of 30 September 2024)

Mitsubishi Research Institute

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